

CHRISTCHURCH AGENCY FOR ENERGY TRUST BOARD

STATEMENT OF INTENT

FOR YEAR ENDING 30 JUNE 2015

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:	Jill Lesley Atkinson Alastair Hines Pauline Frances Cotter Stephen Godfrey Danny Wilson

Legal Status of Organisation

The Christchurch Agency for Energy (CAfE) has been established by the Christchurch City Council (CCC) 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 2015. Financial budget projections are provided for 2015/16 and 2016/17 financial years. The SOI is reviewed annually by the Christchurch City 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;
 - 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;
 - (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 3.1, the Trustees will have regard to the principles and initiatives established in the Sustainable Energy Strategy for Christchurch 2008-2018 published by the Christchurch City 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 in rebuild 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.

The building project (or buildings to be serviced) must have a combined floor area greater than 1,000m² and be located in the Central City

Energy First Grants

In conjunction with EECA the EnergyFirst Grants will continue to be offered within existing EECA and Christchurch City Council Target Sustainability programmes. EECA and Council will provide administration and CAfE will add project funding where the EECA national programme does not currently support a grant.

Performance TargetsChristchurch Energy Grant Scheme

Allocation of at least \$400,000 in incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme.

EECA plus CAfE EnergyFirst projects

At least 40 EnergyFirst applications received.

At least 40 Energy First design reports completed.

4. FINANCIAL DISCLOSURE**Accounting Policies**

As a result of the adoption in New Zealand of a new accounting standards framework developed by the External Reporting Board, the Trust is required to adopt Public Benefit Entity (PBE) Accounting Standards from 1 July 2014.

PBE Accounting Standards allow the Trust to elect which of the four tiers of the framework that it will report under. The Trust has elected to report under Tier 2 of the framework and will adopt Public Sector PBE Accounting Standards with reduced disclosure requirements. These standards are broadly the same as has been adopted in the last several years under New Zealand International Financial Reporting Standards with differential reporting.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

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

Financial Performance Targets

	2014/15	2015/16	2016/17
Revenue			
Appointer contributions	100,000	-	-
Project Funding	320,449	-	-
Interest received	25,000	10,000	5,000
Total Revenue	445,449	10,000	5,000
Expenditure			
Christchurch Energy Grant Scheme payments	-	960,000	598,600
EnergyFirst	50,000	50,000	50,000
Other Projects	10,000	10,000	10,000
Grant Administration & General Expenses	111,890	112,803	113,242
Total Expenses	171,890	1,132,803	771,842
Surplus for year	273,559	(1,122,803)	(766,842)
Retained Surplus			
Opening Balance	1,616,086	1,889,645	766,842
Current year surplus	273,559	(1,122,803)	(766,842)
Closing balance	1,889,645	766,842	-
Awarded but unpaid Christchurch Energy Grant Scheme grants	1,350,000	598,600	-

Notes:

- As operations are funded from funding organisations, it is not envisaged that any borrowings will be necessary.
- Any surplus accruing from the operations of the Trust will be carried forward to the subsequent year.
- No provision has been made for project funding from CCC from 2015/2016 year
- The nature of the Christchurch Energy Grant Scheme is such that while a grant is awarded it may be drawn down by the recipient over a number of years as their project progresses. It is expected that grants of \$600,000 will have been awarded by 30 June 2014 and a further \$750,000 awarded in 2014/15 and \$208,600 awarded in 2016/17.
- The current financial performance target indicates that CAfE will have utilised all its funds by 30 June 2017. CAfE is exploring its strategic direction and future funding sources and will report to CCC in due course.

5. GOVERNANCE STATEMENT

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

Appointor 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 Limited, Orion New Zealand Limited and Solid Energy Ltd withdrew as appointor organisations effective 30 June 2013. Environment Canterbury Regional Council withdrew as an appointer organisation effective 30 June 2014.

The current size of the Board is five, including the Chair and the CCC 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 seeks compensation from CCC in the form of appointer contributions and project funding.

	2014/15	2015/16	2016/17
Appointer contributions	\$100,000	\$0	\$0
Project Funding	\$320,449	\$0	\$0

7. INFORMATION TO BE PROVIDED TO CCC

An Annual Report will be submitted to CCC. 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 CCC. 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;
- Operational;
inputs, outputs and outcomes

The Statement of Intent will be submitted to CCC 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 CCC.

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 CCC 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 Public Sector PBE. The Trust while meeting the requirements to apply Tier 3 PBE Accounting standards (is not publically accountable and has expenses less then \$2 million) has elected to apply Tier 2 PBE standards with effect from 1 July 2014.

As a result of the new accounting standards, there has been no significant changes in the Trust's accounting policies.

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 Christchurch City 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. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they meet the conditions for capitalised interest.

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. Trade and other payables

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

h. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

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. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

k. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future and its continued income sources. 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.