Long Term Plan 2027-37: Financial policies workshop

21 September 2026

TIMARU DISTRICT COUNCIL
Te Kaunihera ā-Rohe o Te Tihi o Maru

Purpose of this workshop

- To facilitate increased awareness, discussion and drafting guidance regarding:
  - Treasury Management Policy
  - Rates Policy

  - To provide an update about the Revenue and Financing Policy review, and opportunity for discussion

- To provide an opportunity to link these policies to the wider Long Term Plan (LTP) and other work programmes, most notably the ongoing Rates and Revenue review and the LTP Financial Strategy.

Part One: Introduction

Legislative context

102 Funding and financial policies

(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).

(2) The policies are—

- (a) a revenue and financing policy; and
- (b) a liability management policy; and
- (c) an investment policy; and
- (d) a policy on development contributions or financial contributions; and
- (e) a policy on the remission and postponement of rates on Māori freehold land; and
- (f) in the case of a unitary authority for a district that includes 1 or more local board areas, a local boards funding policy.

(3) A local authority may adopt either or both of the following policies:

- (a) a rates remission policy:
- (b) a rates postponement policy.

(3A) The following policies must also support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993:

- (a) the revenue and financing policy, the policy on development contributions or financial contributions, and the policy on the remission and postponement of rates on Māori freehold land adopted under subsection (1):
- (b) any rates remission policy or rates postponement policy adopted under subsection (3).

(4) A local authority—

- (a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section:
- (b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82.

(5) However, subsection (4) does not apply to—

- (a) a liability management policy:
- (b) an investment policy.

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General proposed amendments

- Amendments to reflect water services reforms, and transition to Central South Island Water
  - Removal of water supply and waste water references/ remissions etc, where applicable
  - Inserting reference to Council's ownership or interests in Central South Island Water, where applicable

- Amendments to reflect the enactment of the System Improvements Bill
  - This is most likely to occur in the categorising of the Groups of Activities in the Revenue and Financing Policy

- Amendments to reflect Council decisions arising from the rates and revenue review and consultation, and Committee organisation restructure

Part Two:
Treasury Management Policy

Policy purpose

1.1.1. Detail Council's policy on liability management;

1.1.2. Detail Council's policy on investment management, and;

1.1.3. Define key responsibilities and operating parameters within which Council's treasury management activities are to be conducted.

- Focus questions:
  - What outcome/s do you want this policy to generate?
  - What are your most important factors to ensuring that Council's liability, investment and financial activities are conducted appropriately?
  - How do the current policy settings align with your responses for the first two questions?

Questions from 11 August Strategic Planning Committee meeting

- None arising to our knowledge.
- Refer to later slide for proposed amendment re breaches and exceptions.

Comparison with comparable councils

Summary generated by Co-Pilot; AI content may be inaccurate

Comparison Table

Council	Liability Management Approach	Debt Limits	Interest Rate Hedging	Liquidity Requirement	Investment Philosophy
Ashburton DC	Traditional treasury policy integrating liability and investment management. Strong focus on LGFA compliance and active debt portfolio management.	Net debt <250% of revenue; net interest <20% revenue; net interest <25% rates revenue.	40-100% fixed within 2 years; 20-80% within 2-4 years; 0-60% within 4-8 years. Extensive derivative toolkit.	Liquidity >110% of projected core debt. No more than 40% refinancing in any rolling 12 months.	Broad investment mix including property, forestry, community lending, equities and financial investments.
Christchurch City	Sophisticated institutional treasury framework aligned to AA credit rating and capital markets borrowing.	Net debt/revenue <290% reducing to <280%; net interest <20% revenue; <30%	Detailed 15-year maturity ladder with progressively declining hedge requirements.	Liquidity >110%; may pre-fund debt requirements up to 18 months.	Strategic-investment focus; significant CCO investment framework and lending capability.

Council	Liability Management Approach	Debt Limits	Interest Rate Hedging	Liquidity Requirement	Investment Philosophy
		rates income; net debt/equity <20%.			
Dunedin City (via DCTL)	Centralised treasury company (DCTL) manages borrowing and risk for the entire group.	LGFA covenant framework; funding risk managed by maturity caps.	40-100% (0-2 yrs), 20-80% (3-5 yrs), 0-60% (6-10 yrs), 0-35% (11-15 yrs).	Committed liquidity at least 10% of projected peak debt. Max $450m maturing in any rolling year.	Conservative cash and bond investment approach. Waipori Fund managed separately under SIPO.
Mackenzie DC	More conservative borrowing framework reflecting smaller scale operations.	Net debt <175% revenue; net interest <20% revenue; <25% rates income.	40-100% (0-2 yrs), 25-80% (2-5 yrs), 0-60% (5-10 yrs).	Liquidity >110%; no more than 40% refinancing in rolling 12 months.	Four-category investment model: working capital, investment funds, commercial property, strategic/community property.
Timaru DC	Balanced treasury framework integrating strategic investments and debt management.	Self-imposed debt cap of 250% of total revenue. LGFA covenants also apply.	Same structure as Ashburton: 40-100%, 20-80%, 0-60%.	Liquidity >110%; maximum 33% refinancing in rolling 12 months.	Diverse investment base including subsidiaries, forestry, property and treasury investments.

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Council	Liability Management Approach	Debt Limits	Interest Rate Hedging	Liquidity Requirement	Investment Philosophy
Waimate DC	Separate Investment and Liability policies with strong operational controls.	Net debt <175% revenue; net interest <20% revenue; <25% annual rates.	More conservative front-end hedging: 50-90% (0-2 yrs), 25-75% (2-4 yrs), 0-60% (4-8 yrs).	Liquidity >110% of projected peak debt.	Explicit low-risk investment philosophy; investments limited to 1-year maturity.
Waitaki DC	Long-standing debt management model emphasising intergenerational equity.	Net debt <175% revenue; net interest <20% revenue; <25% annual rates; debt/property metric added.	40-100% (0-2 yrs), 20-80% (2-4 yrs), 0-60% (4-8 yrs).	Liquidity >110%; max 30% (or $10m) refinance in any rolling year.	Strong emphasis on disaster fund, endowment properties, and internal debt management.

Proposed material amendment/s

Additional to general proposed amendments referenced earlier

- Proposed to include the below as 21.17, to provide greater direction to officers about the management of exceptions, and greater assurance to elected members about how these are managed and reported.

Breach and Exception Management

- All actual or forecasted breaches of policy limits, lender covenants, or regulatory obligations must be promptly notified to the Chief Executive.
- Where a breach is expected to self-correct within 90 days and is deemed immaterial, the CFO may manage the matter under delegated authority and report it in the next quarterly Council report.
- Where a breach is material or not expected to self-correct within 90 days:
    - A remediation plan must be prepared, including recommended actions, associated risks, and timelines; and
    - Council approval (or ratification) via resolution is required.
- The 90 days will be determined as 90 calendar days from the date of breach and cannot be extended.

Part Three:
Rates Policy

Policy purpose

1. Provide for rates remissions and postponements, including on Māori Freehold Land.
2. Details the objectives, conditions and criteria for each remission or postponement provided.
3. Allow a mechanism where halls and community centres can request a rate to be established around the facility to fund the operation of the facility, and in which the community bear the costs.
4. Recognise that District Halls and Community Centres create spaces for activities that increase community wellbeing and engagement.
5. Promote Council's community wellbeing outcomes by providing a rating system that is both responsive and transparent to the community.

- Focus questions:
  - What outcome/s do you want this policy to generate?
  - What should be the framework, rationale and requirements for rates remissions/ postponements?
  - How does this stated purpose align with your current policy objectives?

Questions from 11 August Strategic Planning Committee meeting

Topic	Answer/ historical rationale for remission	Rating units impacted	Annual cost (26/27)
Low value property UAGC remission	To support property owners where land is not economically viable, e.g. flood zone and cannot be built on or a TDC owned forestry unit. Usually small parcels of land that happen to have titles	UAGC 30% - 35 UAGC 50% - 12 UAGC 70% - 11 UAGC Min - 55	$29,583.05 $7,244.82 $3,984.75 $64,760.85
Development land UAGC remission	To support property development - up to three years or until property sold	82	$99,012.54

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Questions from 11 August Strategic Planning Committee meeting continued

Topic	Answer/ historical rationale for remission	Rating units impacted	Annual cost (26/27)
Natural, Historical or Cultural Conservation Purpose remission, and impact of planning reforms	As per 'Objective' in Rates Policy – could include e.g. QEII Covenant – different to SNA land	TBA	TBA
Earthquake strengthening	To support property owners to earthquake strengthen their properties	Nil	Nil

Possible areas of interest, or highest discretion

- Scope and scale of individual remission categories
  - Scope = eligibility criteria more permissive or restrictive
  - Scale = increase, decrease, retain, remove
- Consider creation of new remission categories
- Process for applying for and monitoring remissions
- Scope and scale of postponements
  - Scope = eligibility criteria
  - Scale = amend conditions e.g. penalties or interest accrual, remove entirely
- Rating District Halls/ Community Centres

Comparison with comparable councils

Summary generated by Co-Pilot; AI content may be inaccurate

Comparative Overview of Rates Remission and Postponement Policies

Council	Financial Hardship Remission	Rates Postponement	Community/Not-for-Profit Remission	Conservation Remission	Water Leak Remission	Māori Freehold Land	Notable Features
Ashburton DC	No general hardship remission, but penalty relief available.	Residential owner-occupiers; generally 65+; equity-based model; minimum 20% future equity required. Full costs charged and secured by statutory land charge.	50% remission for community/recreation facilities; 100% for memorial/community halls.	Up to 50% on protected heritage/conservation land.	Excess charges from leaks may be remitted once in a 12-month period.	100% remission for marae, inaccessible, unoccupied, or whenua rāhui land.	100% remission for dependent-family flats.
Christchurch City	Penalty remission for hardship, illness, bereavement, repayment plans.	Up to 100% postponement where payment creates hardship; capped at 20% of property valuation.	Discretionary remission for community-based organisations delivering public benefit.	Through community and Māori land policies rather than a standalone conservation remission.	Up to 100% excess water remission in specified circumstances.	Extensive standalone Māori Land policy with discretionary remission and postponement support.	Unique remissions for pressure wastewater electricity, earthquake-damaged property, city vacant land, wheelie-bin opt outs.

Council	Financial Hardship Remission	Rates Postponement	Community/Not-for-Profit Remission	Conservation Remission	Water Leak Remission	Māori Freehold Land	Notable Features
Dunedin City	Up to 100% remission for current year where hardship demonstrated.	Up to 100% postponement for hardship; annual application required; 20% valuation cap.	Targeted-rate remissions for farming units and family flats.	Up to 100% remission for significant biodiversity land.	Not specifically highlighted.	Up to 100% remission under dedicated register-based policy.	Strongest explicit hardship framework among councils reviewed.
Mackenzie DC	No hardship remission; hardship addressed through postponement.	For extreme financial hardship; budget advice and mortgagee consent required; minimum $500 annual contribution to rates.	Up to 50% for community, sporting and charitable organisations.	Included via natural features and Māori land provisions.	Up to 50% of excess usage caused by leak.	Māori Freehold Land not subject to general rates unless commercial; targeted rates still apply.	Most prescriptive hardship assessment process.
Timaru DC	Hardship considered through natural-disaster and postponement provisions.	Residential owners only; must have owned property for at least five years; first $1,000 of	100% remission on non-service rates; 50% on many service charges.	100% remission on non-service rates and 50% on service charges.	Excess usage from leaks can be partially or fully remitted.	100% remission of rates other than specified targeted rates; also provides development-related postponement.	Broadest range of specific remission categories.

Council	Financial Hardship Remission	Rates Postponement	Community/Not-for-Profit Remission	Conservation Remission	Water Leak Remission	Māori Freehold Land	Notable Features
		annual rates must be paid.					
Waimate DC	No hardship remission policy.	No rates postponement available.	50% remissions for qualifying halls, churches, clubs and community facilities.	100% remission on general, roading and civil defence rates for protected land.	Not separately addressed.	100% remission for qualifying unoccupied/inaccessible Māori land; no postponement available.	Most restrictive approach to postponement.
Waitaki DC	Extreme hardship postponement available rather than remission.	One-time assistance generally; no mortgages; ownership ≥5 years; residential properties only.	Social and affordable rental housing may receive up to 50% remission.	Through Māori land and general remission provisions.	Leak-related water charge remission available.	100% remission for qualifying unoccupied/inaccessible Māori land; separate Māori-land development postponement policy.	Most comprehensive housing-related remission policy.

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Officer-identified matters for discussion

Additional to general proposed amendments referenced earlier

- Refunds of Property Rates (p. 3 of current policy)
- Community Halls, sporting organisation, etc (p. 4)
- Special Rateable Value (p. 6)
- Postponement Policy (p. 14)
- Rating District Halls/ Community Centres (p. 15)

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Part Four:
Revenue and Financing Policy

Update

- CFO update about policy review, and linkages to the Rates and Revenue Review and the development of the Financial Strategy

- Opportunity for elected member questions and discussion

- Note: most of this review is being managed under the separate Ratesand Revenue review workstream

Next steps

- Depending on feedback and direction received today, it is proposed to prepare the Rates and Treasury Management policies for draft adoption at the October Council meeting.

- Revenue and Financing Policy timeframe