

CIVIC FINANCIAL SERVICES LIMITED
STATEMENT OF INTENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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1.0 Mission Statement

Mission Statement of Civic Financial Services Ltd
To provide superannuation and risk-financing solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

- 2.1 To operate as a sound and successful business.
- 2.2 To be the primary supplier of superannuation and risk-financing services to the local government sector.
- 2.3 To investigate and facilitate, as appropriate, new products and markets in superannuation and risk-financing and such other markets that it believes could prove beneficial to its shareholders and the local government sector.

3.0 Nature and Scope of Activities

- 3.1 The Company administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme.
- 3.2 The Company provides administration, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool).
- 3.3 The Company investigates and facilitates as appropriate such new superannuation and risk-financing services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- 3.4 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Financial Projections

Civic's projected profit outlook over the next three years is shown in the tables below.

Civic's main revenue streams will come from two sources: fees from providing administration services and investment income.

Profits from providing administration services: Civic's primary source of income in 2021 will come from providing superannuation services for local government and local government staff via the SuperEasy and the SuperEasy KiwiSaver Superannuation Schemes, supported by administration, accounting, and a range of other services to LAPP, Riskpool, Civic Liability Pool and Civic Property Pool.

Profits from investment income: Civic's income in 2021 other than from providing administration services will come solely from investment income.

Dividends: Civic has resolved not to pay any dividends to its shareholders. Civic with overwhelming support from the 2020 Special General Meeting, will apply the funds that could otherwise be provided as dividends to effect a reduction to the management fees for the members of the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes. The reason for this decision is to support and enhance Civic's primary source of income from providing administration services to these schemes.

Fee reduction for our SuperEasy and SuperEasy KiwiSaver Superannuation Schemes: For the reasons described above we will be reducing the schemes' base investment management fee from 1 April 2021 from a rate of 0.44% per annum to 0.40% per annum. This reduced fee structure has been taken into consideration and is reflected in the projections below.

Financial projections for 2021 to 2023 are:

	2021	2022	2023
Administration Income	\$2,443,312	\$2,525,085	\$2,537,487
Investment Income	\$103,175	\$107,000	\$112,000
Revenue	\$2,546,487	\$2,632,085	\$2,649,487
Expenses	\$2,197,367	\$2,216,512	\$2,251,994
Surplus before tax	\$349,120	\$415,573	\$397,493
Surplus after tax	\$251,367	\$299,213	\$286,195

Please note that these are projections, not firm predictions.

5.0 Performance Targets and Measures

- 5.1 We aim to provide superannuation services to at least 90% of local authorities.
- 5.2 We plan to continue to be an efficient and effective administration manager for LAPP, Riskpool, CLP and CPP.

6.0 Reporting to Shareholders

- 6.1 We will provide an audited annual report for the 2020 year by 30 April 2021.
- 6.2 We will provide a report on the first half of 2021 by 30 September 2021. The report will contain a review of the Company's operations during the half year and unaudited half-yearly accounts.

7.0 Acquisitions/Disposals

Any acquisition or disposal that is equivalent to 50% or more of the Company's assets will constitute a "major transaction" under the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition that is equivalent to 25% or more but less than half of the Company's assets will constitute a "minor transaction" under the Company's constitution and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.22%). Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP), Riskpool, CLP and CPP are also considered to be related parties. Transactions with shareholder members include risk-financing services and superannuation related financial services.

Charges to and from shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

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