



**Report to Shareholder  
for the six month period  
ended 31 December 2019**

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The Hutt City Community Facilities Trust (CFT) is owned by Hutt City Council (HCC) and operates as a Council Controlled Organisation (CCO) under the Local Government Act 2002. The CFT was established by Council in August 2012 to promote, develop, own, operate and maintain recreational, leisure and community facilities in Hutt City.

## HOW WE PERFORMED

From 1 July 2019 to 31 December 2019 the CFT focused on managing and progressing the following projects:

### **1. The Walter Nash Centre**

This complex is leased to the City and Community Services Division of Council.

No major works were carried out on the facility during the period.

### **2. The Regional Bowls Centre and Ryman Arena**

The complex is leased to the Naenae Bowls club. No major repair or maintenance works were undertaken during the period.

The complex is performing well and the financial position of the tenant is improving so a better level of rental payment for the future is expected.

### **3. Fraser Park Stage 2: The RICOH Sports Centre**

- 3.1 The Centre is now fully operational and is very well utilised. There are some small remaining maintenance issues to be resolved, the most significant being some plumbing and drainage issues. Overall the build has worked well.

We are currently discussing with the builder final payments for the building. Several claims for additional works have been made including a claim for extension of time expenses which are likely to lead to a small increase in the overall contract sum to be paid.

The utilisation of the bar and cafe at the Centre started from a slow beginning and has been challenging for the tenant, Fraser Park Sportsville, to generate a profit. CFT is currently allowing the tenant a rental deferral, the terms of which will be resolved before the end of this financial year, but it is not expected that much, if any, rental will be received in this current financial year.

#### **3.2 CFT fundraising for the Fraser Park Multipurpose Sports Complex**

During the reporting period CFT continued to chip away at the agreed total fundraising target but it is challenging now to generate interest once the Centre is complete.

#### **4. Stokes Valley Community Hub**

The Koraunui Stokes Valley hub is fully operational and continues to draw solid support from the community.

CFT continued discussions with the Hawkins' Receiver to address a number of concerns about the roof and repeat problems with leaks after high winds and heavy rain. Repair works and negotiations with the Receiver to achieve and fund a long term solution are continuing.

#### **5. The Turfs at Fraser Park**

During the reporting period there were no issues with the two turfs which are leased to Fraser Parks Sportsville.

## **HIGHLIGHTS OF THE YEAR SO FAR**

#### **1. The RICOH Sports Centre**

The highlight of the reporting period has been the continued and increasing use of the RICOH Sports Centre. It was a little frustrating at the start with several delays in full opening and some unexpected staff changes. However things have settled down now and usage of the sports facilities in particular is steadily increasing. Utilisation of both the bar and cafe is improving but there remains much potential for improvement.

## ALIGNMENT WITH CFT STRATEGIC PLAN AND PROGRESS ACHIEVED

STRATEGY	TRANSFORMATION	OUTCOME	CFT OUTCOME CONTRIBUTION (OUTPUT)	PROGRESS ACHIEVED TO 31 DECEMBER 2019
Create a strong, inclusive and equitable society	Radically improve the quality of urban living	A fair, safe and equitable society	<ul style="list-style-type: none"> <li>• Provide a diverse range and spread of facilities that cater for all ages, gender, ethnicity and ability.</li> <li>• Foster and support Sportsvilles.</li> <li>• Design and construct facilities that are accessible for all</li> </ul>	<ul style="list-style-type: none"> <li>▪ The completed RICOH Sports Centre at Fraser Park is open and is attractive to teams and individuals playing rugby, league, touch, football, softball, hockey, cricket, futsal and squash. This means that when coupled with other CFT facilities, 18 major sporting codes in Lower Hutt can be accommodated in CFT buildings. The CFT buildings can also be used for weddings, other celebrations and community meetings. Users came from a diverse ethnicity, all ages and include persons with disabilities.</li> </ul>
Develop an economy that delivers the opportunity of prosperity for Hutt residents	<p>A measurable increase in the standard of living</p> <p>Greater prospects for children and young people</p>	A more prosperous city	<ul style="list-style-type: none"> <li>• Provide facilities which can host events and competitions that generate economic activity</li> <li>• Develop facilities that attract partnership investment</li> <li>• Create employment opportunities through facility management and support services</li> <li>• Wherever practical employ Hutt associated businesses in the facility planning, construction and management phases</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Walter Nash Centre hosted a diverse range of events and activities.</li> <li>▪ The Naenae Bowls Centre and Ryman Healthcare Arena are designed to meet World Bowls and International hosting standards.</li> <li>▪ Tests completed by Hutt Valley Indoor Bowls Association revealed the new purpose designed indoor floor at Naenae Bowls is suitable for local, interclub and representative matches.</li> <li>▪ The Walter Nash Centre employs 21 staff, Naenae Bowls Centre – 9, and the RICOH Sports Centre – 12 staff.</li> </ul>

STRATEGY	TRANSFORMATION	OUTCOME	CFT OUTCOME CONTRIBUTION (OUTPUT)	PROGRESS ACHIEVED TO 31 DECEMBER 2019
Plan, deliver and maintain quality community infrastructure to make Hutt City more liveable	Iconic, world class facilities and amenities established	A more active, engaged and connected community	<ul style="list-style-type: none"> <li>Act as advocate for new facilities</li> <li>Responsibility as delivery agent for new facilities, including planning, fundraising, design, project management and custodial ownership</li> <li>Ensure facilities are properly run and maintained</li> </ul>	<ul style="list-style-type: none"> <li>During the reporting period the tennis courts, petanque courts, snooker room, the bowls club rooms, the indoor greens and external Fraser Park turfs were all well utilised. Usage at the Koraunui SV hub was also very high, approximately three times the historic rate of the legacy and now demolished buildings. Usage at Walter Nash remained very high. It is anticipated that there will be 1 million visits per year to Fraser Park and the RICOH Sports Centre.</li> </ul>
Sustainable energy policies and practices	Energy conservation and environmentally friendly practices become established norm	More use of renewable and sustainable products. Less waste and energy use.	<ul style="list-style-type: none"> <li>Adopt practical green principles into design philosophy</li> <li>Stipulate usage of sustainable and renewable materials during construction</li> <li>Incorporate practical solutions to mitigate ongoing OPEX costs such as energy and water usage</li> <li>Reuse and recycle where possible</li> </ul>	<ul style="list-style-type: none"> <li>All CFT buildings are designed to capture solar gain for heating, LED lighting for lower power consumption, and natural ventilation systems to mitigate AC costs. Energy conservation design elements are built into the Walter Nash and Naenae Bowls complexes. The RICO Sports Centre also utilises good design and the latest technology to lower ongoing maintenance costs. During the reporting period negotiations continued with a large energy company with the objective of progressing the lease of the RICOH Sports Centre roof for a large solar farm. Discussions are ongoing.</li> <li>Furniture for Naenae Bowls includes recycled/re-purposed furniture purchased by the CFT.</li> </ul>
Enable Māori aspirations through the Treaty of Waitangi	Support sustainable development of Māori outcomes, leadership and community partnerships	Enhance the social and cultural wellbeing of Hutt City	<ul style="list-style-type: none"> <li>Consult meaningfully with tangata whenua</li> <li>Engage in partnerships wherever possible</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with tangata whenua was a critical element in embedding the Walter Nash and Koraunui centres into Taita and Stokes Valley communities. Maori art is an integral feature in the external cladding of all CFT buildings. Maori community leaders were briefed on opportunities for involvement in the Walter Nash, Naenae Bowls, Stokes Valley and RICOH Sports Centre and led dawn events to bless and protect the buildings. Signage in the RICOH Sports Centre is mostly in Maori.</li> </ul>

## KEY PERFORMANCE INDICATORS

Indicator and measure	Target 2019/20	Performance to 31 December 2019
<b>Operational Management</b>		
Operational expenditure is within budget.	100%.	Not achieved.
All reporting requirements set by Council and the Board of CFT are met in accordance with the Local Government Act 2002, the CFT Statement of Intent and the CFT Deed of Trust.	Annual Report by 30 September 2019.  SOI and six monthly report by 1 March 2020.	Achieved.  Not applicable within this reporting period.
All CFT construction projects have best practice health and safety plans and monitoring in place.	100%.	Achieved. All CFT construction sites had detailed safety plans in place and were audited by independent Health and Safety companies. No incidents of significant harm were reported from any CFT site.
<b>Facilities Design and Development</b>		
All capital expended on design and other consultants are within approved monthly progress project budgets at financial year end.	100%.	Not applicable – no development projects.
All capital expenditure on approved projects is at or less than approved budget for each project at financial year end.	100%.	Not applicable – no development projects.

Indicator and measure	Target 2019/20	Performance to 31 December 2019
<b>Project Delivery</b>		
Concept plans for the proposed Wainuiomata Community and Sporting hub are prepared (subject to funding being approved by Council).	31 December 2020.	Not Applicable. This project has not yet been assigned to CFT to progress.
Contract documents are prepared for the Gym Sports Building at Fraser Park (subject to funding being raised by CFT or approved by Council).	30 June 2020.	Not Applicable. This project has not yet been assigned to CFT to progress.
<b>Facilities Management</b>		
All facilities maintain legal compliance, WOFs and/or certification.	100% Building safety upheld.	Achieved.
All facilities have in place an agreement to lease within three months of completion.	100% Legal partnerships covering leases and maintenance are agreed with the principal tenants.	Achieved.
All facilities have detailed maintenance plans in place within 12 months of completion.	100% Maintenance programmes instituted to ensure facilities' amenity values are retained and are safe for users.	Achieved.
<b>Fundraising</b>		
RICOH Sports Centre.	Final contribution by 30 June 2020.	Meetings to take place in second half of this financial year in relation to sponsorship of solar panels on the roof
Fraser Park gym facility.	50% of the additional agreed funding raised by 30 June 2020.	Not Applicable. This project has not yet been assigned to CFT to progress.



## FINANCIAL RESULTS

Detailed financial statements can be found in the Appendix.

CFT achieved a surplus before depreciation of \$683k for the six months ended 31 December 2019, compared with a budgeted surplus of \$306k, resulting in a favourable variance against budget of \$376k.

### Operating revenue

YTD revenue is above budget by \$404k, due primarily to a \$300k unbudgeted grant received in December from Hutt City Council.

	Year to Date			Full Year	
	Actual	Budget	Variance	Budget	Variance
<b>Revenue</b>					
HCC operating grant	350,000	350,000	-	350,000	-
Rentals	226,850	289,094	(62,244)	578,195	20,287
HCC Grants	300,000	-	300,000	-	585,229
Sponsorships	37,132	37,502	(370)	54,500	-
Interest revenue	839	2,594	(1,755)	4,963	(3,434)
LT maintenance and replacement fund	7,000	7,000	-	14,000	-
Other revenue	168,465	-	168,465	-	258,097
<b>Total revenue</b>	<b>1,090,286</b>	<b>686,190</b>	<b>404,096</b>	<b>1,001,658</b>	<b>860,179</b>

Key material variances YTD relate to:

- Rentals are below budget by \$62k attributable to the RICOH Sports Centre. No revenue has been recognised, or received in cash, for the current financial year. At a meeting held in October with Fraser Park Sportsville (FPS) regarding the amount and timing of rent to be paid for the RICOH Sports Centre, including \$17k owed from last financial year, it was agreed the rent holiday would continue to the end of the financial year;
- HCC Grants (unbudgeted) relates to a \$300k grant from Hutt City Council towards the cost of settling an extension of time claim and contract variations relating to the construction of the RICOH Sports Centre; and,
- Other revenue of \$168,465 (unbudgeted), includes \$112k of retentions waived by the receiver relating to the Stokes Valley Community Hub and the Naenae Bowls Centre in lieu of building warranty defects repaired directly by the CFT, and \$56k funding of the kitchen upgrade at the Walter Nash Centre.

### Operating expenses

Expenses are above budget YTD by \$28k due to the expensing of \$72k of preliminary work on the Naenae Hub development, which is currently on hold. Excluding the \$72k would have resulted in a favourable variance of \$44k.

Key material variances YTD relate to:

- Rent and rates are below budget YTD by \$11k due to the approval of three applications for rates remissions effective in December for the third rates instalment;
- Insurance for the Walter Nash Centre is \$4k above budget YTD and will be \$19k above budget at year-end, a permanent difference;

- Maintenance above budget YTD by \$16k due to unplanned repairs to pavers at the RICOH Sports Centre;
- Specialist services are above budget YTD by \$8k (unbudgeted) due to the provision of project management and engineering services by TSA, while the extension of time claim and contract variations with Armstrong Downes were under negotiation; and,
- Other expenses are above budget by \$72k due to preliminary development work on the Naenae Hub, now on hold, which have now been expensed.

	Year to Date			Full Year	
	Actual	Budget	Variance	Budget	Variance
<b>Expenses</b>					
Rent and rates	45,501	56,597	11,096	105,271	4,597
Power and water	532	1,600	1,068	4,801	801
Insurance	122,447	114,554	(7,893)	229,739	(19,313)
Maintenance	75,982	59,793	(16,189)	118,600	(284,849)
Tenant support	-	60,000	60,000	120,000	120,000
Promotion/Publicity	534	-	(534)	-	(534)
Specialist services	22,599	15,000	(7,599)	30,000	7,401
Professional services	10,249	14,748	4,500	29,500	10,001
Director fees	9,576	9,498	(78)	18,996	198
Interest expense	47,638	47,638	(0)	94,500	(259)
Other expenses	72,467	-	(72,467)	-	(72,468)
<b>Total expenses</b>	<b>407,525</b>	<b>379,428</b>	<b>(28,097)</b>	<b>751,407</b>	<b>(234,425)</b>

### Cash position

Available cash at 31 December 2019 is \$239k:

- \$4k in cash
- \$235k on call investments, of which \$193k is the balance of unspent funding for the Naenae Hub development, now on hold and therefore should be returned to Hutt City Council, and \$42k is for general operations

## APPENDIX 1: FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE SIX MONTHS TO 31 December 2019

	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
<b>Revenue</b>						
HCC operating grant	350,000	350,000	-	350,000	350,000	-
Rentals	226,850	289,094	(62,244)	598,482	578,195	20,287
HCC Grants	300,000	-	300,000	585,229	-	585,229
Sponsorships	37,132	37,502	(370)	54,500	54,500	-
Interest revenue	839	2,594	(1,755)	1,529	4,963	(3,434)
LT maintenance and replacement fund	7,000	7,000	-	14,000	14,000	-
Other revenue	168,465	-	168,465	258,097	-	258,097
<b>Total revenue</b>	<b>1,090,286</b>	<b>686,190</b>	<b>404,096</b>	<b>1,861,837</b>	<b>1,001,658</b>	<b>860,179</b>
<b>Expenses</b>						
Rent and rates	45,501	56,597	11,096	100,674	105,271	4,597
Power and water	532	1,600	1,068	4,000	4,801	801
Insurance	122,447	114,554	(7,893)	249,052	229,739	(19,313)
Maintenance	75,982	59,793	(16,189)	403,449	118,600	(284,849)
Tenant support	-	60,000	60,000	-	120,000	120,000
Promotion/Publicity	534	-	(534)	534	-	(534)
Specialist services	22,599	15,000	(7,599)	22,599	30,000	7,401
Professional services	10,249	14,748	4,500	19,499	29,500	10,001
Director fees	9,576	9,498	(78)	18,798	18,996	198
Interest expense	47,638	47,638	(0)	94,759	94,500	(259)
Other expenses	72,467	-	(72,467)	72,468	-	(72,468)
<b>Total expenses</b>	<b>407,525</b>	<b>379,428</b>	<b>(28,097)</b>	<b>985,832</b>	<b>751,407</b>	<b>(234,425)</b>
<b>Surplus/(Deficit) before depreciation</b>	<b>682,761</b>	<b>306,762</b>	<b>375,999</b>	<b>876,005</b>	<b>250,251</b>	<b>625,754</b>
Depreciation	483,754	481,308	(2,446)	959,498	954,762	(4,736)
<b>Surplus/(Deficit) after depreciation</b>	<b>199,007</b>	<b>(174,546)</b>	<b>373,553</b>	<b>(83,493)</b>	<b>(704,511)</b>	<b>621,018</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 December 2019

	Actual 31 December 2019	Budget 30 June 2020	Actual 30 June 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	239,227	152,198	168,674
Debtors and other receivables	41,784	13,243	20,969
Advances to related parties	-	-	-
GST receivable	-	-	1,449
Prepayments	145,644	3,973	33,074
<b>Total current assets</b>	<b>426,654</b>	<b>169,414</b>	<b>224,166</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment at cost	43,009,338	42,635,107	42,830,104
Accumulated depreciation	(1,657,069)	(2,127,156)	(1,173,315)
Assets under construction	52,933	71,203	81,753
<b>Total non current assets</b>	<b>41,405,203</b>	<b>40,579,154</b>	<b>41,738,542</b>
<b>Total assets</b>	<b>41,831,856</b>	<b>40,748,568</b>	<b>41,962,708</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Creditors and other payables	17,302	45,993	251,824
Retentions	115,000	-	227,827
Employee entitlements	-	-	-
GST payable	12,534	-	-
Borrowings	-	-	54,500
Advances from related parties	6,105	-	1,148
<b>Total current liabilities *</b>	<b>150,941</b>	<b>45,993</b>	<b>535,299</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	3,335,500	3,281,000	3,281,000
<b>Total non current liabilities</b>	<b>3,335,500</b>	<b>3,281,000</b>	<b>3,281,000</b>
<b>Total liabilities</b>	<b>3,486,441</b>	<b>3,326,993</b>	<b>3,816,299</b>
<b>Net assets</b>	<b>38,345,416</b>	<b>37,421,575</b>	<b>38,146,409</b>
<b>EQUITY</b>			
Accumulated funds	36,915,519	35,977,677	36,716,511
Long term asset replacement and maintenance reserve	52,861	66,861	52,861
Asset Revaluation reserve	1,377,037	1,377,037	1,377,037
<b>Total equity attributable to the Community Facilities Trust</b>	<b>38,345,416</b>	<b>37,421,575</b>	<b>38,146,409</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December 2019**

	<b>Actual 31 December 2019</b>	<b>Budget 30 June 2020</b>	<b>Budget 30 June 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from grants	650,000	350,000	350,000
Receipts from user charges and other income	245,872	640,421	447,542
Interest received	839	4,963	5,412
Net goods and services tax received	13,983	1,449	81,763
	<b>910,694</b>	<b>996,833</b>	<b>884,717</b>
<b>Cash was applied to:</b>			
Payments to employees	-	-	(213,281)
Grant to Fraser Park Sportsville	-	-	(516,228)
Payments to suppliers	(629,431)	(878,468)	(245,789)
Interest paid	(47,638)	(94,500)	(94,500)
Net goods and services tax paid	-	-	-
	<b>(677,069)</b>	<b>(972,968)</b>	<b>(1,069,798)</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>233,625</b>	<b>23,865</b>	<b>(185,081)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Other investment receipts	7,000	14,000	5,630,394
Sale of property, plant and equipment			300,000
	<b>7,000</b>	<b>14,000</b>	<b>5,930,394</b>
<b>Cash was applied to:</b>			
Purchase of property, plant and equipment and assets under construction	(175,029)	-	(6,942,108)
	<b>(175,029)</b>	<b>-</b>	<b>(6,942,108)</b>
<b>Net Cash Inflows/(Outflows) from Investing Activities</b>	<b>(168,029)</b>	<b>14,000</b>	<b>(1,011,714)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Contribution from Hutt City Council	4,957	159	-
Proceeds from borrowings - Hutt City Council		-	335,500
	<b>4,957</b>	<b>159</b>	<b>335,500</b>
<b>Cash was applied to:</b>			
Repayment of borrowings - Hutt City Council		(54,500)	-
Contribution to Hutt City Council	-	-	(4,860)
	<b>-</b>	<b>(54,500)</b>	<b>(4,860)</b>
<b>NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES</b>	<b>4,957</b>	<b>(54,341)</b>	<b>330,640</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>70,553</b>	<b>(16,476)</b>	<b>(866,155)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>168,674</b>	<b>168,674</b>	<b>1,034,829</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF MONTH / YEAR</b>	<b>239,227</b>	<b>152,198</b>	<b>168,674</b>