

Annual Report

For the year ended 30 June 2021



Turning spaces into places for people.

Cover image: Some of New Zealand's most exciting hydroslides are being assembled at Parakiore Recreation and Sport Centre.

Double-page spread image: Lighting on the North Frame Pedestrian Bridge has been designed to minimise the impact on the river environment.

The purpose of the company is to add value to the delivery of Anchor Projects, and divestment and management of Anchor Project assets and Crown Land in a manner that balances good commercial outcomes against the Crown's regeneration objectives, and supports the Crown's exit over time on favourable terms.

The company may assist the Government with other roles or projects as requested by Shareholding Ministers.

CONTACT US

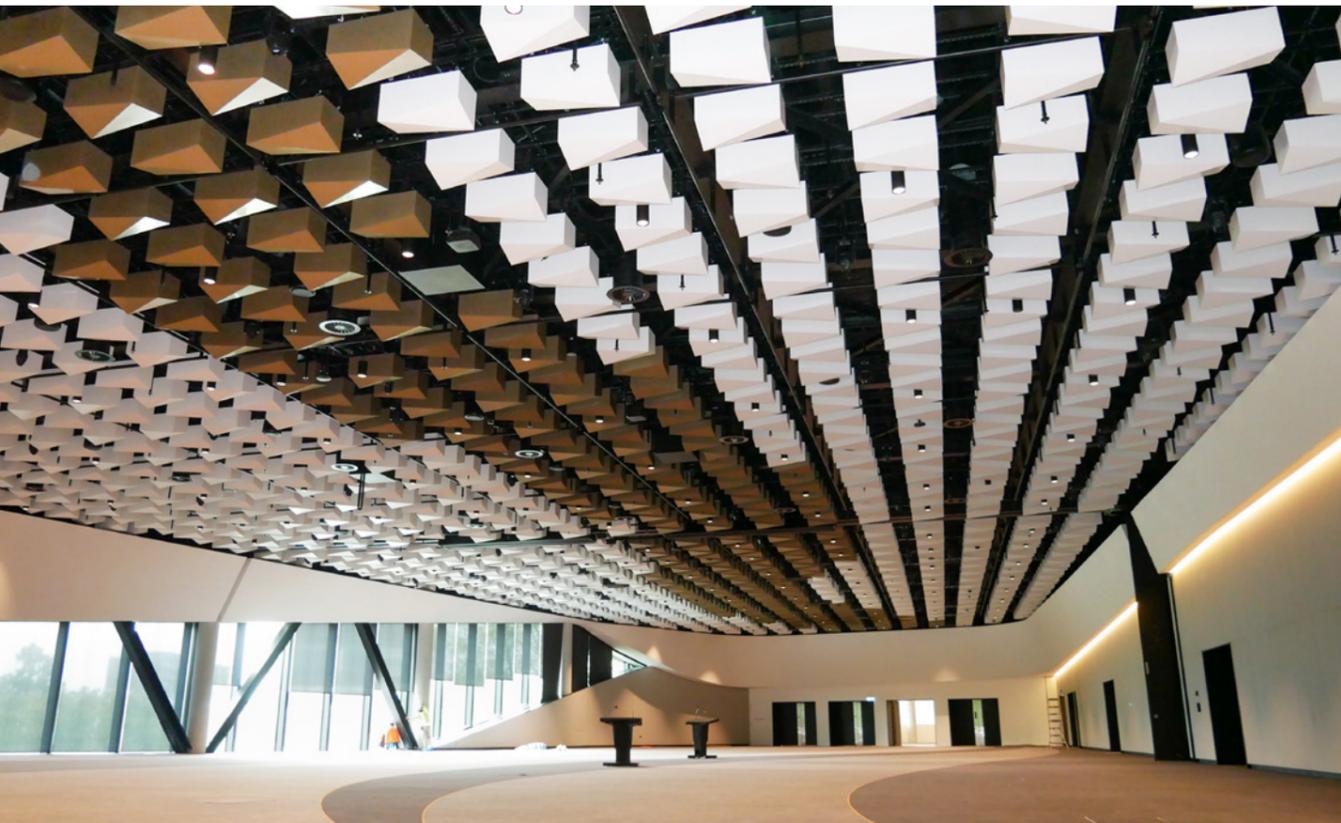
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“Ōtākaro delivers defined Anchor Projects and a land divestment programme that is consistent with the Christchurch Central Recovery Plan.”



Te Pae Christchurch Convention Centre Banquet Hall

SCOPE

Ōtākaro is required to deliver defined Anchor Projects and a land divestment programme that is consistent with the Christchurch Central Recovery Plan. The overarching responsibilities of Ōtākaro include:

- Delivery of defined Anchor Projects by providing procurement, design management and construction management services on behalf of the Crown
- Providing programme governance, including risk, cost and schedule management
- Divestment of Crown-owned land in central Christchurch that balances a good commercial outcome against regeneration objectives
- Managing the operations and ownership responsibilities of completed assets
- Acting in a manner consistent with recovery plans and any regeneration plans.

FUNCTIONS AND OPERATIONS

The organisation has six core teams. The Development team is focused on the delivery of Anchor Projects. The Property and Operations Group is focused on land divestment and operations. These functions are supported by the Finance and IT, Legal and Risk, People and Capability, and Communications and Stakeholder Engagement teams.

The company’s activities are guided by policies and procedures that ascribe to good corporate discipline, with clear links to the Ōtākaro purpose and to the company’s strategic objectives. In addition, the company’s values and behaviours support the delivery of its purpose and objectives.

ADAPTABILITY

The company was established with the understanding that it has a finite lifespan, subject to further determinations by the Crown. Accordingly, the company’s organisational structure reflects the need for adaptability. This means that the company must, in a planned manner, be able to adapt to the changing requirements of its programme and projects.

THE FUTURE

Ōtākaro was established for a limited period to deliver the projects it is responsible for and to divest surplus land. In October 2020 the Government amended the company’s constitution to enable Ōtākaro to have a broader role supporting other Government infrastructure investments.

PART 2: Organisational health and capability

ÖTĀKARO VALUES AND BEHAVIOURS

Ötākaro continues to strengthen its organisational culture to guide all company activities. This culture is underpinned by specific, straightforward values and the behaviours expected of all personnel in undertaking their tasks.

The values are expressed as:

- Keep it simple
- Make it happen
- Do what is right
- Be agile.

By working with its personnel, specific behaviours have been defined to 'model' and to support the Ötākaro values.

These behaviours include:

- Acting with purpose and staying focused
- Doing things efficiently
- Communicating clearly, consistently and concisely
- Considering the audience
- People knowing and playing their part
- People doing what they say they will do
- Being innovative
- Doing things promptly, but properly
- Acting with integrity and respect
- Supporting one another
- Making the 'tough' calls when necessary
- Being professional and 'down to earth'
- Anticipating change.

HEALTH AND SAFETY

Ötākaro has no tolerance for anything that endangers the health, safety and wellbeing of people. As a Crown company operating in a construction environment, Ötākaro strives to be a leader of health and safety, and in ensuring compliance with the Health and Safety at Work Act 2015.

Ötākaro is committed to a culture that holds safety as a core part of the company's identity. The company does this through:

- The Board and Management modelling behaviours expected from the Company's staff and its contractors

- Establishing best practice health and safety approaches in the field and in the office environment, monitoring adherence to these practices and taking immediate corrective actions if required
- Ensuring that the Company, and those who are working for the Company, meet all health, safety and environmental regulatory obligations.

CAPABILITY DEVELOPMENT

Ötākaro supports its staff to achieve the Company's objectives and purpose by:

- Developing staff for their current roles, providing flexibility to move staff to other roles in the Company, and preparing staff for their next career steps
- Regularly reviewing the capability of its people to align the available skills with the requirements of the project development lifecycles
- Achieving high levels of staff engagement
- Providing a safe environment for staff
- Delivering services required to achieve the Company's objectives in a cost-effective manner
- Providing staff with reliable, secure and cost-effective technology
- Providing a sound financial and internal control environment.

ENSURING ÖTĀKARO IS A GOOD EMPLOYER

The successful delivery of the Anchor Projects, operational excellence and the Crown's central Christchurch land divestment objectives depend on the technical, commercial, financial and investment/divestment expertise of Ötākaro. It is important that the company attracts and retains skilled staff, is a good employer and offers an attractive place to work, with a culture that is valued by employees and supports the company to deliver on its strategic objectives and purpose.

Consistent with the State Services Commission Guidance on Employment Relations in the State Sector, Ötākaro employment policies aim to ensure that the company respects its equal-opportunity responsibilities.

ÖTĀKARO VALUES:

Keep it simple.

Make it happen.

Do what is right.

Be agile.



John Bridgman and Corinne Haines

Dear Shareholders

The Christchurch skyline was transformed during the year as two of the city's largest buildings took shape.

Construction of the Te Pae Christchurch Convention Centre (Te Pae Christchurch) on the northern side of Cathedral Square was virtually completed, while on the southwest side of the CBD, the imposing 30,000m² Parakiore Recreation and Sport Centre (formerly known as the Metro Sports Facility) emerged out of the ground. We have strived to minimise the impact of COVID-19 on these major projects, but the shortage of components and skilled personnel, together with shipping delays, have been challenging.

We are operating in a difficult environment for project management. In addition to the challenges of building a complex facility like Te Pae Christchurch, there is a lot of work involved in testing, commissioning and preparing a major venue like this for use, and we are nearly there.

These two largest Anchor Projects in the Ōtākaro programme of works, which will cater for locals and visitors alike, will significantly boost vitality in the central city.

Our 'horizontal' work to create attractive public spaces and new routes around the central city continued during the year. We completed and opened a new section of the South Frame Greenway west of Durham Street, and another span east of Colombo Street, and the North Frame Pedestrian Bridge was virtually completed. We are also landscaping the area south of Te Pae Christchurch for public use until work starts on the hotels that eventually will be located there.

COVID-19

One upside from the devastating pandemic has been a dramatic increase in demand for inner city housing and commercial land. By year end, all available One Central homes had been sold and during the year we have divested six substantial commercial properties.

The Government capitalised on the project management abilities Ōtākaro has by asking us to assist the Treasury in a project to determine the best long-term solution to acid mine drainage at Stockton Coal Mine, north of Westport, and we were asked to provide financial oversight of some of the Canterbury Shovel Ready projects.

THE NEXT 12 MONTHS

In the next 12 months we look forward to completing Te Pae within the budget and celebrating its opening. This is a very impressive facility, and with its central city location – within walking distance of hotels, restaurants and shops – it is already proving popular with event organisers.

The award-winning Te Papa Ōtākaro/Avon River Precinct programme, New Zealand's largest public realm revitalisation programme, will also draw to a close with the opening of the North Frame Pedestrian Bridge.

We want to take this opportunity to thank our staff for their dedicated and professional work in these challenging times. It has been a tough but successful year.

Corinne Haines – Chairperson

John Bridgman – CEO

243.4 mil



A total of \$243.4m of project and project management funding relating to the year ended 30 June 2021 was received from the Crown. This was received through a mixture of operating grants and share capital.

28.3 mil



Twelve land sale transactions were settled during the year. Seven parcels totalling \$28.3m were recorded as sales of land inventory.

The fifth Super Lot for the East Frame Residential Development was sold to Fletcher Residential Ltd for \$265k.

151.4 mil



Total project and project management expenditure of \$151.4m was incurred for the year ended 30 June 2021. This is a decrease of \$40.9m on the prior year.

785.0 mil



Total assets are \$785.0m at 30 June 2021. This is an increase of \$227.5m from the prior year, due to the work in progress associated with capital projects and increased cash holdings.

31.5 mil



The net deficit was \$31.5m for the year. A key reason for this deficit was the recognition of an \$80.0m provision to transfer assets to Christchurch City Council at nil value.

383.7 mil



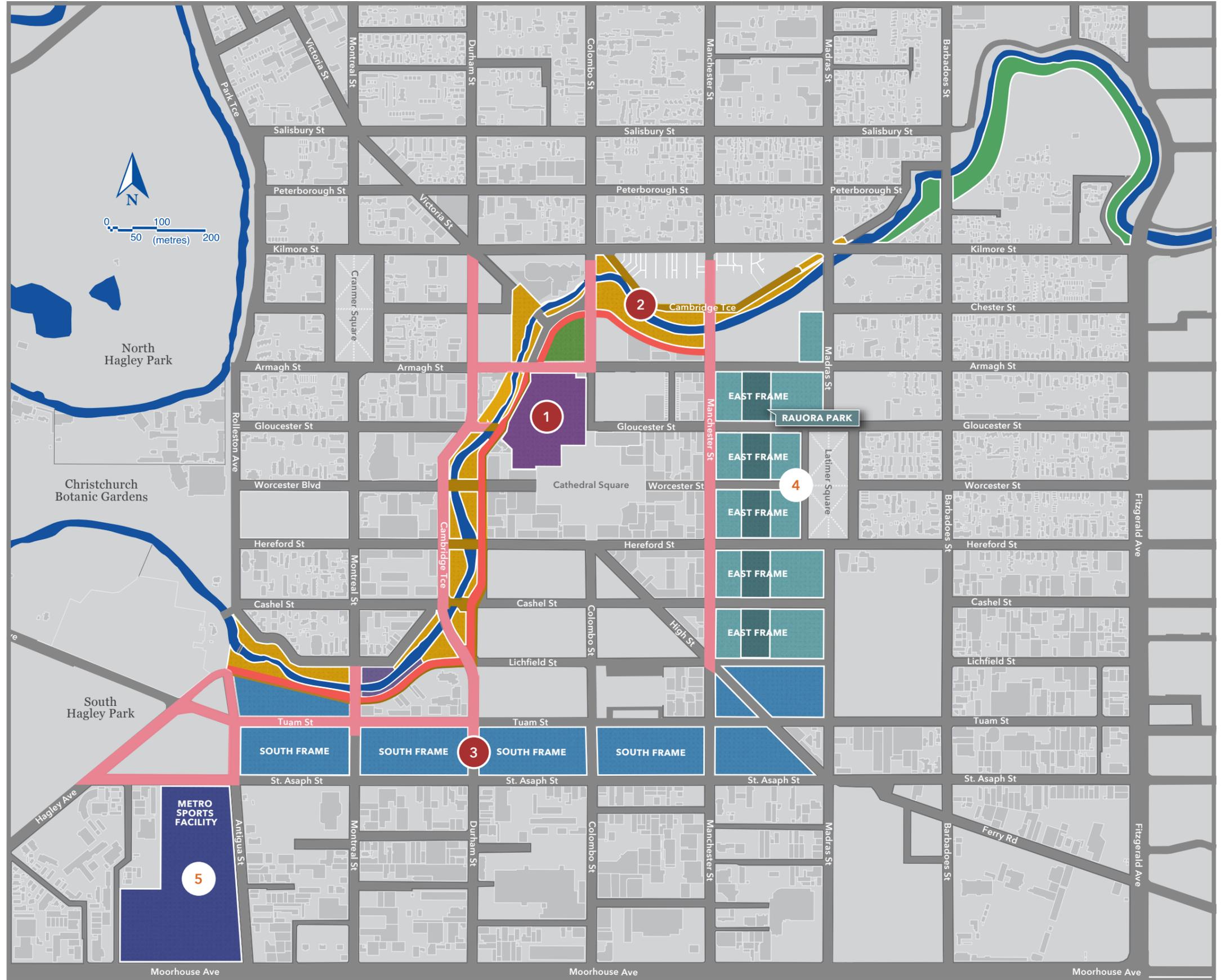
Total equity is \$383.7m at 30 June 2021. Additional share capital of \$55.2m was issued during the year to fund capital projects.

Anchor Project overview

1 July 2020 – 30 June 2021

- FINISHING SOON**
- 1 Te Pae Christchurch Convention Centre
- 2 Te Papa Ōtākaro / Avon River Precinct
- 3 The South Frame
- LONG TERM PROJECTS**
- 4 The East Frame - Residential development (One Central)
- 5 Parakiore Recreation and Sport Centre

- Key**
- Finishing Soon
 - Long Term Projects





FINISHING SOON

Te Pae Christchurch Convention Centre

Central City Anchor Projects

Convention Centre Precinct

WHAT IS IT?

Te Pae Christchurch will be a world-class business and community events facility supported by the adjacent central city retail and hospitality sectors.

While it will have the capacity to host 2,000-person events, more importantly it will also be able to host simultaneous smaller events.

The main auditorium will be able to host 1,400 people in a space that can be divided into two 700-person auditoria. The venue will include a 1,000-person banquet hall and 24 flexible meeting rooms that can hold up to 1,400 people. The 3,300m² exhibition hall space will be able to accommodate up to 200 booths.

STATUS

Construction was virtually completed during the year. The programme was impacted by COVID-19 and other issues.

The delivery of some components was delayed by COVID-19, such as the remaining seismic joints for the building façade that were manufactured in the United States.

The bulk of the work was on the interior fitout, including wall and ceiling panels, and flooring, along with the installation of building services.

The area on the Cathedral Square side of the building is being landscaped as a public space until work starts on the hotels that eventually will be located there.



FINISHING SOON

Te Papa Ōtākaro/ Avon River Precinct

North Frame Pedestrian Bridge

Central City Anchor Projects

Te Papa Ōtākaro/
Avon River Precinct

WHAT IS IT?

A new 32-metre bridge will connect the Te Papa Ōtākaro/Avon River Precinct to the North Frame. The bridge is located at a natural crossing point at a bend in the river. It will also support future developments in the area by providing a connection between popular city features like the band rotunda, and the future Ko Tāne Cultural Centre and Catholic Precinct.

STATUS

Construction of the bridge was largely completed during the year. Unfortunately, just prior to the opening in June, heavy rain led to surface staining of the balustrade and bridge deck. At year end, Ōtākaro was working with the balustrade fabricator and main works contractor to resolve the issue.



FINISHING SOON

The South Frame

Central City
Anchor
Projects

The South
Frame

WHAT IS IT?

The South Frame was designed to create a more compact and vibrant southern side of the CBD. The network of laneways and gathering spaces breaks down the city blocks in the area, creating attractive places to meet, dine and relax.

At the heart of the South Frame is the Greenway, a planted pathway for pedestrians and cyclists, which will run the entire east-west length of the development from the SALT District to the Health Precinct. When complete, the Greenway will connect four gathering spaces that will be used for events and markets.

Lanes branching off the Greenway provide access to Tuam and St Asaph Streets along with retail and hospitality businesses in the area.

STATUS

Two new areas of the South Frame were completed and opened during the year: the section west of Durham Street was developed with eye-catching street art, and Butchers Lane near Dux Central. The section of Greenway east of Colombo Street, through Team Hutchinson Ford, was nearing completion.

Planning is underway for the final section, west of Montreal Street around Miles Toyota. The Greenway is likely to be used by cyclists and pedestrians as an east/west thoroughfare once these remaining sections are finished. The completed Greenway will also make the South Frame area more attractive for development.



LONG TERM PROJECTS

The East Frame

One Central

Central City
Anchor
Projects

The East
Frame

WHAT IS IT?

The East Frame residential area has been named One Central by Fletcher Living. It is a new housing area in the heart of the central city built around Rauora Park. The development provides a range of attractive options from studio apartments to three-bedroom townhouses. People living in the city will be well placed to support business and events which will help the CBD grow and thrive.

STATUS

Aided by the recent upswing in the residential property market, 225 homes – virtually all of the properties released to the market – had been sold at year end. Two hundred and fifty-one homes have either been built or are nearing completion.

Construction of the next 63 homes on Super Lot 10 will begin early in the new financial year. This will be the first super lot to be developed on the Manchester Street side of Rauora Park.



Ōtākaro is required to divest land in a manner that “balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives.”

LONG TERM PROJECTS

Parakiore Recreation and Sport Centre

(formerly known as Metro Sports Facility)

Central City
Anchor
Projects

Parakiore
Recreation
and Sport
Centre

WHAT IS IT?

Parakiore Recreation and Sport Centre (Parakiore) is intended to be the largest aquatic and indoor recreation and leisure venue of its kind in New Zealand. It will be accessible to people of all ages, abilities and skill levels.

At over 30,000m², the Parakiore aquatic area will include a 50-metre, 10-lane competition swimming pool, a separate diving pool, a large aquatic leisure area and five hydroslices. It will also have fitness spaces, an indoor court area that is the size of nine netball courts, and three show courts for elite events that can be converted into a central court with 2,500 retractable seats.

The facility will cater for the needs of the recreational, educational and high-performance sporting communities.

STATUS

2021 was the year that Parakiore substantially took shape. Most of the primary steel was erected in what was the largest contract undertaken in the 50-year history of local company John Jones Steel. Many wall and roof panels were also fitted, enabling the interior fitout to begin.

Work also started on the installation of the hydroslices and the first swimming pools. The Waste Water Heat Recovery System, which will extract heat from one of the city’s largest waste water mains on St Asaph Street, was largely completed.

Parakiore is likely to be completed in early 2023 and handed over to the Christchurch City Council for commissioning before opening.

PART 6: Land divestment

Ōtākaro is required to divest land in a manner that ‘balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives’, and that ‘supports the Crown’s exit from Anchor Projects and land holdings over time on favourable terms’. The land divestment strategy

will be realised by seeking opportunities where commercial value can be achieved and leveraging the strategic importance of land, where possible, to drive regeneration outcomes.

DIVESTMENTS IN 2021

- One bright lining to the very dark COVID-19 cloud was a dramatic increase in demand for inner city property in Christchurch after the 2020 lockdown.
- We sold six substantial properties during the year including the prominent 8,145m² Madras Square site to a Mike Greer Group and Peebles Group joint venture for a commercial and residential mixed-use development.
- Further up Madras Street, the large former IRD building was sold to Huadu International Management Group Limited (HIMG) for a combined dementia care, training and research facility.
- HIMG also purchased the former Oxford Clinic site in the Health Precinct for a medical services development.
- The historic former Odeon Theatre in Tuam Street and the neighbouring Lawrie & Wilson Auctioneers property were both sold at auction to ECan.

PART 7: Community engagement

A ‘Taste of Te Pae’

Three thousand locals took the opportunity to get a ‘Taste of Te Pae’ at an activation hub set up on the southern side of Christchurch’s emerging new convention centre.

Over a 10-week period, locals got to visit Te Pae Christchurch through virtual reality (VR) headsets. The VR experience was primarily developed to help out-of-town event organisers plan their events.

The hub visitors also got to taste some of the culinary delights that will be served at Te Pae Christchurch. The venue’s head chef and colleagues prepared food in a kitchen trailer that will be used for catering at remote locations once the venue is open.

Kawakawa-rubbed Te Mana lamb shoulder, 24-hour-marinated kefir fried chicken, and forest mushroom ravioli were among the most popular menu items. All proceeds from food sales went to a local charity, Cholmondeley Children’s Centre.

The hub was also used to host event organisers and other important stakeholders, and for recruitment.

Prior to the hub opening, research suggested more than 80% of locals believed Te Pae Christchurch would significantly benefit the central city but less than one-third felt they knew much about the venue. All visitors surveyed said the hub experience significantly improved their understanding of the city’s new gathering place.

Te Pae Christchurch General Manager Ross Steele: “We were completely blown away by the response and feedback we received, and it was wonderful to see people from all walks of life engaging in our VR experience and enjoying the food that will be on show when we open.

“The activation hub also allowed us to showcase our manaaki to members of the community and people said they felt more connected to Te Pae Christchurch as a result,” Mr Steele said.



A Taste of Te Pae

ORGANISATION FORM

Incorporated under the Companies Act 1993, Ōtākaro is a Crown-owned company listed under Schedule 4A of the Public Finance Act 1989, and subject to the Crown Entities Act 2004, the Official Information Act 1982 and the Ombudsmen Act 1975.

Its shareholders are the Associate Minister of Finance and the Minister for Land Information who each hold 50% of the share capital.

The Treasury monitors the company's commercial and financial performance.

MANAGEMENT OF THE COMPANY

The company's governance framework is designed to ensure that it is effectively managed and that statutory obligations are met. The governance framework ensures a clear understanding of the separate roles of Board and Management and demonstrates a shared commitment to the company's purpose.

The Board of Directors is responsible for the overall direction of Ōtākaro on behalf of Shareholding Ministers in the manner set out in the company's Constitution, Letter of Expectations, and Statement of Intent.

The Board has delegated to the Chief Executive the company's day-to-day management, operation and administration, and the company has put in place a suite of policies that underpins its strategies and objectives.

The Board operates in accordance with the relevant expectations set out in the Treasury's guide Owner's Expectations for Crown companies and entities monitored by the Treasury (including the Principles in the Securities Commission 'Corporate Governance in New Zealand: Principles and Guidelines'), and Cabinet Office Circular Investment Management and Asset Performance in the State Services (CO (19) 6), including the reporting, accountability and financial governance expectations.

BOARD OF DIRECTORS

The Board of Directors is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring the company's activities. The Board currently comprises five non-executive Directors appointed by the Shareholding Ministers, following Cabinet approval. Under the company's Constitution there must be no fewer than two and no more than five Directors.

Board Members



CORINNE HAINES
CNZM, Chairperson

Corinne Haines, the managing director of Trimble Navigation New Zealand Limited, has more than 40 years' business experience and has been at the helm of Trimble since 2003. She is a fellow of Chartered Accountants Australia and New Zealand.

Christchurch born, Corinne has a passion for the city and the opportunities and lifestyle it provides for residents. She was awarded a special commendation at the 2014 Champion Canterbury Awards for her outstanding contribution to the Canterbury community.

In 2015 she was a member of an Independent Panel which advised the Minister of Defence on the Defence White Paper 2015.

Corinne was named a Companion of the New Zealand Order of Merit for her services to business in the 2016 New Year's Honours.



PAUL BLACKLER
Director

Paul Blackler is the New Zealand construction manager at Ryman Healthcare and has 38 years' experience in the construction industry.

He was deputy chairman of the Building Practitioners Board from 2005 to 2012. The Board played a key role in shaping the licensing system for building practitioners, and hears appeals against licensing decisions and complaints against Licensed Building Practitioners.

Paul has been actively involved in the post-quake regeneration of Christchurch. He joined Citycare in 2013 to manage the Building Construction division, before taking up the leadership of Citycare Civil in 2015.

He was chairman of the Citycare JFC Joint Venture which has delivered many of the city's most significant civil projects and was a board member of SCIRT (Stronger Christchurch Infrastructure Rebuild Team) from mid 2017 to early 2019.



DR ROD CARR
Director

Dr Carr has extensive experience in both public and private sector governance and leadership. He served as chair and non-executive director of the Reserve Bank of New Zealand, having previously served as deputy governor and, for a time, acting governor of the Bank. Rod was the founding chair of the National Infrastructure Advisory Board and for over a decade was a non-executive director of the Canterbury Employers' Chamber of Commerce.

He led the University of Canterbury as vice chancellor for ten years before retiring in February 2019, having substantially completed the recovery from the earthquakes of 2010 and 2011.

Rod is currently the chair of the Climate Change Commission and a director of ASB Bank Limited, as well as a trustee of the Christchurch Earthquake Appeal Trust and of the Arts Centre of Christchurch.

Rod holds a PhD in insurance and risk management, an MA in applied economics and managerial science, an MBA in money and finance, and honours degrees in law and in economics.



MIRIAM DEAN
CNZM, QC, Director

Miriam Dean has 38 years of legal experience as a former partner of law firm Russell McVeagh and is a long-standing member of the independent bar. She was president of the New Zealand Bar Association from 2011 to 2012. She has conducted a number of inquiries and reviews, including chairing the Government's Electricity Price Review from 2018 to 2019 and Auckland Council's review of its council-controlled organisations in 2020.

With 25 years of governance experience, Miriam is the current chair of the Banking Ombudsman Scheme, as well as a director of the Real Institute of New Zealand. Past directorships include chair of NZ on Air, director of Crown Infrastructure Partners Limited, deputy chair of Auckland Council Investments and a member of the Auckland Transition Authority.

Miriam facilitated and reported to the Government on discussions with engineers on options for the repair, restoration or replacement of ChristChurch Cathedral in 2017. She is also chair and a member, respectively, of the Legal Advisory Board and the Advisory Committee of the Greater Christchurch Earthquake Claims Resolution Service.

Miriam was made a Companion of the New Zealand Order of Merit for services to business and law in 2013.



PETER TOWNSEND
CNZM, Director

Peter is a former chief executive officer of The Canterbury Employers' Chamber of Commerce, a position he held for 21 years.

He is currently committed to governance roles, which are predominantly based in Christchurch.

He is an inaugural board member of Ōtākaro Limited and chairs the Audit and Risk Committee.

Peter is chair of Pegasus Health (Charitable) Limited and chair of Te Papa Hauora, The Health Precinct. He is also a board member of Warbirds over Wanaka Limited, and a member of the Royal New Zealand Air Force Museum Trust Board. He serves on the Callaghan Innovation Grants Committee.

He is a fellow of The Institute of Directors, a life member of The Otago University Students' Association, and a life member of The Canterbury Employers' Chamber of Commerce.

Peter is the Honorary Consul of Chile, for the South Island.

He has a BSc (Hons) and a Post Graduate Diploma of Business from Otago University. In 2014 Lincoln University awarded him an Honorary Doctorate of Commerce, in recognition of his services to the business community.

In 2013 Peter was made a Companion of The New Zealand Order of Merit.

BOARD COMMITTEES

The Board has an Audit and Risk Committee, which is comprised of three Directors, to assist the Board to meet its financial governance, risk management and accountability requirements and responsibilities. The Committee's Terms of Reference also cover the role of oversight of assurance.

Other ad hoc and standing committees may be formed from time to time.

INDEMNITIES AND INSURANCE

As permitted by the Ōtākaro Constitution, deeds of indemnity have been given to Directors, officers and employees involved in the management of the company. The company has professional indemnity, and directors' and officers' liability, insurance in place.

DISCLOSURE OF INTERESTS BY DIRECTORS

The Board maintains and regularly updates an Interests Register to ensure conflicts of interest (both real and perceived) are recorded and managed as required by the Companies Act 1993. The following table sets out all interests or cessations of interests of the Directors recorded in the Interests Register during the year ended 30 June 2021.

The Senior Leadership Team



JOHN BRIDGMAN
Chief Executive Officer



KEITH BEAL
General Manager, Te Pae Operations



RUTH KEATING
General Manager, Legal and Risk



JOHN O'HAGAN
General Manager, Development



SUE SQUIRE
General Manager, People and Capability



ANDREW TREVELYAN
General Manager, Communications and Stakeholder Engagement



SARAH FIELDS
Acting General Manager, Property and Operations



CURTIS MITCHELL
Chief Financial Officer

Board of Directors' Interests Register

Directors	Date of Disclosure	Organisation	Role	Financial Interest	Nature of Interest	Date Deleted
Corinne Haines (Chairperson) Last updated 31 May 2019 - affirmed 8 June 2021	31 May 2019	Logistics Drive Investments Limited	Shareholder	Shares and shareholder advance	Ultimately rental income - but none at present.	
		Motim Technologies Limited	Shareholder	Shares	Company is to be wound up - no future income.	
	4 September 2017	Beena Vision Asia Pacific Pty Limited	Director	N/A		
	1 August 2016	Trimble Navigation New Zealand Limited	Employee/ Director	Salary	Employed as CEO of Trimble Navigation New Zealand Limited. All the listed entities are part of the Trimble Navigation Limited group, many of which are the result of acquisitions and are no longer trading and will ultimately be wound up.	
		Trimble New Zealand Solutions	Director	N/A		
		Manhattan Asia Pacific NZ Limited	Director	N/A		
		Trimble Loadrite Auckland Limited	Director	N/A		
		Trimble Navigation Australia Pty Limited	Director	N/A		
		Trimble Australia Solutions Pty Limited	Director	N/A		
		Manhattan Asia Pacific Pty Limited	Director	N/A		
		Spatial Dimension Pty Limited	Director	N/A		
		LSI Robway Pty Limited	Director	N/A		
		St Barnabas Fendalton Trust	Trustee	N/A		A trust set up to manage the fundraising for the repair and strengthening of the church after the 2011 earthquake.
	St Barnabas Anglican Church - Fendalton	Vestry Member	N/A	Vestry is the governance body of each parish within the Anglican church structure.		

Directors	Date of Disclosure	Organisation	Role	Financial Interest	Nature of Interest	Date Deleted	
Paul Blackler Last updated 5 October 2019 - affirmed 8 June 2021	5 October 2019	Blacklight NZ Limited	Director	N/A	Bespoke technical lighting, sound and video hire, servicing and custom manufacturing business of which my son is the sole shareholder.		
		Ryman Healthcare Limited	New Zealand Construction Manager	Salary	NZX listed, Ryman Healthcare builds, owns and operates retirement villages in New Zealand and Victoria, Australia.		
		New Zealand Institute of Building	Member	N/A			
		Te Karaka Trust	Chairman/ Trustee	N/A	Manages a fund for the benefit of The Girls' Brigade New Zealand Incorporated.		
		Shamaria Trust	Trustee	Beneficiary	Family Trust with property assets.		
		Avishai Trust	Trustee	Beneficiary	Family Trust with property assets.		
		Dr. Rod Carr Last updated 12 April 2021 - affirmed 8 June 2021	4 October 2019	JRC (NZ) Limited	Director and Shareholder	Shares (minimal holding)	
Conner Operating Group Limited	Shareholder			Shares	Shareholder equity and advances.		
Waingawa Forest Corporation Limited	Director and Shareholder			Shares	Shareholder equity and advances.		
ASB Bank Limited	Director			Director's Fees			
The Professionals Club	Limited Liability Partner			Investor			
Christchurch Arts Centre	Trustee			Nil			
Canterbury Earthquake Appeal Trust	Trustee			Nil			
8 October 2019	Climate Change Commission			Chair	Fees		

Directors	Date of Disclosure	Organisation	Role	Financial Interest	Nature of Interest	Date Deleted
Miriam Dean Last updated 28 January 2021 - affirmed 8 June 2021	28 January 2021	SEB Holdings Limited	Shareholder	Shares	Joint shareholding in small private company - ownership vehicle for an Auckland apartment	
	6 August 2019	Ministry of Justice's Legal Aid Advisory Board	Chair	Professional Fees		
	7 May 2019	Department of Internal Affairs' External Advisory Committee	Member	Professional Fees		
	5 November 2018	Legal Advisory Group of the Greater Christchurch Earthquake Claims Resolution Service	Chair	Professional Fees		
	5 November 2018	Advisory Committee of the Greater Christchurch Earthquake Claims Resolution Service	Member	Professional Fees		
	28 September 2017	REINZ Limited	Director	Director's Fees		
	17 February 2016	Banking Ombudsman Scheme	Chair	Director's Fees		
Peter Townsend Last updated 1 March 2021 - affirmed 8 June 2021	4 December 2019	Warbirds over Wanaka Limited	Director (effective 1 December 2019)	N/A	Inactive entity holding intellectual property.	
	2 December 2019	Warbirds Over Wanaka Airshows Limited	Director (effective 1 December 2019)	N/A		
	2 December 2019	Warbirds Over Wanaka Community Trust	Trustee (effective 1 December 2019)	N/A		

Directors	Date of Disclosure	Organisation	Role	Financial Interest	Nature of Interest	Date Deleted
(continued) Peter Townsend Last updated 1 March 2021 - affirmed 8 June 2021	21 June 2019	Te Papa Hauora/ Health Precinct Advisory Council	Chairman (effective 1 July 2019)	Chairman's Honorarium	Te Papa Hauora/Health Precinct is an initiative involving the Canterbury District Health Board, the University of Otago, the University of Canterbury, Ara Institute of Canterbury and Matapopore Charitable Trust. Its purpose is to bring together intellectual and other resources to improve the effectiveness of the wider health ecosystem through an innovative and collaborative programme.	
	31 May 2019	After Hours Properties Limited	Director	N/A	Fully owned subsidiary of Pegasus Health (Charitable) Ltd.	
	31 May 2019	CECC Management Training Limited	Director	N/A	Inactive shell company.	
	17 February 2016	Pegasus Health (Charitable) Limited	Director (Appointed Chairman 28 September 2018)	Director's Fees	From 2007. Pegasus Health is a PHO that provides primary and community-based healthcare for over 365,000 Cantabrians through membership of approximately 240 doctors and 280 practice nurses in 100 general practices.	
	17 February 2016	RNZAF Museum Trust Board	Board Member	N/A	From 2006. Oversees the running of the Air Force Museum of New Zealand which holds the national collection of the Royal New Zealand Air Force (RNZAF).	
	17 February 2016	Callaghan Innovation Grants Committee	Member	Director's Fees	From 2013. The role of the Callaghan Grants Committee is to support the Callaghan Innovation Board (Government agency that helps businesses succeed through technology and R&D in its decision-making on proposals received for government funding for business led research and development.	
	17 February 2016	Honorary Consul of Chile to Christchurch	Honorary Consul	Service Fee	From 2000. Assisting Embassy of Chile in Wellington with services and communications to Chileans in the Canterbury region.	

“The Board of Directors of Ōtākaro Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.”

Statement of Responsibility

for the year ended 30 June 2021

Under the Crown Entities Act 2004 and the Public Finance Act 1989, the Board is responsible for the preparation of Ōtākaro Limited’s Annual Report, which includes the financial statements and performance information, and the judgements made therein. We are responsible for any end-of-year performance information provided by the Company under section 19A of the Public Finance Act 1989.

The Board of Directors of Ōtākaro Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.

In the Board’s opinion, these financial statements and performance information fairly reflect the financial position and performance of Ōtākaro Limited for the year ended 30 June 2021.

Signed on behalf of the Board



CORINNE HAINES
Chairperson

13 December 2021



PETER TOWNSEND
Director

13 December 2021

About this report

IN THIS SECTION

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and position of Ōtākaro Limited (Ōtākaro). Information is considered relevant or material if:

- The amount is significant because of its size or nature
- It is important to understanding the results of Ōtākaro
- It helps explain Ōtākaro's business.

Ōtākaro is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. Ōtākaro was established with limited life expectancy; however, with additional responsibilities the timeline has been extended.

The purpose of Ōtākaro is to add value to Anchor Projects and Crown Land in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives and support the Crown's exit over time on favourable terms.

Ōtākaro was incorporated on 17 February 2016 with two Shareholding Ministers and a Board of Directors.

Ōtākaro has designated itself as a public benefit entity (PBE) for the purposes of financial reporting under Public Sector PBE Standards (PBE Standards). Ōtākaro is a public authority and is exempt from the payment of income tax. Accordingly, no provision has been made for income tax in the financial statements.

An amended 2020/2021 Statement of Performance Expectations (SPE) was approved by the Board in June 2021. An amendment was required as Ōtākaro was given new responsibilities in relation to the Infrastructure Reference Group (IRG) 'Shovel Ready' work program. The amended SPE included one additional performance measure and updated financial information to reflect the material amendment to the original SPE. However, per section 154 (3) (c) of the Crown Entities Act 2004, the budget figures reported are from the original 2020/2021 Statement of Performance Expectations as approved by the Board. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), using accounting policies that are consistent with those used in preparing these financial statements.

These financial statements have been prepared:

- In accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with NZ GAAP
- In accordance with GAAP and comply with Tier 1 PBE Standards
- On a GST-exclusive basis, except for receivables and payables which are presented on a GST-inclusive basis
- With no changes to accounting policies since the date of the 2021 financial statements
- On an historical cost basis modified by the revaluation of certain assets
- In New Zealand dollars rounded to the nearest one thousand, unless separately identified.

The financial statements of Ōtākaro are for the year ended 30 June 2021 and were approved by the Board of Directors on 13 December 2021.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Ōtākaro has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property and equipment (note 2A);
- Fair value of land and buildings (note 2A);
- Net realisable value of land and buildings held as inventory (note 2B);
- Provision for transfer of land assets (note 2D);
- Current portion of borrowing (note 3B);
- Capital work in progress (note 2C).

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies:

- Recording of funding received in advance (note 1B);
- Classification of land and buildings (note 2A and Significant Matters section);
- The capitalisation point for project costs (see Significant Matters section);
- Classification of projects (see Significant Matters section);
- The capitalisation of additional costs related to COVID-19 (see Significant Matters section).

Significant matters in the financial year

IN THIS SECTION

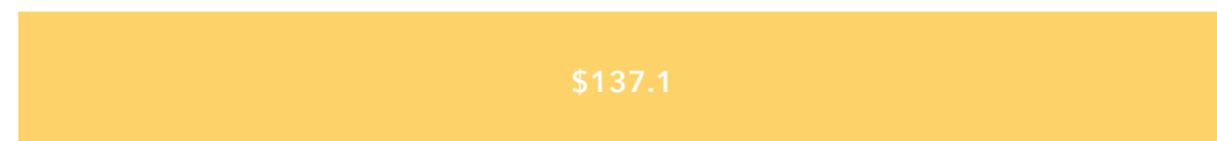
Significant matters which have had an impact on the Ōtākaro financial performance and position.

2021 ANCHOR PROJECT FUNDING (\$106.3m)



Operating projects Capital projects

2021 SHOVEL READY PROJECT FUNDING (\$137.1M)



Shovel ready

PROJECTS AND THEIR FUNDING

The Crown has committed to the continued support of Ōtākaro and the regeneration of Christchurch by agreeing to fund Ōtākaro for the completion of various Anchor Projects in Christchurch, as listed below. The graph above summarises funding received by project type.

Operating projects

These projects are considered operational in nature for any of the following reasons:

1. The project involves improving land not owned by Ōtākaro.
2. The project has not reached detailed design phase, so it does not yet generate an asset for Ōtākaro.
3. Construction has finished and Ōtākaro is maintaining the asset until it transfers.

4. The project work undertaken is remediating contaminated land and doesn't increase the value of the land.
5. The Project is at an initial investigative or business case stage for another entity.

Projects include Avon River Precinct, Te Pae Christchurch Convention Centre (hereafter referred to as Te Pae) business establishment, East Frame Residential, and Shovel Ready projects. Shovel Ready projects are new to Ōtākaro in 2021.

Ōtākaro is funded for these projects by the Crown with no conditions attached, therefore funding is recognised when received. The only exception are Shovel Ready projects, where revenue is recognised initially as a liability. For further details see note 1A.

Capital projects

Projects are capitalised once the developed design phase is complete. At this point the scope of the project is fully defined and cost estimates can be provided on an elemental basis. This will confirm that the project is within the approved funding limits. The Board then considers approval of the main works contract.

Te Pae, Parakiore Recreation and Sport Centre (Parakiore - formerly known as Metro Sports Facility) and South Frame are currently regarded as capital projects.

Capital projects are funded by an issue of shares to the Shareholding Ministers. Funds received by way of share issue are not recognised as revenue in the Statement of Comprehensive Revenue and Expense. They are recognised as capital contributions.

Project managed projects

On behalf of the Crown, Ōtākaro funded the preparation of the Investment Case for the Stadium/Canterbury Multi-Use Arena (CMUA). The investment case was managed by the Christchurch City Council and was reimbursed by Ōtākaro for costs incurred. Ōtākaro has now completed all of its currently scoped responsibilities for the project.

In 2021 Ōtākaro was contracted by the Treasury to manage the Stockton Mine – Acid Mine Drainage (AMD) Rehabilitation Project – Procurement Services. The project requires Ōtākaro to undertake a full and through procurement process including carrying out a feasibility study on a short list of preferred options for AMD management at Stockton. Ōtākaro is also tasked as part of the project to make a recommendation to the Treasury, to be considered by Cabinet, for a potential long-term AMD rehabilitation method.

The role of Ōtākaro included paying project costs on behalf of the Crown. Funding unspent at 30 June 2021 is recorded as a liability in the Statement of Financial Position.

PROJECT ASSETS

When operating and capital projects were transferred to Ōtākaro, land and building assets were transferred with them. The classification of these assets in the Statement of Financial Position is based on the expected future use.

A Land Divestment Strategy was approved by the Board of Directors during the 2021 financial year. It determined the expected future use of land and buildings held by Ōtākaro. The classification of the land and buildings in these financial statements is prepared on the basis of the Land Divestment Strategy. For further details see note 2B.

Land and buildings associated with the projects have been classified as follows:

1. Land and buildings held as inventory – these are the land and buildings that have been designated by the Divestment Strategy as surplus land holdings. They have been classified as inventory because Ōtākaro will be selling surplus land holdings as part of its core business.
2. Land and buildings as part of property and equipment – this is either public realm land that is expected to transfer to another entity in the future, or that is being held for strategic purposes.

Project assets breakdown	2021 \$000	2020 \$000
Land and buildings held as inventory	50,837	69,666
Property, plant and equipment held for sale	-	671
Property and equipment		
– Land	54,452	51,316
– Buildings	3	44
– Work in progress	450,235	306,163
Total	555,527	427,860

TRANSFER OF PUBLIC REALM ASSETS

The Crown has an agreement with the Christchurch City Council to vest certain pieces of land owned by Ōtākaro at some time in the future. Ōtākaro is not a party to this agreement.

A Memorandum of Understanding was reached between the Christchurch City Council and Ōtākaro in the 2017 financial year as to how public realm land and assets created as part of certain Ōtākaro Anchor Projects will transfer from Ōtākaro to the Christchurch City Council. As a result of this agreement, there is a provision for the transfer of assets.

Included in the provision for the transfer of public realm assets are those assets that are known to be transferring to the Christchurch City Council in the future. These assets have either been recorded as land in the property and equipment class of assets or are recorded as capital work in progress.

COVID-19 PANDEMIC

Ōtākaro continues to be impacted by the various lockdowns and supplier disruptions related to the COVID-19 pandemic.

CONTRACT TYPES

Ōtākaro Limited has entered into three types of contract that are subject to COVID-19 claims and each form of contract has been reviewed for COVID-19 cost impact:

- i) Construct Contracts (per NZS3190 form of contract) for Parakiore Recreation and Sport Centre, Avon River Precinct and South Frame
- ii) Design and Construct Contracts (per NZS3916 form of contract) for Te Pae Christchurch Convention Centre
- iii) Contracts for professional services to support the Anchor Project delivery.

For the year ended 30 June 2021 Ōtākaro Limited has paid and accrued COVID-19 related claims and expenses totalling \$18.9m (excluding GST) across its projects (2020: \$4.2m). These are based on assessments by the Engineer-to-contract on the relevant project, and for additional professional fees incurred due to the delay. The claims received and paid are contract variations for extension of time and costs caused by the change in law and per the terms of NZS3910 Conditions of contract for building and civil engineering construction and NZS3916 Conditions of contract for building and civil engineering – Design and construct, which are the standard forms of contract used in the New Zealand construction market. All claims paid and variations paid are capitalised the year they are incurred.

Notwithstanding, the full cost impact of COVID-19 is yet to be finally determined across Ōtākaro Limited construction contracts and professional services. At this stage the expectation is that such costs will be able to be accommodated within the existing project budget. The claims on contracts and variations on professional services not yet received will represent costs incurred in Ōtākaro Limited financial statements for 2021/22. Ōtākaro Limited expects to incur further COVID-19 costs which are not able to be quantified at this stage.

The assessment of the impact of COVID-19 on Ōtākaro Limited Statement of Financial Performance and Statement of Financial Position is set out below based on information available at the time of preparing the financial statements.

Financial statement area	Summary of COVID-19 impact	Note disclosing additional information
Capital work in progress	Additional costs directly attributable to the asset were incurred as a result of the ongoing COVID-19 pandemic. All of these costs up to 30 June 2021 have been capitalised to Capital work in progress per PBE IPSAS 17 Property, Plant and Equipment.	Note 2C
Contingencies	Ōtākaro has included disclosure of claims for additional costs that are in progress at the time of issuing these financial statements that are directly attributable to the ongoing COVID-19 pandemic but for which the value has not yet been substantiated. This disclosure has been made per PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.	Note 4D

POST BALANCE DATE EVENTS

August 2021 Level Four Lockdown

On Tuesday 17 August 2021, New Zealand entered into Alert Level Four (full lockdown of non-essential services). All construction activity on Ōtākaro sites ceased accordingly.

It should be noted that the Company did not utilise the government wage subsidy scheme that was available for businesses during the lockdown and months following.

Te Pae Settlement

A settlement agreement was entered into 6 August 2021 to settle COVID-19 and other associated claims related to the construction of Te Pae. Please refer to note 3G for further details.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2021

	Note	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
Income				
Project funding	1A	67,551	116,973	56,103
Operational funding	1B	13,660	14,156	14,001
Properties and facilities funding	1B	1,424	976	2,724
Other revenue	1C	2,419	742	3,981
Sales revenue	4F	-	2,975	-
Total revenue		85,054	135,822	76,809
Expenses				
Operating project expenses	1A	28,449	20,959	24,182
Operational expenses	1B	12,432	14,156	12,513
Properties and facilities expenses	1B	1,383	731	1,890
Provision for transfer of public realm assets and Parakiore	2D	80,097	176,217	44,808
Finance costs	1D	1,446	780	3,166
Other expenses	1E	71	-	17,077
Net (Gain)/Loss on other asset sales	1F	671	-	13,978
Total expenses		124,549	212,843	117,614
Land sales	2B	28,324	18,394	6,462
Cost of land sales	2B	(20,323)	(16,821)	(6,554)
Gain/(Loss) on land sales		8,001	1,573	(92)
Net surplus/(deficit) for the period		(31,494)	(75,448)	(40,897)
<i>Other comprehensive revenue and expense for the year</i>				
Total comprehensive revenue and expense for the year		(31,494)	(75,448)	(40,897)

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note	Capital \$000	Accumulated Surplus \$000	Total \$000
Opening balance 01 July 2019				
		335,100	(52,836)	282,264
Comprehensive income				
Net surplus/(deficit)		-	(40,897)	(40,897)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		-	(40,897)	(40,897)
Owners' transactions				
Capital contribution - Crown		118,549	-	118,549
Closing balance 30 June 2020		453,649	(93,733)	359,916
Comprehensive income				
Net surplus/(deficit)		-	(31,494)	(31,494)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		-	(31,494)	(31,494)
Owners' transactions				
Capital contribution - Crown		55,243	-	55,243
Closing balance 30 June 2021	3A	508,892	(125,227)	383,665

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

Assets	Note	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
Current assets				
Cash and cash equivalents	3C	79,274	43,675	26,761
Short term deposits	3D	133,023	12,000	57,623
Trade and other receivables	3E	12,989	11,744	11,631
Current portion of land and building classified as inventory	2B	12,206	14,234	20,601
Property, plant and equipment held for sale	2A	-	-	671
Prepayments	3F	340	351	21,189
Total current assets		237,832	82,004	138,476
Non-current assets				
Property and equipment	2A	54,656	55,287	51,521
Other receivables	3E	3,688	-	9,993
Capital work in progress	2C	450,235	558,136	307,277
Land and building classified as inventory	2B	38,630	40,649	50,205
Total non-current assets		547,209	654,072	418,996
Total assets		785,041	736,076	557,472
Liabilities				
Current liabilities				
Creditors and other payables	3G	10,466	5,946	10,508
Te Pae payable	3G	33,250	-	-
Employee entitlements	4C	930	-	811
Funding in advance	1B	125,900	-	5,999
Funds held on behalf of Crown to fund project managed projects	1A	988	-	16
Revenue in advance - Non-Crown	1A	1,951	-	962
Provisions	2D	60	-	60
Current portion of borrowings	3B	16,539	17,260	16,692
Total current liabilities		190,084	23,206	35,048
Non-current liabilities				
Term loan	3B	33,137	42,491	64,450
Provision for transfer of public realm assets and Parakiore	2D	178,155	278,328	98,058
Total non-current liabilities		211,292	320,819	162,508
Total liabilities		401,376	344,025	197,556
Net assets		383,665	392,051	359,916
Equity				
Contributed capital	3A	508,892	562,805	453,649
Accumulated surplus	3A	(93,733)	(95,306)	(52,836)
Total comprehensive revenue and expense for the year		(31,494)	(75,448)	(40,897)
Total equity		383,665	392,051	359,916

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
Cash flows from operating activities				
Crown and other revenue		208,296	131,430	108,808
Interest received		936	742	1,588
Sale of goods		28,324	21,917	1,778
Payments to suppliers and employees		(4,833)	(45,979)	(34,825)
Interest paid		(2,318)	-	(3,922)
Goods and services tax (net)		185	-	3,815
Net cash inflow/(outflow) from operating activities	3C	230,540	108,110	77,242
Cash flows from investing activities				
Sale of assets		5	-	22,937
Maturity of investments		117,246	25,000	66,123
Purchase of property and equipment		(167)	(50)	(118)
Purchase of capital work in progress		(126,850)	(226,725)	(154,052)
Purchase of investments		(192,646)	-	(78,746)
Net cash inflow/(outflow) from investing activities		(202,412)	(201,775)	(143,856)
Cash flows from financing activities				
Capital contribution – Crown		52,106	109,156	118,549
Loan repayment		(27,721)	(17,259)	(53,102)
Net cash inflow/(outflow) from financing activities		24,385	91,897	65,447
Net increase/(decrease) in cash and cash equivalents		52,513	(1,768)	(1,167)
Cash and cash equivalents at the beginning of the period		26,761	45,443	27,928
Cash and cash equivalents at the end of the period		79,274	43,675	26,761

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

Section 1: Financial performance

IN THIS SECTION

This section provides additional information about items relating to financial performance and projects, including:

- Accounting policies, judgements and estimates that are relevant for understanding items related to financial performance and projects
- Analysis of the performance of Ōtākaro for the year by reference to the key areas of projects and operational activities.

1A – PROJECTS

Ōtākaro is funded by the Crown to deliver three types of projects:

- Projects that are operating in nature.
- Projects that are capital in nature.
- Projects managed, but not owned by Ōtākaro.

Refer to the *Significant Matters* section for a description of the projects.

Breakdown of project funding

	2021 \$000	2020 \$000
Operating projects' funding	67,238	56,103
Funding for project managed projects	313	478
Total projects funding	67,551	56,581

Breakdown of operating projects' funding

Project	2021 \$000	2020 \$000
An Accessible City	-	3,318
Avon River Precinct	-	4,513
Te Pae	7,451	5,255
Parakiore Recreation and Sport Centre	42,652	26,921
Performing Arts Precinct	-	1,142
Shovel Ready projects	13,083	-
Land Remediation	4,052	14,954
Total	67,238	56,103

Projects - Operating

Funding for operating projects was received from the Crown during the financial year.

Crown funding is restricted in its use to the purpose set out in the relevant funding agreement to deliver specific projects.

There are no 'use or return' conditions attached to the funding. Therefore, it is recognised as revenue at the point of entitlement, which is considered to be the first day of the quarter for which the funds received relate.

The fair value of all revenue received from the Crown (including projects and operational funding) has been determined to be equivalent to the amounts due under the funding agreements.

The exception to this is Shovel Ready projects, which does have a 'use or return' condition attached to the funding. Therefore, it is recognised initially as a liability. Expenses related to Shovel Ready projects are paid for by Ōtākaro, on behalf of the Crown and these amounts reduce the liability. Please see note 1B for more detail.

Operating projects' funding for Parakiore Recreation and Sport Centre represents contributions to the project from the Christchurch City Council in accordance with the Cost Sharing Agreement.

1A – PROJECTS CONTINUED

Breakdown of operating projects' funding

Project	2021 \$000	2020 \$000
An Accessible City	79	4,831
Avon River Precinct	3,534	3,727
Te Pae	5,664	4,423
East Frame Residential	132	54
Performing Arts Precinct	-	1,500
Shovel Ready projects	13,083	-
Land Remediation	5,515	9,649
Total operating projects' expenditure	28,007	24,183

Utilised as follows	2021 \$000	2020 \$000
Construction contractors	2,966	6,450
Project management	23	295
Quantity surveyor	131	237
Land remediation	5,514	9,649
Direct staff costs allocated to project	113	275
Other project expenses	19,260	7,278
Total operating projects' expenditure	28,007	24,183

For the year ended 30 June 2021, \$113k of direct staffing costs have been allocated to operating project expenditure (2020: \$275k). The funding for these direct staffing costs is provided through the Ōtākaro operating grant but are required to be allocated to the specific projects.

Projects – Capital

Projects that are considered capital in nature create assets for Ōtākaro and are funded by the issue of share capital. Funding received for these projects is not recognised as revenue. Total shares issued in relation to capital funded projects were \$52.1m (2020: \$118.5m). Total cost for the year on these projects was \$102.9m (2020: \$167.1m).

Build costs related to these projects are capitalised to work in progress (see note 2C) and once the projects are complete they will be recognised as property and equipment and will be depreciated.

Breakdown of capital projects' funding

Project	2021 \$000	2020 \$000
Te Pae	29,226	99,988
East Frame Public Realm	-	10
South Frame	1,052	1,445
Parakiore Recreation and Sport Centre	21,828	17,106
Total capital projects' funding	52,106	118,549

1A – PROJECTS CONTINUED

Breakdown of capital projects' expenditure

Project	2021 \$000	2020 \$000
Te Pae	45,997	118,577
East Frame Public Realm	-	2
Parakiore Recreation and Sport Centre	74,351	47,613
South Frame	2,610	914
Total capital projects' expenditure	122,958	167,105

Utilised as follows	2021 \$000	2020 \$000
Construction contractors	104,530	153,203
Project management	2,725	2,246
Architect	1,215	935
Direct staff costs allocated to projects	985	1,212
Specialist engineer	2,139	-
Other project expenses	11,364	9,510
Total capital projects' expenditure	122,958	167,105

For the year ended 30 June 2021, \$985k of direct staffing costs have been allocated to capital project expenditure and subsequently capitalised as work in progress (2020: \$1.2m).

More details are provided in note 2C regarding capital work in progress.

Project managed projects

All funding received from the Crown for project managed projects is initially recorded as a liability. Expenses related to project managed projects are paid for by Ōtākaro, on behalf of the Crown and these amounts reduce the liability.

Funding received and expenses incurred are not reflected in the Statement of Comprehensive Revenue and Expense.

An amount is recorded as a liability to represent the unspent funding at 30 June 2021.

Breakdown of project managed project funding

Project	2021 \$000	2020 \$000
CMUA	-	478
Stockton Mine	313	-
Total funding for project managed projects	313	478

Breakdown of project managed project expenditure

Project	2021 \$000	2020 \$000
CMUA	-	490
Stockton Mine	442	-
Total expenditure for project managed projects	442	490

1A – PROJECTS CONTINUED

Utilised as follows	2021 \$000	2020 \$000
Specialist engineer	-	61
Consultancy	312	265
Project management	-	121
Other project expenses	1	42
Direct staff costs allocated to project	129	-
Total expenditure for project managed projects	442	490

For the year ended 30 June 2021, \$129k of direct staffing costs have been allocated to project managed projects expenditure (2020: \$nil). The funding for these direct staffing costs is provided through the Ōtākaro operating grant in line with the Funding Agreement but is required to be allocated to the specific projects. For this reason, the expenditure does not match the funding in the 2021 year.

	2021 \$000	2020 \$000
Prior year unspent funding	16	27
Funding received	1,285	478
Expenditure	(313)	(490)
Unspent funding for project managed projects	988	16

Represented by:	2021 \$000	2020 \$000
Funds held on behalf of Crown to fund project managed projects	988	16
Total unspent funding for project managed projects	988	16
Revenue in advance - non Crown	1,951	619
Total Revenue in advance from - non Crown sources	1,951	619

Revenue in advance - non-Crown

There is \$1.95m revenue in advance from non-Crown sources at balance date (2020: \$619k).

1B – OPERATIONAL FUNDING

Operational funding from the Crown

An agreement between Ōtākaro and the Crown is in place for the Crown to fund the Company's operational expenditure.

That agreement sets out restrictions on the use of the funding and applies conditions to unspent money in any quarter.

Given the funding has conditions attached to it as detailed in the Funding Agreement, the revenue recognised is in line with the allowable expenditure incurred. Any unspent funding as at 30 June 2021 is recorded as funding received in advance (liability).

Breakdown of operational funding from the Crown

	2021 \$000	2020 \$000
Gross Operational funding received from the Crown	15,498	20,000
Funding recognised as Revenue during year	(13,660)	(14,001)
Funding received in advance (liability)	1,838	5,999

The funding in advance liability from 2020 was repaid to the Crown during 2021.

Breakdown of operational expenditure

Operational expenses	2021 \$000	2020 \$000
Fees paid to Audit NZ for audit of financial statements - 2021	109	-
Fees paid to Audit NZ for audit of financial statements - Prior Year	10	105
Depreciation	93	124
Personnel costs	8,187	8,445
Consultancy	548	437
Other operational expenses	3,485	3,402
Total operational expenses	12,432	12,513

For the year ended 30 June 2021, \$985k of direct staffing costs have been allocated to capital project expenditure and subsequently capitalised as work in progress (2020: \$1.2m). \$113k of direct staffing costs have been allocated to operating project expenditure (2020: \$275k) as this has reached a material level, due to increased staffing levels required for construction. \$129k of direct staffing costs have been allocated to project managed projects expenditure (2020: \$nil). The funding for these direct staffing costs is provided through the Ōtākaro operating grant in line with the Funding Agreement but is required to be allocated to the specific projects. For this reason, the operating expenditure does not match the operational funding in the 2021, 2020 and 2019 financial years.

Shovel Ready projects funding from the Crown

On behalf of the Crown, Ōtākaro oversee and administer funds for twelve of the Canterbury Shovel Ready Projects. The funding received for these projects has a 'use or return' condition attached to the funding. Therefore, it is recognised initially as a liability. Expenses related to Shovel Ready Projects are paid for by Ōtākaro, on behalf of the Crown and these amounts reduce the liability.

Breakdown of Shovel Ready projects funding from the Crown

	2021 \$000	2020 \$000
Gross Operational funding received from the Crown	137,145	-
Funding recognised as Revenue during year	(13,083)	-
Shovel Ready projects funding received in advance	124,062	-

Breakdown of Shovel Ready projects expenditure

Shovel Ready projects Expenses	2021 \$000	2020 \$000
Shovel Ready Crown Contribution	13,083	-
Total operational expenses	13,083	-

1B – OPERATIONAL FUNDING CONTINUED

Funding received in advance

Funding received in advance is made up of operational funding unspent of \$1.8m (2020: \$6.0m) and Shovel Ready projects funding unspent of \$124.1m (2020: \$nil). All funding in advance is recognised as current. Total funding unspent at 30 June 2021 is \$125.9m (2020: \$6.0m).

Operational property and facilities funding from the Crown

Funding for operational property and facilities is funded by the Crown.

All funding received and expenses incurred are recognised in the period in which they are received or incurred.

	2021 \$000	2020 \$000
Bus Interchange facilities management	-	1,224
Land holding costs	1,424	1,500
Total operational property and facilities funding	1,424	2,724

Utilised as follows	2021 \$000	2020 \$000
Repairs and maintenance	243	164
Rates	1,083	1,276
Cleaning	-	92
Other	57	358
Total operational property and facilities expenditure	1,383	1,890

Critical judgements in applying accounting policies

Ōtākaro considers all funding received from the Crown to be non-exchange transactions. That includes all funding recorded as revenue and funding received in advance and amounts recorded as payable to or receivables from the Crown.

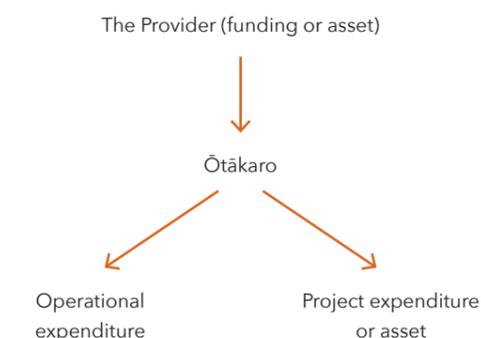
Additionally, any land that transfers to Ōtākaro from another entity at nil cost is a non-exchange transaction.

The split between exchange and non-exchange revenue is as follows:

	2021 \$000	2020 \$000
Non-exchange revenue	83,896	75,241
Exchange revenue	29,482	8,029
Total revenue	113,377	83,270

What is a non-exchange transaction?

This type of transaction is when the Provider does not receive a direct benefit in return for the funding or asset provided. The funding or asset received from the Provider is utilised to complete the various operational and capital funded projects. Ōtākaro considers this as an indirect benefit for the Provider, rather than a direct benefit.



1C - OTHER REVENUE

Other revenue	2021 \$000	2020 \$000
Interest revenue from bank	995	1,597
Crown contribution to borrowings cost	1,261	1,990
Rental revenue from leased land and buildings	125	360
Other revenue	38	35
Total other revenue	2,419	3,981

Rental revenue

Lease receipts under an operating lease are recognised as revenue on a straight-line basis over the lease term.

These are in relation to car parking and building leases on land and buildings owned by Ōtākaro.

Interest revenues

Interest received on term deposits and balances held in the bank \$995k (2020: \$1.6m).

Crown contribution to borrowings cost

The Crown contribution to borrowings cost represents the portion of interest costs on term borrowings which will be met by the Crown on settlement of the associated mortgage \$1.3m (2020: \$1.9m).

Other Revenue

Other revenue is predominantly comprised of income received from the sale of excess building supplies.

1D - FINANCE COSTS

Finance costs

Borrowing costs are expensed in the financial year in which they are incurred. They relate to the interest charged on the loans from the Crown.

1E - OTHER EXPENSES

Other expenses	2021 \$000	2020 \$000
Inventory write-down to Net Realisable Value	-	12,836
Valuation loss	-	4,177
Other expenses	71	64
Total other expenses	71	17,077

Depreciation of buildings

For further details, see note 2A.

Donations

No donations have been made by Ōtākaro during the period.

1F - NET (GAIN)/LOSS ON OTHER ASSET SALES

During the financial year ended 30 June 2021 the last remaining portion of the Performing Arts Precinct land was sold for \$1 as the final part of the Global Settlement Agreement and a loss on sale of \$671k was recognised.

Section 2: Assets

IN THIS SECTION

This section explains the types of assets Ōtākaro owns, as listed below, and how they have been valued.

1. Property and equipment
2. Land and buildings held as inventory
3. Work-in-progress.

2A - PROPERTY AND EQUIPMENT

	\$000	\$000	\$000	\$000	\$000
	Land	Buildings	Office furniture and equipment	Motor Vehicles	Total
Net book value 01 July 2019	55,493	84	195	-	55,772
Additions	-	-	117	-	117
Disposals	-	-	(4)	-	(4)
Transfers - land and buildings held as inventory	-	-	-	-	-
Depreciation expense	-	(41)	(147)	-	(187)
Impairment Loss on revaluation	(4,177)	-	-	-	(4,177)
Net book value 30 June 2020	51,316	43	161	-	51,521
Cost or fair value	51,316	203	500	-	52,019
Less accumulated depreciation	-	(160)	(339)	-	(499)
Net book value 30 June 2020	51,316	43	161	-	51,521
Additions	3,136	-	129	34	3,299
Disposals	-	-	-	-	-
Transfers - land and buildings held as inventory	-	-	-	-	-
Depreciation expense	-	(40)	(122)	(1)	(163)
Impairment Loss on revaluation	-	-	-	-	-
Net book value 30 June 2021	54,452	3	168	33	54,656
Cost or fair value	54,452	203	578	34	55,267
Less accumulated depreciation	-	(200)	(410)	(1)	(611)
Net book value 30 June 2021	54,452	3	168	33	54,656

Total depreciation of \$163k (2020: \$187k) is made up of \$40k (2020: \$41k) for leasehold improvements and other buildings' depreciation (note 1E), \$122k (2020: \$147k) of depreciation for office equipment, and \$1k (2020: \$nil) of depreciation for motor vehicles (note 1B).

2A – PROPERTY AND EQUIPMENT CONTINUED

Recognition and measurement

Land and buildings are held on the Statement of Financial Position at their fair value at the date of revaluation, less any subsequent depreciation and impairment losses. All other property and equipment are stated at historic cost less accumulated depreciation and any accumulated impairment losses.

Additions

The cost of an item of property and equipment, together with costs incurred subsequent to the initial acquisition, are recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Ōtākaro, and the cost of the item can be measured reliably.

In most instances, an item of property and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

The costs of day-to-day servicing of property and equipment are expensed in the Statement of Comprehensive Revenue and Expenses as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Revenue and Expenses.

Depreciation

Depreciation of property and equipment assets, other than land, is calculated on a straight-line basis. This allocates the cost or fair value amount of an asset, less any residual value, over its estimated remaining useful life.

The useful lives of the major classes of assets are:

- Computer Equipment 2 years;
- Office Furniture 4 years;
- Fixtures and Fittings 4 years.
- Motor Vehicles 8 years

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each balance date.

Property, plant and equipment held for sale

A portion of the Performing Arts Precinct land was previously held for sale and was divested in this financial year.

Capital commitments

The value of committed contracts at balance date of \$134,389 (2020: \$201,084) in relation to land and buildings for capital projects is made up of committed contracts for the South Frame, Parakiore Recreation and Sport Centre and the Te Pae projects.

Impairment of property and equipment

Items of property and equipment held at cost include computer hardware, office equipment, and furniture and fittings. These items will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its value in use.

As at 30 June 2021, no events or changes in circumstances were identified to warrant an impairment review.

Fair value and revaluation of land and buildings

Land and building revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance date.

Material land and building revaluation movements are accounted for on a class-of-asset basis.

Any material net revaluation results are recorded in Other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the Statement of Comprehensive Revenue and Expense. In the financial year ended 30 June 2021 no loss on revaluation was recognised (2020: \$4.2m).

2A – PROPERTY AND EQUIPMENT CONTINUED

Key judgements and estimates

Estimating useful lives and residual values

Ōtākaro makes estimates of the remaining useful lives of assets. Assessing the appropriateness of useful life and residual value estimates of property and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset, and expected disposal proceeds from the future sale of the asset.

An incorrect assessment will affect the depreciation expense and the carrying amount of the asset. Useful lives will be reviewed annually to minimise the estimation uncertainty.

Estimating the fair value of land and buildings

A full valuation of land and buildings was performed in 2016 to establish the transfer values of the assets from CERA to Ōtākaro Limited. In 2021, M. Ogg of Colliers, a registered valuer, performed a full valuation for the purposes of determining whether land and buildings were held at fair value and inventory was impaired. This included consideration of any and all ongoing impacts of the COVID-19 pandemic. There were no indicators of impairment. (2020: net \$4.2m valuation loss was recognised.)

Land

Fair value, using market-based evidence, is based on the highest and best use of the land, with reference to comparable land values. This falls within level 1 of the fair value hierarchy.

Adjustments have been made to some land values for the following reasons:

- Where there is a designation against the land, arising from the District Plan, restricting its future use. The adjustment reflects the negative effect on the value of the land where an owner's control of their property is reduced. These adjustments ranged from 0% to 15%;
- Where there is a public realm designation against the land, restricting its future use. The adjustment reflects the negative effect on the value of land. The adjustment is to reduce the fair value of the land to 33% of the value;
- Where the size of the section or block is considered to have an impact on the ability to sell the land. The adjustment reflects the negative effect on the value of land given the increased difficulty of selling. These adjustments ranged from 5% to 20%;
- Where the location of a piece of land is considered to have an impact on the land's desirability and value. The adjustment reflects the positive effect the location has on the value of the land. These adjustments ranged from 2.5% to 10%.

2B – LAND AND BUILDINGS HELD AS INVENTORY

Land and buildings classified as inventory are recorded at the lower of cost and net realisable value.

Ōtākaro owns land and buildings in the Christchurch central business district that will be sold in the ordinary course of business.

Any material write-down from cost to net realisable value for the loss of service potential is recognised in the surplus/deficit of the Statement of Comprehensive Revenue and Expenses in the period of the write-down. The write-down of inventories during the year was \$nil (2020: \$12.8m - The write-down reflected the decrease in market value of the IRD Building complex and other inventory assets).

Inventories that are acquired through non-exchange transactions are measured at fair value at the date of the acquisition.

Land and buildings held as inventory	2021 \$000	2020 \$000
Land	50,837	67,534
Buildings	-	3,272
Total land and buildings held as inventory	50,837	70,806

Represented by:	2021 \$000	2020 \$000
Current assets	12,206	20,601
Non-current assets	38,630	50,205
Total land and building held as inventory	50,837	70,806

The decrease in the inventory balance relates to land and building sales that have occurred during the 2021 financial year.

All land and buildings held as inventory have loans from the Crown attached to them, except for a parcel of land attached to the Parakiore Recreation and Sport Centre. The total value of loans held in relation to land and buildings held as inventory is:

	2021 \$000	2020 \$000
Land	49,676	51,823
Buildings	-	14,647
Total loans related to land and buildings held as inventory	49,676	66,470

Land sales and cost of land sales

The sales in the current year included eleven pieces of surplus land holdings, and Super Lot 6C within the East Frame Residential Precinct.

2C – CAPITAL WORK IN PROGRESS

Capital work in progress is recognised at cost less any impairment and is not depreciated.

Specialised assets and capital works which are not yet completed make up the majority of the balance of work in progress.

For the year ended 30 June 2021 a combined total of \$18.9m of additional cost directly attributable to COVID-19 was capitalised across Te Pae and the Parakiore Recreation and Sport Centre (2020: \$4.2m).

	2021 \$000	2020 \$000
South Frame	8,857	6,247
Te Pae	300,832	234,835
Parakiore Recreation and Sport Centre	140,546	66,194
Total capital work in progress	450,235	307,277

2D – PROVISIONS

A provision is recognised for future expenditure of uncertain amounts or timing when:

- There is a present obligation (whether legal or constructive) as a result of a past event;
- It is probable that an outflow of future economic benefits or service potential will be required to settle the obligation;
- A reliable estimate can be made of the value of the obligation.

Provisions are measured at the value of the expenditure expected to be required to settle the obligation.

Breakdown of provisions

Provisions classified as a current liability	2021 \$000	2020 \$000
Make-good property provision	60	60
Total Provisions classified as a current liability	60	60
Provisions classified as a non-current liability		
Provision for transfer of public realm assets	178,155	98,058
Total Provisions	178,215	98,118

Make-good property provision

The provision for make-good property recognises that the two and a half floors of an office building leased by Ōtākaro will need to be returned to its previous state when the lease concludes.

Provision for transfer of public realm assets

The provision for the transfer of public realm assets recognises that certain pieces of land and capital work in progress will transfer to the Christchurch City Council in the future, as a result of the signing of a memorandum of understanding between Ōtākaro and the Christchurch City Council.

The timing of when parcels of land are transferred to the Christchurch City Council is variable and is subject to a number of factors. These include timeline variabilities due to subdivision and amalgamation processes, change in designation requirements and official title transfer timelines. As such, no estimate is made of timing in terms of current versus non-current. While Ōtākaro expects to transfer public realm land and assets to the Christchurch City Council in the coming year, the scale of this is not able to be reliably estimated and is disclosed as non-current.

Breakdown of provision for transfer of public realm assets

	2021 \$000	2020 \$000
Land		
- Public Realm	1,065	624
- Parakiore Recreation and Sport Centre	24,992	24,992
- An Accessible City	2,695	-
Capital work in progress	149,403	72,442
Total provision for transfer of public realm assets	178,155	98,058

The provision has not been discounted as the projects are to be divested in a finite timeframe following construction completion. The public realm assets are to transfer within two years and the provision offsets the carrying value of the assets to be transferred.

Reconciliation of provision for transfer of public realm assets liability to expenditure:

	2021 \$000	2020 \$000
Opening provision	98,058	75,469
Provision expensed during the year	80,097	44,808
Provision utilised during the year	-	(22,219)
Closing provision	178,155	98,058

Section 3: Managing funding

IN THIS SECTION

This section explains how Ōtākaro manages its capital structure and working capital and the various funding sources and provides information about:

1. Equity and shareholding
2. Cash management and debt
3. Receivables and payables.

3A – SHARE CAPITAL AND EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and is currently classified into the following components:

- Contributed capital (less share repurchase)
- Accumulated surplus

All shares issued are ordinary shares, fully paid and have a face value of \$1 each. The total number of shares authorised as at 30 June 2021 is 508,891,476 (2020: 453,649,479).

Contributed capital is made up of multiple share issues during the year:

1. Capital funded projects of 52.1m shares for \$52.1m (2020: 118.5m shares for \$118.5m) (see note 1A)
2. Land transfers from Land Information New Zealand of 3.1m shares for \$3.1m (2020: nil).

Capital management

Ōtākaro is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

Ōtākaro has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

Ōtākaro manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and general financial dealings to ensure that Ōtākaro effectively achieves its objectives and purpose, while remaining a going concern

Breakdown of equity	2021 \$000	2020 \$000
Contributed capital		
Opening balance	453,649	335,100
Additional capital contributed	55,242	118,549
<i>Closing balance</i>	508,892	453,649
Accumulated surplus		
Opening balance	(93,733)	(52,836)
Surplus/(deficit) for the year	(31,494)	(40,897)
<i>Closing balance</i>	(125,227)	(93,734)
Total equity	383,665	359,916

3B – BORROWINGS

Borrowings are initially recognised at the amount borrowed. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

All borrowing costs are expensed in the period incurred.

All borrowings are held with the Crown and are attached to land and buildings transferred to Ōtākaro.

Borrowings	2021 \$000	2020 \$000
Current portion	16,539	16,692
Non-current portion	33,137	64,450
Total borrowings	49,676	81,142

Key judgement and estimates

Ōtākaro makes estimates of the amount recorded as the current portion of borrowings. The loans are held with the Crown and have no regular repayments. The loans are repaid as and when the underlying asset is sold. The current portion of borrowing is made up of either:

- The borrowing attached to those assets that have signed sale and purchase agreements in place as at 30 June 2021 and will be completed before 30 June 2022; or
- The borrowing attached to those assets that were included in the budget as expected to be sold before 30 June 2022.

3C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash held in a bank trading account and short-term deposits.

Balances are held with Westpac Bank, ASB Bank, Bank of New Zealand and ANZ Bank all with credit ratings of AA-, assessed by reference to Standard and Poor's credit rating.

Reconciliation of net surplus/(deficit) to cash flows from operating activities

Reconciliation	2021 \$000	2020 \$000
Operating surplus/(deficit)	(31,494)	(40,897)
Add/(less) non-cash items		
Depreciation	163	187
Impairment of assets	-	4,177
Inventory writedown	-	12,836
Inventory expenses	20,323	6,554
Interest payable	(2,191)	(2,754)
Vesting expense	80,097	44,808
Add/(less) movements in working capital items		
Accounts receivable	4,535	(1,996)
Prepayments	850	6,206
Accounts payable & accruals	36,397	(2,675)
Funding received in advance	121,860	3,797
Add/(less) items recorded as investing activities		
Acquisition of fixed assets	-	46,999
Net cash inflow/(outflow) from operations	230,540	77,242

3D – TERM DEPOSITS

Term deposits represent funds held in investments for a period of more than three months.

Term deposits are held with Westpac Bank, ASB Bank, Bank of New Zealand and ANZ Bank all with a credit rating of AA-, assessed by reference to Standard and Poor's credit rating

3E – TRADE RECEIVABLES

Short term receivables are recorded at the amounts due.

All receivables are with counterparties that have no defaults in the past with Ōtākaro.

All receivables greater than 30 days in age are considered to be overdue. At balance date, there were no overdue receivables (2020: no overdue receivables). As at 30 June 2021 no balances were considered impaired (2020: \$nil).

Current trade and other receivables	2021 \$000	2020 \$000
Trade receivables	4,508	1,915
GST receivable	1,862	1,067
Interest receivable from bank	300	243
Crown contribution to borrowings cost receivable	1,178	1,168
East Frame Residential sale receivable	4,949	7,150
Other receivables	192	88
Total current trade and other receivables	12,989	11,631

Trade receivables relate to amounts that are to be reimbursed to Ōtākaro under the terms of specific agreements.

Interest receivable

Interest receivable is the portion of interest accrued on term deposits.

Crown contribution to borrowings cost receivable

The Crown contribution to borrowings cost receivable is the portion of interest capitalised to term borrowings that will be met by the Crown upon repayment of loans. The current portion of interest receivable relates to the amount of interest that will be met by the Crown, due on the current portion of term borrowings.

East Frame residential sale receivable

This represents the sale proceeds due from the sale of Super Lot 3 & Super Lot 6C. The land sale of Super Lot 6C has been recognised as revenue in the Statement of Comprehensive Revenue and Expense this year. The land sale of Super Lot 3 was recognised as revenue in the 2020 financial year.

The sale proceeds will be received upon completion of the proposed buildings as per the agreement between Ōtākaro and Fletcher Residential Limited.

Non-current other receivables	2021 \$000	2020 \$000
Crown contribution to borrowings cost receivable	3,688	5,309
East Frame Residential sale receivable	-	4,684
Total non-current other receivables	3,688	9,993

3F – PREPAYMENTS

Prepayments substantially comprise prepaid insurance and software

3G – TRADE PAYABLES

Short term payables are recorded at the amount payable.

Total trade payables are split between exchange and non-exchange transactions as outlined in the table below.

	2021 \$000	2020 \$000
Total payables under exchange transactions	10,462	10,506
Total payables under non-exchange transactions	4	2
Total trade payables	10,466	10,508
Payables under exchange transactions		
Creditors	3,212	990
Accrued expenses	7,013	9,282
Anchor project retentions	237	235
Total payables under exchange transactions	10,462	10,506
Payables under non-exchange transactions		
FBT payable	4	2
Total payables under non-exchange transactions	4	2

See note 1B for explanation of exchange and non-exchange transactions.

Te Pae payable

This recognises an obligation of \$33,250 (2020: \$nil) for the construction of the facility related to delays from COVID-19 and other estimated contractual allowances and claims that was settled after balance date.

3H – FINANCIAL INSTRUMENTS

Financial instrument categories

	2021 \$000	2020 \$000
Financial liabilities measured at amortised cost		
Payables (excl. deferred revenue and taxes payable)	3,449	1,224
Borrowing	49,676	81,142
Total financial liabilities measured at amortised cost	53,125	82,366
Loans and receivables		
Cash and cash equivalents	79,274	26,761
Receivables	16,677	21,624
Short term deposits	133,023	57,623
Total loans and receivables	228,974	106,008

Financial instrument risks

Credit risk

Credit risk is the risk that a third party will default on its obligation to Ōtākaro, causing it to incur loss. In the normal course of business, Ōtākaro is exposed to credit risk from cash with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

Ōtākaro mitigates this by holding cash and term deposits with multiple high-quality financial institutions.

Ōtākaro holds a payment security with Fletcher Building Limited, guaranteeing payment of the fixed price portion of Super Lot 3 and Super Lot 6C in the event of non-payment by Fletcher Residential Limited

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Any borrowings issued at variable interest rates exposes Ōtākaro to cash flow interest rate risk.

Ōtākaro has borrowings with two distinct elements, fixed and variable rates. The variable portion is linked to the 90-day bank bill rate. The fixed portion is linked to a fixed margin, as determined by the Crown. This limits the exposure to interest rate movements.

Sensitivity analysis

At 30 June 2021, if the 90-day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the surplus for the year would have been \$296k (2020: \$452k) lower or higher. This movement would be attributable to increased or decreased interest expense on the Crown loans.

At 30 June 2021, if the bank interest rates had been 50 basis points higher or lower, with all other variables held constant, the surplus for the year would have been \$453k (2020: \$297k) higher or lower. This movement would be attributable to increased or decreased interest revenue received on term deposits.

Liquidity risk

Liquidity risk is the risk that Ōtākaro will encounter difficulty raising liquid funds to meet commitments as they fall due.

The majority of funding is received from the Crown and all borrowing is held with the Crown. Borrowings are repaid when associated assets are sold. The final repayment date is June 2023. As a result, Ōtākaro has minimal liquidity risk.

Ōtākaro manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Section 4: Other

IN THIS SECTION

This section includes the remaining information relating to the Ōtākaro financial statements that is required to comply with financial reporting standards.

4A – OPERATING LEASE COMMITMENTS

Operating lease payments

Operating lease payments made during the year totalled \$971k (2020: \$869k), relating to motor vehicle, computer and premises leases.

Operating lease commitments

Operating leases are leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items.

Lease commitments and receipts have been estimated based on the assumption that Ōtākaro has a limited life, not exceeding seven years.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are:

	2021 \$000	2020 \$000
Not later than one year	943	685
Later than one year and not later than five years	1,196	234
Later than five years	-	-

A significant portion of the total non-cancellable operating lease expense relates to the lease of two and a half floors of an office building. The lease on half of these floors expires in September 2021. The lease on the remaining two floors expires in September 2024. There is no option to purchase the asset at the end of the lease term.

4B – RELATED PARTIES

Ōtākaro is owned by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect Ōtākaro would have adopted in dealing with the party at arm's length in the same circumstances.

In conducting its activities, Ōtākaro is required to pay various taxes and levies (such as GST, PAYE, and rates) to the Crown and entities related to the Crown. The payment of these taxes is based on the standard terms and conditions that apply to all taxpayers.

Ōtākaro enters into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils).

These transactions occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect Ōtākaro would have adopted if dealing with those entities at arm's length in the same circumstances. These have not been disclosed as related party transactions and are not individually or collectively significant.

4C – EMPLOYEE ENTITLEMENTS AND BENEFITS

Employee entitlements

Provision is made for benefits owing to employees in respect of wages and salaries and annual leave. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Short-term employee entitlements are expected to be settled within 12 months after the end of the year in which the employee provides the related service. They are measured based on accrued entitlements at current rates of pay.

A liability and an expense are recognised for bonuses where there is a contractual obligation and a reliable estimate of the obligation can be made.

Employee benefits

Operational personnel costs include salaries and wages of Ōtākaro employees and payments to contractors that were temporarily filling a position on the organisational chart of Ōtākaro. In addition, employer's contributions to KiwiSaver and a grant provided for staff wellbeing are included.

Personnel costs capitalised to projects represents staffing costs that have been funded through the Ōtākaro operating grant but are required to be allocated to specific projects. Refer to note 1B for further explanation.

	2021 \$000	2020 \$000
Operational personnel costs	8,224	8,445
Personnel costs attributed to projects	1,227	1,487
Total employee benefits	9,451	9,932

Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed as incurred. Total contributions in 2021 were \$218k (2020: \$293k).

4D – CONTINGENCIES

As at 30 June 2021 Ōtākaro has no contingent assets (2020: \$Nil).

Contingent liabilities

Some land owned by Ōtākaro has been identified as containing potential contaminants that will need to be remediated in the future. The quantum of the remediation work required is not fully known. As work progresses the full quantum and cost to remediate will become more certain. This is consistent with what was noted in the 2020 Annual Report.

The Crown has allocated funding to remediate land. Ōtākaro can draw down on this funding as remediation projects progress.

In relation to some construction projects underway the company is a party to various claims and disputes. All claims received are under legal assessment and are unquantified at present as the amounts of any potential liability cannot be measured with sufficient reliability.

4E – CHANGES IN FINANCIAL REPORTING STANDARDS

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to Ōtākaro are:

- PBE FRS 48 Service Performance Reporting – this establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information. It will be effective for annual periods beginning on or after 1 January 2022.
- IPSAS 41 Financial Instruments – this establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. It will be effective for annual periods beginning on or after 1 January 2022.

The timing of Ōtākaro adopting these standards will be guided by the Treasury's decision on when the Financial Statements of Government will adopt them. Ōtākaro has not yet assessed the effects of the new standards.

4F – EXPLANATIONS FOR VARIANCE TO BUDGET

All variances identified are in \$000s.

Statement of comprehensive revenue and expense

Project funding (\$49,422)

Project funding is lower than the budget due to changes to the timing of project cash flows for various projects, and is also impacted from COVID-19 delays and various delays and sundry disputes. This has resulted in less funding being requested during the year, in addition to utilising overfunding from the prior period.

Sales revenue (\$2,975)

Sales revenue from Te Pae was budgeted.

However due to delays the facility was not able to open, accordingly no sales revenue was generated.

Other expenses \$7,490

Operating project expenses is higher than budget due to the new Shovel Ready projects being assigned to Ōtākaro midway through the year, which was unknown at the time of setting the budget.

Provision for transfer of public realm assets (\$96,120)

Provision for Transfer of Public Realm Assets is lower than budget due to less work being completed than expected on the Parakiore Recreation and Sport Centre and a portion of the South Frame project due to land acquisitions.

Land sales \$9,930

Cost of land sales (\$3,502)

Land sales that were not included in the budget but did eventuate during the year included a number of sites in the South Frame and East Frame. The timing of the sale of land has been reviewed and reforecast during the year.

Statement of financial position

Cash and cash equivalents \$35,599

Short term deposits \$121,023

The increase compared to budget relates to the full funding for Shovel Ready Project, which was received in full into the bank, once the project was approved following due diligence, and which was unknown at the time of finalising the budget.

Work in progress (\$107,901)

It was expected that further work would have been completed on Te Pae and the Parakiore Recreation and Sport Centre by 30 June 2021. This has been impacted further by equipment shipments and overseas-based specialists delays due to COVID-19 and various delays and sundry disputes.

Funding in advance \$125,900

The increase on budget relates to the full value of funding for Shovel Ready projects being received as cash and held as a liability, which was unknown at the time of finalising the budget.

Te Pae payable \$33,310

The increase on budget relates to an obligation for the construction of the facility related to delays from COVID-19 and other estimated contractual allowances and claims which was not anticipated at the time the budget was finalised.

Current portion of borrowings (\$721)

Term loan (\$9,354)

Loan repayments occur when the related land or buildings are sold. As there were higher than expected land sales during the year, this is reflected in higher repayment amounts, and lower term loan balances.

Provision for transfer of public realm assets and Parakiore (\$100,173)

Provision for Transfer of Public Realm Assets and Parakiore is lower than budget due to less work being completed than expected on the Parakiore and a portion of the South Frame Project due to delayed land acquisitions.

Contributed capital (\$53,914)

Funding for capital projects is lower than the budget due to changes to the timing of project cash flows for various projects. This has resulted in less funding being requested during the year, in addition to utilising overfunding from the prior period.

Remuneration report

Ōtākaro is committed to fair, responsible and equitable remuneration and ensuring a clear relationship between performance and remuneration.

DIRECTORS' FEES

Directors' remuneration is paid in the form of directors' fees. Currently Ōtākaro directors' annual fees are:

Board	Chairperson	Member
Board of Directors	\$70,000	\$35,000

Directors are also entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs and professional development relevant to their Board roles, up to a collective \$15k (2020: \$15k).

Remuneration paid to the five non-executive directors (2020: five) of Ōtākaro during the period ended 30 June 2021 is:

Director name	Board fees \$000
Corinne Haines (Chairperson)	70
Miriam Dean	35
Peter Townsend	35
Rod Carr	35
Paul Blackler	35
Total	210

Directors are remunerated in accordance with Crown Company Director Fees Methodology.

No Board members received compensation or other benefits in relation to cessation (2020: \$Nil).

KEY MANAGEMENT PERSONNEL REMUNERATION

Total remuneration paid or payable to members of key management personnel for the year ended 30 June 2021 is \$2.7m (2020: \$2.5m). This includes the Chief Executive, his direct reports and board members. This equates to eight FTEs (2020: seven) and five board members (2020: five).

CHIEF EXECUTIVE'S REMUNERATION

Total remuneration paid or payable to the Chief Executive, John Bridgman, for the year ended 30 June 2021 is \$639k (2020: \$633k). This includes salary, benefits and short term incentives, as outlined below:

	2021 \$000	2020 \$000
Salary	509	504
Benefits**	19	19
Short term incentives	111	110
Total remuneration	639	633

*Benefits include Kiwisaver and a grant for staff wellbeing.

CHIEF EXECUTIVE'S PAY FOR PERFORMANCE

Short term incentives paid to the Chief Executive, John Bridgman, for the year ended 30 June 2021 totalled \$111k (2020: \$110k). The short term incentive is 50% based on key company KPIs and 50% based on business KPIs. Performance is assessed by the Board of Directors.

PROFESSIONAL INSURANCES

Ōtākaro has taken out directors' and officers' insurance, and professional indemnity insurance during the financial year in respect of the liability or costs of Board members and employees.

EMPLOYEE REMUNERATION RANGE

The number of employees of Ōtākaro (not including Directors) who during the year ended June 2021 received cash remuneration and other benefits (including KiwiSaver contributions, relocation allowances and bonuses) exceeding \$100,000 is included in the table below.

Three employees received cessation payments for the year that totaled \$84k (2020: Three employees received \$68k).

Employee remuneration range for staff employed for the year ended June 2021

\$000s	# of Staff 2021	# of Staff 2020
100-109	5	2
110-119	1	3
120-129	5	2
130-139	-	1
140-149	2	4
150-159	6	6
160-169	3	3
170-179	1	-
180-189	3	2
190-199	3	1
200-209	-	1
220-229	1	3
230-239	1	2
240-249	2	-
330-339	1	1
340-349	-	1
360-369	1	-
370-379	1	1
630-639	1	1
Total	37	34

Performance Measures	Standard for 2019/20	Performance for 2019 /20	Standard for 2020/21	Performance for 2020 /21
Non- Departmental Other Expenses				
Christchurch Bus Interchange and Associated Transport Infrastructure - Operating				
During operating hours, the Bus Interchange is not closed from operations greater than two hours at any one point in time during the year.	Achieved	Achieved	Not Applicable*	Not Applicable *
All 'An Accessible City' projects are on time and on budget.	Achieved	Achieved	Achieved	Achieved
Te Pae - Operating				
Te Pae is progressed on time and on budget.	Achieved	Not Achieved*	Achieved	Not Achieved**
Christchurch Stadium - Operating				
The project will be progressed in line with Government decisions and agreed project timelines.	Achieved	Achieved	Achieved	Not Applicable ***
Parakiore Recreation and Sport Centre (formerly Metro Sports Facility) - Operating				
Parakiore Recreation and Sport Centre is progressed on time and on budget.	Achieved	Not Achieved*	Achieved	Not Achieved**
Pre-Development Holding Costs - Operating				
All cleared/remediated land is held in a state ready for development or ultimate sale.	Achieved	Achieved	Achieved	Achieved
Procurement of Land and Assets - Operating				
Land is acquired and remediated to a level and in a timeframe needed to meet all Anchor Project performance targets and all land divestment targets as per Ōtākaro's Land Divestment Strategy.	Achieved	Achieved	Achieved	Achieved
Public Space - Operating				
All public space projects are developed, operated and divested in keeping with Anchor Project performance targets and Ōtākaro's Land Divestment Strategy.	Achieved	Achieved	Achieved	Achieved
Non-Departmental Capital Expenditure				
Christchurch Bus Interchange and Associated Transport Infrastructure - Capital				
Expenditure is in line with the agreed project timelines.	Achieved	Achieved	Achieved	Achieved
Te Pae - Capital				
Te Pae is progressed on time and on budget	Achieved	Not Achieved*	Achieved	Not Achieved**
Land and Asset Acquisition - Capital				
Land is acquired in a timeframe needed to meet all Anchor Project performance targets and all land divestment targets as per the Ōtākaro Land Divestment Strategy.	Achieved	Achieved	Achieved	Achieved
Parakiore Recreation and Sport Centre - Capital				
Parakiore Recreation and Sport Centre is progressed on time and on budget.	Achieved	Not Achieved*	Achieved	Not Achieved*
Public Space - Capital				
All public space projects are developed, operated and divested in keeping with Anchor Project performance targets and Ōtākaro's Land Divestment Strategy.	Achieved	Achieved	Achieved	Achieved

* The Christchurch Bus Exchange was sold to the Christchurch City Council within the 2019/20 financial year (30 September 2019).

** The timelines for the Te Pae and the Parakiore Recreation and Sport Centre continued to be significantly impacted by the ongoing effects of the COVID-19 pandemic and various claims and sundry disputes.

*** Management of the CMUA has been assigned to the Christchurch City Council.

Statement of performance

IN THIS SECTION

This section describes our performance against the measures and targets set out in our Statement of Performance Expectations 2020/21.

Ōtākaro is funded through a mix of Crown funding and third-party revenue. Crown funding is provided through an appropriation in Vote Finance:

- Management of Anchor Projects by Ōtākaro Limited.

This section provides summary information on our activities under the appropriation, and then a fuller statement of the performance achieved, organised under the strategic goals set out in the Statement of Intent 2020–2024 and the original 2021 Statement of Performance Expectations.

	Actual 2021 Costs (\$000)	Actual 2021 Revenue (\$000)	Budget 2021 Costs (\$000)	Budget 2021 Revenue (\$000)	Actual 2020 Costs (\$000)	Actual 2020 Revenue (\$000)
Management of Anchor Projects	13,815	16,922	14,156*	14,156*	14,401	22,724

*Of the total appropriation of \$20.0m, we have spent \$13.8m against this appropriation during the year. The actual 2021 revenue of \$16.9m is the income received by Ōtākaro and equals the Government's actual expenses incurred in relation to the appropriation.

MANAGEMENT OF ANCHOR PROJECTS BY ŌTĀKARO LIMITED

This appropriation is intended to achieve continuation of Christchurch earthquake recovery of the Anchor Projects Programme and divestment of Crown-owned land in Christchurch and is limited to the Crown's contribution to Ōtākaro operating and financing expenses.

Ōtākaro will manage and administer the Anchor Projects Programme and divestment of Crown-owned land in Christchurch in accordance with the Company's purpose as set out in its Constitution and its Statement of Intent.

The overarching responsibilities of Ōtākaro include:

- Delivery of defined Anchor Projects by providing procurement, design management and construction management services on behalf of the Crown;
- Providing programme governance, including risk, cost and schedule management;
- Divestment of Crown owned land in central Christchurch in a manner which balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives;
- Managing the operations and ownership responsibilities of completed assets; and
- Acting in a manner consistent with recovery plans and any regeneration plans.

These responsibilities are reflected in the strategic objective contained in the Statement of Intent as follows:

The purpose of the Company is to add value to Anchor Projects and Crown Land in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives and supports the Crown's exit over time on favourable terms.

The detailed performance reporting against the appropriation and strategic objective is per the content in the original Statement of Performance Expectations which is reported below. Ōtākaro Limited performance against some measures, particularly with regard to Project Delivery, have been impacted by various claims, sundry disputes and the ongoing COVID-19 pandemic.

	Standard for 2020/21	Performance for 2020/21
Ōtākaro Limited will manage and administer the Anchor Projects Programme and divestment of Crown-owned land in Christchurch in accordance with the company's purpose as set out in its Constitution and its Statement of Intent.	Achieved.	Achieved. Refer to pages 67 to 73 for details on this achievement.

2021 PERFORMANCE REPORTING

The performance targets of Ōtākaro for the 2021 financial year relate to the construction programme, health and safety, land divestment and establishment of market credibility. An additional target was added in the amended 2021 Statement of Performance Expectations relating to monitoring of Ōtākaro approved shovel ready projects.

CONSTRUCTION PROGRAMME

Outcome: Delivery of defined Anchor Projects . Add value to Crown Anchor Projects by delivering the projects safely, on budget, to schedule and to the desired quality.

For all defined Crown Anchor Projects:

- cumulative working days' variance, when comparing forecast practical completion to the opening financial year baseline practical completion, is less than 10 days delayed;*
- current estimated costs at completion are below or equal to the current approved budget.*

Anchor Project	Baseline practical completion date as at 1 July 2018	Baseline practical completion date as at 1 July 2019	Baseline practical completion date as at 30 June 2020	Forecast practical completion date as at 30 June 2021	Cumulative working days' variance -compared to 1 July 2020 baseline practical completion date	Current estimated costs at completion compared to budget as at 1 July 2018	Current estimated costs at completion compared to budget as at 30 June 2019	Current estimated costs at completion compared to budget as at 30 June 2020	Current estimated costs at completion compared to budget as at 30 June 2021
Te Pae	February 2020	June 2020	February 2021	October 2021	168 Days	3.48%	3.38%	1.80%	0.77%
Parakiore Recreation and Sport Centre	October 2021	November 2021	July 2022	February 2023	151 Days	(25.59%)	0.04%	(0.47%)	(2.70%)
Te Papa Ōtākaro / Avon River Precinct	December 2019	February 2020	February 2021	July 2021	106 Days	0.79%	1.01%	0.32%	0.23%
East Frame Public Realm	February 2018	February 2018	February 2018	February 2018	0 Days	(0.09%)	(0.06%)	0.03%	0.03%
East Frame Residential Precinct	July 2024	January 2025	January 2025	January 2025	10 Days	10.69%	14.00%	18.79%	16.24%
An Accessible City	April 2019	November 2019	November 2019	November 2019	0 Days	(10.11%)	0.26%	(0.00%)	0.00%
South Frame	October 2021	April 2021	April 2021*	April 2021*	0 Days	2.28%	2.28%	5.90%	5.62%

Baseline practical completion date is the date at which the asset is available for use (i.e., not the contractual practical completion); but does not include the close-out period where defects can be addressed.

When assessing the estimated costs at completion compared to budget, a positive variance indicates that the estimated costs at completion are less than the budget.

Working days for the purpose of the above table does not include weekends or the period 27 to 31 December 2020.

**This date is subject to the laneway underlying the BNZ EPIC centre foyer not being required.*

CONSTRUCTION PROGRAMME CONTINUED

As shown in the table above the forecast completion date of Te Pae, Parakiore Recreation and Sports Centre, and Avon River Precinct (North Frame Pedestrian Bridge component only) is now later than expected at the start of the financial year.

There are a number of variances across the projects. Those considered to be at a material level are discussed below. Overall, the variances are due to levels of uncertainty looking forward, particularly when considering risk profiles for the various projects. These are monitored monthly by project teams and managed accordingly.

c) Forecast cost accuracy (forecast costs vs actual cost incurred) between 90% and 110% YTD;

The forecast cost accuracy for the year was 87%.

d) Work undertaken on defined Anchor Projects is to the desired quality, as established during the project planning phase.

As with each Anchor Project contracted engineers and architects confirm monthly the completeness and quality of the work completed in the preceding month.

Te Pae

Te Pae is forecast to be delivered within the current budget. The forecast substantial completion date is December 2021, which will enable conferences and conventions to be held. The delay in completion is due to COVID-19 related disruptions affecting the on-site performance.

Parakiore Recreation and Sport Centre

Parakiore Recreation and Sport Centre is forecast to be delivered over budget, primarily because of additional work and delay costs relating to ground conditions on site. The company continues to assess the impact of COVID-19 on the project. Construction is expected to be completed in February 2023. This is due to COVID-19 disruptions and various claims and sundry disputes. The reported completion date in the above table excludes the post practical completion commissioning to be undertaken by the Christchurch City Council.

Avon River Precinct

The baseline practical completion date for Avon River Precinct has moved from February 2021 to July 2021. The North Frame Pedestrian Bridge was on track for Practical Completion in July 2021 but there is a defect with the finish of the balustrade that requires resolution with the contractor which will further delay the issuing of Practical Completion and the opening of the bridge.

East Frame Residential

The forecast delivery schedule is anticipated to be achieved due to the higher than expected demand for housing during 2021. Last year the sales volume was anticipated to reduce dramatically due to COVID-19. As at 30 June 2021 all of the completed units in the One Central development have been unconditionally sold and all of the units currently in construction have been unconditionally sold off-plan.

South Frame

The Lane adjacent to the Pegasus Arms (Block 102a), has been transferred to the University of Otago to deliver as part of their works. Delays were experienced acquiring the land for the Laneway through the Miles Car yard site (Block 103) but this is now complete. Miles is responsible for the demolition works required to accommodate construction of the Laneway in this block. Until the demolition work has been completed a completion date for the construction of the Laneways is unable to be confirmed. However, currently expecting completion of construction works in the second quarter of 2022.

HEALTH AND SAFETY

a) For projects with active critical risks, monthly critical risk task observations will be undertaken, with 90% of findings adequately addressed within the agreed timeframes.

	2021	2020
Percentage of audit findings adequately addressed within timeframes agreed at the time of the inspection	97.37%	92.31%

b) TRIFR of less than 2.7 per 200,000 hours worked across the project portfolio. Where the TRIFR rate for a project or operational site is above 4 for two months in a row, Ōtākaro will undertake an audit of that contractors health and safety management system within a month.

As at 30 June 2021 the TRIFR is 0.19 per 200,000 man hours. No operational projects had a TRIFR rate above 4 during the year ended 30 June 2021.

c) Zero events assessed by Worksafe NZ during the financial year on Ōtākaro sites;

There were two notifiable events during the year relating to Te Pae & Parakiore as defined in the Health and Safety at Work Act 2015 (2020: three notifiable events). Worksafe was notified of both events and has not advised it would be investigating further.

d) 90% of Incident Cause Analysis Method (ICAM) investigations' actions adequately addressed within timeframes agreed.

	2021	2020
Percentage of ICAM investigations' corrective and preventative actions adequately addressed within timeframes agreed	97.30%	97.37%

CREDIBILITY, TRUST AND CONFIDENCE

Outcome: Ōtākaro is committed to thorough delivery, through good, open communication with internal and external stakeholders and with our communities.

a) *Improved results from six-monthly public research surveys compared to April 2019;*

The April 2021 results showed a considerable improvement in most scores compared to the baseline result from April 2019, but decreases when compared to April 2020. Compared to April 2019 there is a 4% increase in credibility and 2% increases in confidence and familiarity. Compared to April 2020 there is a 6% decrease in credibility and 3% decreases in confidence and familiarity.

When considering the decreases from April 2020 to April 2021, the researchers noted that Ōtākaro has a lower media profile now that many of its major projects have finished, and there is considerable 'regeneration fatigue' in Christchurch, exacerbated by COVID-related delays to projects.

	Confidence	Credibility	Familiarity
April 2019	72%	53%	33%
April 2020	77%	63%	38%
April 2021	74%	57%	35%

b) *A heightened social media profile (target: an additional 1000 'likes', 2 posts per week) and increased engagement (target: 10% engagement with posts);*

c) *Increased communication outputs, including videos (target: 35) and other updates, news media releases (target: 15) and events, and e-newsletters (target: 8).*

Ōtākaro achieved most of its communication objectives for the year.

Performance measure	2021 target	2021 result
Additional Facebook 'likes'	1,000	3,323
Average posts per week	2	1.7
Engagement with posts	10%	14%
Videos	35	42
News media releases	15	10
E-newsletters	8	7
Events	-	9

LAND DIVESTMENT

Outcome: Divestment of Crown land while achieving good commercial outcomes against the Crown's recovery and any regeneration plans. .

a) *Sales meet forecasted targets for the financial year, as per the Board approved Budget (10 parcels of land are forecast to be divested in the 2021 financial year);*

b) *Land Divestment Strategy is reviewed six-monthly to reflect changes in market conditions; and*

c) *Land Divestment Strategy is revised and approved annually to include updated market valuations.*

Ten sites were designated for divestment in the 2021 financial year under the Land Divestment Strategy. In total, 12 sites were sold; eight of these were allocated for divestment during the 2021 financial year and four were divested ahead of expectation. A further eight sites are currently under contract. A number of sites were hotly contested by developers on the back of buoyant market conditions. This has overshadowed, to a certain degree, the anticipated effects of COVID-19 on the economy in general.

As part of the Land Divestment process, the strategy has been reviewed six-monthly against market conditions, and revised and approved annually based on market valuations. An updated market valuation was completed in June 2021.

HEALTH, WELLBEING AND DEVELOPMENT

Outcome: Health, wellbeing and development of all Ōtākaro employees. Ōtākaro is committed to zero harm in the workplace and will support staff to achieve the Company's objectives and Purpose.

To achieve this outcome, Ōtākaro will strive for:

a) All employees to actively participate in health, safety and wellbeing initiatives;

Otakaro runs an annual Wellbeing calendar which ensures we have events scheduled at least monthly. Activities include educational sessions, summer and winter wellness packs, and team activities which encourage social interaction and support specific events such as Mental Health Awareness Week.

b) All Ōtākaro employees have active learning and development plans in place by 30 June 2021; and

Fifty out of fifty-one employees had active learning and development plans throughout the year. The exception was a staff member on parental leave.

c) Improve current engagement score by 5% from the 2019 score.

Against the ambitious target, our engagement score lifted by 3.54% at the last survey conducted in June 2021. Engagement will continue to be a strong focus for Ōtākaro given its direct link to retention. The Company will continue to utilise many different strategies to maintain and lift engagement including supporting our people managers to ensure they have the skills to create a positive and engaging culture for their teams, offering employees significant learning and development opportunities, celebrating successes, and maintaining our new flexible working framework which gives our people the ability to better manage their work/life balance and overall wellbeing. Regular assessment of engagement is conducted on an informal basis, and it is also intended to formally measure engagement again in June 2022.

TRANSFER TO LOCAL LEADERSHIP

Outcome: Ōtākaro will assist the Crown's transition to local leadership as part of the earthquake recovery.

Ōtākaro assists with the transition to local leadership by completing public realm and transport projects in the central business district and transferring ownership of them to the Christchurch City Council. The Ōtākaro delivered public realm and transport projects are: The Avon River Precinct, East Frame Public Realm (Rauora Park), South Frame and An Accessible City.

As at 30 June 2021 Ōtākaro had completed and transferred ownership of 24 of 30 portions of public realm assets across to the Christchurch City Council. The public realm assets and transport projects are settled and transferred for no consideration.

FINANCIAL PERFORMANCE AND CAPITAL MANAGEMENT

Outcome: Ōtākaro will ensure good financial performance and effective capital management in achieving its outcomes.

Each government agency is issued an Investor confidence rating (ICR) by the Treasury on a scale of A to E. Ōtākaro's rating is A. This rating signals a high level of investment management capability and performance, and trust in the agency delivering investments successfully. The Treasury reviews the rating tri-annually.

DEMONSTRATING GOOD COMMERCIAL OUTCOMES AGAINST CROWN REGENERATION OBJECTIVES

Outcome: Ōtākaro will balance commercial outcomes against the Crown's regeneration objectives

Ōtākaro is to add value to Anchor Projects and Crown land in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives and supports the Crown's exit over time on favourable terms.

A key demonstration of the how this balance is undertaken is during the divestment of Crown-owned land in central Christchurch. Each divestment is considered on a case-by-case basis taking into account a variety of independent factors, such as the market conditions at the time of sale, the surrounding amenities, the preferred development timeline and the site feasibilities. Each site is assessed and marketed based on its own specific merits and challenges with the balancing and divestment criteria being weighted appropriately based on each site.

As an example, in November 2020, Ōtākaro successfully completed the sale of the building at 224 Cashel Street, the adjoining Cashel Chambers and car parking building to Huadu International Management Group Limited (HIMG). The eight storey, 16,000m² building is one of the largest in Christchurch. HIMG plans to redevelop the former IRD building into a combined training and research medical facility specialising in the field of dementia care, incorporating retail and hospitality into lower levels. The sale will deliver both positive regenerative and commercial outcomes. The regenerative outcome will be achieved through the restored parking building providing further amenity for central city residents, and the retail, hospitality, and community health business, that will help service the East Frame residential community. The commercial outcome was achieved by investigating various options ranging from demolition to full restoration of the building. As the building was assessed to be between 45% and 50% of New Building Standard, the favourable commercial outcome was to divest it on an 'as is, where is' basis.

Other successful divestments which evidence the balance are Riverside Market in Oxford Terrace, 243 Cambridge Terrace, the former MED Building at 200 Armagh Street and 36-44 Oxford Terrace.



224 Cashel Street



Riverside Market, Oxford Terrace



200 Armagh Street



Artists impression of 36-44 Oxford Terrace

SHOVEL READY MONITORING ROLE

Outcome: Diligent monitoring of Ōtākaro approved Shovel Ready projects

Ōtākaro is committed to monitoring the Company's 12 assigned funding agreements for Shovel Ready projects in Canterbury. Ōtākaro monitors the operational and service performance for build partners as described in this section. The build partners' responsibility is for operational and service performance of the construction; Ōtākaro's role is to monitor performance to ensure that contractually agreed service levels are being met.

a) *As at the end of FY20/21 at least 60% (7 of 12) of approved Ōtākaro Shovel Ready projects with funding agreements have commenced construction.*

	2021
Percentage of Ōtākaro Shovel Ready projects with funding agreements that have commenced construction	83.33% (10 of 12)

Independent Auditor's report

To the readers of Ōtākaro Limited's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Ōtākaro Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of performance, including the performance information for an appropriation, of the company on his behalf.

OPINION

We have audited:

- the financial statements of the company on pages 34 to 64, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the statement of performance of the company on pages 66 to 74.

In our opinion:

- the financial statements of the company on pages 34 to 64:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended.
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of performance on pages 66 to 74:
 - presents fairly, in all material respects, the company's performance for the year ended 30 June 2021, including:

- for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- what has been achieved with the appropriation; and
- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 13 December 2021. This is the date at which our opinion is expressed.

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

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF PERFORMANCE

The Board of Directors is responsible on behalf of the company for preparing the financial statements and the statement of performance that are fairly presented and comply with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements and the statement of performance, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the company, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF PERFORMANCE

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

For the budget information reported in the financial statements and the statement of performance, our procedures were limited to checking that the information agreed to the company's statement of performance expectations.

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

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 statement of performance, 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported statement of performance within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of performance, including the disclosures, and whether the financial statements and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 33, 65 and 78 but does not include the financial statements and the statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of performance 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 statement of performance, 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 statement of performance 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 company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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

JULIAN TAN
Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand

Statutory information and other disclosures

Shareholders

Associate Minister of Finance
(Hon Megan Woods)

Minister for Land Information
(Hon Damien O'Connor)

Registered office and contact address

Level 8, Anthony Harper Tower
62 Worcester Boulevard
Christchurch 8013
New Zealand

Auditor

The Auditor-General pursuant to section 14 of the Public Audit Act 2001. Julian Tan of Audit New Zealand was appointed to perform the audit on behalf of the Auditor-General.

Solicitors

Chapman Tripp
Duncan Cotterill
Greenwood Roche
MinterEllisonRuddWatts

Bankers

Westpac Banking Corporation
ASB Bank Limited
Bank of New Zealand Limited
ANZ Bank Limited

Senior Management

John Bridgman
Chief Executive Officer

Keith Beal
General Manager, Te Pae Operations

Sarah Fields
Acting General Manager, Property and Operations

Ruth Keating
General Manager, Legal and Risk

Curtis Mitchell
Chief Financial Officer

John O'Hagan
General Manager, Development

Sue Squire
General Manager, People and Capability

Andrew Trevelyan
General Manager, Communication and Engagement

Directors' interests

Pursuant to sections 140 and 211(1)(e) of the Companies Act 1993, the general disclosures of interests made during the year ending 30 June 2021 by Directors of Ōtākaro Limited are included on pages 28 to 31 of the Annual Report.

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Ōtākaro Limited
Building places for people