

VENUES ŌTAUTAHI

STATEMENT OF INTENT
YEAR ENDING 30 JUNE 2022



+



CHRISTCHURCH
ARENA

+



HAGLEY
OVAL

+

AIR FORCE
MUSEUM
of New Zealand

+

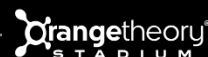


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INTRODUCTION

Venues Ōtautahi Ltd (formally Vbase) is a council-controlled trading organisation for the purposes of the Local Government Act 2002.

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

This SOI specifies the objectives, nature, and scope of the activities to be undertaken by Venues Ōtautahi, and the performance targets and other measures by which the performance of the Company may be judged in relation to its objectives.

The SOI is a public and legally required document which is reviewed and agreed annually with the Company's sole Shareholder, the Christchurch City Council (Council) and covers a three-year period. This SOI covers the period from 1 July 2021 to 30 June 2024.

NATURE AND SCOPE OF ACTIVITIES

Venues Ōtautahi is the Christchurch City Council (Council) owned venues and event management company.

In March 2021, the Vbase brand was repositioned to reflect who we are and what we do. We are Ōtautahi and we operate venues. The change to Venues Ōtautahi supports our intention to refocus on marketing the venues, not the business. Venues Ōtautahi supports and reinforces the importance of local procurement and deepens the Company's community and cultural connection.

The Company owns, manages, and operates the Christchurch Town Hall, Christchurch Arena (Arena) and holds venue and/or event management service agreements for the Airforce Museum of New Zealand, Orangetheory Stadium (the Stadium) and Hagley Oval (Hadlee Pavilion). Venues Ōtautahi will also be responsible for the operation and management of the new Canterbury Multi Use Arena (CMUA).

These iconic city venues play a valued role to the Christchurch way of life and the economic prosperity and social wellbeing of the region.

Venues Ōtautahi's purpose, direction, and way of doing business is aligned with the principles of the Council's framework with openness to new ideas, new people, and new ways of doing things at the core of the company's future success.

Our purpose is to take care of the venues and make them the pride and delight of everyone. By everyone we mean the community – the people who own and use the venues, our clients – who bring events to the venues, and our team - who support the delivery of events. The venues are owned by the community and are for the community.

Venues Ōtautahi's nature and scope of activities align with and are driven to contribute to the Council Strategic Framework Community Outcomes.

1. Resilient Communities

- Community is at the heart of everything we do
- Strong focus on community access to and connection with the venues supporting improved social wellbeing
- Venues support the community's ability to celebrate our identity through arts, culture, heritage, sport, and recreation

2. Liveable City

- Events at the city's venues support a vibrant and thriving city centre
- The community's venues play their part in making Christchurch a 21st century garden city we are proud to live in

3. Healthy Environment

- Strategic focus on building sustainability, resource efficiency and waste minimisation at all venues
- Innovation in building sustainability and delivery of positive environmental outcomes a design fundamental of the CMUA

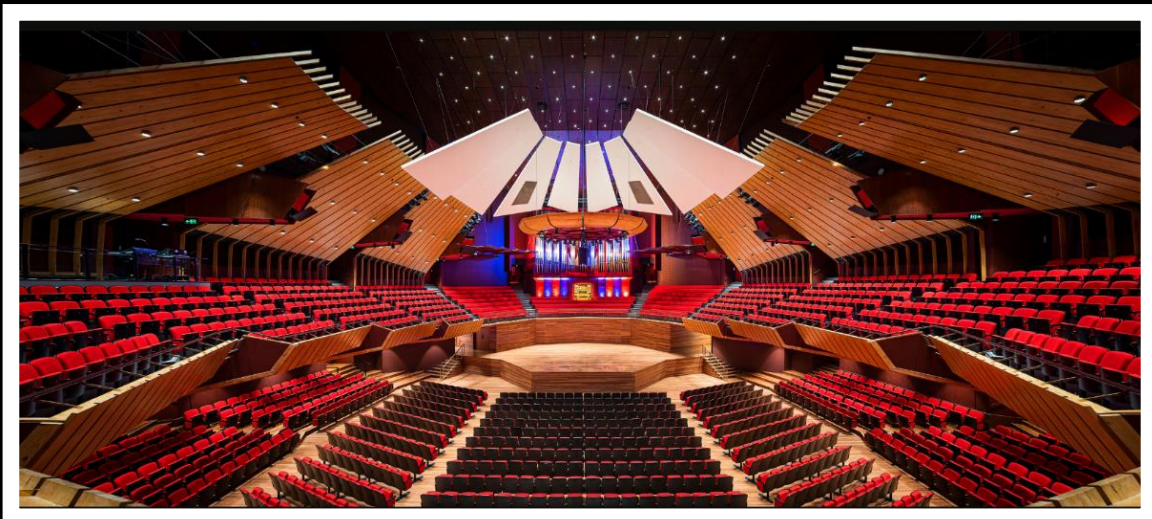
4. Prosperous Economy

- Direct contribution to the regional economy through the Venues Ōtautahi celebrate and source local procurement strategy which supports an inclusive, equitable economy with broad-based prosperity for all
- Taking care of the venues are a core pillar of the business to deliver our contribution to robust city infrastructure and community facilities

Venues Ōtautahi undertakes the following activities.

- Venue marketing and event attraction
- Event planning, delivery, and venue operations
- Retail, corporate and banquet catering
- Asset management and facilities maintenance

We believe it is a special privilege to take care of the venues on behalf of the Christchurch community.



CURRENT POSITION

1. Transition

Venues Ōtautahi has completed the transition back to an independently governed and managed Council Controlled Organisation [CCO] having been managed by Council since 2011.

The hibernation of the Company was appropriate in the circumstances, but it was time to review and reset the business purpose, direction, and strategic plan in preparation for the opening of the Canterbury Multi Use Arena (CMUA).

This process commenced in October 2019 and concluded in December 2020 and whilst Venues Ōtautahi is now independent the Company remains hand in glove with Council. The value of the partnership and collaboration with our Shareholder is critical to our future success and as we continue a journey of recovery together.

Whiria ngā whenu o ngā papa, honoa ki te maurua tāukiuki. Bind together the strands of each mat and join together with the seams of respect and reciprocity.

A focus on strengthening leadership capability, improving efficiency and effectiveness of operational performance, enhancing systems and processes, and building a culture where our people feel empowered to be bold, agile and kind is positioning the Company in the best way possible to deliver its strategic objectives.

The Company and our people know where we are heading, how we are going to get there and what's important. And, most importantly we know why we exist, to take care of the venues and make them the pride and delight of everyone.

2. Covid-19 Survival and Recovery

Covid-19 decimated the events industry and associated hospitality, travel, and tourism sectors. In March 2020, Venues Ōtautahi experienced an immediate loss of all event revenues and in total, with the community resurgence of Covid-19 in September 2020, experienced 7 months of nil or limited revenue.

In the short-term the Company shifted its focus from attracting, planning, and delivering events to business survival and recovery. Venues Ōtautahi reduced its permanent workforce by over half and focused on reducing fixed overheads, creating operational efficiencies, repositioning the business to a leaner, more agile variable cost model and on progressing necessary venue repairs, maintenance and improvements during the period of event downtime.

The financial impact on the Company was severe, and changes of such magnitude were required to ensure its survival and recovery. Venues Ōtautahi is now a lean and agile business able to move quickly on its feet. It is resilient, responsive to change and can advance in times of adversity. Covid-19 for all its challenges was a catalyst for changes to the business that will be fundamental to ensure its future success.

Despite the transformation of the way Venues Ōtautahi does business, with borders unlikely to open until 2022 and the unpredictability and volatility of the Covid-19 environment, the venues and events sector will remain immensely challenging for some considerable time as event revenues slowly recover and venue fixed costs endure. The Company is forecasting a long, slow recovery that extends beyond the three-year horizon of this SOL.

Venues Ōtautahi has sufficient cash reserves along with committed FY21 Council grant funding to sustain operations and fund essential capital expenditure until mid FY23.

Funding of the Company beyond this point remains subject to consideration by Council as detailed in the Compensation Sought from Council section of both the FY21-23 and FY22-24 Statement of Intent.

3. Celebrate and Source Local

The decision to end the long-term outsourced catering partnership with Spotless Services in April 2020 and to bring catering in-house has had a significant impact on the business with the direct ability to now choose where we source food and beverage produce.

With immediate effect, Venues Ōtautahi implemented a local procurement strategy. The impact of this change in approach has been immediate.

Venues Ōtautahi now sources 72% of all food and beverage product from Canterbury. Prior to April 2020 this was 5%. The remaining 28% of Venues Ōtautahi products are sourced 7% from the rest of the South Island, 15% the North Island with only 6% of our product coming from overseas. Prior to April 2020, 30% of our products were imported and 50% were from the North Island.

Venues Ōtautahi is ideally positioned in the supply chain between its producers and customers and this model shows that large venues can buy local while still maintaining efficient, safe and effective supply chains.

Procuring locally has not only delivered a positive economic impact on the region but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience our region has to offer.

With commercial viability underpinning the strategy, significant cost savings have been achieved. In 2019 the Company had an average food and beverage cost of goods sold of 43%. This is now averaging under 30%.



4. Asset Management

Taking care of the community's venues is a key pillar of the business. Venues Ōtautahi have focused on developing a strategic approach to the management of the assets to ensure the venues are safe and sustainable and maximise Shareholder value throughout their lifecycle.

Venues Ōtautahi has established asset management plans for all venues with a particular focus on Christchurch Arena. The Arena is 21 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset.

A planned programme of capital works at the Arena to ensure it is safe, compliant, and functional are underway and extend beyond the three-year horizon of this SOI.



5. Repositioning

To achieve the strategic objectives as set out in Venues Ōtautahi's strategic framework a repositioning of some aspects of the business has commenced.

The focus for the business is to focus on local and on community. Both will derive competitive advantage and will continue to deliver economic benefit to the region.

Being community means, through various channels, the Company will build the community's connection with their venues and will make them more accessible.

Two key strategic initiatives which will reposition the business and will support the achievement of the Company's purpose are the establishment of the Ōtautahi Collective and the repositioning of the Vbase brand to Venues Ōtautahi.

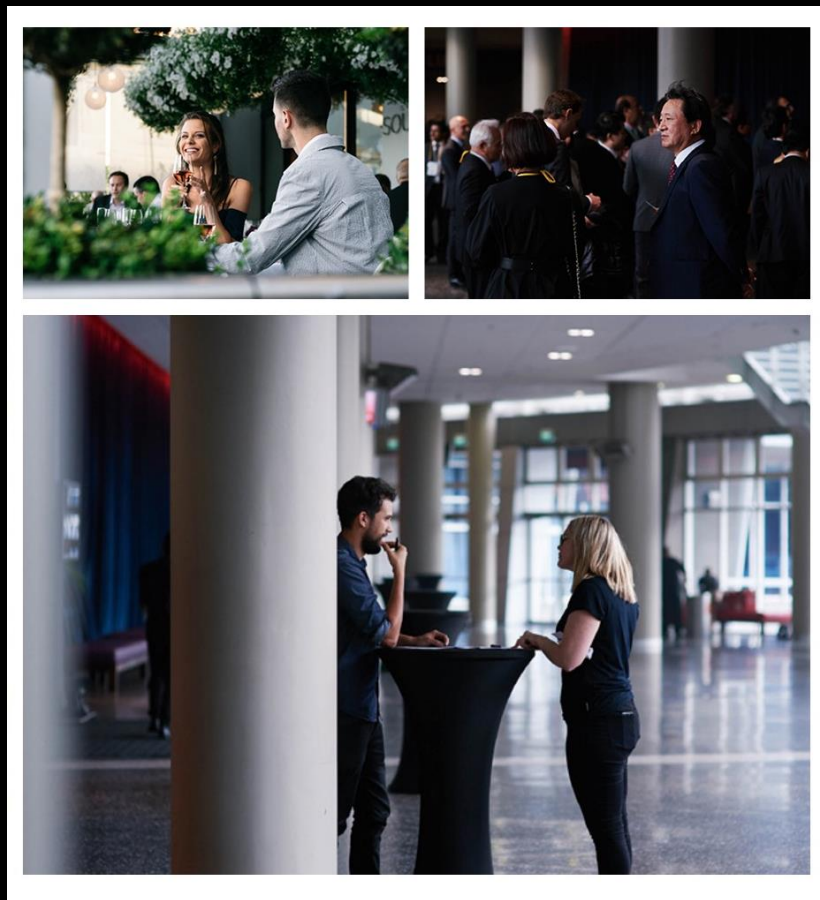
The Ōtautahi Collective is a syndicate of likeminded local businesses all driven to positively contribute to the social, cultural, and economic benefit of the Community.

Members of the syndicate will design bespoke and mutually beneficial partnerships with Venues Ōtautahi that align with the strategic pillars of their business.

Each partnership will leverage opportunities across the Venues Ōtautahi venue portfolio including hosting, advertising, outsourced catering, business events, and sponsorship. All partnerships will include a community fund component.

The success of the syndicate will mean we can give the naming rights of the Christchurch Arena back to the people of Christchurch. The more engagement and participation we achieve will mean the same for the Canterbury Multi Use Arena. Together we have an incredible opportunity to show the World everything Christchurch has to offer.

The repositioning of the brand in March 2021 to Venues Ōtautahi not only means what we do and who we are is reflected in our brand but also deepens the Company's community and cultural connection to their venues, unlocks the potential of Ōtautahi Collective and reinforces the regional impact of local procurement.

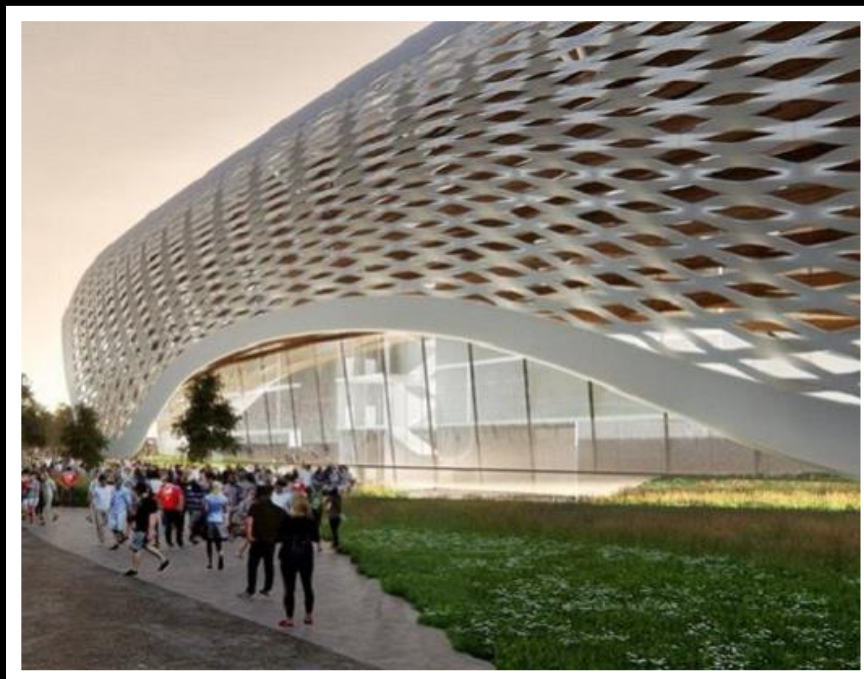


STRATEGIC OPPORTUNITIES AND CHALLENGES

There are key strategic opportunities and challenges material to the future of the business. These include;

1. Severe impacts of COVID-19 on the Venues Ōtautahi business.
 - a. *This SOI reflects the impacts of and recovery assumptions associated with Covid-19*
2. The opening of Te Pae, Christchurch Convention Centre in 2021 will substantially increase venue supply in Christchurch at a time when event demand is contracting. The primary purpose of Te Pae is to grow Christchurch's share of the international conference and convention market however this strategy is increasingly undermined by both the heightened awareness of environmental issues associated with business travel and border restrictions.
 - a. *This SOI factors a shift in focus by Te Pae to the national and local event market and the increased competition a new local venue resulting in loss of revenue for Venues Ōtautahi*
 - b. *This SOI reflects the positive impacts of the delayed opening of Te Pae from early to late 2021*
3. Confirmation Venues Ōtautahi will operate Canterbury Multi Use Arena (CMUA). Venues Ōtautahi will need to resource for early engagement in the venue design and build process and in preparation for the commissioning, commercialisation, and operationalisation of the new venue.
 - a. *This SOI does not allow for this expenditure which is a CMUA project cost*

- b. *This SOI does not reflect increased operational resource required in preparation for the commissioning and operationalisation of the venue and activation of the commercial strategy which is reflected in operational funding associated with the OMUA*
4. Extended operation of the Stadium to the end of 2024 and the increased costs of repairs and maintenance of the asset for this extended period
- a. *This SOI reflects the Council resolution to underwrite the future operations of the Stadium*



PURPOSE AND DIRECTION

Venues Ōtautahi exists to own, manage, and operate venues for the Council on behalf of the people of Christchurch. We also manage and operate venues on behalf of other owners in support of the City's post-earthquake recovery.

Our mission is to attract, plan and deliver events and take care of the venues in a sustainable, commercially prudent manner with the aim that the economic, social and cultural benefits deliver a compelling return on investment relative to the whole of life costs of developing, maintaining and operating the venues.

Christchurch's major venues are places for locals and visitors to connect for celebration, education, trade, and entertainment.

Our venues exist for Community Connection, to deliver social, cultural, and economic benefits for our community:

- **Social benefits** through inclusion and unity.
- **Cultural benefits** through celebration of identity, pride in us and our City.
- **Economic benefits** through employment, trade, visitor spending and City promotion.
- **Environmental benefits** through guardianship, protection, and ethical sourcing

Doing good for our community through the generation of economic, social, and cultural benefits is at our very core and the ultimate measurement of success.

We aim to spend cautiously, invest wisely and minimise operating grant funding while at the same time not allowing the latter to materially constrain economic, social, and cultural impact.

At a minimum the quantifiable economic and social benefits derived from the venues are expected to exceed the whole of life cost of developing, maintaining, and operating the venues.

Our people believe it is a special privilege to serve the venues and the community.



STRATEGIC OBJECTIVES AND KEY PRIORITIES

1. **Economic Impact** – deliver benefits from employment, trade, visitor spending and city promotion
 - Attract more commercial and business events and grow event yields
 - Seed new event opportunities with local partners, including ChristchurchNZ, to maximise the social and economic net benefits of major events for Christchurch
 - Continue to leverage the opportunity of the move to in-house catering operations
 - Fulfill food and beverage requirements from local sources of supply wherever it is commercially viable
2. **Social and Cultural Impact** – deliver benefits from inclusion, unity, pride in us and our City
 - Maintain reasonable venue access for local cultural, community and not-for-profit groups
 - Attract major ticketed concerts and events
 - Support local business through a regional procurement strategy wherever it is commercially viable
 - Secure venue naming rights for the city and region through a syndicate of local partners with genuine and vested interest in giving back to our community
3. **Client and Guest Experience** – great to work with and the venues are great places to visit and enjoy
 - Enhance the client event experience journey from contracting to planning, delivery, post event and administration
 - Provide a warm, friendly, and welcoming venue experience complimented by quality, value for money services and authentic Christchurch and Canterbury hospitality
4. **People and Relationships** – a respected employer and collaborative, trusted partner in the success of Christchurch

- Create a diverse culture and capability where our people are enabled to innovate, disrupt the status quo, and find new and better ways of delivering value to clients, guests and the community at large
- Transform the way we work to enable an agile, hands on and responsive culture
- In the best interests of the city work with Council, ChristchurchNZ and Te Pae to secure more events for Christchurch



5. Asset Care – take care of the venues day to day and over their whole of life

- Implement long-term asset management and preventive maintenance plans to maintain the value and functionality of the assets

6. Health, Safety and Wellbeing – a culture of safety leadership and holistic approach to wellbeing

- Pursue collective and continuous improvement, enablement and engagement underpinned by quality systems and processes
- Take a holistic approach to wellbeing that supports the mental, physical, social, and spiritual health of our people and strengthens the connection between us

7. Canterbury Multi-Use Arena (CMUA)

- Play our part in the design of the CMUA making sure we get the fundamentals right
- Develop a commercial strategy for the venue so from the outset the returns are maximised for the city

- Develop a community engagement strategy to build connection, heart, and warmth with the new venue even before it opens

8. Digital Transformation

- Reimagine the business through digital transformation
- Disrupt the venue and events paradigm through creating a digitally lead client and guest experience model
- Develop an integrated and systematic operating model that will drive efficiency and mitigate risk

9. Sustainability and Environment – respectful guardians of the environment for future generations

- Reset environmental sustainability strategy for the entire business to reduce carbon footprint
- Support the achievement Council's policy goal of net zero greenhouse emissions by 2045

10. Legislative Compliance – meet our obligations under relevant legislation and regulations

- Consolidate and centralise control of legislative compliance functions
- Commit to the delivery of all reporting and compliance obligations to our shareholder

11. Risk Management – identify and manage key risks

- Review, reset, maintain, and monitor risk registers
- Establish a business assurance programme to proactively manage and mitigate business risk

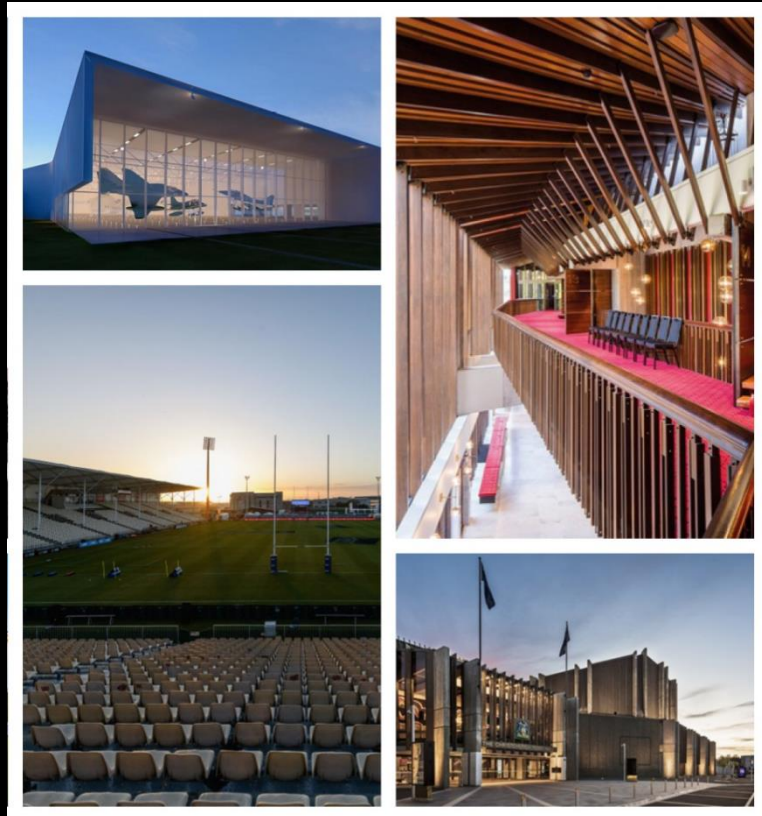


12. Shareholder Relations – nurture a respectful and open relationship in the best interests of the City

- Continue to develop a close and collaborative partnership with our Shareholder
- Keep the Shareholder fully informed of all material matters
- Operate on a no surprises basis

13. Community Engagement - doing good for our community is at our very core

- Develop and implement a community engagement strategy to build a sense of pride and value in our venues for the people of Christchurch



COMMUNITY

Venues Ōtautahi primarily supports the community by managing and operating the venue assets owned by the people of Christchurch for their economic, social, and cultural benefit.

The Company also operates non-Council owned venues on behalf of other venue owners in support of the recovery of Christchurch post the February 2011 earthquakes delivering an important social impact contribution to the community.

Venues Ōtautahi endeavour to maintain reasonable local cultural and community event access to the Christchurch Town Hall and Christchurch Arena through the provision of discounted venue hire rates. Venue compliance, maintenance, and operating costs, particularly in relation to the heritage listed Christchurch Town Hall, makes affordability for these groups more challenging.

The establishment of the Ōtautahi Collective and inclusion of a community fund in all syndicate partnerships will support Venues Ōtautahi's ability to increase connection with and accessibility to the Venues Ōtautahi venue portfolio.



GOVERNANCE

The Board is responsible for the strategic direction and control of the Company. The Board guides and monitors the business and affairs of Venues Ōtautahi on behalf of the Shareholder to whom it is accountable within the framework of the purpose, direction and objectives set out in this SOI.

During the transition back to an independently governed and managed CCO the roles of Chair and CEO were combined in the temporary position of Executive Chair. A CEO was appointed effective 1 June 2020 to lead the business and oversee day to day management of the Company. The position of Executive Chair became non-executive from 31 July 2020.

All Directors are required to comply with a formal Code of Conduct, based on the New Zealand Institute of Directors' Principles of Best Practice. The Chair will conduct a biennial review of Board performance and effectiveness.

PERFORMANCE TARGETS

1. Operational Performance Targets

In addition to the above financial performance measures, Venues Ōtautahi will report to the Shareholder on a quarterly basis the progress against our stated objectives. Venues Ōtautahi will also use the following measures to assess its operational performance:

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Economic Impact			
Attract and manage events that generate positive financial impact contributing to a Prosperous Economy, Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Maximise visitor spending by holding at least 13 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Maximise visitor spending by holding at least 14 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Maximise visitor spending by holding at least 15 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events
Contribute direct economic benefit to the region ² through implementation of local procurement strategy where commercially viable	70% of food and beverage product lines procured from Canterbury	75% of food and beverage product lines procured from Canterbury	80% of food and beverage product lines procured from Canterbury
Social and Cultural Impact			
Maximise attendance at Venues Ōtautahi venues which contributes to a Liveable City and Strong Community Council strategic framework outcomes	Guests to venues exceed 500,000	Guests to venues exceed 500,000	Guests to venues exceed 550,000
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework developed	Prioritisation framework reviewed	Prioritisation framework reviewed
Develop and implement a prioritisation framework to reflect syndicate community fund allocation	Prioritisation framework developed	Prioritisation framework reviewed and updated	Prioritisation framework reviewed and updated

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Make venues available to support local community groups/individuals	At least 35 events receive the community rate or \$50,000 of syndicate community funds are allocated to community groups or individuals	At least 35 events receive the community rate or \$50,000 of syndicate community funds are allocated to community groups or individuals	At least 40 events receive the community rate or \$55,000 of syndicate community funds are allocated to community groups or individuals

1 Major Events defined as:

Arena: Event attendance > 5000,

Stadium: Ticketed events other than Super Rugby and Mitre 10 Cup games

Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 Region defined as:

Christchurch/Canterbury - can include National or International suppliers if their point of origin is Canterbury.

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Client and Guest Experience			
Client Net Promoter Score (NPS ³)	Achieve greater than 45 NPS ³ during the year	Achieve greater than 50 NPS ³ during the year	Achieve greater than 60 NPS ³ during the year
Guest NPS ³	Achieve greater than 45 NPS ³ during the year	Achieve greater than 50 NPS ³ during the year	Achieve greater than 60 NPS ³ during the year
People and Relationships			
Employee NPS ³	Implement an employee NPS ³ target using baseline data	Continuously improve employee NPS ³ year on year	Continuously improve employee NPS ³ year on year
Asset Care			
Ensure assets are maintained at a suitable level for general use at all venues.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.
Health, Safety and Wellbeing			
Maintain a comprehensive health, safety, and wellbeing strategy	Continuously improve the health, safety, and wellbeing strategy	Develop a strategy to implement a Safety II approach.	Implement a Safety II strategy

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Digital Transformation			
Reimagine the Venues Ōtautahi business through digital transformation	Develop digital transformation strategy	Continuously improve digital transformation strategy	Continuously improve digital transformation strategy
Canterbury Multi Use Arena (CMUA)			
Play our part in the design of the CMUA and ensure the operational fundamentals are reflected in the design of the new venue	Operator engagement in the design and early construction phases of the CMUA	Operator engagement in the construction phase of the CMUA	Operator engagement in final construction and commissioning phases of the CMUA
Maximise the social, cultural and economic impact of the CMUA for the people of Christchurch	Develop commercial and community engagement strategy for the CMUA	Activate commercial and community engagement strategy for the CMUA	Activate commercial and community engagement strategy for the CMUA and integrate the new venue across the Venues Ōtautahi portfolio
Sustainability and Environment			
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability strategy that supports the reduction in the city's carbon footprint.	Implement and evolve sustainability strategy	Implement and evolve sustainability strategy
	Develop benchmark sustainability targets to contribute to reducing the city's carbon footprint	Implement building and operational sustainability initiatives to reduce carbon footprint	Implement building and operational sustainability initiatives to reduce carbon footprint
Governance			
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.

3 Net Promoter Score

- Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not. A score above 20 is considered 'favourable'.
- Anything above 50 is excellent and means your organisation has considerably more satisfied customers than dissatisfied ones. An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.

2. Financial Performance Targets

The financial performance targets for Venues Ōtautahi are as follows:

	2021/22	2022/23	2023/24
	\$000	\$000	\$000
Direct operating income	13,863	13,574	14,280
Operating grant revenue received from Council	4,050	4,050	4,050
Less: Direct operating expenses	11,160	11,281	11,672
Less: Net operating overheads and fixed costs	6,316	6,420	6,391
EBITDA	437	(77)	267

The forecast capital structure and ratio of shareholder's funds to total assets for the next three years is:

	2021/22	2022/23	2023/24
	\$000	\$000	\$000
Issued shares	245,436	245,436	245,436
Debt	15,885	15,885	15,885
Total Assets	231,419	224,642	217,614
Shareholder funds to total assets ratio	80%	80%	80%

The forecast capital expenditure for Venues Ōtautahi owned venues is detailed below:

	2021/22	2022/23	2023/24
	\$000	\$000	\$000
Asset management plan	4,297	3,168	1,753
Operational equipment	945	486	646
	5,242	3,654	2,399

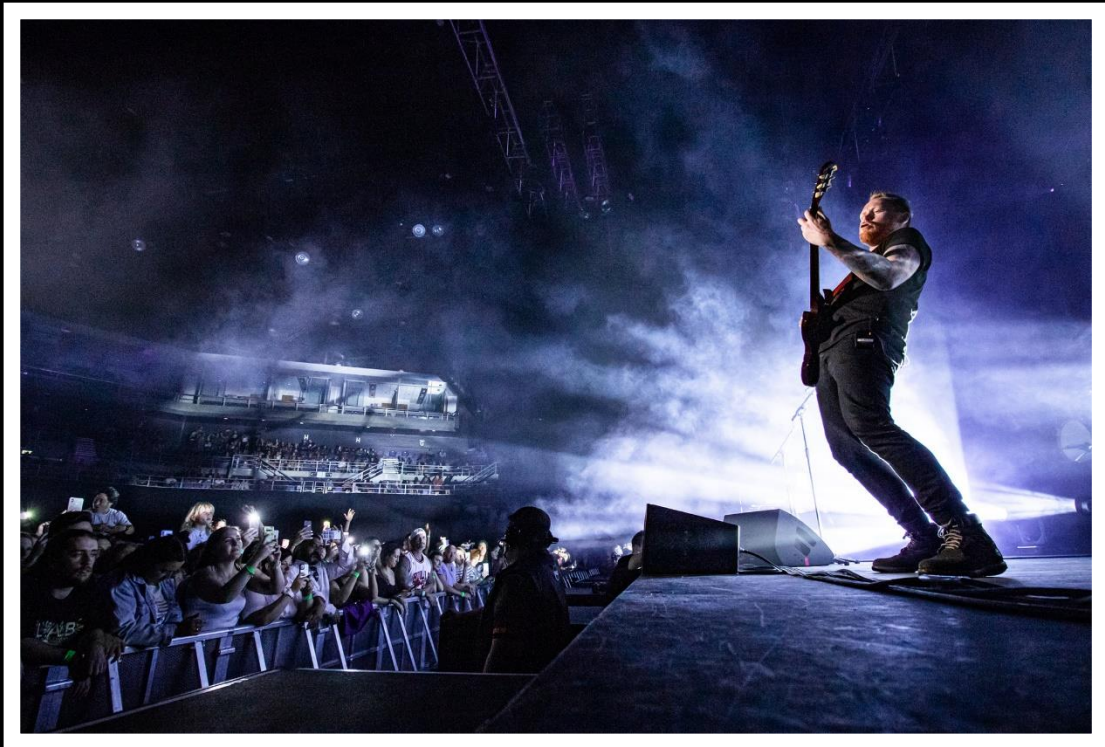


ACCOUNTING POLICIES

Venues Ōtautahi has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards (NZ IFRS), generally accepted accounting practice and the policies adopted by the Christchurch City Council Group.

The Company's detailed accounting policies are available in our most recent annual report for the year ended 30 June 2020, as published in the Council Controlled Organisations section of the Council website.

Our actual accounting policies during the three-year period of this SOI may change as a result of changes to NZ IFRS standards and interpretations.



COMPENSATION SOUGHT FROM COUNCIL

At the request of the Shareholder, Venues Ōtautahi may undertake activities that are inconsistent with its commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Venues Ōtautahi may from time to time provide venue or event management services to Council or for the benefit of ratepayers and Christchurch as a whole. Previous examples include Cricket World Cup, FIFA U20 World Cup and Aroha Nui (You Are Us) concert. On such occasions Venues Ōtautahi will agree with Council any appropriate charges or reimbursement for the services provided.

Public assembly venues such as town halls, entertainment and sporting arenas, and stadia exist to deliver economic and social benefits to their communities. The whole of life costs of developing, maintaining, operating, and refurbishing these types of assets is a significant investment by the local authority. The operator of these assets is fully funded for asset development and care and will require some form of operating subsidy to ensure market competitiveness in event attraction and community access.

1. Funding for operations and finance (debt servicing)

Venues Ōtautahi has requested, via the Council Long Term Plan and Annual Plan application process, an operating grant for the 2022 and 2023 years.

The operating grant reflects high fixed costs associated with the venues particularly insurance, building compliance and venue repairs/maintenance that are unable to be fully recovered from forecast trading.

With fixed costs forecast to remain consistent with the 2022 and 2023 years, increased local and national competition in the market and a long tail of recovery from the impacts of Covid-19, the operational and debt funding grant sought for 2024 remains the same.

In September 2020 Council endorsed the transfer of legal ownership of all Stadium assets to Council, operational responsibility of the Stadium to Venues Ōtautahi and committed the financial support to enable the future operation of the Stadium until the opening of the Canterbury Multi Use Arena (CMUA) in 2025.

Council have committed the required funding for the operations and repairs and maintenance of the Stadium until Q1 2025. The total operating, repair and maintenance grants required for the period of this SOI are included in the operating grant below.

The financing grant is to service interest only on debt that remains on the Company's balance sheet from the redevelopment of AMI Stadium/Lancaster Park in 2008-2010.

	2021/22	2022/23	2023/24
	\$000	\$000	\$000
Operating grant committed	3,050	3,050	3,050
Debt financing grant	1,000	1,000	1,000
Total operating and finance funding	4,050	4,050	4,050

2. Funding for capital expenditure

Venues Ōtautahi has applied for, via the Council's Long-Term Plan process, a capital grant of \$5.24 million in 2022, \$1.83 million in 2023 and \$4.23 million in the 2024 financial year. This is for necessary upgrades to Christchurch Arena in support of the Asset Management Plan and replacement of operational equipment that has reached end of life.

The Arena is 21 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset. T

he request for compensation in the 2024 year is for costs associated with the continued delivery of the Asset Management Plan for required safety and compliance upgrades at the Arena and some improvements to the Christchurch Town Hall.

	2021/22	2022/23	2023/24
	\$000	\$000	\$000
Capital Grant (as per 21-31 LTP)	5,242	3,654	2,399
Total Capital Grant	5,242	3,654	2,399

The assessment of operational equipment replacement has taken into consideration the impact of the planned Canterbury Multi Use Arena, the confirmation Venues Ōtautahi will operate this venue and intention it becomes the operational base for the business including the main catering production kitchen. This has reduced the need for Arena equipment capex over the three-year horizon of this SOI.

ACQUISITION/DIVESTMENT AND OTHER SIGNIFICANT TRANSACTIONS POLICY

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long term strategic and commercial objectives of Venues Ōtautahi.

When the subscription, acquisition or divestment is considered by Directors to be significant to Venues Ōtautahi business operations, it will be subject to consultation with, and where required approval of, the Shareholder.

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



DISTRIBUTIONS

During the period of this SOI Venues Ōtautahi will not return capital funds to its Shareholder.

ESTIMATE OF COMMERCIAL VALUE

The Shareholder investment in Venues Ōtautahi was assessed as at 30 June 2020 by Deloitte at \$177.5m on a net asset value basis. The Venues Ōtautahi Board consider that the investment value is an appropriate estimate of the commercial value.

INFORMATION TO BE REPORTED TO THE SHAREHOLDER

1. No surprises

Venues Ōtautahi will operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations. Any sensitive issue that may result in media enquiry will be communicated to the Shareholder as soon as possible.

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

Within this constraint, information is communicated to the Shareholder through periodic reports, occasional briefings, regular reports and informal updates on important issues.

2. Local Government Act 2002 reporting requirements

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

An Annual Report will be submitted to the Shareholder. The Annual Report will include audited financial statements and such other details as are necessary to permit an informed assessment performance and financial position of the Company during the reporting period provided to the Shareholder.

Half Yearly Reports will also be provided to the Shareholder. These reports will contain unaudited information and comply with NZ PBE IPSAS 34.

The SOI will be submitted to the Shareholder for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate and where it is necessary, due to significant changes, revised forecasts will be submitted to the Shareholder.

3. Other Reporting

Quarterly Reports will also be provided to the Shareholder, which will include the financial and non-financial performance of the Company.



CONTACT DETAILS

Contact details for both the Chair and Chief Executive are at the Venues Ōtautahi registered office:

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