

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 8 February 2023
Time: 1.00pm
Venue: Council Chamber
137 Havelock Street, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Watch the live-stream of this meeting on our You Tube channel, Facebook page and website:

<https://www.ashburtondc.govt.nz/council/public-meetings-research-centre>

Audit & Risk Committee

Timetable

1.00pm	Meeting commences
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ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- | | | |
|---|------------------------------------|---|
| 4 | Confirmation of Minutes – 30/11/22 | 3 |
|---|------------------------------------|---|

Reports

- | | | |
|---|--|----|
| 5 | Riskpool Update | 4 |
| 6 | Experience Mid Canterbury Annual Report 2020 | 10 |

Business transacted with the public excluded

- | | | | | |
|---|--------------------|-----------------|--|------|
| 7 | Minutes – 30/11/22 | Section 7(2)(a) | Protection of privacy of natural persons | PE 1 |
| 8 | Health & Safety | Section 7(2)(a) | Protection of privacy of natural persons | PE 2 |

2 February 2023

Audit & Risk Committee

8 February 2023



4. Audit & Risk Committee Minutes – 30/11/22

Minutes of the Audit & Risk Committee meeting held on Wednesday 30 November 2022, commencing at 2.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Russell Ellis (Chair), Carolyn Cameron, Liz McMillan and Richard Wilson.

Also present:

Councillors Phill Hooper, Lynette Lovett, Tony Todd.

In attendance

Leanne Macdonald (GM Business Support), Jane Donaldson (GM Compliance & Development), Sarah Mosley (GM People & Facilities), Simon Worthington (Economic Development Manager), Julie Crahay (Safety & Wellness Lead) and Carol McAtamney (Governance Support).

Via MS Teams: CE Hamish Riach

1 Apologies

Councillor Leen Braam and Murray Harrington Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

5 Current Auditing Challenges

That the Audit & Risk Committee receives the correspondence from the Deputy Controller and Auditor-General.

McMillan/Wilson

Carried

Business transacted with the public excluded – 2.44pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – 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 are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
6	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

Mayor/Cameron

Carried

The meeting concluded at 3.42pm.

5. *Riskpool Update*

Author *Leanne Macdonald, Group Manager – Business Support*

Executive Team Member *Hamish Riach, Chief Executive*

Summary

- The purpose of this report is to notify Audit and Risk of Ashburton District Council's ongoing liability as former members of Riskpool.
- Riskpool was a mutual liability fund that offered member councils a series of pooled funds to manage public liability and indemnity cover and risk management services.
- Riskpool is governed by a trust deed, with cover provided by its members via a series of pooled funds. The Local Government Mutual Funds Trust Ltd (LGMFT) trustees manage this fund.
- In 2017 member councils were advised that Riskpool was no longer able to provide this service and cover. Riskpool has been in 'run off' mode for the last five years.
- The most recent notification advises member councils that the run off mode will continue for a further three to five years and it is expected that a final call will be made against the member councils.
- At this stage there is no way to determine the liability for Ashburton District Council of that final call, however, until this final call is made, Council maintains the risk of having to make an unbudgeted payment sometime in the future.

Recommendation

1. **That** the Audit and Risk Committee recommends to Council to receive the update from Riskpool on the progress of winding up and is aware of their ongoing liability.

Attachment

Appendix 1 Riskpool's update on the progress of winding up

Appendix 2 Riskpool's second update

Background

1. Riskpool is a mutual liability fund that offered public liability and professional indemnity cover to its council members from 1 July 1997 to 30 June 2017. Ashburton was a member of this fund. Riskpool is governed by a trust deed, with cover provided by its members via a series of pooled funds.
2. The Local Government Mutual Funds Trustee LTD (LGMFT) is the trustee of Riskpool and can call on its members for financial support for each of Riskpool's funds.
3. At the time of establishing this fund, Riskpool was able to offer a competitively priced cover and risk management service, however, due to the financial impact of the leaky buildings crisis and a dwindling number of council members, Riskpool have not been able to maintain this competitive advantage.
4. As a result Riskpool made the decision to cease providing cover from 01 July 2017 and has been in run-off mode for the last five-plus years.
5. In the Riskpool Annual Reports in 2020 and 2021 Riskpool advised members that they were expecting to make a final call prior to wind up and this remains their intention.
6. The last interim call made was for \$6million of which Ashburton District Council was liable for \$24,257.86 plus GST. This was paid in July 2019. The interim call was paid by all member councils.

The current situation

7. Riskpool has advised that they will remain in run off for a further three to five years as they still have six open claims on their books.
8. Riskpool advised that of the six open claims one is potentially problematic and legal proceedings remain ongoing. You will see in the attachment that Riskpool have applied to the Supreme Court for leave to appeal for a final determination after the Court of Appeal reversed the High Court decision, which had been in favour of Riskpool.
9. A second letter to the Chief Executive dated 9 January (Appendix 2) has advised him that Riskpools application to the Supreme Court to hear their appeal has been approved, and is expected to take place in the second half of 2023.
10. It is expected that the final decision may not take place until late 2023 or early 2024. Until all six cases are closed, LGMFT is not able to wind up Riskpool and verify the quantum of the final call or calls to be made on Riskpool's member councils.
11. Until this wind up process is fully complete, Ashburton District Council will retain a liability to this fund, of which the value remains unknown.

Legal/policy implications

12. Council, as a former member of Riskpool, has a legal obligation to pay the final call to Riskpool, once LGMFT make any final call/s.

Review of legal / policy implications	
Reviewed by In-house Counsel	Tania Paddock; Legal Counsel

Strategic alignment

13. The recommendation relates to Council's community outcome of Economic because of potential future costs.

Wellbeing	Reasons why the recommended outcome has an effect on this wellbeing	
Economic	✓	Any final call made by the trustees will have an impact on the community as this will be funded by future rates or existing cash reserves
Environmental		
Cultural		
Social		

Financial implications

14. At this stage the financial implications remain unknown.

Requirement	Explanation
What is the cost?	This is unknown at this stage
Is there budget available in LTP / AP?	No as one cannot rate for the unknown
Where is the funding coming from?	This will be determined should Council receive a final call
Are there any future budget implications?	Potentially, yes, but the extent is unknown and cash reserves could be used.
Reviewed by Finance	Erin Register; Finance Manager.

Significance and engagement assessment

15. Based on the July 2019 call this is not deemed significant.

Requirement	Explanation
Is the matter considered significant?	At this stage - no
Level of significance	Low – Council’s liability is 0.004% of any final call
Rationale for selecting level of significance	At 0.004%, unless the final call was significantly greater than the interim call in 2019, Councils liability remains a low level risk.
Level of engagement selected	Inform
Rationale for selecting level of engagement	This is a report for information only and the community will be informed of the receipt of the notification through the usual channels.
Reviewed by Strategy & Policy	Toni Durham: GM Democracy & Engagement



15 December 2022

Hamish Riach
Ashburton District Council
PO Box 94
ASHBURTON 7740 hamish.riach@adc.govt.nz

Riskpool: Update on Winding Up

Dear Hamish

We are writing to provide you with an update on the progress being made with the winding up of Riskpool, the sector owned mutual liability fund that has been in run-off mode from 1 July 2017. In recent years, good progress has been made as we actively work towards winding up the scheme, but one claim has proved problematic.

By way of background, Riskpool is a mutual liability fund that offered public liability and professional indemnity cover to its member councils from 1 July 1997 to 30 June 2017, a total of twenty years. Riskpool is governed by a trust deed, with cover provided for members via a series of pooled funds. Riskpool's trustee is able to call on its member councils for financial support for each of Riskpool's funds, commonly referred to as "calls". Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool. Civic Financial Services Ltd is the Fund Manager and Scheme Manager for Riskpool. Riskpool has collected a total of \$134.6 million in contributions from members, and as at 30 June 2022 it had paid its members \$171.2 million in claims.

As a result of reducing council support for Riskpool following the unprecedented financial impact of the leaky building crisis, and Councils increasingly being left as the last plaintiff standing in other litigation, it became difficult for Riskpool to offer its competitively priced cover and risk management services. Consequently, Riskpool decided to cease providing cover from 1 July 2017 and has now been in run-off mode for over 5 years. It is expected that Riskpool will remain in run off for a further 3 to 5 years. Riskpool members were given advance notice in October 2018 that an interim call of \$6 million would be needed on 1 July 2019. The interim call was duly paid by all members.

In the Riskpool Annual Reports for years ending 30 June 2020 and 2021, members were advised that Riskpool was expecting to make a final call prior to wind-up. This is still the intention and it is expected that this is all that will be required from members to complete an orderly wind-up of Riskpool. To achieve that, all claims must have been settled and paid and this is what Riskpool has been working towards since 1 July 2017. Good progress has been made, with only 6 open claims still on the books.

There is however one matter that may take some time to be finally resolved which could have a bearing on the timely wind-up of Riskpool and the quantum of any final call or calls that LGMFT will need to make. This involves proceedings served on Riskpool by a member Council in June 2017 in relation to a liability claim which had previously been declined. The claim involved both weathertight and non-weathertight defects for a multi-unit apartment block and was declined in its entirety. The member Council has accepted that Riskpool was correct to decline cover for the weathertight defects, but claims it is entitled to be covered for its liability in respect of the non-weathertight defects. Legal proceedings for this claim are still ongoing.

Riskpool and its legal advisors have always held a consistent view that the member Council does not have a valid claim against Riskpool. In June 2021 the High Court found in Riskpool's favour. In September 2022 the Court of Appeal reversed that finding in favour of the member Council. Riskpool has now applied for leave to appeal to the Supreme Court for a final determination. It may be several months before the Supreme Court decides whether or not to grant leave and, if leave is granted, the hearing of Riskpool's appeal may not take place until later in 2023 with a decision sometime in 2024. LGMFT's ability to wind up Riskpool and verify the quantum of any final call(s) is dependent on the conclusion of this process.

We will update members once we know the Supreme Court decision on Riskpool's application.

Yours sincerely

Charlie Howe
CEO Civic Financial Services Ltd

John Melville
Chair of LGMFT (Riskpool)



9 January 2023

Hamish Riach
Ashburton District Council
PO Box 94
ASHBURTON 7740 hamish.riach@adc.govt.nz

Riskpool: Update on Winding Up

Dear Hamish

In our letter of 15 December 2022, we noted that legal proceedings had been served on Riskpool in relation to a liability claim which had previously been declined and that Riskpool had applied for leave to appeal to the Supreme Court for a final determination.

We have now been advised that our application has been approved by the Supreme Court and the hearing of our appeal is expected to take place in the second half of this year.

We will provide you with a further update as soon as we know the outcome of the hearing.

Yours sincerely



Charlie Howe
CEO Civic Financial Services Ltd



John Melville
Chair of LGMFT (Riskpool)

6. Experience Mid Canterbury Annual Report

Author *Leanne Macdonald, Group Manager Business Support*

Executive Team Member *Hamish Riach; Chief Executive*

Summary

- The purpose of this report is to present the 2020 Annual Report of Experience Mid Canterbury (EMC) to Audit and Risk Committee.
- This is the final annual report of this entity.
- The audit opinion issued by Audit New Zealand, is two years later than legislatively required.
- The audit opinion is a modified audit opinion based the grounds of an adverse opinion on the financial statements and a qualified opinion of the performance information.
- The Trust will now finally disestablish as it was waiting on this audit opinion before it was able to complete the process.

Recommendation

- **That** the Audit and Risk Committee recommends to Council to accept the Experience Mid Canterbury Annual Report.

Attachment

Appendix 1 Experience Mid Canterbury 2020 Annual Report

Background

1. Tourism in New Zealand was significantly affected by the Covid-19 global pandemic. Experience Mid Canterbury is a Trust, wholly owned by Ashburton District Council. Following the COVID-19 lockdown ADC halved the funding to the Trust. The Methven i-Site ceased in June 2020.
2. Ashburton District Council ceased funding EMC and instead supported EMC to enter into a 12 month contractual arrangement with Christchurch NZ, to deliver tourism promotion activities for Ashburton District. EMC was subsequently disestablished when the Trustees resolved in December 2020 to wind up the Trust.

The current situation

3. Ashburton District Council has been waiting to receive the 2020 EMC Annual Report. This was received on 22 December 2022. There were a number of challenges faced by Audit NZ in completing this audit.
4. It appears the Annual Report has been signed-off in December 2022, which is in breach of Section 67 of the Local Government Act 2002. This has been referenced on page 16 (note 23) where it states that the annual report was adopted after its deadline due to “Audit NZ not completing the audit within the required timeframe”.
5. Audit NZ have issued a modified audit opinion on the grounds of an adverse opinion on the financial statements and a qualified opinion of the performance information (page 26).
6. Key concern on the financial adverse opinion stems around the Trust preparing their set of financial accounts on the basis of a “going concern” when the Trustees had resolved to wind up the Trust in December 2020.
7. The qualified opinion on the performance measures is due to Statistics New Zealand no longer reporting on accommodation data, so the reported measures are not able to be verified as accurate.

Legal/policy implications

8. There is no legal or policy impact.

Review of legal / policy implications	
Reviewed by In-house Counsel	Tania Paddock; Legal Counsel

Strategic alignment

9. The recommendation does not relate to Council’s community outcome as Council supported the Trustees decision to wind up the Trust and this has been reflected in the 2021-31 Long-term Plan.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	EMC was a Council Controlled Organisation
Environmental		
Cultural		
Social		

Financial implications

Requirement	Explanation
What is the cost?	There is no cost
Is there budget available in LTP / AP?	Not applicable
Where is the funding coming from?	Not applicable
Are there any future budget implications?	No
Reviewed by Finance	Erin Register; Finance Manager

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Level of engagement selected	1. Inform
Rationale for selecting level of engagement	The community will be informed of the receipt of the EMC Annual Report through the usual media channels.
Reviewed by Strategy & Policy	Toni Durham: GM Democracy & Engagement



APPENDIX 1



2020 Annual Report

Reporting Period: July 2019 to June 2020

25th September 2020



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Chairperson's Report

The 2019 / 20 financial year started as one of the more positive years, however, tourism across New Zealand was decimated by the Covid19 pandemic, the effects of the four-level government lockdown at the End of March 2020, largely closed all channels of the visitor industry. Despite the pandemic the EMC Trust still had a very positive year in terms of visitor spend results. These achievements in implementing our core activities to ensure they increase the contribution of the visitor Industry to Ashburton District's economic development and the rate paying residents.

Throughout 2019 and early 2020, EMC has ensured that the Mid Canterbury region had a good share of the New Zealand visitor income, through key initiatives, such as local industry liaison, joint marketing campaigns, media and famil hosting, along with an up scaled digital media and video presence, attendance at trade and consumer shows and training inbound tour operators, whilst operating the Methven i-Site under a new structure.

Visitors to our district have made a significant contribution to the economy. Visitor spend from tourism in the district to February 2020 was \$190 million¹. Up \$4m from \$186 million in 2018. Our 2019/20 target was \$193 million.

That said, with the impacts of the Covid19² outbreak, the EMC trust had to make a significant change to the business to reflect the outcomes of the pandemic. In coordination with the Ashburton District Council, the Trust signed an agreement with ChristchurchNZ to manage the Tourism portfolio of Mid Canterbury with a severally reduced funding model of \$195,000.00, 50% of the previous year's funding. The Trust permanently closed the Methven i-Site Visitor Information Centre and reduced the tourism marketing division to one employee, now employed by ChristchurchNZ. All existing staff were made redundant as of 30th June 2020.

We farewelled Sarah Jones from the board due to personal circumstances and welcomed Graham Russel and Chris Gourley joined the board in October 2019.

Once again, I wish to thank Ashburton District Council for their support. In particular the senior management team, Mayor Neil Brown and his council whom have all shown dedication to our organisation and I am sure will continue to do so over the months and years ahead.

James Urquhart



25th September 2020

¹ Measured by MBIE and Pay mark Monthly Regional as of 28th February 2020

² <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-current-cases>

Combined Statement of Financial Performance

For the Year Ended 30 June 2020

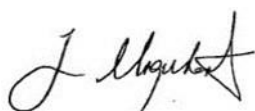
	Note	2020 \$	2019 \$
Operating Revenue			
Revenue		94,683	213,553
Council Grant		374,998	384,998
	2	469,681	598,551
Less Cost of Sales			
Opening Stock		18,610	22,282
Purchases		11,845	28,389
		30,454	50,671
Closing Stock		-	(18,610)
Total Cost of Sales		30,454	32,061
Gross Surplus from Trading		439,227	566,490
Other Revenue			
Total Other Revenue	2	696	220
Gross Surplus after Other Income		439,922	566,710
Less Expenses			
Other Expenses		144,538	223,218
Employment Expenses		242,126	255,192
Finance Expenses		-	17
Depreciation, Amortisation and Impairment		6,470	8,608
Non Deductible Expenses		147	40
Total Expenses	3	393,281	487,074
Surplus before Income Tax		46,641	79,636
Income Tax Expense	5	6,385	(8,317)
Surplus before Extraordinary Items		40,256	87,953
Extraordinary Expense- Stock on Hand written off as obsolete		9,623	-
Surplus after Tax		30,634	87,953

Experience Mid-Canterbury Trust

Statement of Financial Position

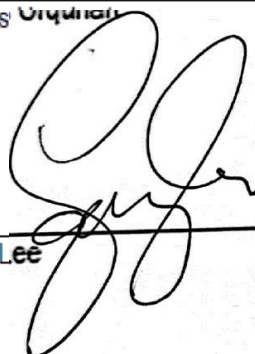
As at 30 June 2020

	Note	2020 \$	2019 \$
TRUST FUNDS			
Trust Capital	7	95,265	95,265
Retained Profits	8	38,956	8,322
Total TRUST FUNDS		134,221	103,587
Represented by:			
Current Assets			
Cash & Bank Balances	9	114,807	135,168
Trade Receivables	10	-	575
Other Receivables	10	2,351	2,952
Income Tax Receivable	6	3,586	14,915
GST Receivable		5,058	4,075
Prepayments	11	56,983	2,495
Inventories	12	-	18,610
Other Current Assets	13	8	12
Total Current Assets		182,794	178,802
Non-Current Assets			
Property, Plant & Equipment	14	18,140	21,235
Total Assets		200,934	200,037
Current Liabilities			
Payables & Accruals	15	66,714	76,914
Other Current Liabilities	16	-	19,536
Total Liabilities		66,714	96,450
Net Assets		134,221	103,587



James Orquhart _____ Trustee

Date 20 December 2022



Gary Lee _____ Trustee

Date 20 December 2022

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Council Grant		374,998	384,998
Other Revenue		78,662	228,319
Interest Revenue		696	220
Goods & Services Tax		-	4,369
Taxation Refund		14,915	-
		469,271	617,906
Cash was disbursed to:			
Purchases		25,118	26,370
Other Expense		447,099	471,081
Withholding Taxation		52	72
Goods & Services Taxation		4,072	-
Taxation Paid		9,916	10,784
		486,257	508,308
Net Cash Flows from Operating Activities		(16,986)	109,599
Cash Flows from Investing Activities			
Cash was disbursed to:			
Fixed Asset Purchases		3,375	4,238
		3,375	4,238
Net Cash Flows from Investing Activities		(3,375)	(4,238)
Net Decrease in Cash Held		(20,361)	105,361
Cash at the Beginning of the Year		135,168	29,807
Cash at the End of the Year		114,807	135,168

1 Statement of Accounting Policies

Statement of Compliance and Basis of Preparation

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

The Experience Mid-Canterbury Trust is wholly owned by Ashburton District Council, therefore the trust is a council controlled organisation as defined in section 6 of the Local Government Act 2002.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

The accounting principles recognised as appropriate for the measurement and reporting of the Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Going Concern

Following the Covid-19 lockdown Ashburton District Council has halved funding to the Trust to \$195,000 per annum. The Methven i-Site ceased operations on the 30 June 2020 and all staff were made redundant effective from 30 June 2020. The Trust has subcontracted the promoting of the Ashburton district to Christchurch NZ from 1 July 2020 as described in Note 18. The Council has not committed to provide any additional to the Trust to financially support the Trust if required.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Comprehensive Income and Statement of Financial Position have been applied:

(a) Revenue Recognition

Grants

Council grants received are recognised as revenue when the funding is received, unless there is an obligation to return if conditions of the grant are not met (use or return condition). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest revenue

Interest revenue is recorded as it is earned during the year.

(b) Expenses

Expenses have been classified on their business function. Expenses are recognised when they are incurred or when inventory is sold or distributed.

For the Year Ended 30 June 2020

(c) Exceptional Items

Exceptional items are large income and/or expense items that do not arise as a result of normal business operations and are not expected to recur. Exceptional items are disclosed in the Comprehensive Income where the total value exceeds 5% of revenue.

(d) Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling price.

(e) Trade Receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

(f) Property, Plant & Equipment and Investment Property

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value basis at income tax rates so as to expense the cost of the assets over their useful lives. The useful lives are as follows:

- Motor Vehicles 6-9yrs (18% - 30%)
- Office Equipment 3-25yrs (8% - 67%)
- Website 2.5yrs (40%)

(g) Income Tax

The income tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

(h) Goods and Services Taxation (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

(i) Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks. Bank overdrafts are presented as a current liability in the statement of financial position.

(j) Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

(k) Employee costs payable

A liability for employee costs payable is recognised when an employee has earned the entitlement. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

(l) Leases

Lease payments are recognised as an expense on a straight-line basis over the lease term.

(m) Intangible Assets

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The trustees consider Goodwill to have been fully impaired in 2014 and therefore no further impairment is included in the Statement of Financial Performance for this year.

(n) Changes in Accounting Policies and Disclosures

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

2 Revenue**Operating Revenue**

	2020	2019
	\$	\$
Sales	38,984	54,040
Council Grant	374,998	384,998
Business Partners L1 & L2	36,590	46,815
Management Services Fees	-	100,000
Brochure Display	5,815	2,155
Commission Revenue	4,752	9,696
Other Revenue	8,542	848
Total Revenue	469,681	598,551
Other Revenue		
Interest Received	696	220
	470,377	598,771
Total Revenue	470,377	598,771

3 Schedule of Expenses	2020	2019
	\$	\$
Other Expenses		
Accountancy Fees	10,590	9,930
Consumer/Trade Shows	3,222	14,962
Advertising	17,089	44,810
Print re Marketing	6,102	15,989
Audit Fee	21,905	22,427
Additional Prior Years Audit Fee	-	47
Bad Debts Written Off	574	1,516
Bank Charges	644	2,365
Eftpos	878	-
Electricity	3,643	5,370
Entertainment - Deductible	128	171
General Expenses	368	100
Media & PR Famils & Hosting	5,435	4,390
Fuel Expense	2,752	4,972
Mileage Expense	943	3,268
Office Supplies	2,106	3,225
Rent	15,400	14,660
Lease Expense	7,633	6,689
Repairs & Maintenance	3,006	3,149
Subscriptions	7,964	18,171
Telephone & Tolls	6,052	8,786
Conference & Travel Expense	16,516	22,796
Governance Expense	9,375	11,222
Website Expenses	525	305
Other Expenses	1,690	3,898
	144,538	223,218
Employment Expenses		
Fringe Benefit Tax	2,244	2,486
Staff Expenses	1,293	1,706
Wages	238,589	251,000
	242,126	255,192
Finance Expenses		
Interest Expense	-	17
Depreciation, Amortisation and Impairment		
Depreciation	6,470	8,608
Non Deductible Expenses		
Entertainment - Non Deductible	147	40
Total Expenses	393,281	487,074

Experience Mid-Canterbury Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2020

4 Auditor's Remuneration

The auditor of Experience Mid-Canterbury Trust is Audit New Zealand

Audit Fee

Other services provided:

Audit Disbursement

2020	2019
\$	\$
21,905	22,427
-	2,500
21,905	24,927

5 Tax Reconciliation

Surplus and Extraordinary Items before
Income Tax

Permanent Differences

Entertainment - Non Deductible

Tax Losses subject to approval by the IRD

Total Permanent Differences

Timing Differences

Interest Received in advance last year

Interest Received in advance this year

Employee Entitlements

Audit Fee Accrual

Accounting Fee Accrual

Total Timing Differences

Taxable Income

Tax Expense at 33%

Tax Expense

2020	2019
\$	\$
37,018	79,636
147	40
-	(35,686)
147	(35,646)
37	30
(26)	(37)
(15,203)	(961)
(2,936)	(170)
310	290
(17,818)	(848)
19,347	43,142
6,385	14,237
6,385	14,237

6	Income Tax	2020	2019
		\$	\$
	Opening Balance	(14,915)	1,732
	Plus:		
	Terminal Tax	14,916	-
	Taxation Payable	6,385	-
		21,301	-
	Less:		
	Terminal Tax	-	1,731
	Taxation Payable	-	8,317
	Provisional Tax Paid	9,916	6,528
	RWT Paid	56	70
		9,972	16,646
	Income Tax (Receivable)	(3,586)	(14,915)
	Income tax expense is calculated using the taxes payable method.		
7	Trust Capital	2020	2019
		\$	\$
	Opening Balance	95,265	95,265
	Total Trust Capital	95,265	95,265
8	Retained Profits	2020	2019
		\$	\$
	Opening Balance	8,322	(79,631)
	Plus:		
	Surplus for the Year	30,634	87,953
	Total Retained Profits	38,956	8,322
9	Cash & Bank Balances	2020	2019
		\$	\$
	Cash Balances		
	Cash on Hand - Ashburton i-Site	-	21
	Cash on Hand - Methven i-Site	-	402
		-	423
	Bank Account Balances		
	EMC - Admin	27,658	20,866
	EMC - 026	21,417	51,582
	i-Sites - Admin	5,359	779
	EMC Contingency Bank Account	60,372	61,518
		114,807	134,745
	Total Cash & Bank Balances	114,807	135,168

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

For the Year Ended 30 June 2020

10 Trade and Other Receivables	2020	2019
	\$	\$
Trade Receivable		
Accounts Receivable - EMC	-	575
Other Receivables		
Accounts Receivables - Aoraki Timaru	-	1
Accounts Receivable - Methven i-Site	2,351	2,952
Total Other Receivables	2,351	2,952
Total Trade and Other Receivables	2,351	3,527

All amounts are short-term and have been reviewed for indicators of impairment. The carrying value of trade receivables is considered a reasonable approximation of fair value.

11 Prepayments	2020	2019
	\$	\$
Advertising Expenses	6,833	318
Subscriptions	150	2,177
Marketing Expenses	50,000	-
Total Prepayments	56,983	2,495

12 Inventories	2020	2019
	\$	\$
Stock on Hand		
Methven i-Site	-	18,610
Total Inventories	-	18,610

13 Other Current Assets	2020	2019
	\$	\$
RWT in Advance	8	12
Total Other Current Assets	8	12

14 Property, Plant & Equipment	Cost or Valuation	Depreciation	Carrying Amount
	\$	\$	\$
Property, Plant & Equipment 2020			
Office Equipment			
Opening Balance	52,181	38,662	13,519
Depreciation		2,148	(2,148)
Closing Balance	52,181	40,810	11,371

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

For the Year Ended 30 June 2020

Website

Opening Balance	35,595	27,879	7,716
Additions	3,375		3,375
Depreciation		4,322	(4,322)
Closing Balance	38,970	32,201	6,769
Total Property, Plant & Equipment	91,151	73,011	18,140

Property, Plant & Equipment 2019

Office Equipment

Opening Balance	52,181	35,792	16,389
Closing Balance	52,181	38,662	13,519

Website

Opening Balance	31,358	22,141	9,217
Closing Balance	35,595	27,879	7,716

Total Property, Plant & Equipment

Cost or Valuation	Accumulated Depreciation	Carrying Amount
\$	\$	\$
52,181	35,792	16,389
52,181	38,662	13,519
31,358	22,141	9,217
35,595	27,879	7,716
87,776	66,541	21,235

15 Payables & Accruals

Accounts Payable

Accounts Payable - Methven i-Site	2,206	5,952
Accounts Payable - EMC	7,421	15,845
Total Accounts Payable	9,627	21,797

Other Payables & Accruals

Accruals	29,220	29,356
Employee costs payable	27,626	23,891
Credit Card - Bruce	235	623
Credit Card - Anita	5	143
Accounts Payable - Aoraki Timaru	-	1,104
Total Other Payables & Accruals	57,086	55,117

Total Payables & Accruals

2020	2019
\$	\$
2,206	5,952
7,421	15,845
9,627	21,797
29,220	29,356
27,626	23,891
235	623
5	143
-	1,104
57,086	55,117
66,714	76,914

16 Other Current Liabilities

Unpresented Vouchers - Methven i-Site
Income Received in Advance

Total Other Current Liabilities

2020	2019
\$	\$
-	9,446
-	10,090
-	19,536

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

17 Related Party Transactions

	2020	2019
	\$	\$
Gary Lee	1,500	1,500
Bevan Rickerby	-	1,500
Sarah Jones	1,125	1,500
Gareth Reed	1,500	1,500
Chris Gourley	1,125	-
James Urquhart	3,000	3,000
Graham Russell	1,125	-
Anton Wilke	-	750
Total Related Party Transactions	9,375	9,750

During the year Experience Mid Canterbury Trust paid Governance Fees of \$9,375. The amounts paid are shown in the table above, all of the people listed above are Trustees of Experience Mid Canterbury Trust. (2019: \$9,750)

A balance of \$1,125 is outstanding at balance date and is included in payables and accruals, note 16. (2019: \$3,375).

Ashburton District Council is the settlor of Experience Mid Canterbury Trust. During the year Experience Mid Canterbury Trust received grant income of \$374,998 (2019: \$384,998) from Ashburton District Council. At balance date, the Trust didn't owe the Ashburton District Council any money (2019: \$875)

During the year no Grant Income was received which relates to the year ended 30 June 2021 (2019: \$0.00). Therefore no Grant Income has been recorded as Income in Advance (2019: \$0.00)

Bruce Moffat, as an employee of Christchurch NZ has office space at 255 Havelock Street, Ashburton available for his use in his work promoting Mid Canterbury as a visitor destination. This property is owned by Ashburton District Council and is provided free of charge.

18 Service Contract

Experience Mid Canterbury (EMC) has a service contract with Christchurch NZ (CNZ), for CNZ to provide destination marketing services for Experience Mid Canterbury entered into on the 20th June 2020. EMC has agreed to provide funding of \$195,000+GST on the following payment terms:

- 50% on signing of the contract
- 25% on 30th January 2021
- 25% on 1st May 2021

This agreement expires on 30 June 2021. During the year EMC paid \$50,000 to CNZ.

Experience Mid Canterbury had a service contract to provide tourism marketing services for the Timaru District as per the Service Contract entered into on 22nd November 2016.

During the year Experience Mid Canterbury received no management services fee (2019: \$100,000) from the Timaru District Council.

This contract has ceased effective of 30 June 2019.

19 Contingencies

There are no contingent liabilities and no contingent assets as at 30 June 2020 (2019: nil).

20 Extraordinary Expense

I-Sites ceased trading on the 30th June 2020 and all remaining stock was consider obsolete & therefore written off to Nil value.

21 Capital Commitments

A) Capital Commitments The Trust has no capital commitments as at 30 June 2020 (2019: nil)

B) Operating lease commitments: Trust as lessee

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2020	2019
Less than one year	17,800	18,030
Two to five years	12,450	19,250
Total	<u>\$30,250</u>	<u>\$37,280</u>

The Trust leases premises, and equipment. Operating leases held over properties give the Trust the right to review the lease subject to a re-determination of the lease rental by the lessor.

There are no options to purchase in respect of the equipment held under operating leases.

There are no sub leases from the above.

22 Events Occurring After Balance Date

Due to the cost of 50% funding from stakeholders, Experience Mid Canterbury, including the Methven I-Site have resturctured with all staff being made redundant as at 30 June 2020. GM to stay on till the process of finding a suitable candidate to continue the promotion and marketing of Mid Canterbury. As at Mid July 2020 experience Mid Canterbury has accepted a contract with Christchurch NZ to promote and market Mid Canterbury including employing one existing employee from the Experience Mid Canterbury Trust.

23 Breach of Statutory Deadline

Section 67 of the Local Government Act 2022 requires the board of a Council Controlled Organisation to deliver to its shareholders an audited annual report within 3 months of the end of the financial year. The annual report was adopted after this deadline due to Audit NZ not completing the audit within the required timeframe.

24 Exceptional Circumstances

Impact of COVID 19

On 11 March 2020 the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. New Zealand shut its borders and went into lockdown for a number of weeks. As a result, economic uncertainties have arisen which are likely to negatively affect operations and services.

Described below are the more significant possible effects identified for the Trust as a result of the COVID-19 pandemic:

- The Methven i-site and Experience Mid Canterbury Trust office were closed during level 4 lockdown from the 25th March to 28th April 2020 and had no retail sales or booking revenue during this period.
- Staff wages continued to be paid in full during the level 4 lockdown. The Trust did not qualify for the Government Wage Subsidy.
- As an estimated 80% of the Methven i-Site customers are international tourists, therefore ongoing operating revenue has been significantly affected with closed borders to NZ halting almost all international tourism.
- The Trust has had reduced travel and fuel costs due to the cancellation of tourism events as a result of Covid 19.
- The Methven I-Site has been given rent relief by landlord Ashburton District Council for halving rent and electricity payable over the Covid 19 shutdown.



STATEMENT OF SERVICE PERFORMANCE EXPERIENCE MID CANTERBURY TRUST 2019-2020

Experience Mid CanterburyE
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Introduction

I want to thank our strategic business partners, including the Ashburton District Council, for your support and understanding throughout the 2019 -2020 year.

Our region has experienced intense visitor spend growth. This is shown in an increase of \$190 million in electronic transactions alone across the district for the year to February 2020 up \$4 Million at \$186 million year on year.³

Fig 1. Overall Spend

COUNTRY	(All)	
PRODUCT	(All)	
TA	Ashburton District	
REGION	(All)	
Row Labels	-Y	Sum of SPEND
2009		\$130m
2010		\$132m
2011		\$145m
2012		\$152m
2013		\$170m
2014		\$167m
2015		\$165m
2016		\$173m
2017		\$173m
2018		\$186m
2019		\$190m
Grand Total		\$1,782m

In terms of our core markets, Domestic New Zealand was our top performer at \$130 million in spend, down \$2 million from 2018. In the international sector, Singapore, Malaysia, Indonesia and the Philippines grew from \$22 million in 2018 – 19 to \$25 million in the 2019 – 20 years. Australia didn't see any growth year on year.

Fig 2. Domestic Spend

COUNTRY	(Multiple Items)	
PRODUCT	(All)	
TA	Ashburton District	
REGION	(All)	
Row Labels	-Y	Sum of SPEND
2009		\$94m
2010		\$97m
2011		\$111m
2012		\$118m
2013		\$128m
2014		\$130m
2015		\$124m
2016		\$124m
2017		\$124m
2018		\$132m
2019		\$130m
Grand Total		\$1,313m

Fig 2. Australia Spend

COUNTRY	Australia	
PRODUCT	(All)	
TA	Ashburton District	
REGION	(All)	
Row Labels		Sum of SPEND
2009		\$13m
2010		\$16m
2011		\$15m
2012		\$12m
2013		\$12m
2014		\$13m
2015		\$10m
2016		\$10m
2017		\$10m
2018		\$11m
2019		\$11m
Grand Total		\$133m

Fig 3. Rest of Asia

COUNTRY	Rest of Asia	
PRODUCT	(All)	
TA	Ashburton District	
REGION	(All)	
Row Labels	-Y	Sum of SPEND
2009		\$6m
2010		\$8m
2011		\$7m
2012		\$7m
2013		\$10m
2014		\$11m
2015		\$14m
2016		\$21m
2017		\$20m
2018		\$22m
2019		\$25m
Grand Total		\$151m

As we move into 2020 – 2021, we expect a significant softening in tourism spend across New Zealand. Given the economic, health and border impacts brought on by the Covid19 Pandemic.

We look forward to the 2020 – 2021 year, when Experience Mid Canterbury, under the guidance of ChristchurchNZ, will continue to deliver a quality range of trade marketing activities to promote and educate the global community about the Mid Canterbury Region.

This document summarises Experience Mid Canterbury's (EMC) overall success for the 2019 – 2020 Financial year.

7) Measuring performance

The Trust reports to Ashburton District Council against a range of agreed performance measures that reflect its contribution towards the district's desired outcomes, measures of organisational effectiveness and measurements of the health and capability of the Trust.

GOAL

To increase the contribution of the visitor Industry to Ashburton District's economic development and, in doing so, the overall well-being of residents.

OBJECTIVES

Objective 1: Maximise share of regional consumer spending and tourism contribution to the district's economy⁴

Service Statement – Tourism's Contribution to the District Economy

Maximise Mid Canterbury's share of regional consumer spending through strategic campaigns promoting the Ashburton District's tourism assets throughout New Zealand and overseas;

Overall all sectors in our tourism spend matrix are up year on year.

Figure 1. Overall visitor Spend to February 2020 was \$190 million, up \$4 million.

Figure 2. Total Domestic Visitor Spend to February 2019 \$130 million, up \$2 Million.

Figure 3. Total International Visitor Spend to February 2019 \$60 million, up \$6 million

COUNTRY	(All)	▼
PRODUCT	(All)	▼
TA	Ashburton District	▼
REGION	(All)	▼
Row Labels	▼	Sum of SPEND
2009		\$130m
2010		\$132m
2011		\$145m
2012		\$152m
2013		\$170m
2014		\$167m
2015		\$165m
2016		\$173m
2017		\$173m
2018		\$186m
2019		\$190m
Grand Total		\$1,782m

Fig 1 – Overall Spend

COUNTRY	(Multiple Items)	▼
PRODUCT	(All)	▼
TA	Ashburton District	▼
REGION	(All)	▼
Row Labels	▼	Sum of SPEND
2009		\$94m
2010		\$97m
2011		\$111m
2012		\$118m
2013		\$128m
2014		\$130m
2015		\$124m
2016		\$124m
2017		\$124m
2018		\$132m
2019		\$130m
Grand Total		\$1,313m

Fig 2 – Domestic NZ Spend

COUNTRY	(Multiple Items)	▼
PRODUCT	(All)	▼
TA	Ashburton District	▼
REGION	(All)	▼
Row Labels	▼	Sum of SPEND
2009		\$35m
2010		\$35m
2011		\$34m
2012		\$34m
2013		\$42m
2014		\$36m
2015		\$41m
2016		\$50m
2017		\$49m
2018		\$54m
2019		\$60m
Grand Total		\$469m

Fig 3 – International Spend

Data source – Ministry of Business, Innovation & Employment

<https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/monthly-regional-tourism-estimates/latest-update/data-download/>

Pivot table

[Annual product and country by Territorial Authority \(TA\) and region](#)

⁴ The success measured by these KPIs will depend on the level of funding ascribed to the Trust and the Trust's ability to partner in joint venture marketing campaigns and attract 'in kind' or contributions from industry partners. EMC is not solely responsible for attracting visitors, their contribution to the district and their experience. However, EMC can have a significant role in influencing these results. Other influences include visitor flows, e.g. seasonal snow outcomes, inbound aviation capacity, global economies and exchange rates, and worldwide health and natural disaster issues.

Performance Measure 1

Performance measure	Ashburton District has a higher Regional Tourism Estimates (MRTE) rolling average compared to the previous year
Relevance	The MRTE data from MBIE is now the industry benchmark and recognises the change in tourism expenditure over time at a territorial authority level.

In the 2018 – 2019 reporting period to February 2019, the Ashburton Districts total Tourism spend was \$186 million.

Tourism expenditure data is sourced from the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates. These are estimated values for tourism spending that approximate values found in the International Visitor Survey (IVS) and Tourism Satellite Account (TSA), using modelling of a sample of electronic card spending throughout New Zealand from domestic and international accounts.

Performance measure	Ashburton District has a higher Regional Tourism Estimates (RTE) rolling average compared to the previous year					
Relevance	The RTE data from MBIE is now the industry benchmark and recognises forecasted visitor expenditure over time at a territorial authority level.					
Measure	MBIE use eight product categories to measure the total visitor spend <ul style="list-style-type: none"> • Accommodation services – e.g. Hotel & motels booked locally • Other tourism products – Activities, e.g. Ballooning, Jet boating • Other passenger transport – e.g. Bus, Train, Rental vehicles • Food and beverage serving services – e.g. Cafés, Restaurants, • Retail sales – Alcohol, food and beverages – e.g. Supermarkets • Retail Sales – Other – e.g. Gifts, clothing etc. • Retail sales – fuel and other automotive products • Cultural, recreation and gambling services, e.g. DOC walks, 					
Targets*	Index Actual YE 2008**	Index target 2018/19	Index Actual 2018/19	Index Target 2019/20	Index Actual 2019/20	Index Target 2020/21
Index	\$100	\$175m	\$186m	\$193m	\$190m ⁵	\$189m ⁶
\$ change			\$ 11m	\$ 6m	\$ -3m	\$ -2m
% Change						
During the 2016 FY, changes were made to the structure of the RTE. Results. The previous measurement created significant delays in reporting to the tourism industry. MBIE now captures the electronic data for the year ending March to mitigate the delays and forecasts monthly earnings. As a result, Tourism leaders across the nation can obtain comparable data up to and including the previous month. e.g. November forecasted results are made available in December.						

⁵ The visitor expenditure for the year ending March 2020 experienced a significant decrease due to increased COVID-19 global activity, which started in China and Europe and spreading rapidly into New Zealand in March 2020

<https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/monthly-regional-tourism-estimates/latest-update/data-download/>

Pivot table
Annual product and country by Territorial Authority (TA) and region

⁶ Potentially lower than expected results subject to international border opening policies and the will to travel

Performance Measure 2

Performance measure	Increase guest nights by 1% on the average compared to the previous years						
Relevance	By increasing the guests night, this will increase the overall economic performance of the tourism as the visitor spend will be spread further across the district with long stay periods						
Measure & Explanation	<p>The Commercial Accommodation Monitor (CAM) is measured by Statistics New Zealand and includes commercial hotel, motels, holiday parks and camping grounds.</p> <p>The current average guest night value in the Ashburton District is 210,829 nights based on the past 4 years.</p>						
Targets*	Baseline Actual YE 2010*	Index Actual 2015/16	Index Actual 2016/17	Index Actual 2017/18	Index Actual 2018/19	Index Target 2019/20	Index Actual 2019/20
Baseline 206,278 As at 2010 - pre Christchurch Earthquake	206,278	222,677	210,803	202,995	206,839	208.000	No survey was performed**
Index % Change against average nights			-6%	-4%	1.86%	2.00%	NA

- Due to the measurement method, Statistics New Zealand can not always offer 100% accuracy as some operators may not provide their guest nights in time for Statistics NZ reporting.
- In July 2019, we revised the targets and actuals to show the measurement from calendar year results to Financial Year results in line with the rest of the document and the End of year performance measure report.
- The new financial year reporting shows the ongoing effects of non-commercial accommodations such as Airbnb, Holiday homes etc.

Due to Statistics New Zealand no longer providing accommodation data, we can no longer obtain accurate measurements for this performance. All intentions show that this could be for the foreseeable future.

Objective 2: Maximise share of the district's tourism industry contributes to the organisation and marketing campaigns.

Service Statement – Tourism Industry Contribution to the Shareholder Contribution.

Maximise Experience Mid Canterbury's percentage of the district tourism sector partnering with the organisation via membership and joint venture contributions.

Performance Measure 1

Performance measure	Increase the percentage of tourism partners compared to the previous year					
Relevance	Business Partnership uptake measures sector confidence in and financial contribution to the organisation. Indicates the level of connectivity that the district operators have with the national tourism sector, information supply and standards.					
Targets	Actual 2017/18	Target 2018/19	Actual 2018/19	Target 2019/20	Actual 2019/20	Target 2020/21
	66	70	47 ⁸	70	60	65

⁷ <https://www.stats.govt.nz/topics/accommodation>

⁸ We experienced lower-than-expected income from our business partners in 2018/19. In part, this was from the legacy left behind with the closure of the Ashburton i-Site and the fact that in the same year, we removed the entry-level category for tourism operators to buy into, lifting the entry-level from the traditional \$295.00 price level to \$850.00, this strategy didn't support the outcomes we were looking for. Consequently, we have re-introduced the \$295.00 Entry level into the 2019 /20 Prospectus

Performance Measure 2

Performance measure	Increase the industry contribution value by 5% each year		
Relevance	Measures contribution from the sector in the collective marketing goals of the organisation and its connectivity with the operators of the district.		
	<i>*Year one to measure Joint venture contribution as a baseline and then will be able to set growth targets.</i>		
Targets	Activity Ratio Monitor:	Actual 2018 / 19	Actual 2019/20
	\$ EMC contribution to \$ Industry contribution (E.g. \$1: \$5)	\$1.00: \$13:18	\$1.00: \$26.81 ⁹
	Plus the total amounts		
	Business Partner membership	\$ 27,880.00	\$ 36,225.00
	EMC Total Contribution	\$ 53,020.00	\$ 18,420.00
	Industry Total Contribution	\$ 645,630.00	\$475,374.00
	Goods in Kind Total Value	\$ 2200.00	\$ 1783.00
	Total investment	\$ 698,650.00	\$ 493,794.00 ¹⁰

Objective 3: Achieve and maintain a targeted level of sales and information enquiry at the Methven i-Site Visitor Centre.

Service Statement – Methven i-Site is to meet their Sales targets

Maintain a high level of customer service and local knowledge for consumer satisfaction.

Performance Measure 1

Performance measure	Methven i-Site Visitor Centre is to meet its sales performance targets through retail and commissionable product sales.					
Relevance	Meeting sales targets ensures staff performance and customer service excellence. This will provide solid returns on the Experience Mid Canterbury Trust balance sheet.					
Targets	Actual Results 2018/19	Target 2019/20				
	\$130,403	\$72,749 ¹¹				

Bruce Moffat,
General Manager
For the Experience Mid Canterbury Trust
 24th September 2019

⁹ The overall results were

¹⁰ This financial year, Experience Mid Canterbury, with support from strategic partners Mt Hutt Ski Area, Christchurch Airport and ChristchurchNZ, secured a \$450,000.00 collaborative marketing campaign with Tourism New Zealand called this is how weski. This is shown in the total industry contribution.

¹¹ For the best part of the 2019/20 FY, the Nationwide i-Site market sector softened off quick rapidly due to the levels of online transactions. Then the i-Site network was heavily hit by the Covid19 pandemic

9) Industry Glossary

CAM	Commercial Accommodation Monitor
CEFG	Community Events Funding Grant
ADC	Ashburton District Council
ITOC	Inbound Tour Operators Council
IVA	International Visitor Arrivals
IVS	International Visitor Survey
LGA	Local Government Act
DTO	District Tourism Organisation
RTO	Regional Tourism Organisation
RTONZ	Regional Tourism Organisation of New Zealand
CIAL	Christchurch International Airport Limited
CCT	Christchurch & Canterbury Tourism
RVM	Regional Visitor Monitor
SOI	Statement of Intent
TIANZ	Tourism Industry New Zealand
TNZ	Tourism New Zealand
RTI	Regional Tourism Indicator
RTE	Regional Tourism Estimates
MRTE	Monthly Regional Tourism Estimates
MBIE	Ministry of Business, Innovation and Employment.

Independent Auditor's Report

To the readers of Experience Mid-Canterbury Trust's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Experience Mid-Canterbury Trust (the Trust). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

We have audited:

- the financial statements of the Trust on pages 4 to 17, that comprise the statement of financial position as at 30 June 2020, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 18 to 23.

Modified opinion

Adverse opinion on the financial statements

In our opinion, because of the significance of the matter described in the *Basis for our modified opinion* section of our report, the financial statements of the Trust on pages 4 to 17:

- do not present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
- do not comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

Qualified opinion on the performance information

In our opinion, except for the matter described in the *Basis for our modified opinion* section of our report, the performance information on pages 18 to 23 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020.

Our audit was completed on 21 December 2022. This is the date at which our modified opinion is expressed.

The basis for our modified opinion on the financial statements and performance information is explained below, and we draw attention to the impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our modified opinion

Adverse opinion on the financial statements: Inappropriate use of the going-concern assumption

As outlined in the statement of compliance and basis of preparation section under note 1 on page 7, the financial statements have been prepared on the assumption that the Trust will continue to operate in the foreseeable future. However, the going concern section under this note describes that the Trust's operations and finances were significantly affected by Covid-19. Consequently, the Trustees resolved in December 2020 to wind up the Trust, but the financial statements do not adequately disclose this fact.

We consider it inappropriate to prepare the financial statements on the going concern basis, as it does not comply with the requirements of generally accepted accounting practice in New Zealand. The preparation of the financial statements on a disestablishment basis may result in adjustments to the amounts presented in the financial statements. It is not practicable for us to quantify the financial effects of not preparing the financial statements on a disestablishment basis.

Qualified opinion on the performance information: The Trust was unable to report guest night data

Increasing guest nights is an important part of the Trust's performance report as it is an indicator of the overall economic performance of tourism in the region. As explained on page 22 of the annual report, Statistics New Zealand stopped reporting this data. As a result, the Trust has been unable to report against its guest nights performance measure this year.

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 modified opinion on the financial statements and performance information.

Emphasis of matter – Impact of Covid-19

Without further modifying our opinion, we draw attention to note 24 on page 17 of the financial statements, which explains the impact of the Covid-19 pandemic on the Trust.

Responsibilities of the Trustees for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine it is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

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

The Trustees' responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 financial statements and the performance information.

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 risks of material misstatement of the financial statements and the performance information, 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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees.

We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees 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.

Other information

The Trustees responsible for the other information. The other information comprises the information included on pages 3 and 24 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

Other than the audit, we have no relationship with, or interests in, the Trust.



Dereck Ollsson Audit New Zealand
On behalf of the Auditor-General Christchurch, New Zealand

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee – Murray Harrington
- Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety

Reporting

The Audit & Risk Committee will report to the Council.

Adopted

17/12/20

Reviewed 30/11/22