



**TAURANGA**  
COMMERCIAL  
DEVELOPMENTS

# Statement of Intent

Tauranga Commercial  
Developments Limited  
For the year to 30 June 2022

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## Introduction

This statement of intent (SOI) is prepared in accordance with section 64(1) of the Local Government Act 2002 (the **Act**).

The SOI sets out the purpose, strategic objectives, natures and scope of the activities to be undertaken by Tauranga Commercial Developments Limited (TCD) and the measures by which the performance of TCD may be judged in relation to its objectives.

TCD is a council-controlled trading organisation (CCTO) for the purposes of the Act

## Purpose and objectives

TCD has been incorporated to purchase commercial and/or industrial property investments and pursue new developments in the Tauranga region for the benefit of Tauranga city and the Bay of Plenty region.

The Board of TCD (the Board) have defined the company's objectives:

- To provide sustainable, long-term income for its shareholders and the Bay of Plenty Regional Council (Council) through the acquisition of quality, tenanted commercial/industrial property.
- To develop and maintain quality commercial/industrial buildings built to current/recent design and building requirements, in Tauranga.
- Provide economic value to the Tauranga region through development projects that add regional benefit for the wider Bay of Plenty.

## Nature and scope of activities

TCD was established in October 2018 as a joint venture between Commercial Fund Investors Limited (CFI) and Quayside Properties Limited, each party holding 50% of the shares. Quayside Properties Limited (QPL) is a wholly owned subsidiary of Quayside Holdings Limited (QHL), which in turn is wholly owned by the Bay of Plenty Regional Council (Council).

The joint venture provides QPL with increased capacity and capability in development projects.

TCDs core activities for 2021-2024 include:

- Facilitating property focused investment opportunities where TCD or QPL is the investment manager.
- Seeking development and investment opportunities that have the potential to enhance the wider Bay of Plenty region and deliver a sound financial return;
- Establishing credible mechanisms that enable early engagement, effective advocacy and strong working partnerships with the private sector and local government in the area;
- Promoting a high level of community engagement through projects developed and delivered.

## Performance targets

TCD has agreed the following specific objectives and performance targets for the next 3 years, which are updated annually:

### Governance

	Objective	Performance targets
1	TCD maintains a strategic direction that is consistent with that of its immediate shareholder.	<b>Target 1</b> - TCD will submit a draft SOI for comment to QPL and Council by 1 March annually.
2	TCD keeps shareholders informed of all significant matters relating to it.	<b>Target 2</b> - TCD will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes. TCD will advise any major matters of urgency (including any departures from budget or health and safety issues) to its shareholders at the earliest opportunity.
3	Corporate governance procedures are appropriate, documented and reflect best practice.	<b>Target 3</b> - The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years. <b>Target 4</b> - The Board will retain a complete and up to date set of minutes and company records.

### Key initiatives

	Objective	Performance targets
1	To provide investment into the Tauranga region through the identification of development projects that provide commercial returns to its shareholders	<b>Target 5</b> - Achieve a commercial return on the site at 63-69 Spring St. <b>Target 6</b> – Continue planning & project feasibility for a new office development 63-69 Spring St, including but

		not limited to project feasibility, concept design, early contractor engagement.  <b>Target 7</b> – Continue to seek out an anchor tenant/ tenants for the new development.  <b>Target 8</b> - Continue to seek out and actively review other commercial opportunities for the site to manage costs.
2	To develop and maintain a portfolio of quality commercial/industrial buildings in the Tauranga region.	<b>Target 9</b> - Retain the currently held asset at Spring St, so long as this remains the best commercial option.  <b>Target 10</b> - Identify a list of known potential opportunities to be pursued over the coming 12 months and provide updates on the progress at each directors meeting.

### Financial and operational objectives

	Objective	Performance targets
1	Work within an annual budget to deliver on the broad corporate objectives of this SOI.	<b>Target 11</b> – Budgeted key performance indicators are met or exceeded.

Target measures will be assessed in full on or after 30 June each year and updated in the SOI for the following year.

### Accounting Policies

The financial statements of TCD are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS RDR”) and other applicable Financial Reporting Standards as appropriate to for-profit entities. TCD is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

TCD applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

## Ratio of shareholder funds to total assets

### Tauranga Commercial Developments

Financial year	2022	2023	2024
Assets (\$m)	7.47	7.62	7.77
Liabilities (\$m)	(0.02)	(0.02)	(0.02)
Shareholder funds (\$m)	7.45	7.60	7.75
Shareholder funds to assets	100%	100%	100%

*\*Estimated based on no development. Any developments done will alter these figures.*

## Distributions

As TCD is currently in a growth cycle, no distributions are intended to be paid to within the next three years.

## Commercial valuation of investments

Financial year	2022	2023	2024
Quayside Properties investment (\$m)	3.73	3.80	3.88
Commercial Fund Investors Limited (\$m)	3.73	3.80	3.88

The figures above are all reflective of estimated 30 June positions for their respective years. These will be reassessed annually at 30 June.

## Governance

TCD is a limited liability company. It is managed by four directors. The current directors are:

**Scott Adams:** Scott is a Director of CFI Limited, the General Manager of Carrus Properties and Managing Director of residential land and commercial developments for Carrus.

**Paul Adams:** Paul is a Director of CFI Limited, the Executive Chairman of Carrus, an Engineer and a Developer.

**Scott Hamilton:** Scott is CEO of Quayside Holdings Limited and subsidiaries. Scott is a member of the institute of directors.

**Samuel Newbury:** Sam is an employee of Quayside Holdings Limited and investment manager. Sam is a member of the Institute of Directors.

All directors of TCD are selected for their commercial expertise and other skill sets in accordance with the Quayside Group policy for appointment of directors to subsidiaries and investee companies. The Board will meet quarterly and more often when required.

The performance targets included in this SOI give an overview of TCD's main governance practices adopted and followed by the TCD board. The board strives to achieve best practice governance for TCD.

### **Committees and policies**

The board of directors are responsible for all delegations and subsequent operations of the business. No subcommittees of the Board exist. TCD has no employees.

TCD has approved the adoption of the Quayside Group health and safety and fraud policies, and the Group Procurement Strategy.

A delegated authority policy provides for the management of the day to day activities of TCD.

### **Reporting to Shareholders**

TCD provides its shareholders and Council with an annual report in accordance with section 67 of the Local Government Act.

TCD provides its shareholders and Council with a half-year report in accordance with section 66 of the Local Government Act. It will contain unaudited information.

TCD will provide regular updates to its shareholders on our performance, which may include updates on financial, strategic, risk and operational issues

### **Activities for which compensation is sought**

There are no activities for which compensation is sought by TCD from the Council.