



AGENDA

Commercial and Strategy Committee Meeting

Tuesday, 20 July 2021

Date Tuesday, 20 July 2021

Time following the Community Services Committee

Location Geraldine Domain Pavilion
38 Hislop Street
Geraldine

File Reference 1434167

Timaru District Council

Notice is hereby given that a meeting of the Commercial and Strategy Committee will be held in the Geraldine Domain Pavilion, 38 Hislop Street, Geraldine, on Tuesday 20 July 2021, at the conclusion of the Community Development Committee meeting.

Commercial and Strategy Committee Members

Cr Peter Burt (Chairperson), Cr Richard Lyon, Cr Gavin Oliver, Cr Paddy O'Reilly, Cr Barbara Gilchrist, Cr Sally Parker, Cr Stu Piddington, Cr Steve Wills, Allan Booth (Deputy Chairperson) and Mayor Nigel Bowen

Quorum – no less than 2 members

Local Authorities (Members' Interests) Act 1968

Committee members are reminded that if you have a pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the meeting table.

Ashley Harper

Acting Group Manager Commercial and Strategy

Order Of Business

1	Apologies	5
2	Identification of Items of Urgent Business.....	5
3	Identification of Matters of a Minor Nature	5
4	Declaration of Conflicts of Interest	5
5	Chairperson's Report.....	5
6	Confirmation of Minutes	6
6.1	Minutes of the Commercial and Strategy Committee Meeting held on 8 June 2021.....	6
7	Reports	13
7.1	Timaru District Holdings Limited - Quarterly Report - 31 March 2021.....	13
7.2	Overview of 2020/21 Capital Work Programme - May 2021.....	18
8	Consideration of Urgent Business Items.....	25
9	Consideration of Minor Nature Matters.....	25

- 1 Apologies**
- 2 Identification of Items of Urgent Business**
- 3 Identification of Matters of a Minor Nature**
- 4 Declaration of Conflicts of Interest**
- 5 Chairperson's Report**

6 Confirmation of Minutes

6.1 Minutes of the Commercial and Strategy Committee Meeting held on 8 June 2021

Author: Jo Doyle, Governance Advisor

Recommendation

That the Minutes of the Commercial and Strategy Committee Meeting held on 8 June 2021 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

- 1. Minutes of the Commercial and Strategy Committee Meeting held on 8 June 2021**



MINUTES

Commercial and Strategy Committee Meeting Tuesday, 8 June 2021

Ref: 1434167

**Minutes of Timaru District Council
Commercial and Strategy Committee Meeting
Held in the Council Chamber, Timaru District Council, King George Place, Timaru
on Tuesday, 8 June 2021 following the Infrastructure Committee**

Present: Cr Peter Burt (Chairperson), Cr Richard Lyon, Cr Gavin Oliver, Cr Paddy O'Reilly, Cr Sally Parker, Cr Stu Piddington, Cr Steve Wills, Mayor Nigel Bowen, Allan Booth (Deputy Chairperson)

In Attendance: Venture Timaru – Chairperson Mark Rogers and Chief Executive Nigel Davenport

Bede Carran (Chief Executive), Ashley Harper (Acting Group Manager Commercial and Strategy), Josie McNee (Transport Procurement Advisor), Nicole Timney (Manager of Property Services and Client Representative), Philippa Steans (Property Maintenance Officer), Jo Doyle (Governance Advisor), Joanne Brownie (Governance Support Officer)

1 Apologies

Resolution 2021/25

Moved: Cr Peter Burt

Seconded: Mayor Nigel Bowen

That the apology received from Cr Gilchrist and Raewyn Hessel – Pleasant Point Community Board be accepted and leave of absence granted.

Carried

2 Identification of Items of Urgent Business

There were no urgent business items.

3 Identification of Matters of a Minor Nature

There were no minor nature matters.

4 Declaration of Conflicts of Interest

Clr Booth noted that in respect of item 7.1, he is a Director on the Board of Venture Timaru.

5 Chairperson's Report

The Chairperson reported on duties carried and meetings attended since the last Commercial and Strategy Committee meeting including Long Term Plan engagement sessions, citizenship ceremony, Council meeting, Long Term Plan Hearing, Ara Board of Directors meeting and meeting with the Group Manager.

He also acknowledged the work done by Council employees and all others involved in the flood response, and thanked them for their commitment.

Resolution 2021/26

Moved: Cr Peter Burt

Seconded: Deputy Chairperson Allan Booth

That the Chairperson's report be adopted.

Carried

6 Confirmation of Minutes**6.1 Minutes of the Commercial and Strategy Committee Meeting held on 20 April 2021****Resolution 2021/27**

Moved: Cr Peter Burt

Seconded: Cr Sally Parker

That the Minutes of the Commercial and Strategy Committee Meeting held on 20 April 2021 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

7 Reports**7.1 Venture Timaru Quarterly Report January to March 2021**

The Chairperson and Chief Executive of Venture Timaru presented the Venture Timaru six month report for the period ending 31 March 2021, noting particular issues of significance.

Attracting and retaining an adequate workforce remains the biggest challenge and a flexible transferable workforce will be critical going forward. Supply chain issues are also a major constraint to normal business. Good news will be the second round of government strategic asset protection funding.

There was some question around the reliance on Infometrics data and whether the 'powerhouse' that South Canterbury represents is accurately reflected in the data. The meeting was advised that the economic development strategy consultant works alongside Infometrics which is an advantage.

It was suggested that the larger suppliers, such as Progressive Enterprises could look at a South Canterbury location for a major distribution centre, given the problems experienced with the region being cut off during the recent flood event.

Resolution 2021/28

Moved: Mayor Nigel Bowen

Seconded: Cr Steve Wills

That the Venture Timaru report for the period ending 31 March 2021 be received and noted.

Carried

7.2 Vesting of Temuka Netball Association Building

The Committee considered an update on the agreement and offer from the Temuka Netball Association to vest the ownership of the building in the Temuka Domain to Timaru District Council, with the officers from Council's Property Unit further explaining the situation.

It was confirmed that the netball building could be a useful addition to Council's buildings as it is in the middle of the Temuka domain, with a carpark, close to the new dog park and has toilets that could be adapted to be available from the outside. .

Resolution 2021/29

Moved: Cr Steve Wills

Seconded: Mayor Nigel Bowen

1. That Option 1, the vesting of the Temuka Netball Association Building in the Temuka Domain to the Timaru District Council at no charge, be adopted.
2. That the ground lease between Timaru District Council and the Temuka Netball Association be cancelled on the date of vestment.
3. That no clubs or associations be given any special discounted rate for use of the building outside of the normal hall for hire charges once vested.

Carried

7.3 Progress Report: Theatre Royal and Heritage Facility Development and Social Housing Ventilation Compliance Projects

The Committee considered a report on the progress of the two key property projects: the Theatre Royal and Heritage Facility Development project and the Social Housing Ventilation Compliance project.

It was suggested that an opportunity be provided for councillors to tour Council's building assets that may require earthquake strengthening.

Resolution 2021/30

Moved: Mayor Nigel Bowen

Seconded: Cr Gavin Oliver

That this report be received and noted.

Carried

7.4 Overview of 2020/2021 Capital Work Programme - Dashboard

The Committee considered an update on the delivery status of the 2020/2021 capital work programme. Council was on target to achieve all the highly feasible projects, although the recent flood event may cause some delays to some projects.

Resolution 2021/31

Moved: Cr Sally Parker

Seconded: Cr Gavin Oliver

That this report be received and noted.

Carried

8 Consideration of Urgent Business Items

There were no urgent business items.

9 Consideration of Minor Nature Matters

There were no minor nature items.

10 Exclusion of the Public**Resolution 2021/32**

Moved: Cr Richard Lyon

Seconded: Mayor Nigel Bowen

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
11.1 - Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 20 April 2021	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	To protect a person's privacy To enable commercial or industrial negotiations

Carried

11 Public Excluded Reports

11.1 Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 20 April 2021

12 Readmittance of the Public

Resolution 2021/33

Moved: Cr Peter Burt

Seconded: Mayor Nigel Bowen

That the meeting moves out of Closed Meeting into Open Meeting.

Carried

The Meeting closed at 11.35am.

.....

Chairperson

7 Reports

7.1 Timaru District Holdings Limited - Quarterly Report - 31 March 2021

Author: Ashley Harper, Acting Group Manager Commercial and Strategy

Authoriser: Ashley Harper, Acting Group Manager Commercial and Strategy

Recommendation

That the Timaru District Holdings Limited (TDHL) quarterly report be received and noted.

Purpose of Report

- 1 To present to the Commercial and strategy Committee, on behalf of Council as shareholder, the TDHL quarterly report for the period 1 July 2020 to 31 March 2021.

Assessment of Significance

- 2 This matter is not deemed significant under the Council's Significance and Engagement Policy because it is a reporting matter, not a strategic direction matter.

Discussion

- 3 TDHL provides a quarterly report to Timaru District Council (through the Committee) as required by its Statement of Intent. A quarterly report for the period 1 July 2020 to 31 March 2021 has been provided by TDHL and is attached.

Attachments

1. Timaru District Holdings Limited - March 2021 Quarterly Report [!\[\]\(5d60fe8e38bc12bfb78103fc624e324c_img.jpg\) !\[\]\(ffcc3930f6e82d7cb586237ada9d3332_img.jpg\)](#)

TIMARU DISTRICT HOLDINGS LIMITED

PO Box 178
Timaru 7940

6 May 2021

The Chief Executive
Timaru District Council
PO Box 522
Timaru 7940

via email : bede.carran@timdc.govt.nz

Dear Bede

Timaru District Holdings Limited – Quarterly Report for period 1 July 2020 to 31 March 2021

Timaru District Holdings Limited (TDHL) is pleased to present this report for the period 1 July 2020 to 31 March 2021.

Financial Performance

Summary

- The Timaru District Holdings Limited financial statements for the period 1 July 2020 to 31 March 2021 are attached for your information.
- The period surplus of \$3,335,596 is above budget of \$1,008,691. As with the first quarter and half yearly result, the difference is due to the budget anticipating a zero dividend from Alpine, whereas three dividends of \$235,570 have now been received.
- The outlook for the full year surplus is in the order \$3.7M excluding property revaluation and share of Associate surpluses.
- The investment properties continue to perform solidly and are supported by favourable recent rent review and lease negotiations.

Dividends

- TDHL paid cash dividends to Council on 30 September 2020, 30 November 2020 and 30 March 2021 totalling \$1.5M. The total dividend of \$2 million for the 2020/21 financial year is budgeted and anticipated to be paid.

Debt repayment

- A repayment of \$6,000,000 on the external debt facility was made in February 2021.

Governance**Timaru District Holdings Limited**

- A program of workshops and discussion sessions with Councils are underway in support of a refreshed Statement of Intent.

PrimePort Timaru Limited

- TDHL continue to receive regular reporting from PrimePort.
- The PrimePort Chair will be presenting to the Board in May, which combined with other Board to Board meetings reflects the increased level of engagement with PrimePort.
- A meeting with the fellow shareholder is also planned for September.

Alpine Energy Limited

- In addition to the monthly reporting, the Board has received presentations from the Alpine Chair, other Directors and Chief Executive.
- A series of shareholder workshops and briefings began in April with further workshops planned.

Property

- Work on rent reviews, renewals and property maintenance is ongoing to ensure the portfolio is kept optimised and current.

Yours sincerely



Ian Fitzgerald
Chairperson

Profit and Loss

Timaru District Holdings Limited
For the month ended 31 March 2021

Account	Mar 2021 Actuals	Mar 2021 Budget	YTD Actuals	YTD Budget	Prior YTD Actual	Full Year Forecast	Full Year Budget	Full FY2020 Actuals
Trading Income								
Property Operations								
Total Revenue	177,448	226,164	2,151,984	2,035,476	2,101,496	2,830,476	2,713,968	2,687,667
Total Expenses	162,193	113,500	660,343	539,500	630,015	836,843	728,000	657,909
Total Property Operations	15,255	112,664	1,491,641	1,495,976	1,471,481	1,993,633	1,985,968	2,029,758
Total Trading Income	15,255	112,664	1,491,641	1,495,976	1,471,481	1,993,633	1,985,968	2,029,758
Gross Profit	(44,984)	70,414	2,558,510	1,235,726	1,465,877	2,973,752	1,638,968	2,024,155
Holding Company Operations								
Total Revenue	236,083	5,251	1,579,253	646,600	2,757,509	1,816,323	711,336	5,599,577
Total Operating Expenses	51,011	26,432	340,361	227,588	119,612	491,744	322,084	295,412
Total Holding Company Operations	185,072	(21,181)	1,238,893	419,012	2,637,897	1,324,580	389,252	5,304,164
Finance Costs								
Total Finance Costs	53,840	71,783	461,807	646,047	782,019	624,473	855,063	1,006,126
Operating Surplus Before Taxation	86,248	(22,550)	3,335,596	1,008,691	3,321,755	3,673,859	1,173,157	6,322,193

Movements in Equity

Timaru District Holdings Limited
For the 9 months ended 31 March 2021

Account	Jul 2020-Mar 2021
Equity	
Opening Balance	122,690,468
Current Year Earnings	1,861,868
Equity Dividends Paid - Shareholder Dividends	(1,500,000)
Total Equity	123,052,337

Statement of Cash Flows

Timaru District Holdings Limited
For the 9 months ended 31 March 2021

Account	Jul 2020-Mar 2021
Operating Activities	
Total Cash from operations	12,262,593
Total Cash was disbursed to costs	2,289,710
Net Cash Flows from Operating Activities	9,972,883
Financing Activities	
Repayment of long-term loans	(6,900,000)
Dividends Paid to Shareholders	(1,500,000)
Net Cash Flows from Financing Activities	(8,400,000)
Net Cash Flows	1,572,883
Cash and Cash Equivalents	
Cash and cash equivalents at beginning of period	2,667,648
Cash and cash equivalents at end of period	4,240,532
Net change in cash for period	1,572,883

Balance Sheet

Timaru District Holdings Limited

As at 31 March 2021

Account	31 Mar 2021	31 Mar 2020
Assets		
Bank		
BNZ 00 Account	313,633	182,164
BNZ 23 Account	2,426,898	2,293,000
BNZ - Term Deposits	1,500,000	1,000,000
Total Bank	4,240,532	3,475,164
Current Assets		
Accounts Receivable	88,088	169,890
Total Current Assets	88,088	169,890
Non-current Assets		
Investment Properties - Buildings & Other Structures	4,204,000	4,180,000
Investment Properties - Other Assets	36,745,064	41,310,000
Investments - Alpine	75,115,000	70,650,156
Investments - Primeport	30,290,000	28,598,750
Total Non-current Assets	146,354,064	144,738,906
Total Assets	150,682,683	148,383,959
Liabilities		
Current Liabilities		
Accounts Payable	62,312	35,889
Accrued Interest	140,000	0
Intercompany Payable - TDC	768,349	806,001
GST Payable (Receivable)	(2,173)	12,537
Derivative Financial Instruments - Short Term Provisions	0	292,906
Taxation	(874)	0
Total Current Liabilities	967,613	1,147,333
Non-current Liabilities		
Derivative Financial Instruments - Long Term Provisions	0	146,453
Development Loan No 1 2002 - Non Current Loan Principal	4,500,000	11,900,000
Intercompany Loan	22,180,613	22,180,613
Total Non-current Liabilities	26,680,613	34,227,066
Total Liabilities	27,648,227	35,374,399
Net Assets	123,034,457	113,009,561
Equity		
Retained Earnings	92,034,271	82,009,375
Shares	31,000,186	31,000,186
Total Equity	123,034,457	113,009,561

7.2 Overview of 2020/21 Capital Work Programme - May 2021

Author: Josie McNee, Transport Procurement Advisor

Authoriser: Ashley Harper, Acting Group Manager Commercial and Strategy

Recommendation

That this report be received and noted.

Purpose of Report

The purpose of this report is to provide the Committee with an update on the delivery status of the 2020/21 capital work programme.

Assessment of Significance

- 1 This matter is not significant according to the Significance and Engagement Policy because it is an information only report.

Discussion

- 2 Timaru District Council's annual plan for 2020/21 includes a capital expenditure programme valued at \$57.62m. Additionally, Council is also undertaking \$25.3m of capital works on behalf of the Downlands Water Supply Joint Standing Committee.
- 3 The attached dashboard shows the distribution of actual capital expenditure against budget until 31 May and the estimated spend through until 30 June 2021. As highlighted in the graph, significant expenditure has occurred this year, with actual expenditure to end of May at \$48.35M.
- 4 A predicted spend of \$57.62M is forecast for year end. As shown in the attached photographs, a number of projects have been finished in June. Considerable construction resource has been required to deliver this volume of work. The Council was fortunate that weather conditions have been largely favourable, and by the time of the large flooding event in late May/early June, most works for the year had been substantially completed. The floods did result in some damage which will be repaired in the new financial year.
- 5 Eight key projects were completed in June, as shown in the table below. (Note financial reporting on these projects will be shown in the next update.)

Project	Contractor	Comment
Contract 2479 - Winchester Geraldine Roundabout	Fulton Hogan	<i>Complete, with completion of variation for additional overlay works delayed due to flood event.</i>
Contract 2459 - Orari Back Road Seal Extension	Rooney Earthmoving	<i>Complete, other than some flood damage - to be repaired under a variation.</i>
Contract 2184 - Renewal of Riding for Disabled Bridge	Fulton Hogan	<i>Complete.</i>
Contract 2431 - Te Ana Wai Raw Water Storage	Rooney Earthmoving	<i>Physical work completed, reservoir is being slowly filled with water.</i>

Contract 2485 – Te Ana Wai Intake Upgrade – Out of River Works	Rooney Earthmoving	<i>Physical work completed. The facility is in the commissioning period.</i>
Contract 2488 – Temuka Golf Course and Domain Sewermain Upgrade	Rooney Earthmoving	<i>Completed. The pipeline is operative.</i>
Milford Civil Defence Siren Replacement Upgrade	Scottech/Emalte	<i>Construction complete, testing early July.</i>
Social Housing Healthy Homes	4 Building Contractors.	<i>Complete, other than some repair works to be finished July/August</i>

6 Four contracts are in various stages of procurement:

Project	Status	Contractor	Price
Contract 2522 - Road Resurfacing 2021-23 (in conjunction with Waimate District Council)	Contract awarded	Fulton Hogan	\$8,544,263.90 (TDC share \$5,976,052.47)
Contract 2536 - Richard Pearce Airport, Partial Runway Reseal –	Evaluation underway	-	-
Contract 2524 - Dawson St Sewer Pump Station.	Evaluation underway	-	-
Contract 2490 – Caroline Bay Soundshell Seating Replacement	Evaluation underway	-	-

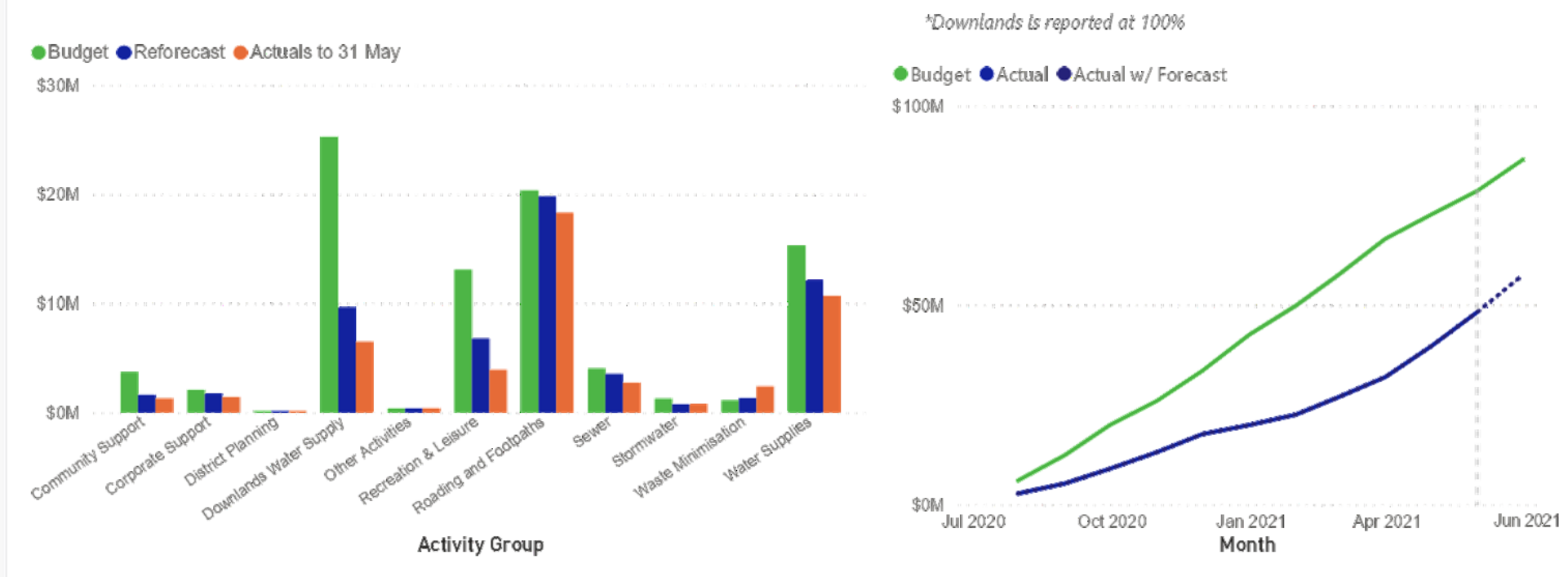
Attachments

1. Capital Work Programme - Programme Delivery Dashboard May 2021 [↓](#) 
2. Photos of recently completed contracts June 2021 [↓](#) 



Capital Work Programme Financial Update - May 2021

179	\$48.35M	\$57.62M	\$89.09M	(\$28.95M)	\$86.57M	\$25.52M
Project Count	YTD Actuals	Rereforecast	Budget with CF	Variance	Budget	LY Actuals





Contract 2479 - Winchester Geraldine Roundabout



Contract 2459 - Orari Back Road Seal Extension



Contract 2184 (Road Maintenance Contract) - Renewal of Riding for Disabled Bridge



Contract 2184 (Road Maintenance Contract) – Muff Road seal widening and road construction



Contract 2431 – Te Ana Wai Raw Water Storage



Contract 2485 – Te Ana Wai Intake Upgrade – Out of River Works



Contract 2488 – Temuka Golf Course and Domain Sewermain Upgrade



Milford Lagoon Civil Defence Siren Replacement Upgrade

- 8 Consideration of Urgent Business Items**
- 9 Consideration of Minor Nature Matters**