

CHRISTCHURCH AGENCY FOR ENERGY TRUST BOARD

STATEMENT OF INTENT

FOR YEAR ENDING 30 JUNE 2018

1. INTRODUCTION

This Statement of Intent (SOI) is prepared in accordance with section 64(1) of the Local Government Act 2002.

The SOI specifies for the Christchurch Agency for Energy Trust (CAfE) the objectives, nature and scope of the activities to be undertaken and the performance targets and other measures by which the performance of the Trust may be judged in relation to its objectives, amongst other requirements.

Legal Name:	Christchurch Agency for Energy
Postal Address:	PO Box 73012, Christchurch 8154
Street Address:	53 Hereford St, Christchurch 8011
Chair:	Pauline Cotter, Christchurch City Council, 53 Hereford Street, Christchurch
Trustees:	Pauline Cotter (Chairperson) Jill Atkinson Robert Linterman Glenn Livingstone Stephen Godfrey

Legal Status of Organisation

The Christchurch Agency for Energy (CAfE) has been established by the Christchurch City Council (the Council) as a not-for-profit council controlled organisation under the Local Government Act 2002. CAfE is registered under the Charitable Trusts Act 1957. CAfE is also registered under the Charities Act 2005 (12 August 2010 - Registration Number CC44869) with Donee status.

Period Covered by this Statement of Intent

This Statement of Intent for CAfE covers the year ended 30 June 2018. Financial budget projections are provided for the 2017/18 financial year. An SOI is normally for a three year period. However, the Trust is currently expecting to have granted all of its funds by 30 June 2018 and the Trust will be dissolved. The SOI is reviewed annually by the Council.

2. OBJECTIVES AS STATED IN THE TRUST DEED

The purpose of the Trust is to achieve the following objectives to the extent that those objectives are charitable under the law of New Zealand:

- (a) To raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy by providing information and advice to:
 - the general public;
 - homeowners;
 - students;
 - Energy Expo attendees;
 - high energy users;
 - commercial and industrial energy users; and
 - motorists.

- (b) To raise awareness of and promote the use of renewable energy in Christchurch through:
 - (i) evaluation of sites for production of renewable energy;
 - (ii) encouraging the use of biofuels; and
 - (iii) encouraging the use of solar heating.
- (c) To reduce the local and wider environmental problems caused by the use of fossil fuels in Christchurch.
- (d) To introduce initiatives to address the negative health and social impacts caused by fuel poverty and energy affordability issues in Christchurch.
- (e) As an ancillary purpose to the above purposes, to gather meaningful and current energy data on energy usage in Christchurch.
- (f) For any other related purposes which are charitable according to the law of New Zealand.

In carrying out the purposes set out in Clause 2, the Trustees will have regard to the principles and initiatives established in the Sustainable Energy Strategy for Christchurch 2008-2018 published by the Council.

3. NATURE AND SCOPE OF ACTIVITIES AND RELATED PERFORMANCE TARGETS

CAfE is focussed on supporting the uptake of renewable energy and enhanced energy efficiency projects.

Christchurch Energy Grant Scheme

The Christchurch Energy Grant Scheme contributes to community outcomes for a healthy environment in Christchurch and aligns with the Climate Smart and Sustainable Energy Strategies. In particular the following outcomes are sought:

- A greater proportion of energy used in the city is from renewable sources
- Energy is used more efficiently
- To raise awareness of the general public through visible demonstrations, promotions and/or education initiatives
- Reductions in greenhouse gas emissions and energy intensity across the city

The fund covers plant purchases and installation costs for:

- Renewable energy initiatives – such as geothermal/ground source heat extraction, photovoltaic generation and biomass energy generation
- A district energy scheme
- Energy efficiency measures that go well beyond the building code minimum – in new and/or renovated buildings; and
- Initiatives which result in the use of electricity (a largely renewable form of energy in New Zealand) instead of fossil fuels in Christchurch

It is noted that the Trust cannot provide grants to local authorities or government organisations.

Performance Targets

Christchurch Energy Grant Scheme

Allocation and payment of the remaining balance of the fund for initiatives within the Central City through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.

4. FINANCIAL DISCLOSURE

Accounting Policies

The Trust has adopted accounting policies that are consistent with generally accepted accounting practices in New Zealand (NZGAAP). They comply with the Tier 2 Not-for-profit Public Benefit Entity (PBE) standards for periods beginning on or after 1 July 2017.

A summary of the current accounting policies is attached in Appendix 1.

Financial Performance Targets

	2017/18
Revenue	
Interest received	3,500
Expenditure	
Christchurch Energy Grant Scheme payments	1,887,440
Grant Administration & General Expenses	22,060
Total Expenses	<u>1,909,500</u>
Surplus/(deficit) for year	(1,906,000)
Retained Surplus	
Opening Balance	1,906,000
Current Year Deficit	<u>(1,906,000)</u>
Closing Balance	-
Awarded and unpaid Christchurch Energy Grant Scheme grants	-

Notes:

- Operations are funded from current reserves, it is not envisaged that any borrowings will be necessary.
- Should there be any remaining funds as at 30 June 2018, these will be allocated as per the Trust Deed.
- No provision has been made for project funding from any appointers from the 2017/18 year.
- The current financial performance targets indicate that CAfE will have allocated and fully paid all of its grant funding by 30 June 2018.

5. GOVERNANCE STATEMENT

CAfE is governed by a Board of Trustees appointed by the Council and appointer organisations. The Trust Deed enables the Council to appoint up to 50% of the Trustees by number, but does not require them to do so. The Council also appoints the Chair who is also a Trustee of CAfE.

Appointer organisations may appoint a single Trustee.

Initial appointor organisations were

- Environment Canterbury Regional Council (Ecan)
- Energy Efficiency and Conservation Authority (EECA),
- Meridian Energy Ltd,
- Orion New Zealand Ltd
- Solid Energy Ltd (Renewables Division)

Meridian Energy Ltd, Orion New Zealand Limited and Solid Energy Ltd withdrew their funding effective 30 June 2013, while Environment Canterbury Regional Council withdrew their funding effective 30 June 2014. However, all have remained as appointer organisations.

The current size of the Board is five, including the Chair and the Council appointed Trustees.

The Trustees have elected not to receive remuneration for their role as Trustees.

The Trust does not have any committees.

6. COMPENSATION SOUGHT FROM LOCAL AUTHORITY

CAfE does not seek any compensation from the Council for the period of this Statement of Intent.

7. INFORMATION TO BE PROVIDED TO THE COUNCIL

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

Half yearly reports will also be provided to the Council. These reports will contain unaudited information and comply with PBE IAS 34.

Annual reports will outline the Trust's objectives and performance in terms of financial and operational inputs, outputs and outcomes.

The Statement of Intent will be submitted to the Council for consultation annually, as required by the Local Government Act 2002. The Trustees will include any other information they consider appropriate. Where it is appropriate, revised forecasts will be submitted to the Council.

CAfE will operate on a "no surprises" basis in respect of significant "Council interest" related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The Trust will provide information requested by the Council in accordance with the requirement of the Local Government Act 2002.

APPENDIX 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary is set out in a form consistent with the form in which the accounting policies will be set out when presented with the financial statements of CAfE. No financial statements are included with this SOI.

Statement of Significant Accounting Policies

a. Basis of financial statement preparation

In accordance with the new Accounting Standards Framework the Trust is a Not-for-profit Public Benefit Entity. The Trust has elected to apply Tier 2 PBE standards with effect from 1 July 2017.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain non-current assets.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

b. Revenue

Grants/Contributions/Donations

Grants/Contributions/Donations received from the Council and other appointer organisations are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Trust Deed. These receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the payment are not met. If there is such an obligation, the receipts are initially recorded as income received in advance, and recognised as revenue when conditions are satisfied.

Other Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

c. Grant expenditure

The Trust awards grants if the grant applicant meets specified criteria. Grant expenditure is recognised when an application that meets the specified criteria for the grant are met.

d. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

f. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g. Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their costs over their estimated useful lives.

Assets subject to depreciation include:

Fixtures and Fittings 3-30 years

h. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

i. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

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

Commitments and contingencies are disclosed exclusive of GST.

j. Critical accounting estimates and assumptions

In preparing these financial statements the Trust 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 historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.