



# **ATTACHMENTS**

**Ordinary Council Meeting  
Under Separate Cover  
Tuesday, 30 March 2021**



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## TIMARU DISTRICT COUNCIL 2021-31 LONG TERM PLAN

### FINANCIAL STRATEGY

Our Financial Strategy for the 2021-31 Long Term Plan (LTP) will leverage our strong financial position to meet the challenges we face over the next ten years, to continue to maintain current levels of service; enhance our community facilities; and regenerate the Timaru CBD. This is a step change for our Financial Strategy and will mean an increase in both debt and rates, but in getting the balance right we can achieve our goals of:

- Maintaining long-term financial resilience;
- Providing high-quality infrastructure and facilities;
- Ensuring our services are affordable and meet the wellbeing needs of our community.

### Thriving Together

Council's Financial Strategy for the next ten years is to ensure we have the financial ability to:

- Meet the social, cultural, environmental and economic wellbeing needs of our communities, now and into the future;
- Maintain current levels of service across the core infrastructure services of roading and footpaths; drinking water; stormwater; sewage; and waste management;
- Provide for the future economic wellbeing of our District by ensuring long term water supply resilience;
- Undertake an ambitious capital work programme across our community infrastructure to provide high quality, fit-for-purpose community facilities;
- Focus investment on the rejuvenation of Timaru's CBD;
- Ensure Council has the resources to plan effectively for future environmental, legislative, and societal challenges; and
- Deliver all of this in a way that is affordable and fair to current and future communities.

Our Strategy responds to the challenges Council and our District is facing including:

- Ageing infrastructure, requiring a large capital renewal programme;
- Increasing operating costs for our activities across the board;



- Increasing regulatory requirements and community expectations;
- The need to maintain infrastructure and services that are resilient to natural disasters and the impacts of climate change<sup>1</sup>;
- Uncertainty around the Government's Three Waters Reform Programme;<sup>2</sup> and
- A reduced dividend from Council's shares (held by TDHL) in Alpine Energy.

This Strategy aligns with our Infrastructure Strategy and is supported by our Significant Forecasting Assumptions and our Activity Statements. These documents provide further information on Council's plans to deliver on these outcomes, and meet these challenges. However, we acknowledge that in some areas, such as climate change and the Three Waters Reform, the full extent of the impact on Council is unclear.

## A step-change

For the past two LTPs Council has taken a conservative, business as usual approach to the Financial Strategy. This approach has placed Council in a strong financial position with relatively low debt. But we also recognise that we have not rated to the full extent planned for in these previous LTPs. In 2020/21, for example, Council decided to reduce the total amount of rates collected by \$2.99M, recognising the impact of COVID-19 on our community.

This is where the step change comes in...

We recognise that to continue to meet levels of service we have agreed with our community, and to improve our community infrastructure (specifically the Theatre Royal and Heritage Hub, Aigantighe Art Gallery and Aorangi Park) and meet other additional demands, we need to increase our debt, and increase our rates revenue. This Strategy ensures that we will balance this step change with financial prudence, and ensure fairness between current and future ratepayers.

## Debt

Our large capital works programme means that our debt will increase from \$120M to \$279M across the life of the plan. As a result, we have to lift our debt limit. This is a change from our previous financial strategies where our debt limit was set at 150% of revenue, but Council believes lifting the debt limit is essential to the delivery of our plan and to meet our community wellbeing outcomes. Using our debt wisely also ensures that future users of new and upgraded assets will contribute appropriately.

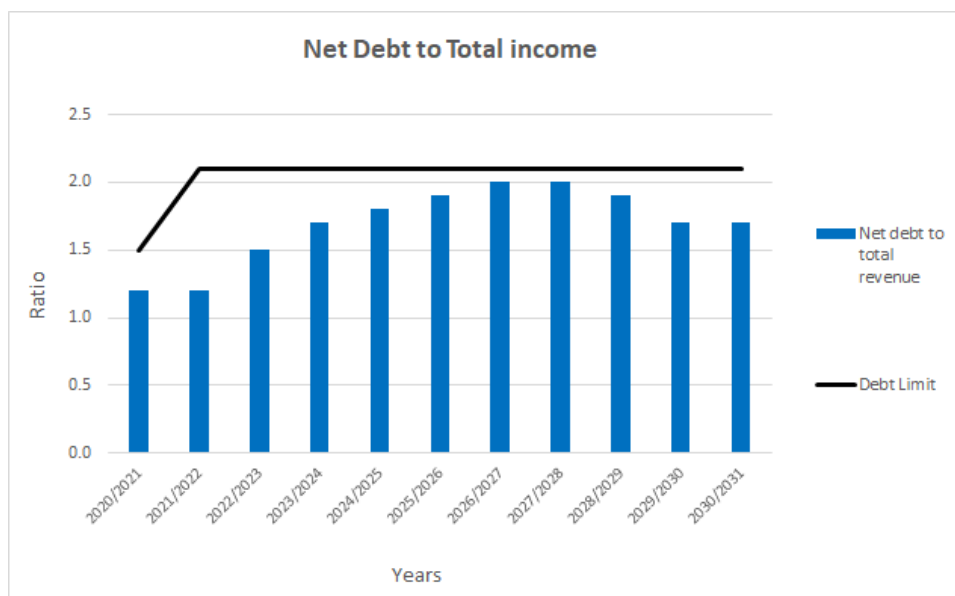
While we have a maximum debt level of 280% of operating revenue, our Strategy sets a limit of normal operating debt at, or below, 210%. These debt limits are supported by Council's strong credit rating.

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<sup>1</sup> For further details on how Council plans to address the impacts of climate change on Council's assets are detailed in our Infrastructure Strategy.

<sup>2</sup> For more detail on how the Three Waters Reform will impact Council, see our Significant Forecasting Assumptions.

By limiting our debt in this way we are ensuring that there is still capacity to borrow in an unforeseen event (e.g. a significant natural disaster). We also know from our 30-year Infrastructure Strategy that beyond this LTP there is still significant investment required in aging infrastructure, and upgrades and replacements to community facilities (e.g CBay and the Timaru Library). This debt limit will allow headroom for the future interests of the Timaru District and give future Councils the ability to make decisions about what is important to their community.



## The financial balancing act

We need to ensure that operational costs - from paying the power bill, to paying our staff - are covered by operational revenue, such as rates, fees and charges. This is called a 'Balanced Budget'. If we can't achieve this, we have to borrow to cover these costs. This means that current ratepayers are not paying the full share, and future ratepayers will have to meet those costs, and the interest. We don't believe this is fair, prudent, or sustainable.

These everyday operating costs are increasing due to a range of factors including:

- Increasing staff costs to meet the evolving demands of local government;
- Increasing the amount we fund to replace our infrastructure assets, like roads and water networks (also referred to as funding depreciation); and
- Increased operating expenses due to inflation, the cost of carbon credits, and higher compliance standards in areas like water and sewer.

Throughout the life of this plan, Council will continue to look for ways to control expenditure and ensure efficiency across all our services.

## Rates

Council has set a rate increase limit of 10.5% in 2021/22 and 7% in the following years.<sup>3</sup> While we don't plan to reach this limit, and are forecasting that the increase will remain at 4.9% from 2022/23 onwards, it does allow some flexibility if inflation-related costs change across the life of the plan. The graph below shows the total rate increases and the rate increase limit across the ten years.



The average rates increase for 2021/22 is higher than in previous years, and also in the later years of the plan, and this reflects the step-change in our Financial Strategy and Long Term Plan. We recognise that we need to fully fund our operating costs if Council is to continue to deliver our services to a high standard, to maintain and renew our existing core infrastructure, and to invest in our community facilities.

These rates increases also form part of the balancing act. If we were to collect less rates it would reduce how much we can borrow, remembering how much we can borrow is a ratio of how much revenue we collect. This would mean that some of the projects we have planned would need to be deferred, redesigned or not completed.

## Growth and Land Use Changes

Population and household growth in the Timaru District is relatively steady. We are projecting a 0.7% annual population growth and an increase of 2,267 households over the next ten years. We have factored the rates contribution of this growth into our forecast rates increases.

While Council is not assuming significant land-use change over the next ten years, past and future land use change has, and will continue to impact on Council's delivery of services particularly for road maintenance in rural areas and the provision of services for new development on urban fringes.

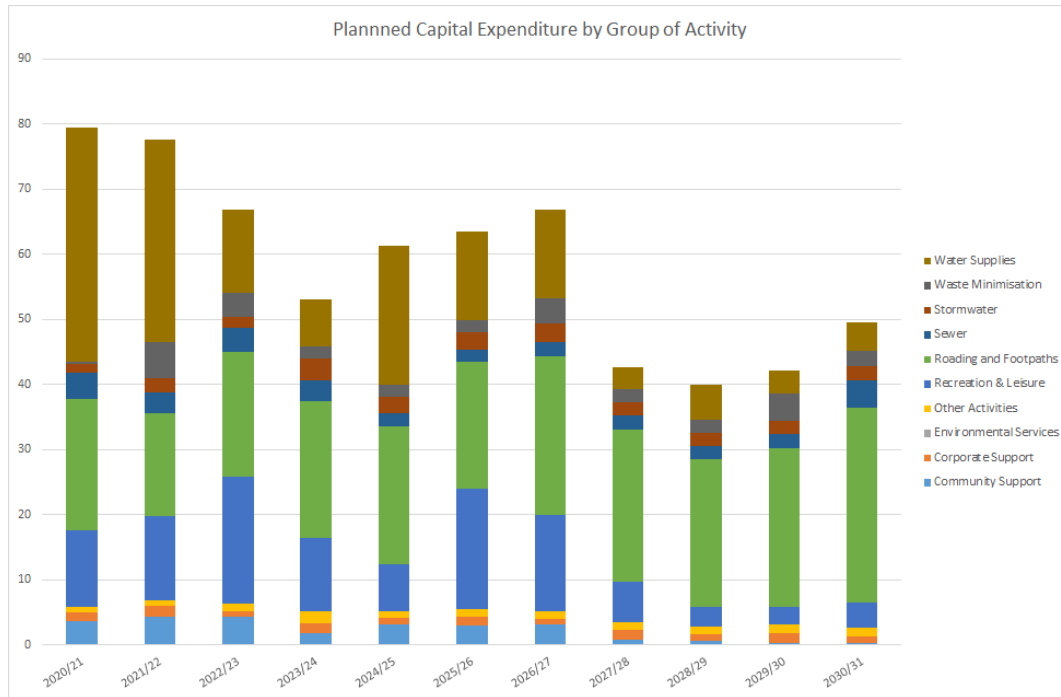
## Capital Spending

Council has planned a capital works programme of \$514 million excluding inflation over the next ten years. This is a significant increase on prior LTPs. The majority of this investment is

<sup>3</sup> Our previous Financial Strategy set a rates increase limit of a 6% increase per annum plus CPI.

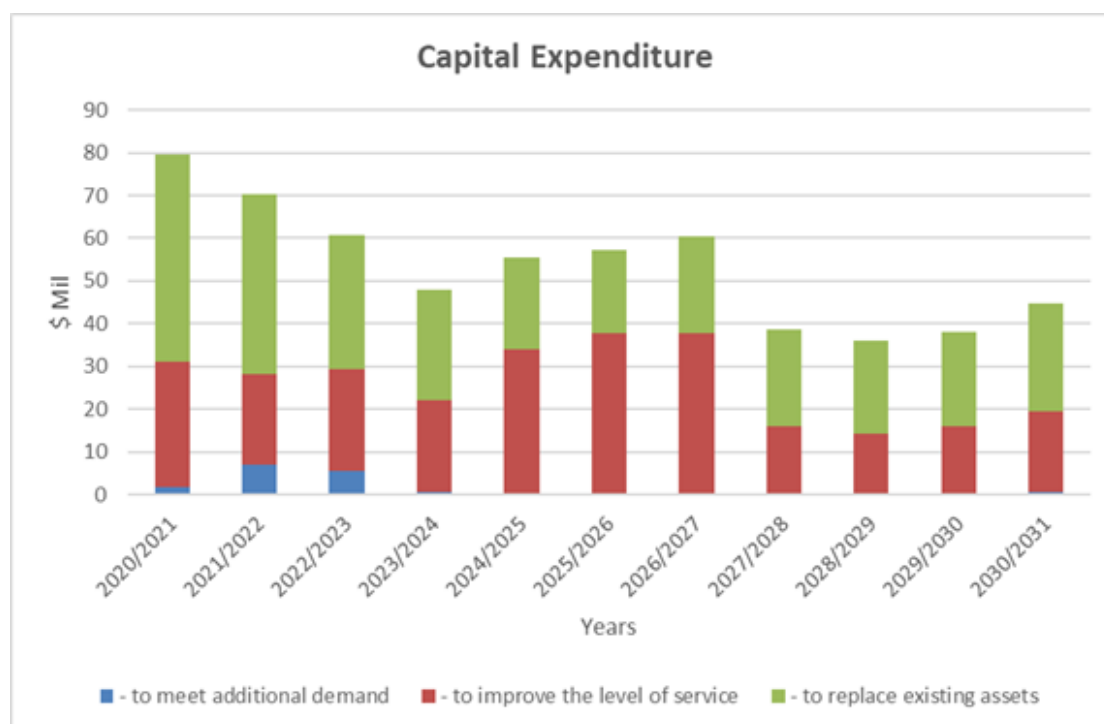
in core infrastructure renewals, like water and sewer pipes, roads and footpaths, and our landfill, and will help ensure Council can continue to maintain our levels of service.<sup>4</sup>

Council recognises how important our community facilities, like the Aigantighe Art Gallery, the Theatre Royal and South Canterbury Museum, and the Southern Trust Event Centre are to supporting community wellbeing. This Strategy allows Council the ability to borrow enough to support the upgrades and development of these facilities over the next ten years, and enhances the lifestyles of our communities. The graph below shows how our capital expenditure is planned to be spent across our Groups of Activities.



It is assumed that Council will achieve 90% of its planned annual capital works programme, recognising that factors outside of Council's control can impact on delivery timeframes. The graph below shows how much we plan to spend on replacing assets, improving levels of service, and meeting additional demand.

<sup>4</sup> Our Infrastructure Strategy details specifically the expected capital expenditure for our network infrastructure to maintain existing levels of service.



## Security of borrowing

Council provides security on its borrowing. This provides our lenders with a charge over the Council’s rates income and means that, if we defaulted on a loan, the lender would have the ability to set a rate and recover the sums owed. In practice, it is the ability of local authorities to set rates that makes it very unlikely that a local authority would default on its obligations.

Council has obtained a credit rating from Fitch Ratings. This is currently AA- with a stable outlook. It is expected that this will be maintained as a minimum during the 10-year period.

## Other revenue

Council has a number of other sources of revenue aside from rates, including fees and charges, and funding assistance from Waka Kotahi (New Zealand Transport Agency), and interest and dividend from investments. Our Revenue and Financing Policy details how these revenue streams contribute to all the services we provide. Our Financial Strategy is based on an assumption that these revenue streams will remain consistent. <sup>5</sup>

## Investments

Our primary investments are in equity, property, and cash. We intend to maintain the value of these investments in the long term.

### Equity Investments

We have shareholdings in a number of entities primarily to achieve efficiency, to help meet our community wellbeing outcomes, and for a financial return on our investment.

<sup>5</sup> See our Significant Forecasting Assumptions for more detail on our projected revenue from Waka Kotahi funding assistance.

The largest equity investment held by Council is its investment in Timaru District Holdings Limited (TDHL) which in turn holds the Council's interests in Alpine Energy Limited and PrimePort Timaru Limited as well as a property portfolio.

We also have a shareholding in Civic Financial Services which is a local authority collective providing insurance and Kiwisaver services to its members.

Our target for returns on these investments is a dividend of \$1 million per annum from TDHL.

### **Property Investments**

Council also owns a number of properties that we don't use for Council business. Our objective is to only own property that is required to be held or necessary to achieve our strategic objectives and meet operational requirements. We will be reviewing our property portfolio in the first three years of the LTP.

### **Cash Investments**

Investments of cash are held for specific purposes (special funds) are usually held as short-term deposits or in bonds.

The Council maintains cash investments for the following primary reasons:

- To provide liquidity in the form of readily available cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal income streams;
- To invest amounts allocated to special funds, bequests, and reserves;
- To invest funds allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations;
- To invest proceeds from the sale of assets; and
- To invest surplus cash, and working capital funds.

Our target for return on these investments is between 1.1% and 1.5%.

### **Other Investments**

Council also holds 235 hectares of forestry woodlots which is held as a long-term investment to support cashflow, and to help maintain the Council land where the woodlots are situated.

We assume no return on our forestry investments.

# **Timaru District Council 30 Year Infrastructure Strategy 2021 – 2051**



## Quality Record Sheet

### Timaru District Council 30 Year Infrastructure Strategy 2021 - 2051

#### Issue Information

Issue Purpose	Draft for LTP 2021-31
Issue Date	30.3.21
Version Number	V0.1

#### Authorisation

Timaru District Council	
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Date	30 March 2021



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## INTRODUCTION

This is Timaru District Council's (Council) third Infrastructure Strategy. It has been prepared from Council's 2021 suite of Activity Management Plans and the 2021-31 Long Term Plan (LTP). The Infrastructure Strategy provides a 30 year outlook supporting the long term social, economic, environmental, and cultural well-being of the Timaru District community in the present and for the future.

The issues discussed in this document reflect the current legislative environment and the communities' priorities across the District. However, we are facing an unprecedented situation due to COVID-19. In its 2021 Annual Plan, Council identified two options for dealing with the impact of COVID-19. Following community consultation Councillors decided to use \$3 million of reserves and savings to cover the funding shortfall and to reduce the total amount of rates we need to collect. This is the "rainy day" option, where we draw on these reserves and savings to help ease the financial storm that COVID-19 has brought. This option enables Council to continue to meet the levels of service agreed, in the Long Term Plan 2018-28, and to carry on with our capital work programme, which will also help stimulate the economy. The situation with COVID-19 has created long term uncertainty and reinforces that the financial forecasts are estimates and the reliability of the forecasts decreases beyond 10 years and towards the 30 year planning horizon.

The Timaru District Council Infrastructure Strategy outlines the specific design requirements and the Organisation's priorities in terms of:

- replacing ageing infrastructure;
- maintaining levels of service;
- managing the impacts of growth and land use change;
- compliance with legislative requirements;
- climate change impacts; and
- providing long term affordable services.

## LTP

The Council LTP 2021-31 identified the following four priorities to ensure Resilient Infrastructure. Each of these priorities have been considered and the values incorporated into our 30 year planning:

### **Invest for Future**

- We will invest in high quality infrastructure to meet the needs of our community.

### **Apply Best Practice**

- We will use data and good practice to enable high quality infrastructure decision-making.

### **Responsive Planning**

- We will prioritise resilience in our planning for future infrastructure.

### **Engage with People**

- Council will engage with our community to develop solutions to future infrastructure challenges.

In addition, Council recognises that the 30 year timeframe of this strategy enables a two pronged approach that incorporates:

- Business as usual, and
- Enables a longer term more visionary consideration that supports the Districts desire for growth in demographic, environmental, social, and economic terms.

## Timaru Districts Vision

***Where people, place and business prosper within a healthy, adaptable, and regenerative environment.***

This vision will be achieved by living our values and committing to the four key wellbeing's.

### Our Values

- Inclusive Leadership
- Cultural Caretakers
- Transition Navigators

### Wellbeing

- Economic
- Environmental
- Social and
- Cultural

Council also acknowledges the requirement to navigate critical 21<sup>st</sup> century transitions such as:

- Low emissions living
- Living in a disrupted climate
- A low waste society
- Community interconnectedness and
- Learning-empowered communities.

All this must be delivered at a time of uncertainty as councils transition the impact of COVID-19.

## Strategy Layout

The Strategy document sections and corresponding Local Government Act sections are tabled below:

### 1. Table 0.1: Strategy Layout

Strategy Section		LGA 2002 (Section 101B)
1	Executive Summary	
2	Identifies the purpose of the Infrastructure Strategy and the core infrastructure included in this strategy	2(a) and 6
3	Describe the district and illustrate the linkage between strategic documents	2(a)
4	Describe the core infrastructure, its condition and performance while recording the significant assumptions, risks and mitigation	2, 3(e), 4 (c) & (d)
5	Discuss the emerging issues that will impact on the core infrastructure assets	3 (b) to 3(e)
6	Discuss Council's response to the emerging issues and the significant decisions to be made during the term of this strategy	2(b), 4(b)
7	Identifies the response options for the significant issues and documents the benefits, cost, when and funding source	2(b); 3(a) to (e) & 4(a) to (c)
8	Identifies the costs associated with the actions proposed	4(a)

## Purpose

Section 101B – Infrastructure Strategy states:

- (1) A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.

The stated purpose of the Infrastructure Strategy is to:

- a) Identify significant infrastructure issues for the local authority over the period covered by the strategy; and
- b) Identify the principal options for managing those issues and the implications of those options.

Section (6) defines infrastructure assets as including:

- a) existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:
  - i. water supply:
  - ii. sewerage and the treatment and disposal of sewage:
  - iii. stormwater drainage:
  - iv. flood protection and control works:
  - v. the provision of roads and footpaths; and
- b) any other assets that the local authority, in its discretion, wishes to include in the strategy.

## Timaru District Core Infrastructure Assets

To achieve our vision and Community Wellbeing Outcomes (CWOS), our District must meet core infrastructure deliverables and we must also provide infrastructure and assets that deliver on quality-of-life experiences. This includes infrastructure such as our Library, green space and recreational facilities, our Port and our Airport. These assets make Timaru a great place to live and they enable economic growth and value add to our region. They make Timaru District more desirable as a destination, as a place to do business and as a place to live. These assets contribute to the richness of life in Timaru and make up a significant portion of Council's maintenance and operating expenditure. Our infrastructure is essential for enabling and contributing to the achievement of our five community wellbeing outcomes.

Finally, our Infrastructure Strategy must support our District Growth Strategy, Annual Plan and LTP that presents the Council's blueprint for the delivery of activities over the next 10 years.

The primary focus of this Infrastructure Strategy is on the core Infrastructure assets of Water, Sewer, Stormwater, Roads and Footpaths and Waste Minimisation. Due to the importance for Community wellbeing of other 'liveability' assets, it will also include reference to these where they involve significant cost and are significant to the community (e.g. Replacement of the Caroline Bay Trust Aoraki Centre (CBAY)).

The core Timaru District Infrastructure Assets are tabled with 2018/19 closing book values and in Table 2.2:

### 2. Table 0.2: Timaru District Infrastructure Assets

Asset	Description	Replacement Value	% of total
Water	Water extraction, treatment and distribution (excluding Downlands Rural Water Supply - \$67M)	\$252M	15.6%
Sewer	Wastewater collection, treatment and discharge	\$303M	18.7%
Stormwater	Stormwater collection and discharge	\$203M	12.6%

Asset	Description	Replacement Value	% of total
Roads and footpaths	Roads (arterial, collectors, local; curbs and gutters), bridges, footpaths	\$839M	51.9%
Waste Minimisation	Waste Minimisation assets	\$19M	1.2%
TOTAL		\$1,616M	100%

## Infrastructure Achievements

Over the last three/six years we have:

- maintained, replaced, constructed our infrastructure
- identified and investigated issues,
- undertook strategic actions

The following detail improvements achieved over the last ten years:

### 1.1.1 Water

- Pareora Water Supply Pipeline development
- Downlands water scheme developments
- Water Supply assets upgrading and renewal
- Winchester water supply connection to Temuka scheme (2016-17)
- Temuka water supply trunkmain replacement (2018-19)

### Sewerage

- Timaru Main Trunk Sewer renewal (MTSR) completion (2004 - 2014)
- Timaru Wastewater Treatment upgrade (2012-2014)
- Queen Street, Timaru pump refurbishment (2014)
- Sewer assets upgrading and renewal

### 1.1.2 Stormwater

- Preparation of Stormwater Management Plans (2012-now)
- Stormwater upgrading and development (e.g. Geraldine)
- Gleniti stormwater bunds construction (2010-ongoing)

### 1.1.3 Roads & Footpaths

- Increased knowledge of asset and asset remaining life through increased data capture and analysis
- Collaboration with the Road Efficiency Group and Aoraki Road Collaboration
- Increased resurfacing of roads and renewal of carriageway pavements
- Resurfacing of footpaths and installation of new footpaths
- Renewal of bridges and culverts - Arundel Belfield Road, Arowhenua Road Bridge, Andrews Stream, Casey Ford, Power House Stream Ford, Lyon Road Ford
- Renewal of Kerb and Channel assets – Dunkirk Street

- Arowhenua Road Upgrade, strengthening and widening 2019-2021
- Increased seal widening on under width roads
- Factory Road bridge two-laning (2014-16)
- Route 72 Winchester Geraldine/Coach Tiplady Round About Construction Seal Extensions on – McNair Road, Richard Pearse access lanes and Thompsons Road
- Structural Asphalt upgrade on Marine Parade and other Port intersections
- Washdyke Flat Road Industrial Upgrade, upgraded intersections and other safety improvements Rolling Ridges Road/Basset Road, Spur Road/Brockley Road
- LED streetlighting replacements completed 2015-2020
- Road reconstructions and improvements (e.g. Geraldine Winchester/Tiplady/Coach Roads intersection improvements)
- Development of on and off-road cycleways (e.g. Old North Road - Washdyke to Gould Road, Timaru)

#### **1.1.4 Solid Waste**

- New landfill cell development (Ongoing)
- Resource Recovery Park development (Redruth)
- Waste sorting development (Redruth) (2018-19)

#### **1.1.5 Other Infrastructure**

- Timaru District Holdings Limited-Port of Tauranga Joint venture and strategic partnership (2013-14)
- Airport Terminal building and carpark upgrade (2016-2018)

## **STRATEGIC CONTEXT**

### **Timaru District Council**

Timaru District Council was formed in 1989 following the amalgamation of the Timaru City Council, Geraldine Borough Council, Strathallan County Council and the Temuka Borough Council.

Currently the Timaru District Council has an elected Mayor and 9 Councillors elected over 3 wards:

- Timaru Ward - 6 Councillors
- Pleasant Point-Temuka Ward - 2 Councillors
- Geraldine Ward - 1 Councillor

There are 3 Community Boards in Geraldine, Pleasant Point and Temuka with 16 elected board members.

### **Ngāi Tahu as Mana Whenua of Timaru District**

Timaru District lies within the traditional boundaries of the Ngāi Tahu iwi. The Ngāi Tahu hapū who hold mana whenua in Timaru District are Kāti Huirapa, whose rohe extends over the area from the Rakaia River in the north to the Waitaki River in the south. Arowhenua is the site of the tipuna marae of Kāti Huirapa, and the Papatipu Runanga that represents the hapū is Te Runanga o Arowhenua. Mana whenua rights and obligations held by Kāti Huirapa include rangatiratanga and kaitiakitanga in relation to management of natural and physical resources.

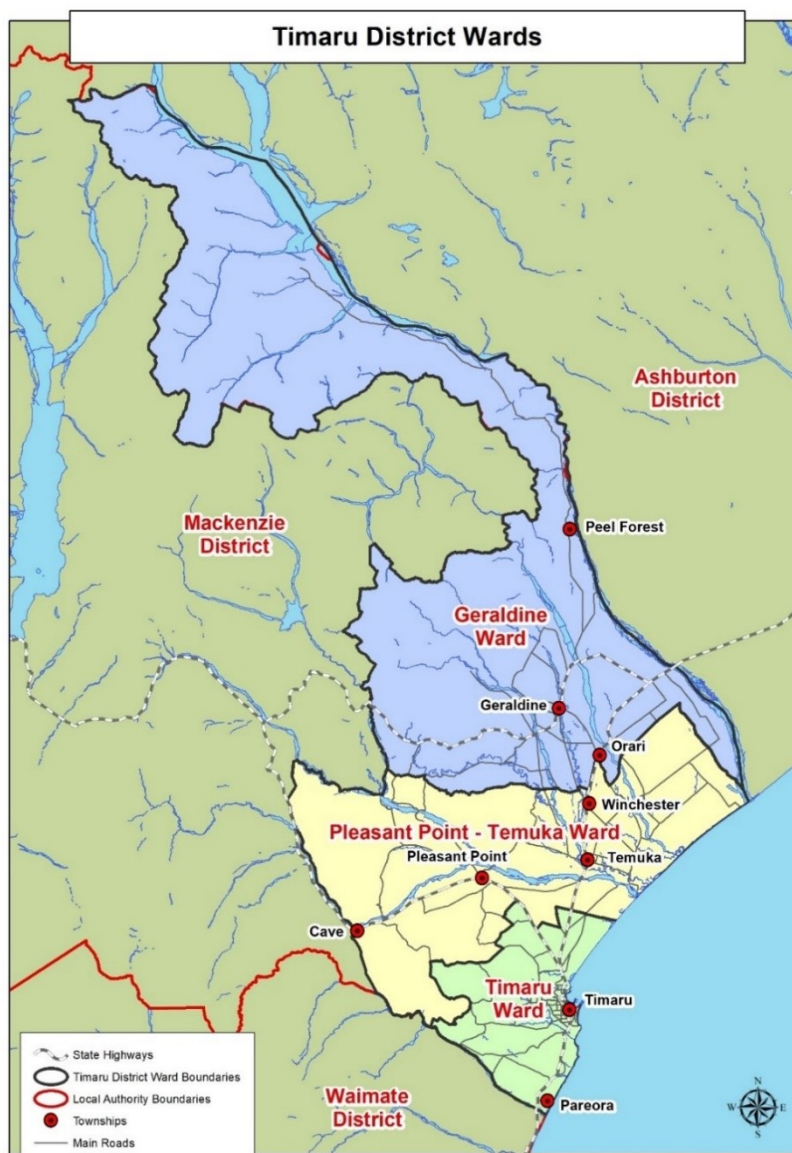
### **Geography and climate**

Timaru District covers 2,737 square kilometres of South Canterbury. Two rivers naturally define its northern and southern boundaries, the Rangitata and Pareora, with the district stretching along the South Canterbury coastline.

Timaru District is the fourth largest district by population and sixth largest by area in the Canterbury region. It has a population density of 16.5 persons per square kilometre.

The District enjoys a temperate climate, with Timaru enjoying an annual average of around 1,826 hours of sunshine and 573mm of rain.





### Demographics

The population of the Timaru District was estimated at 48,400 in 2020. The population is concentrated around Timaru township (2018 population approximately 30,000 - including Fairview and Washdyke) and in the smaller townships of Temuka (4,330), Geraldine (2,700) and Pleasant Point (1,400). The District also has a number of villages including Pareora, Orari, Cave, Winchester and Woodbury.

Population growth is expected to grow more in the early years of the strategy (0.7% average annual change) than the later years (0.3% average annual change).

A strongly aging population continues to be a challenge the District will face. Based on projections between 2021-2051, those 65+ will nearly double (22.3% to 32.3%), while within this cohort, those 75+ will more than double (9.9% to 20.1%).

This demographic will impact infrastructure requirements such as roads and footpaths and recreational facilities and public areas.

The Timaru District continues to have a low unemployment rate, despite COVID-19.

Residential land use activities in the Timaru District have previously been centred in the urban centres, townships, and settlements. However, in recent years there has been an increase in the proportion of residential activities being undertaken on relatively small rural allotments, or

'lifestyle blocks', in rural areas. This has resulted in some dispersal of population across the District. While this dispersal creates demand for additional council infrastructure, this is currently against Council policy.

In 2016, the Council published a Growth Management Strategy (GMS), the purpose of which was to outline a clear vision of how land use and growth will be managed between the date of publication and the year 2045. The GMS determined that future growth should be consolidated around the existing settlements of Timaru, Temuka, Geraldine and Pleasant Point, with well-integrated infrastructure. It also recommended encouraging increased density of residential activities in Timaru and Geraldine town centres, and surrounding Highfield Village Mall. The GMS informs the Proposed District Plan, scheduled for release in 2021.

### **Our Economy**

The Timaru District economy is strongly influenced by its agricultural heritage. The District is acknowledged as New Zealand's "food bowl" with a focus on dairy, horticulture, intensive cropping, meat and wool.

Significant manufacturing, processing, engineering and distribution operations contribute to extensive export and domestic supply of a wide range of goods and services. Much of this manufacturing industry is linked to value add or servicing of the agricultural sector. This industry relies upon strong transport and distribution connections, such as that provided through roading, port and airport assets.

The wider South Canterbury region enjoys reliable and accessible water for irrigation and industry. This continues to provide the impetus for the development and growth of successful food processing and exporting operations. Large scale investment in water storage, quality and management is continuing, helping to ensure a robust, diverse economic future for the District.

### **Our Communities**

Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. The South Canterbury District Health Board is the major health provider, with ARA Institute of Canterbury providing some tertiary education services. ARA will be part of the national NZ Institute of Skills and Technology.

### **Community and Open Space**

The Timaru District has a network of parks, gardens, esplanade reserves, open space areas, and active recreation facilities to cater for the recreational requirements of its residents, as well as to contribute to the pleasant visual amenity of the area. In addition to sports grounds and public open areas, the Council also owns and/or operates the Caroline Bay Trust Aoraki Centre, public pools, dog exercise areas, and several walking and cycling tracks.

Other social or recreational facilities operated by the Council include: Aigantighe Art Gallery, South Canterbury Museum, district libraries, a number of town halls, Caroline Bay Hall, Washdyke Community Centre, Temuka Alpine Energy Stadium, and the Southern Trust Events Centre.

Cemeteries have previously been zoned for open space and recreation.

### **Business Zones and Centres**

In Timaru, retail, professional and commercial operations are centred in the Central Business District, which is centred on Stafford Street and the surrounding area, and serves the wider District. The area known as Showgrounds Hill in northern Timaru is intended to be developed into a big box retail centre over the next few years. The smaller rural settlements such as Temuka and Pleasant Point are rural service towns that primarily support the needs of the surrounding rural area. They generally contain small-scale commercial activities, community

facilities and education facilities that service the surrounding neighbourhood, such as convenience stores, churches, schools, and health centres.

Industrial areas in Timaru are located on the outskirts of the urban area, at Redruth to the south, Washdyke to the north, and in the area surrounding the port and railway to the east. In some cases, these industrial areas adjoin residential areas, which can result in conflicts arising between residential activities and industrial activities. Industrial areas have traditionally been separated between 'light' and 'heavy' activities.

Temuka has a reasonably sized industrial precinct on the town's southwest border. Geraldine has industrial areas to the southwest of Talbot Street and adjacent to the Village Green. In Pleasant Point, industrial operations tend to centre on Te Ngawai Road, with some near the commercial operations on State Highway 8. There are also industrial sites in more rural areas such as the Fonterra factory at Clandeboye, and the Barkers processing factories near Geraldine.

The Growth Management Strategy identified that existing industrial land is considered sufficient to cater to future industrial growth in Temuka or Pleasant Point and that there is no additional land required for business and commercial uses.

### **Natural Hazards and Climate Change**

A large part of the plains within the Timaru District is subject to some degree of flooding risk, either because of river breakouts or overland flow from local sources. Low lying land near the coast, particularly from Washdyke Lagoon to north of the Ōrāri River, are at risk of seawater inundation. Much of the coastline, with the exception of Caroline Bay and South Beach, is subject to historic and ongoing coastal erosion and accretion. The effects of erosion may be seen at Patiti Point and Washdyke.

River and local runoff flooding events have had significant impact historically and are the most frequent hazard faced by the district. Managing coastal hazards is a growing area of concern as ongoing coastal erosion, forecast climate change and sea level rise will put developed coastal land and infrastructure at increasing risk.

The district is at risk from earthquake shaking from earthquake faults both within and beyond the district. There are several mapped earthquake faults along the base of the foothills and in the upper Rangitata Valley. In addition to potentially generating strong earthquake shaking, these faults also pose a fault rupture hazard – that is when the ground along the fault and a few metres either side of it is permanently ripped, warped, buckled and offset when the fault ruptures (moves). There are some low-lying coastal areas, such as around Washdyke, Waimataitai and Saltwater Creek, that could be susceptible to liquefaction during strong earthquake shaking.

While there are no known faults directly off the Timaru coast, the coastline of the district is vulnerable to tsunamis from offshore Fiordland and the North Island's east coast, as well as from across the Pacific Ocean.

Steep areas of the district, such as the Rangitata Valley and coastal cliffs around Timaru, are susceptible to landslides and rockfalls, and the steep fans coming out of the foothills, such as at Blandswood, are vulnerable to debris flows.

Climate change is expected to have the strongest effect on coastal land including at Washdyke, where the unique catchment conditions and low-lying nature of the land and flow outlets makes it vulnerable to sea level rise and increasing freshwater and seawater flooding issues. Climate change effects may also reduce the effectiveness of existing coastal and freshwater flooding defences. There may also be an increase in coastal erosion. Generally, higher rainfall is anticipated, with increased severity in resultant flood flows in rivers. The temperature is projected to increase, as is evaporation across the plains.

## Strategic Direction

The Strategy aims to give effect to Council's strategic direction.

## Timaru District – Thriving Together

### Our Vision

Where people, place and business prosper within a healthy, adaptable and regenerative environment.

### Our Values and Role

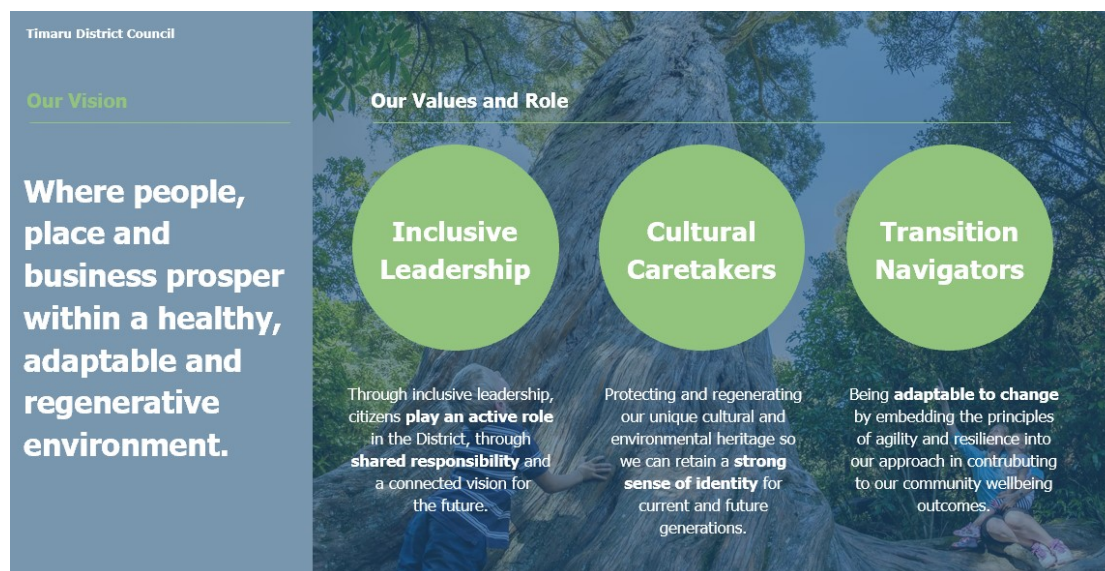
- Inclusive Leadership
- Cultural Caretakers
- Transition Navigators

### Our Community Outcomes

The Council vision is aligned with our five community outcomes:

- Connected citizens
- Enhanced Lifestyle
- Sustainable Environment
- Diverse Economy
- Resilient Infrastructure

For full details refer to the front section of the Long Term Plan.



### 1.1.6 Financial Strategy

The Financial Strategy defines the financial direction of the Council over the 10-year period of a LTP. It provides direction, drawn from a balancing of ratepayer affordability against community needs and aspirations.

The relationship between the Infrastructure Strategy and Financial Strategy is two way. The Financial Strategy presents a balance between ratepayer affordability and the following matters that arise from the Infrastructure Strategy:

- the need to maintain, replace and renew core infrastructure;
- the obligation under law to build new infrastructure to meet new standards; and
- a desire to respond to the aspirations of the community for new and improved community infrastructure.

#### **1.1.7 Growth Management Strategy 2045**

Infrastructure is critical to the development of communities with new infrastructure required to support future growth.

The provision of infrastructure must be timed to coincide with land use development. Infrastructure should also be of a standard equitable to infrastructure elsewhere in the District to ensure the health and safety of the community.

Council has a duty to deliver and maintain infrastructure services in a sustainable manner. This is to involve the sequencing and staging of development based on the efficient integration of land use and infrastructure. The Council is not the only agency involved, so there is a need to ensure co-agency co-ordination for utility provision.

Council's 2045 Growth Management Strategy suggests there will be modest growth in the District resulting in little flexibility in the number of residents paying the ongoing costs of Council services. In addition, the ability to supply affordable infrastructure will be difficult if land use change occurs in a dispersed manner. Accordingly, Council needs to maintain its current prudence in terms of meeting infrastructure needs. It will be seeking to ensure the installation of resilient and efficient infrastructure to service demands, where those costs can be recouped through financial contributions. While rural residential zoned areas will be required to adjoin urban boundaries as required by the Canterbury Regional Policy Statement, there should not be any expectation that public funded service provision such as water and wastewater will be supplied, nor road infrastructure of a standard, form and function as provided in urban areas.

## **INFRASTRUCTURE STRATEGY AND ACTIVITY MANAGEMENT PLANNING**

The Activity Management Plans (AMP) development process is used to identify the optimal life cycle management strategies and to provide details of the associated costs. The identification of future needs, management options, and cash flows, provide the ability to manage funding demands and account for asset depreciation loss of service potential.

AMPs provide a means through which Council can demonstrate its responsible management of the community assets. This then enables Council to determine the funding that is required to ensure that the assets continue to cater for the needs of the community, now and in future years.

Councils AMP's ensure that the creation, operation, maintenance, rehabilitation, and replacement of assets is managed in the most cost-effective and responsible manner and provides the appropriate level of service to meet the needs of present and future consumers.

Council asset lives are assumed to align with industry standard lives (Ref: NZ Infrastructure Asset Valuation and Depreciation Guidelines, Edition 2.0 2006) however minor adjustments are applied based on historical local experience.

The Council Activity Management Plan Policy defines the principles and responsibilities that Council applies when managing the infrastructure assets that Council is responsible for. It sets the strategic objectives for the management of assets and outlines the Council's commitment to continually improve the way it manages its infrastructure assets. The policy covers land transport, three waters, parks and recreation, and buildings. The AMP policy was updated in 2020 as part of the LTP process.

All assets are recorded in the corporate Asset Management System (AMS) including details of:

- Address/location
- Replacement cost
- Age
- Materials
- Condition
- Other relevant data

### **1.1.8 Infrastructure Strategy Links to Key Planning Documents**

The Infrastructure Strategy is a key document providing the strategic (30-year) outlook capturing Council's strategic direction and informing shorter term planning documents. The Infrastructure Strategy links closely with Council's strategy, activity management plans and LTP. The AMPs and LTP provide the strategic and programme case for each asset/activity over a 10 year period. The AMPs and LTP identify the problems, benefits and consequences each asset/activity has identified in achieving Council's overall strategic direction and is an enabler of the Infrastructure Strategy. The strategy and planning process linkages can be seen in Figure 1, **Figure 2**, and **Figure 3**.

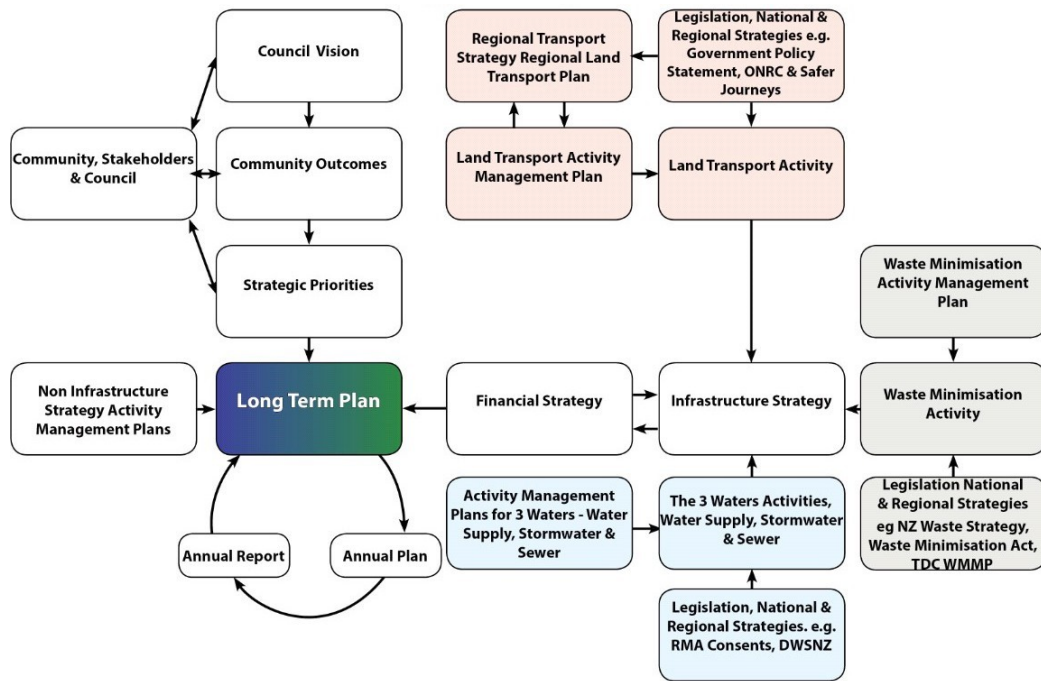
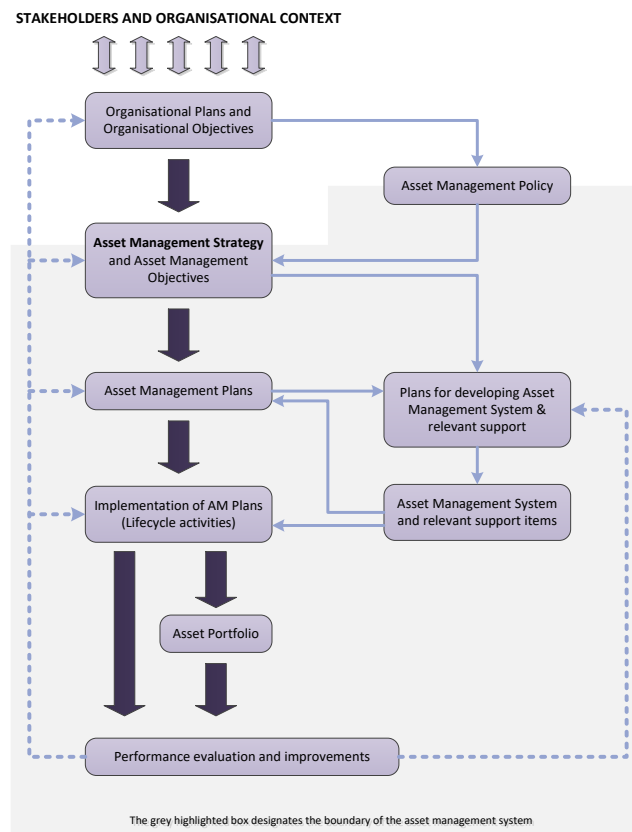
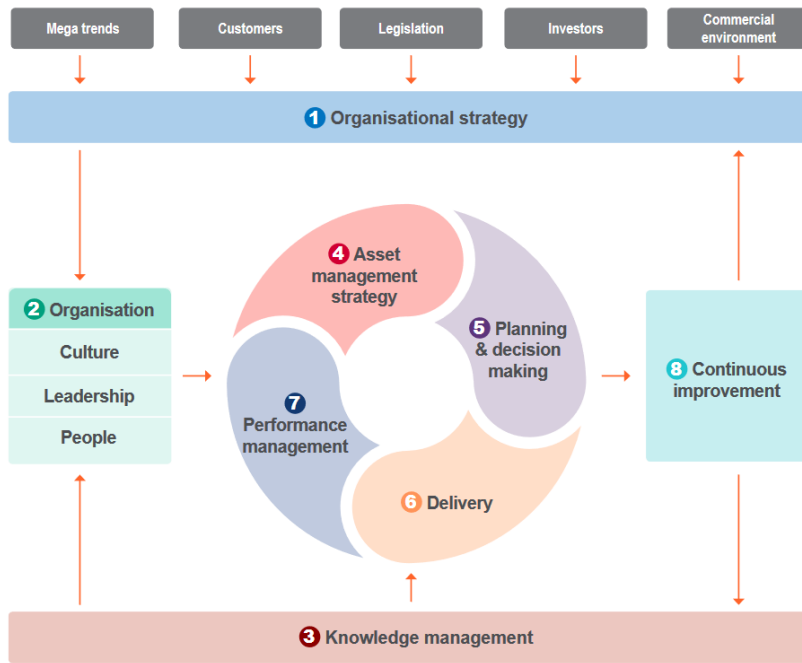


Figure 1. Strategy and planning linkages



3. Figure 2. Infrastructure Strategy- Linkages with other Documents



4. Figure 3. Asset management framework linkages (REG Asset Management Competency Framework)



## CORE INFRASTRUCTURE

### Asset Description

#### Water Services

Our three water services (water, sewer and stormwater) are essential for quality of life, public health and economic wellbeing.

The key pieces of legislation governing this activity are the Health (Drinking Water) Amendment Act 2007, the Local Government Act 2002, Taumata Arowai – the Water Services Regulator Act 2020 and the Resource Management Act 1991.

Taumata Arowai will become the dedicated regulator of three waters on enactment of the Water Services Bill, which is expected to be in the second half of 2021. Taumata Arowai is part of a broader government programme of reforms to three waters services. The Water Services Bill was introduced in Parliament in July 2020 and had its first reading in December 2020. The Bill outlines functions and powers of Taumata Arowai and sets forth the duties, obligations and functions of drinking water suppliers and local government.

This Infrastructure Strategy has been developed at a time when the national three waters reform is underway, resulting in a lack of clarity and direction around future developments until final decisions are made.

#### 1.1.9 Water

##### The Service we Provide

The water supply activity involves the management, operation and maintenance of the District's water supplies, in a way that protects and enhances the health and wellbeing of the community and minimise environmental impacts.

##### The Infrastructure

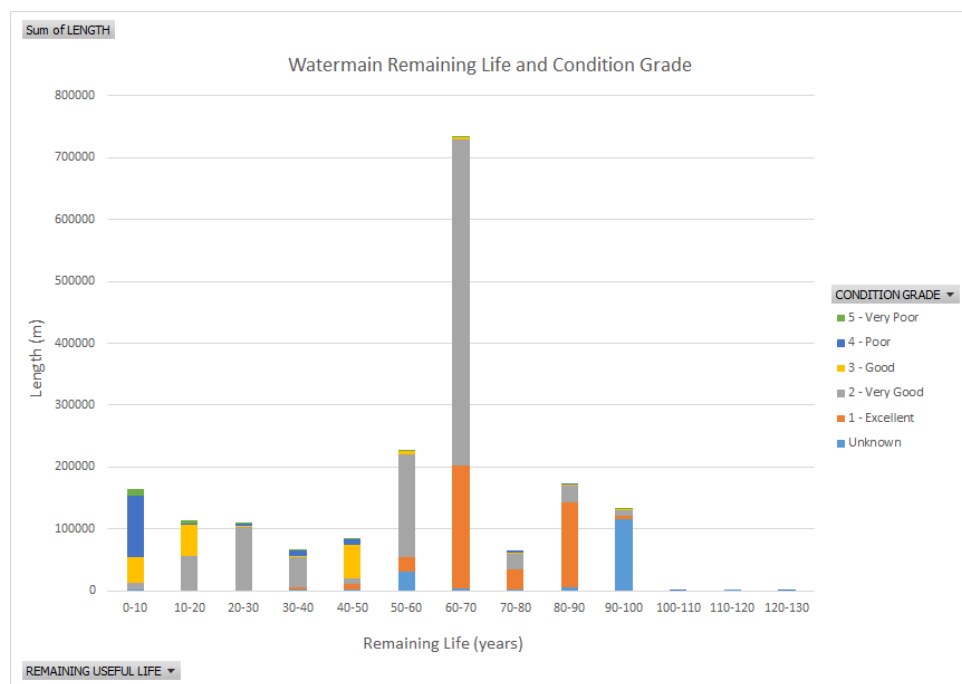
Council manages the source, treatment, storage and distribution of 10 drinking water supplies (Timaru, Temuka, Geraldine, Pleasant Point, Winchester, Peel Forest, Orari, Te Moana, Seadown and Downlands) and 2 stockwater only schemes (Beautiful Valley and Rangitata-Orari).

The District takes its drinking water supplies from rivers and bores or underground sources. The Opihi River and the Pareora River supply Timaru, which accounts for about 60% of the total water consumption. All water takes are subject to resource consents and some of these could be restricted during very dry periods when river flows are low.

The main asset base consists of 12 treatment plants, 25 pump stations, 36 reservoirs, and around 1,854 kilometres of water reticulation network. These assets have a current replacement value of around \$319 million (including Downlands Water Supply).

In 2020, around 98% of the reticulation had been condition assessed via physical sampling, expected life based on installation dates and failure rates. Of these, about 92% were in good to excellent condition while 8% were in poor to very poor condition.

The following figure summarises the age and condition profile of the water supply network.



Poor condition assets are prioritised for renewal. The prioritisation criteria balances a mix of factors that impact on asset performance including the age of the asset, its condition, criticality, and its maintenance history or failure rate. Council tries to synchronize pipe renewal with the roading work programme where possible. Renewal priorities are reassessed annually taking account of additional information that becomes available. The ongoing pipe maintenance programme mitigates the risk of level of service failure.

Council’s annual renewal programme of water mains averaged \$1.5 million per year in the last 3 years.

The reservoirs and other building structures for water treatment and storage were assessed prior to the development of the 2021-2051 strategy. A number were identified as not meeting current seismic codes. A new control and office building has been constructed at the Claremont Water Treatment Plant, and strengthening and a new extension has been carried out at Pleasant Point.

In general, condition assessment of above-ground assets has been largely informal and a protocol to improve the practice will be developed. This is still under development.

Plant facilities are more accessible and are checked routinely, mitigating failure risks. As a result, we have confidence in our knowledge of the condition of these assets.

Currently, roughly 50% of supply is utilised for domestic and 50% for industry use. Council acknowledges that climate change is a risk on the security of the district’s water supplies and accounts for this in asset planning and management to meet future demand.

Implementation of Taumata Arowai reforms is anticipated to cost around \$500,000 additional budget in the next three years. Council has signed a Funding Agreement with the Crown to access the Crown investment package.

**1.1.10 Sewer**

**The Service we Provide**

Council’s wastewater activity involves the management, operation and maintenance of the District’s wastewater schemes so that sewage is collected, conveyed, treated and disposed of in a way that protects and enhances the wellbeing and health of our community with minimal impacts on the environment.

### The Infrastructure

Council provides sewer services to the four main urban areas of the district including the township of Timaru and the inland towns of Geraldine, Pleasant Point and Temuka. Each area has a piped sewer network. Around 85% of the district population is served.

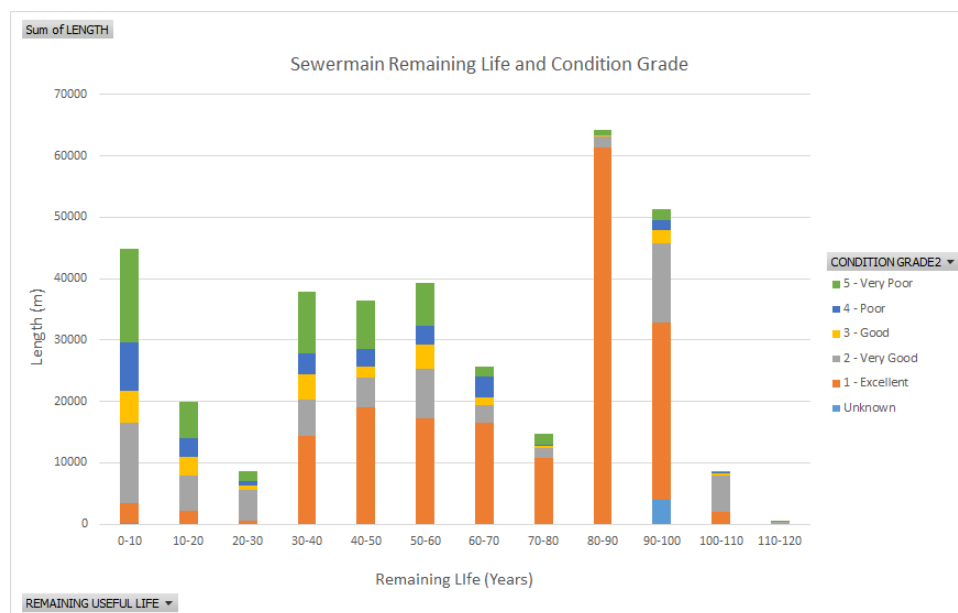
Residents located in rural areas manage their own effluent.

There are two significant industrial areas connected to the Timaru sewer network. These areas are in the Port area and at Washdyke.

The main infrastructure asset base consists of three oxidation ponds at the inland towns of Geraldine, Pleasant Point and Temuka, a domestic and an industrial wastewater treatment plant, 23 pump stations, a reception facility for tankered discharges, an ocean outfall, and around 354km of sewer pipe network. Pump stations and treatment plants have been upgraded at various periods with the implementation of the district wide wastewater strategy. These assets are generally in excellent condition. Renewals of the treatment plant facilities will occur at various periods within the next 30 years with a total estimated cost of around \$13.5 million.

All assets have an assigned nominal life and are expected to perform for that time. Some 70km of the district’s sewer pipe is estimated to reach the end of its economic life during the next 8 years.

The physical condition grade of sewer pipes is based from CCTV Condition Grading and from the Coarse Condition Grading for those pipes that have no CCTV data. In 2020, approximately 74% of the 418km sewer pipe network (including service lines) had been inspected via CCTV. The CCTV pipe condition assessment is an ongoing programme and is targeting aging, high flow and high criticality sewer mains to ensure the structure and serviceability of the pipes are able to deliver the LOS and not creating any detrimental impact to the environment, public health, and other infrastructure. When CCTV inspection is impossible, laser and sonar inspection or other available inspection technology is used to analyse and determine the condition of assets relative to its assumed remaining life. Overall, based on CCTV results and maintenance scores, around 85% of the sewer network is considered to be in good to excellent condition.



Some pipes still have significant remaining lives but have shown condition issues. As with the water supply network, poor condition sewer pipelines are prioritised for renewal. The pipe renewal prioritisation and forecast is based on an assessment of remaining life, criticality, condition, maintenance history, future capacity requirement and the option of repair, rather than renewal, if appropriate. The renewal programme is re-assessed annually taking account of additional information, particularly from physical sampling of pipes. Deferred renewals are not expected or are minimised as Council funds the renewals from depreciation. The ongoing reticulation maintenance programme mitigates risks to levels of service from pipe failure.

The annual pipe renewal programme prioritises work required to maintain the level of service, and averaged \$1.7 million per year in the last 3 years. The estimated total replacement value of assets is around \$303 million (2019 assessment).

Currently, domestic wastewater accounts for 40% of the wastewater flows while industry contributes 60%.

Due to the construction of a separate facility for domestic wastewater treatment, there is more plant capacity for industrial wastewater treatment in support of future industrial growth. Most of these industries are in the Washdyke and Port areas of Timaru.

Additional demand for domestic sewer lines may come from requests for extension of urban services at the periphery of residential zones.

Other than demand factors, there are inflow and infiltration issues associated with very old pipes in the network. The performance of the district's sewer infrastructure is also impacted by frequent intense or long duration wet weather which causes groundwater inflow and/or stormwater infiltrating into the defects of sewer pipes, thereby consuming some of the capacity of the sewer network with resultant network overflows.

### **1.1.11 Stormwater**

#### **The Service we provide**

Council drainage systems provide for public safety, property protection, drain excess water from roads and minimise environmental impacts.

#### **The Infrastructure**

Council provides stormwater services in the urban townships of Timaru, Temuka, Geraldine and Pleasant Point. Rural stormwater is managed mainly through land drainage with minimal infrastructure provided in Winchester, Cave and Pareora. Around 70% of the district's population is served.

The stormwater assets consist of 145km piped network, open channels, manholes, soakage pits, detention dams and swales. The network is generally aged. There is limited information on the physical condition of the pipes. Only about 15% of the pipe network has been recorded using CCTV and there is high confidence in this data. CCTV inspection is an ongoing program for all of Council's piped networks. For the rest of the stormwater network that is unassessed, we rely on the age of the pipe and its repair and maintenance history to gauge the condition of the asset.

There is lower confidence in this data which is mainly based on desktop estimates. However, unlike sewer assets, which are subjected to daily flow, stormwater assets only operate during and after rain events. They lie dormant for a large portion of their lives and there have been minimal failure issues in the last 10 years.

Some pipes still have significant remaining theoretical lives but have shown condition issues. As with the water supply and sewer networks, poor condition stormwater pipelines are prioritised for renewal. The renewal programme is reviewed yearly for any re-prioritisation required. The ongoing reticulation maintenance programme mitigates the risk of level of service failure arising from poor asset condition.

Pipe renewal expenditure averaged \$180,000 per year in the last 3 years. Estimated replacement value of stormwater assets is around \$203 million.

#### **Stormwater Management Strategy**

Council has adopted a district-wide Stormwater Management Strategy which provides the overall framework and direction to Council's decision-making on stormwater using an integrated management approach. It is driven by the policies and rules of the Canterbury Land and Water Regional Plan (CLWRP) which now requires that Council obtain a resource consent for its stormwater discharges, and comply with set standards and limits to the stormwater discharges from its reticulated network. There are a number of units within Council that are involved in stormwater regulation and management. Council's Stormwater Strategy aims to streamline its approach by setting specific goals, directives and methods relating to stormwater planning and

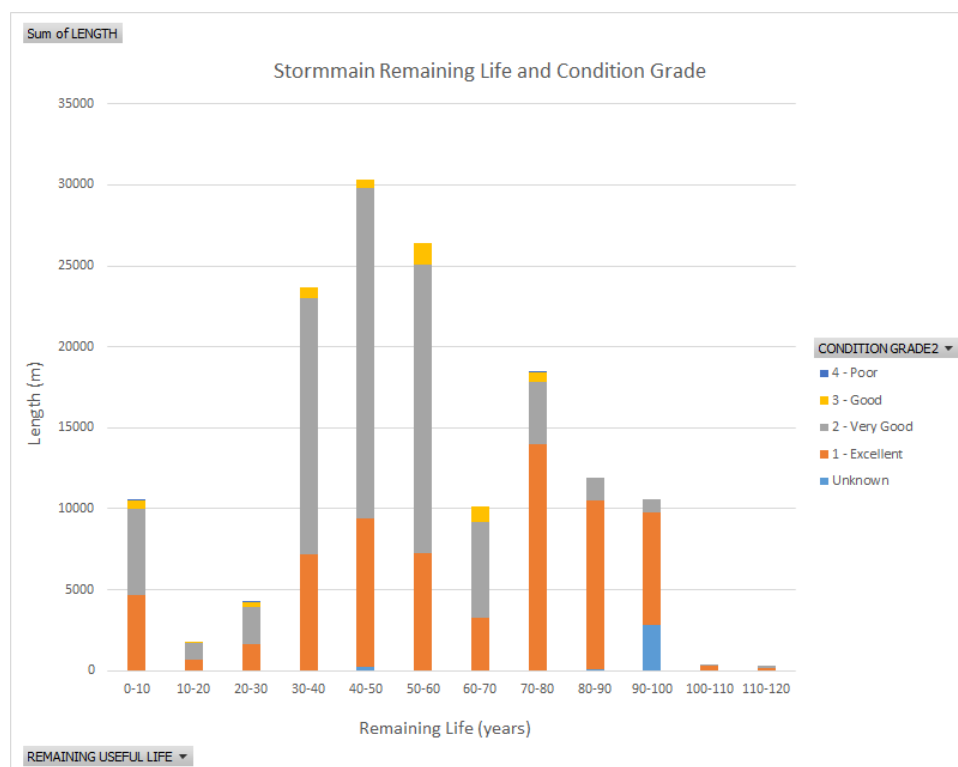
regulation, asset management, the receiving environment, and stakeholder engagement and education. The Asset Management component of the Stormwater Strategy is implemented through the Stormwater Activity Management Plan and the stormwater-related activities of the Land Transport Plan and the Waste Minimisation Plan. Overall, Council’s approach to stormwater asset management is to acknowledge the requirements of the CLWRP. This includes progressively upgrading the network at the time of renewal to incorporate systems for attenuation and treatment of stormwater flows using low impact design or green infrastructure approaches where appropriate. The ongoing development of Stormwater Management Plans for urban catchments within the district will identify more specific infrastructure requirements. This will shape the asset renewal/development programme in the longer term and is expected to have significant cost and funding implications.

Although growth within the district is not projected to be at a high level, population and household number changes will still impact on stormwater services in the next 30 years. As more areas are built-up, or with increasing infill development, more impervious areas will be created with increased levels of contaminants and there is further potential for the natural paths for stormwater flows and soakage to be occupied. This puts greater pressure on the existing capacity of stormwater networks which increases the infrastructure requirement to manage stormwater flows.

To address these issues, it is necessary to provide treatment for the removal of contaminants and the attenuation of stormwater flows to better match the natural pre-development flows. The use of low impact options, such as first flush retention dams, swales and rain gardens provide appropriate solutions, and these are being built into new residential development areas.

Planned projects of note include a constructed wetland at Waitarakao/Washdyke Lagoon and stream work and maintenance in relation to all stormwater assets.

The following figure summarises the age and condition profile of the network.



### 1.1.12 Roads & Footpaths

#### The Service we Provide

The Council provides, maintains and renews sealed and unsealed roads, bridges and culverts, footpaths, on and off-road cycleways, bus tops and seats and shelters, to enable people and

businesses to move around the District. The Council also provides road signs, markings and street lighting to ensure that travel is safe and convenient.

### **The Infrastructure**

Council is responsible for the management of the transport activity, excluding the state highways, within the District.

Quality transport infrastructure is critical for community wellbeing in the district. It allows communities to connect and receive services. Transport is a core function of Council and the activity aims to achieve the following vision:

“We will provide a Transport System that promotes Community Prosperity.”

Transport activity outcomes have been developed to capture how the transport activity contributes to the community wellbeing's.

- Fit for purpose roads and structures that enable areas of economic strength to thrive and maximises local economic growth
- Resilient and affordable roading infrastructure that meets community needs
- Walking and cycling options across the district
- Safe roads, footpaths and street networks
- Sustainable transport options are facilitated and provided

Council manages over 1,700km of sealed and unsealed roads, 315 bridges (including single lane bridges, weight restricted bridges, large culverts and footbridges), more than 300km of footpath, more than 10,000 drainage facilities like catchpits or culverts, more than 7,000 signs, more than 4,400 street lights and all the street furniture, bus stops, carparks, traffic signals, kerb and channel, cycleways, road marking and minor structures in the transport corridor.

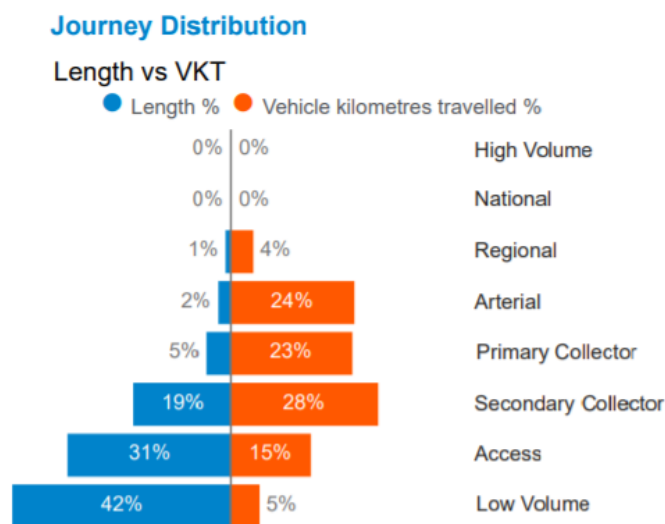
The activity also includes managing the parking infrastructure (including parking meters and carparks). Monitoring parking compliance in the district is carried out by the Environmental Services Group.

Council provides many cycleways and walkways throughout the district. These range from cycleways in the road corridor, to combined walkways and cycleways that are off-road, such as beside urban and rural streams. Off road walkways and cycleways are often managed jointly between the Parks and Recreation Unit and the Land Transport Unit.

Provision and maintenance of these facilities promotes a safer physical and enhances quality of life in our local communities. It enables economic activity and growth by allowing for the efficient transport of goods and services and by promoting access into and across the transport network. It also provides access for utilities, supports facilitation of events and other activities, promotes road safety and encourages the use of sustainable forms of travel.

The land transport activity covers the traditional maintain, operate and renew roading assets. It also equally covers control and operational activities such as controlling road corridors, road safety action programmes and subsidising regional public transport. This Activity Management Plan (AMP) outlines how Council will deliver the transportation activity to provide the services road users need to go about everyday life.

The Council transport network is divided up into the following One Network Road Classification (ONRC) categories.



Source: REG ONRC Performance Measure Reporting

On and around these roads are associated assets that make up a total replacement value of \$839M (draft replacement value as of 1/02/2021 Valuation).

**Roads**

A summary of information on the district’s road network is provided in RAMM, by network length (km) and journeys travelled (million vehicle km) based on ONRC performance measures reporting tools, and as showing in above graph.

The pavement surfacing on the Council network is mostly chipseal (96%). However, over a quarter of the highest class routes (Primary Collector and Arterial) are surfaced in asphalt, where demand or level of service is appropriate. Condition data has been considerable improved over the last 4 years with the introduction on an annual sample of high speed data on the rural network, with now 200% of that network covered over the previous 4 year period. There is also a considerable amount of High speed, roughness and condition data collection together with deflectometer testing for the network as well as standard visual condition rating, historical maintenance cost and pavement age data. Therefore, data available is at high confidence. Based on the latest high speed survey rutting is a growing problem across the entire rural network. On average rutting progression is at 1mm per annum on roads measured. This demonstrates advanced pavement consumption. Waka Kotahi NZ Transport Agency highway engineers have indicated that 1mm per annum on their network is considered a pavement in “terminal” state, however, this seems to be 3mm on the Timaru Local Road network. Visual condition surveys are still highlighting cracking as the primary defect in the urban area. Where cracking is observed, over 40% occurs on asphalt- surfaced pavements. The asphalt-surfaced routes are in average condition, and further falling weight deflectometer testing shows that the cause of this cracking is due to weak under laying pavement layers. This means that cracking is structural rather than in the surface. Council staff are preparing an asphalt strategy to review pavement strength on failed areas and progress with increased pavement rehabilitation on these cracked and failed asphalts.

The Amenity measure within NZTA’s ONRC (One Network Road Classification) framework assesses user comfort over the network based on roughness values. The rural network has displayed very smooth travel and is performing well against expectation. However, the urban network is not meeting Amenity measures – specifically Peak Roughness with almost 10% of Urban length exceeding roughness thresholds (ONRC allows up to 5% exceedance). This is generally as a result of utilities providers excavating in the road carriageway. Council staff are working with providers to avoid trenching in the traffic lanes, and use of greenspace areas within the road reserve and trenchless technologies are highly recommended to all providers. Where this cannot be achieved staff are increasing inspection regimes to ascertain any defect issues before defects period is up. This is being met with some resistance by utilities providers and contractors alike.

Council has also undertaken a review of pavement construction ages using subdivision files, aerial photography and construction contracts to ascertain pavement ages of all roads in the network. This is proving to be valuable, and depth assumptions made on “best practise” at the time are being proven to be conservative through pavement log testing when any repairs are undertaken. i.e. the pavements on the network are found to be thinner than assumed in RAMM, they also tend to be constructed on weak subgrades, such as wet silts and clays or even topsoil.

For these reasons a real focus of the current LTP and this infrastructure strategy is on rebuilding and strengthening the networks pavements to ensure ongoing access for road users to key primary and manufacturing industries.

**Bridges**

An assessment of bridges in Council was conducted in December 2020 to February 2021 to highlight the remaining useful life of bridges and major culverts in the District, based on current usage. This report is still being generated, however there are a number of structures that have been identified that need replacement earlier than previously anticipated. (South Street, Landsborough Road and Forest Creek Bridge to name three)

**Drainage (Kerb and Channel)**

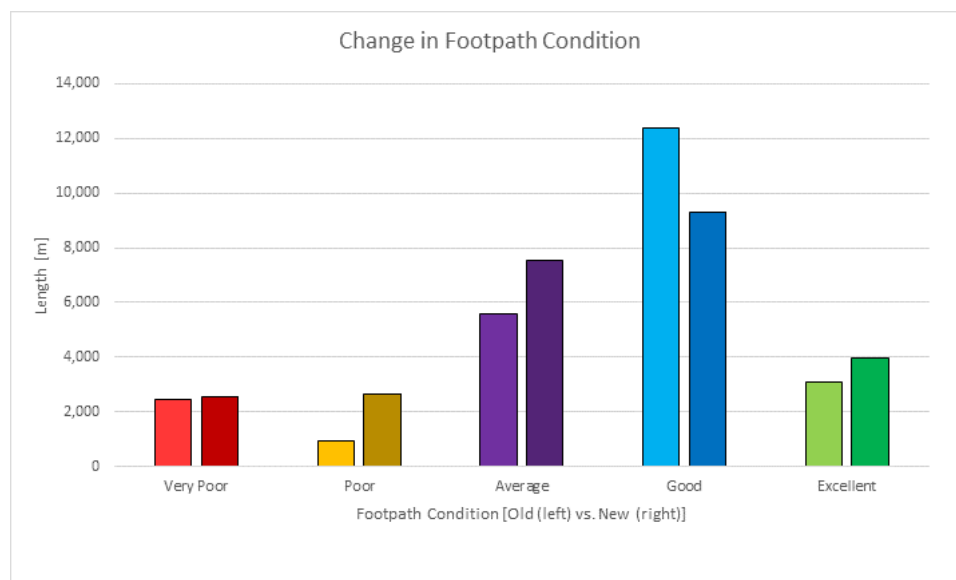
Council has completed an assessment of the condition of 100% of the kerb and channel asset.

This assessment found that the optimised replacement strategy is working well to address the short sections of poor condition kerbing. There is less of a need to undertake large scale renewals at this point in time and likely for the next 10-20 years.

**Footpaths**

Council completed footpath condition data for the District in 2017 and is undergoing a further review in 2020/21. This assessment showed that the condition profile of our network is decreasing. This means that there are a growing number of footpaths that are at the end of their useful lives. See data analysis that has been completed to date in Geraldine and Pleasant Point. There is also a growing gap in level of service across each of the townships that needs to be addressed. This will be addressed in the first 10 years of the infrastructure strategy.

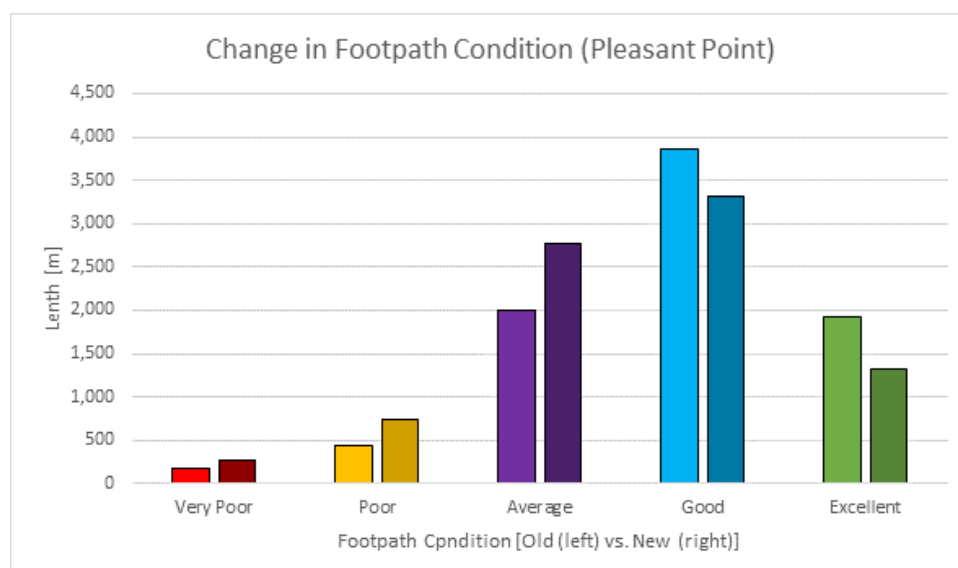
Geraldine Footpaths



The analysis of Geraldine Footpaths shows an increase in Poor Footpaths and an increase of footpaths going from good to average. In the above graph the first bar is before the latest condition Rating, the second is after the most recent rating in January 2021.

Pleasant Point Footpaths





Analysis of Pleasant Point's footpaths showed the same trend as Geraldine's footpaths. A decreasing length of excellent and good footpaths, with an increasing length of average, poor, and very poor footpaths.

The average end of life age for each condition was; excellent 6.9 years, good 16.2 years, average 14.5 years, and poor 34.8 years. The reason the footpaths went from average to poor at a lower age than from good to average was due to tree root or truck damage.

### Information Sources

The Timaru District Council conducts multiple surveys, analysis, and studies to obtain data and information on our assets, including:

- **Road User Surveys**

Conducted biannually through an independent consultant, Key Research Limited. The survey obtains the perceptions of a broad range of road users across the District, which is used to identify the expected transport levels of service and the current perceived asset performance. From the survey result, Council is able to determine the areas for possible improvements.

- **Road Efficiency Group Reports**

Multiple condition and peer comparison reports are made available annually. Timaru is often seen as a high performer in data quality and asset management reports. Our peer comparison reports generally show that we provide a value for money service and our maintenance and construction costs are generally in the lower quartile.

- **NZTA Investment Audits**

The objective of this audit is to provide assurance that the New Zealand Transport Agency's (NZTA's) investment in Timaru District Council's land transport programme is being well-managed and delivering value for money. NZTA also sought assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. NZTA also recommends improvements where appropriate.

- **Pavement Deterioration Modelling (dTIMS and Juno Viewer)**

dTIMS modelling is performed by WSP for the Council's sealed road network. The report provides evidence that can be used in support of the Long Term Programme request and Better Business Case Approach. The key objectives for undertaking this modelling were to determine the optimal maintenance expenditure/quantities in order to achieve the long-term standards for the network, aligned with the NZTA's ONRC requirements, and the consequences of various maintenance regimes on the long-term condition of the network.

This is supplemented by JunoViewer reporting, which has models available that are more reflective of local road network – construction history, strength and demand profiles. Fulton Hogan assist Timaru district council with this analysis and provide insight from peer networks.

- **Better Data Capture**

Visual condition rating is still undertaken, however the value of this pales in comparison to the data that can be obtained by High speed, multispeed, falling weight deflectometer testing Council are also undertaking now.

- **Crash Data – CAS**

The NZTA manages the Crash Analysis System (CAS) – New Zealand’s primary tool for capturing information on where, when, and how road crashes occur. The system provides tools to analyse and map crashes and enables users to identify high-risk locations and monitor trends and crash sites. This information helps inform transport policy, design and prioritise road safety improvements and monitor their effectiveness. The CAS database has been used to record details of road crashes since 1980. The system records all crashes whether fatal, injury, or non-injury, and is an important tool in the analysis of road, intersection, and road user groups safety. All road crashes have a standard crash report prepared by Police that records details about the driver, occupants, vehicle, crash factors, and crash events. A copy of the crash report is provided by Police to Council for information, and report is sent to NZTA for entering in the CAS database.

- **Council General Bridge Inspection**

Timaru District Council commissions WSP to complete the three- yearly general inspections of all Council’s bridge structures. This is in accordance with Waka Kotahi guidelines. Council bridge inventory information is then updated with new relevant information and updated maintenance and component replacement schedule, and bridge replacement programme is prepared.

- **Traffic Counts**

Council has 10 traffic counters that are utilised to perform 7-day average daily traffic counts on the District roads. The count sites are determined by Council staff using RAMM. The frequency of traffic counts is generally based on road hierarchy although traffic counts on all roads should be a maximum of five yearly intervals. The traffic counter setup, installation, and retrieval and data download is performed by a contractor. The traffic count data is stored in RAMM and used by Council staff to assist with providing supporting information/evidence to other asset.

- **Footpath, Kerb and Channel Usage and Condition Analysis**

Footpath, kerb and channel usage and condition data capture and analysis is done to provide stronger understandings of the Council’s assets. With the information, better informed decisions can be made. Footpaths are condition rated every 3-6 years depending on age of footpaths and Kerb and Channel is not done on a regular basis but Council is looking at possibly capturing the information six yearly.

### **1.1.13 Waste Minimisation**

#### **The Service we Provide**

Council’s solid waste activity includes the collection, transport, treatment and disposal of solid and hazardous waste in a way that protects the health and well-being of our community and that minimises environmental impact.

#### **The Infrastructure**

Our strategic goal for waste minimisation is a sustainable community that is able to reuse, recycle and recover discarded resources and minimise residual waste to landfill, while ensuring protection of public health and the environment.

To that end, Council operates waste minimisation facilities at Redruth Resource Recovery Park which includes landfill, recycling, composting facilities, and transfer station facilities in Timaru, Temuka, Geraldine and Pleasant Point.

The current Redruth Landfill is projected to be full in 25-28 years and consideration needs to be given to future options for South Canterbury Waste Disposal. Accordingly, Council considers the provision of this Waste Minimisation Service to be a significant infrastructure activity and therefore is included in the Infrastructure Strategy.

### **Kerbside collection**

The kerbside collection system assets comprise of approximately 90,000 wheelie bins, with new glass collection wheelie bins being rolled out at the commencement of the new contract from July 2021. Council receives comprehensive data from the contractor on bin numbers, bin repairs, and bin replacements. The original bin stock is now 15 years old and the budget allows for an increasing number of replacements until the number of replacements stabilises.

### **Transfer stations**

Transfer stations, roads and buildings are in good condition and well maintained, with some roads needing upgrading within Redruth Landfill to accommodate new cell development in Years 1-3. All sites will need renewals of the compactors within 10-15 years, and all compactor bins will need renewals within Years 1-3.

### **Materials Recovery Facility (MRF)**

The Materials Recovery Facility was built in 2005 and has a regular maintenance schedule. Council owns the building structure but the MRF plant inside is owned and operated by the waste contractor. The building structure is in good condition. The new contract commencing in 2021 will see the existing MRF plant be decommissioned and new plant and technology being installed. This will enable a higher level of service for the MRF to be able to sort and process recyclable goods for outside markets.

### **Compost Facility**

The eight compost pads were built in 2005 and have been allocated a life of 20 years (2025). However, due to landfill subsidence the pads are in poor condition with cracking and displacement. With the commencement of the new contract, in Year One a new Organics Processing Facility will be built on Redruth that will reduce the stress on the existing concrete pads and they will only be used for maturation of compost rows. It is likely that the pads will need to be rebuilt within the time of this Infrastructure Strategy.

### **Redruth Landfill**

The current landfill is operated by EnviroWaste Services Ltd on behalf of Council from the commencement of this Infrastructure Strategy. Significant work was completed on the landfill in 2019-21 including the installation of a new LFG capture system with modern flares for burnoff. This will enable Council to claim UEF credits that will offset the amount of carbon credits needing to be purchased over time. Additional work included the capping programme for Stage One landfill, and the closure of Cells 2.1 and 2.2 in Stage Two landfill. Due to increased volumes of waste coming into Redruth, the landfill cell development programme is accelerated to accommodate this increase, which has meant a reduced landfill life for Redruth. This will result in a new landfill to replace Redruth needing to be operational within 25 years.

### **Asset performance**

Waste Minimisation assets are recorded in the Hansen database, with condition and lifecycle information allocated as per improvements identified in the WMMP Improvement Plan. In 2021 a full condition assessment will be undertaken to help determine the asset valuation and recalculate the lifecycle information within Hansen.

### **1.1.14 Other Infrastructure**

#### **The Service we Provide**

Council owns, manages or governs significant other infrastructure including the council Headquarters, the Port of Timaru (Primeport) and Richard Pearse Airport. Council owns 50% of Primeport Timaru via Timaru District Holdings Limited, including a significant land portfolio.

This infrastructure is essential to Council achieving the economic and population growth desired by the Council. Both the port and the airport are essential infrastructure assets in achieving councils long term goals of attracting business and population to the district

#### **The Infrastructure**

##### **The Port of Timaru (Primeport Timaru)**

The Port of Timaru is located at the bottom of Port Loop Road and is a major importing and exporting centre for the district. It is also New Zealand's second largest fishing port, behind Nelson.

Longer term enhancements could include the deepening of the Port to enable bigger ships to use the facility and position Timaru District as a central economic hub for the distribution of goods nationally and internationally.

##### **Airport**

Council manages the Richard Pearse airport located approximately 10 kilometres northwest of Timaru. The airport provides a key business and community link from the district to Wellington with daily return flights. Council owns and manages the asset – the main airport facility, including the terminal building and runway. Council is responsible for ensuring the airport is run to legislative and Civil Aviation rules and provides other services such as car parking and land for lease to commercial and private aircraft hangars and aviation orientated industry.

Longer term enhancements could include the lengthening of the runway to enable larger passenger and freight aircraft to land at the airport. This would facilitate the Districts growth strategy.

## ASSUMPTIONS AND RISK

5. Assumptions are based on the Long Term Plan General and Financial Assumptions which reflect the issues that may impact on Council activities in the next 10 years and beyond. These assumptions underpin Council’s determination of the most likely scenarios for management of key assets, and the significant decisions on capital expenditure over the period of the strategy. The full description of assumptions can be found in the LTP document. Activity specific assumptions can be found in the Table below.

### 6. Table 3. Significant Assumptions (Activity Specific)

What	Assumption	Risk	Consequence	Mitigation
<b>Roading &amp; Footpaths</b>				
<b>Waka Kotahi (NZTA) Funding Assistance</b>	There will be no further changes to the funding assistance approach for transport funding administered by the New Zealand Transport Agency (NZTA), including funding criteria and NZTA funding. <i>Comment:</i> Funding assistance rate is maintained at 51% for all projects.	Changes in NZTA subsidy rates or to criteria for roading and footpath projects have a positive or negative effect on Council’s transport budget.	Funding would need to be obtained from alternative sources or work programmes adjusted. Levels of service may need to be adjusted. If sufficient funding is not available, it may mean that projects are delayed or scrapped.	The Council and management will review the budget annually through the LTP/Annual Plan process and may adjust work programmes/ budget where necessary.
<b>Maintenance of the State Highways</b>	State highways to continue being maintained by NZTA.	Reduced levels of service	State Highways through District poorly maintained.	Potential Council funding contribution.
<b>Legislation for Heavy Vehicle Mass</b>	There will be no further changes to the legislation of permitted heavy vehicle mass limits on the roads.	Legislation permits increased mass limits. Roading assets (pavement and bridge) are not fit for purpose.	Greater deterioration of Council roads, assuming Council took control of the road. Roading assets unable to provide suitable level of service.	Testing and prioritising of decision and work. Rates and NZTA funding request increase to pay for the costs or service levels could reduce.
<b>Collaboration</b>	Collaboration continues to happen between the Mid-South Canterbury Councils.	Loss of commitment to collaboration and levels of service differ.	Loss of efficiency opportunities.	Implement suggested S17A review option.
<b>Bitumen Availability</b>	There will be bitumen available and within reasonable price to sustain the ability to lay future roads.	Availability of bitumen becomes limited due to multiple reasons, including changes in vehicle technology (electric vehicles), therefore bitumen is not “produced” as a by-product of the process of producing fuel. This therefore could cause the cost of bitumen to become too expensive, and causing the cost for laying pavements too high and not value for money.	Pavements are not value for money and becomes really expensive to create / renew / maintain.	Monitor technology changes and their effects.
<b>Sewer</b>				
<b>Compliance by Industry</b>	Industries comply with tradewaste discharge agreements.	Industries unable to comply with tradewaste	Non-compliance may result in increased monitoring and	Regular liaison with industry and close monitoring of industry

What	Assumption	Risk	Consequence	Mitigation
		discharge agreements.	compliance costs and ultimately industrial wastewater treatment upgrades.	compliance for early detection of issues.
<b>Stormwater</b>				
<b>Stormwater Discharge Quality</b>	Council will obtain resource consents from Environment Canterbury	Resource consents are not achieved by required deadlines. Consent conditions cannot be met.	Significant cost will be needed to implement stormwater treatment and comply with statutory environmental quality standards.	Regular liaison with ECan. Monitoring of legislative changes. Implement stormwater management projects over time. Monitor stormwater quality.
<b>Waste Minimisation</b>				
<b>Waste Quantities</b>	Waste quantities remain static or increase/decrease incrementally	That waste quantities vary unexpectedly.	Sudden increases in quantities mean landfill life is reduced. Sudden decreases in quantities mean income is reduced.	Communication with major commercial contractors. Management of landfill costs and charges.
<b>Waste Legislation Changes, including Waste Levy Charges</b>	Waste legislation increases the responsibility of councils to manage priority waste products, Waste Levy charges may or may not cover increased waste diversion costs	Council is under-resourced to manage priority products or waste diversion	Increased costs result in more waste going to landfill, or more fly-tipping within the district by customers not wanting to pay excess charges	Focused attention on state of waste legislation in Parliament, develop strategy to increase collaboration of waste diversion with key stakeholders such as CWJC, MfE, ECan and external organisations
<b>Resource Consent Compliance</b>	Council retains all resource consents over the strategy time period	That Redruth Landfill consent is not renewed in 2030	Closure of landfill with airspace remaining. Increased costs to community for waste disposal.	Continue active work in monitoring and environmental management. Regular liaison with ECan.
<b>Landfill Aftercare</b>	<ul style="list-style-type: none"> <li>No significant restoration work is required on its closed landfills beyond what has been budgeted and provided for</li> <li>No material changes to the assessments for Redruth's post closure costs since last review</li> </ul>	Landfill restoration work is required earlier than planned or higher than budgeted	Landfill restoration work being required earlier than planned could result in a higher funding requirement earlier than anticipated.	Council reviews the basis for the provision it makes for these costs on an annual basis. Active monitoring of landfill cells to enable ongoing landfill aftercare post closure. Review of possible impacts on closed landfills via climate change work in next three years.
<b>Water Supply</b>				
<b>Fire Fighting Requirement</b>	Fire Fighting Code of Practice (FF COP) SNZ PAS 4509:2008 remains voluntary.	FF COP becomes mandatory resulting in significant reticulation upgrades.	Increased infrastructure costs.	Consideration of progressive upgrades to meet FF COP requirements when renewals are programmed. Monitoring of legislative changes.
<b>Drinking water standards and regulation compliance</b>	All drinking water supplies will comply with the Drinking Water Standards for New Zealand and all requirements of Taumata Arowai are met	That drinking water supplies do not meet the standards or that the requirements of Taumata Arowai are not met	Increased costs to implement improvements to comply with standards and regulations.	Continue active work in monitoring changes to Drinking Water Standards and regulations and implement upgrades

## CHALLENGES AND EMERGING TRENDS

The development of the Infrastructure Strategy has considered emerging trends and how to manage identified challenges. This section explains the key trends, challenges and assumptions and risks that have been identified. The task of building, operating and maintaining these infrastructure assets in an affordable and sustainable manner is becoming increasingly challenging in view of the following emerging issues.

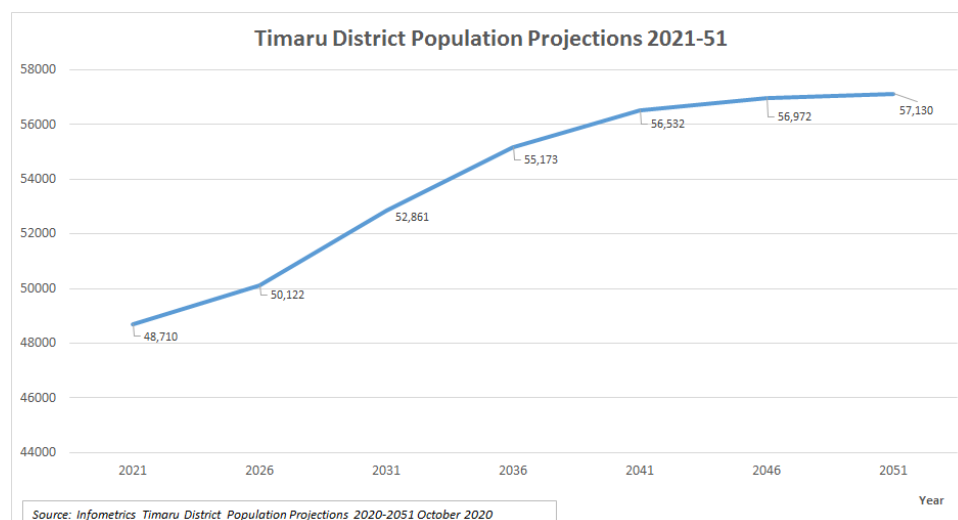
### Population Change

The population of Timaru District has grown steadily over the past 15 years, and growth has been particularly strong in the past five years because of strong international net migration. This strength has seen Timaru’s population grow to 48,400 in 2020.

Population growth is expected to slow down over 2021 and 2022 due to COVID-19. From 2023 onwards, population growth is projected to resume at a steady rate, and will continue growing steadily until the late 2030s. A lower rate of growth is projected in the 2040s as employment growth wanes, reaching a population of 57,130 in 2051.

The District’s population is projected to increase to 52,861 by 2031 (0.7% average annual increase), reaching 57,130 in 2051 (0.3% average annual increase). The population is concentrated around Timaru township (2018 population approximately 30,000 - including Fairview and Washdyke) and in the smaller townships of Temuka (4,330), Geraldine (2,700) and Pleasant Point (1,400). The District also has a number of villages including Pareora, Orari, Cave, Winchester and Woodbury.

Population growth is expected to be higher in the earlier years of the strategy (around 0.7% annual average growth and then reduce to around 0.3% in the later years. Over the next few years, (2021-23) population growth is expected to slow due to COVID-19.



### Demographic Changes

In demographic terms, population change consists of three principal components – births (fertility), deaths (mortality) and net migration. The difference between births and deaths is

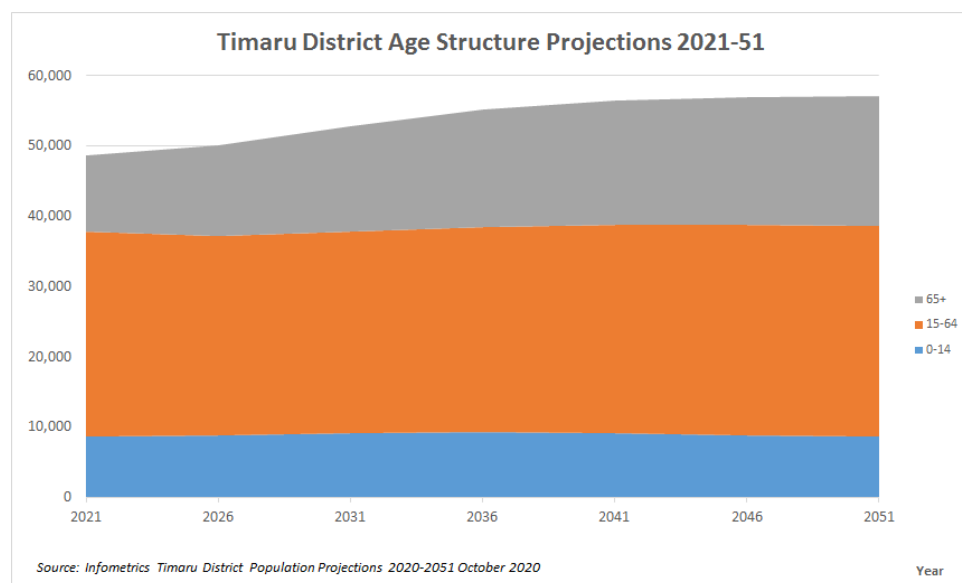
generally referred to as natural increase – in other words, the ability for a population to grow internally or ‘naturally’. In recent years, steady birth numbers coupled with increasing deaths have tipped natural increase in Timaru slightly negative. This trend is expected to deteriorate further, as the number of deaths increases even further due to the ageing population. This means that the district becomes reliant on migration to maintain the population and to grow.

Net migration into the district has displayed a broadly upward trend over the past twenty years, however it is expected to ease in response to COVID-19 as international net migration drops sharply. Net migration is expected to recover to a relatively high level by 2022, then grow further to peak in 2032. Over the next 15 years, large numbers of workers born in the 1960s and 1970s are projected to retire, which is expected to draw in migrants to fill their jobs. Beyond this point, net migration will ease down to low, but still positive, levels.

**Age Structure**

As is the case for the most areas in New Zealand, the population of Timaru is projected to age significantly over the next 30 years. The number of youth (aged below 15 years), is projected to grow from 8,563 in 2020, peaking at 9,380 in 2033, before easing back to 8,712 in 2051. The working age population, of 15 to 64 years of age, is expected to grow slightly, from 29,436 in 2020 to 29,940 in 2051. The 65 years and older age group is the fastest growing age group, expanding from 10,401 in 2020 to 18,478 in 2051. Most of this growth takes place in the next twenty years as the relatively large ‘baby boomer’ cohort moves into the 65 years and older age group. This trend means that the average age of the population will grow from 43 years in 2020 to 48 years in 2051.

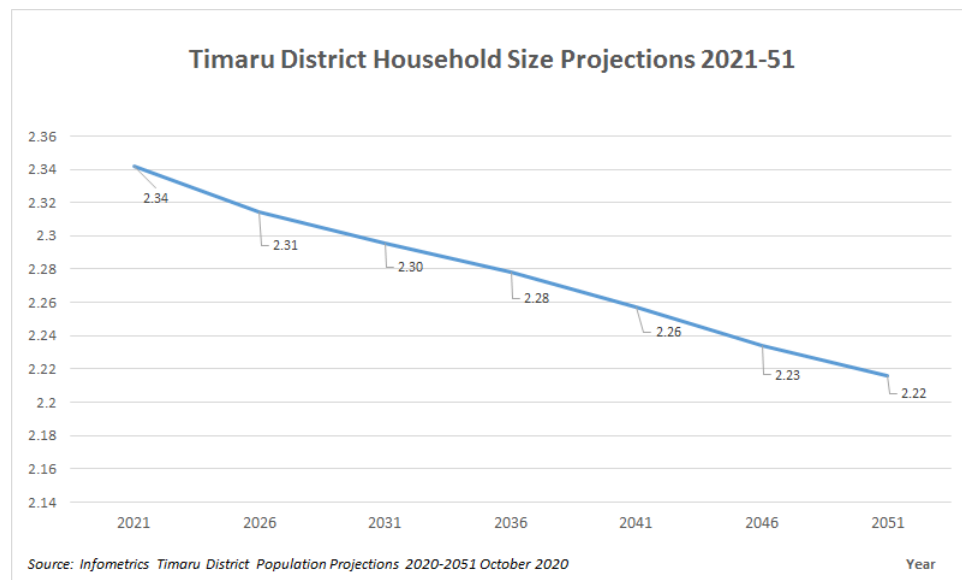
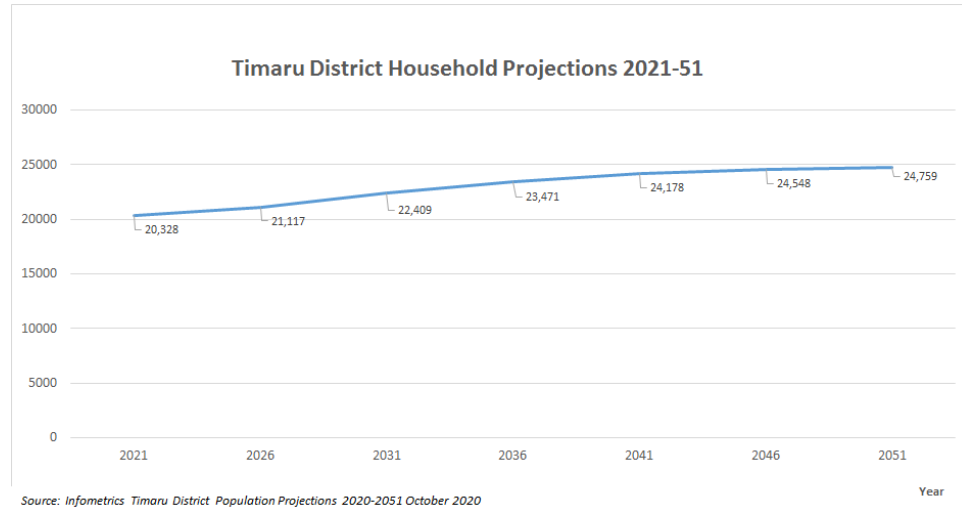
The district will continue to age over the next 30 years as the relatively large ‘baby boomer’ cohort moves into the 65+ age group. This means that by 2051, around 18,478 people will be in this age group or 32.3% of the district’s population. Within this cohort, by 2051 the population at higher ages (i.e. 75+) will more than double compared to 2021 (9%). Other age groups (e.g. below 15, 15-64) will grow much more slowly in comparison.





### Household Changes

Timaru District household change has historically been characterised by steady growth of households, with pockets of stronger growth in some locations and communities. Household size is declining over time as the population ages. Household projections do not represent forecasts, but indicate what future households will be if the underlying assumptions prevail.



### New Technologies

New technologies have significantly disrupted societal norms and placed pressure on investment in long term assets. As changes in technology occur traditional responses to infrastructure investment become more challenging and can potentially leave some assets stranded or obsolete. Technologies also provide significant opportunities to extend asset life and offer Councils the ability to provide alternative options and new responses to delivery of

infrastructure services. Council activity managers and staff continually consider new and potential technologies and their impacts on current and future investments.

Industry practices are constantly evolving, and technological advancements are an ongoing improvement that Council aims to use in the roading, water services and waste minimisation activities. The impact of these is described below on the activities covered by this Infrastructure Strategy.

### **Roading and Footpaths**

Technology in the transportation, roading, and road vehicle industry is growing rapidly. There are multiple areas that Council must monitor and consider. These technologies will potentially improve:

- Road and vehicle safety
- Automation
- Electric vehicle
- Alternative modes of transport
- Vehicle Emissions
- Traffic and vehicle efficiency
- Resilience
- Data
- Communication

According to the Ministry of Transport website, “The Ministry of Transport is taking an active interest in the use of the following transport technologies in New Zealand”:

- Road vehicle technologies Autonomous (driverless) vehicles
  - Connected vehicles
  - Engine technologies (electric and hydrogen)
- Air navigation technologies
  - Unmanned Aerial Vehicles (UAVs) (also known as Remotely Piloted Aerial Systems (RPAS), Unmanned Aircraft System (UAS), or drones)
- Smartphones and tablets
- Positioning systems

In the Timaru District, electric vehicles are increasing in popularity and numbers. These include but are not limited to:

- E-cars / vans
  - Driver assisted
  - Autonomous (Driverless)
- E-bikes
- Mobility scooters

- Paxters

These sorts of vehicles have their benefits, but have multiple impacts on roading activity (e.g. Road safety – vehicular and pedestrians, charging stations – as demand increases, asset capability, cellular coverage).

Numerous software applications are emerging and in use. Some of these applications/software can assist with providing information to drivers (such as GPS mapping), and some assist organisations in gathering information.

Global Positioning System (GPS) are as good as the information available. If the software is not updated by the user or by the organisation, then the system can send users to unsuitable locations, all dependent of the options selected, such as “shortest routes”. The road user may not have the right vehicle to handle the road conditions that the GPS has identified for them to travel.

With the younger generation more in-tune with the current technology, information such as Wi-Fi direct availability, charging points, online shopping, bus (real-time) location information, are becoming the standard expectation.

### **Water Services**

*(Water Supply, Sewer, Stormwater)*

For water services, technological improvements continue to evolve and be promoted within the water services industry. Council acknowledges the utility and advantages of using more up to date materials and processes for operational efficiency. A process is embedded in the procurement of services where Council is provided a choice, for example, of the types of materials and methodologies to be used by contractors. In particular, Council's assessment of technology is around what could help increase asset performance, minimise life-cycle costs, and sustainably achieve community outcomes. These include, but are not limited to, the following:

- high performance pipe materials (e.g. crack/pressure resistant PE pipes)
- non-destructive pipe condition assessments (e.g. ultrasonic testing, broadband electromagnetic testing)
- more effective and environmentally sustainable treatment processes (e.g. for wastewater odour control; for stormwater treatment)
- greater integration of Information and Communication Technology tools in business processes (e.g. electronic identification and tagging of buried assets; customised computers for field work management)

Looking at the 30-year horizon, Council will continue to pursue technological advancement that will bring about the greatest opportunities for efficiency and effectiveness in service delivery, taking into account the community's appetite for advancement or modernisation of public services given the associated costs.

### **Waste Minimisation**

- For waste minimisation, the application of new technology will include: Electric trucks for kerbside collection are likely to be implemented in the next 15 years.
- New technologies and product stewardship schemes will emerge to deal with various waste streams.

- Customer service and tracking apps that allow for issues reporting and resolution.

Council can facilitate a wide range of projects recovering/recycling waste which correlates with the long-term vision for the Redruth site as a resource recovery hub. Technologies such as Waste-to-energy may provide an alternative option following the closure of the landfill, but will need central government support to help develop the infrastructure to make this a reality.

## **Changing Government Priorities and Legislative Environment**

### **Local Government Purpose**

A recent change to the Local Government Act 2002 has re-established the focus on the four wellbeings. Section 10 states:

The purpose of local government is—

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

This change will have minimal impact on Council as it re-establishes a focus on the social, economic, environmental, and cultural wellbeing of the district that has been retained in Council strategy. It will further enable more appropriate long term delivery of infrastructure focused on community wellbeing.

### **National Infrastructure Plan**

The government's objective is that, by 2045, New Zealand's infrastructure should be resilient and coordinated and contribute to growth and increased quality of life. This will be achieved through better use of existing assets and better allocation of new investment, as set out in the New Zealand Infrastructure Plan 2015.

The National Infrastructure Plan 2015 (NIP 2015) is the third National Infrastructure Plan to be released by the Government.

The NIP provides a Vision for New Zealand's Infrastructure that:

“By 2045 New Zealand's infrastructure is resilient and coordinated and contributes to a strong economy and high living standards.”

Environmental Compliance and progress is reflected through national policy statements and promulgated through regional and district plans.

**Taumata Arowai – Water Services Regulator Act**

The largest legislative change that will significantly impact on Council is the Government's passing of Taumata Arowai – the Water Services Regulator Act and the three waters reform.

The Taumata Arowai's statutory objectives, include:

- Protect and promote safe drinking water and related public health outcomes
- Effectively administer the drinking water regulatory system
- Build and maintain capability among drinking water suppliers and across the wider industry
- Give effect to Te Mana o te Wai, to the extent that Te Mana o te Wai applies to the functions and duties of Taumata Arowai
- Provide oversight of environmental performance of wastewater and stormwater networks
- Promote public understanding of the environmental performance of wastewater and storm-water networks.

Taumata Arowai will:

- oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water, and if need be we will hold suppliers to account.
- provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.

The Act requires that all suppliers must be registered on the drinking water register by a year after the Water Services Bill is passed (ie approx. the second half of 2022).

Supplies serving 500 or more must have a drinking water safety plan that complies with new requirements by end of year one. All other supplies must have a drinking water safety plan that complies with new requirements by end of year five (2026).

Until the second half of 2021, drinking water suppliers are required to continue to comply with the Ministry of Health requirements that will continue to be the case, and all current requirements will remain in place.

**Three Waters Reform Programme**

In July 2020, the Government launched the Three Waters Reform Programme - a three-year programme to reform local government three waters service delivery arrangements. Timaru District Council has agreed to participate in the Three Waters Services Reform programme and has signed up to a Memorandum of Understanding with the Crown, which enables eligibility to access the Crown investment package. The Government has indicated that system-wide reform is needed to achieve lasting benefits for the local government sector, our communities, and the environment. The Government's starting intention is to reform local government's three waters services into a small number of multi-regional entities with a bottom line of public ownership. This would move the planning, operations, and management of the three waters out of Council control.

## **Freshwater Management**

The Resource Management (National Environmental Standards for Freshwater) Regulations 2020 (Freshwater NES) regulates activities that pose risks to the health of freshwater and freshwater ecosystems. The regulation came into effect in August of 2020

The concept of Te Mana o te Wai is central to the freshwater management. It refers to the vital importance of water and the need to ensure that freshwater is managed in a way that prioritises (in this order):

- the health and well-being of water
- the health needs of people
- the ability of people and communities to provide for their social, economic and cultural well-being.

The new National Policy Statement for Freshwater Management (NPS-FM ) establishes a set of guiding principles and a hierarchy of obligations. It refers to the essential value of water, and the importance of sustaining the health and well-being of water before providing for human health needs, and then other uses.

The NPS-FM strengthens and clarifies Te Mana o te Wai by requiring regional councils to:

- set a long-term vision (inter-generational) for the water that is informed by aspirations of tangata whenua and communities for what the waterbodies should look like in future, an understanding of current pressures, and an understanding of the waterbodies' history
- report on progress towards the long-term vision
- investigate options for tangata whenua involvement such as joint management agreements, and publicly report on decisions around whether to use these options.

Environment Canterbury is working with Te Rūnanga o Ngāi Tahu and Papatipu Rūnanga to build an understanding of Te Mana o te Wai in Canterbury, and how this should be given effect to.

People making decisions on consents must now have regard to the relevant provisions of the NPS-FM and the National Environmental Standards for Freshwater (NES-F). The decision-maker must weigh up several factors. Considerable weight must be given to the principles of Te Mana o te Wai, and the requirement to put the health and well-being of freshwater first, then human health, and finally the ability of people and communities to provide for their social, economic and cultural well-being. To appropriately incorporate this new direction into the decisions we make on resource consents, Ecan is requiring people/organisations applying for consent, or with consents in process, to assess the relevant provisions of these documents, and particularly how their proposed activities give effect to Te Mana o te Wai and the hierarchy of obligations (see above).

This change will have significant impact on stormwater management in the Timaru District. Council is in the process of obtaining stormwater resource consents and identifying current and future management requirements to include infrastructure upgrades and new developments.

### **National Policy Statement on Urban Development**

The National Policy Statement on Urban Development 2020 (NPS-UD) came into effect on 20 August 2020. It replaced the National Policy Statement on Urban Development Capacity 2016. It was developed by the Ministry for the Environment and the Ministry of Housing and Urban Development.

The NPS-UD 2020 recognises the national significance of:

- having well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future
- providing sufficient development capacity to meet the different needs of people and communities.

The NPS-UD 2020 requires councils to plan well for growth and ensure a well-functioning urban environment for all people, communities and future generations

This includes:

- ensuring urban development occurs in a way that takes into account the principles of the Treaty of Waitangi (te Tiriti o Waitangi)
- ensuring that plans make room for growth both 'up' and 'out', and that rules are not unnecessarily constraining growth
- developing, monitoring and maintaining an evidence base about demand, supply and prices for housing and land to inform planning decisions
- aligning and coordinating planning across urban areas.

The NPS-UD 2020 contains objectives and policies that councils must give effect to in their resource management decisions though not all NPS-UD 2020 objectives and policies apply to all councils. The objectives and high-level policies of the NPS-UD 2020 apply to all councils that have all or part of an urban environment within their district or region. However, some policies apply only to tier 1 or tier 2 councils.

### **NZ Coastal Policy Statement**

The New Zealand Coastal Policy Statement 2010 (NZCPS) guides local authorities in their day to day management of the coastal environment.

The New Zealand Coastal Policy Statement (NZCPS) is a national policy statement under the Act. The purpose of the NZCPS is to state policies in order to achieve the purpose of the Act in relation to the coastal environment of New Zealand.

The coastal environment has characteristics, qualities and uses that mean there are particular challenges in promoting sustainable management:

- The coastal environment varies in nature and extent around the country;
- most existing towns and cities are in or close to a coastal location;

- the coastal environment contains established infrastructure connecting New Zealand internally and internationally such as ports, airports, railways, roads and submarine cables;
- natural and physical resources important to the economic and social wellbeing of the nation and communities, such as quality coastal environments, high quality fresh water, renewable energy, and minerals are found within the coastal environment, including in areas with high natural character, landscape and amenity values;
- the natural and recreational attributes of the coast and its attraction as a place to live and visit combine with an increasingly affluent and mobile society to place growing pressure on coastal space and other resources;
- activities inland can have a major impact on coastal water quality;
- activities in the coastal environment are susceptible to the effects of natural hazards such as coastal erosion and tsunami, and those associated with climate change;
- there is continuing and growing demand for coastal space and resources for commercial activities as diverse as aquaculture and sand mining; and
- the coast has particular importance to tangata whenua, including as kaitiaki.

The coastal environment is facing the following key issues:

- The ability to manage activities in the coastal environment is hindered by a lack of understanding about some coastal processes and the effects of activities on them;
- loss of natural character, landscape values and wild or scenic areas along extensive areas of the coast, particularly in areas closer to population centres or accessible for rural residential development;
- continuing decline in species, habitats and ecosystems in the coastal environment under pressures from subdivision and use, vegetation clearance, loss of intertidal areas, plant and animal pests, poor water quality, and sedimentation in estuaries and the coastal marine area;
- demand for coastal sites for infrastructure uses (including energy generation) and for aquaculture to meet the economic, social and cultural needs of people and communities;
- poor and declining coastal water quality in many areas as a consequence of point and diffuse sources of contamination, including stormwater and wastewater discharges;
- adverse effects of poor water quality on aquatic life and opportunities for aquaculture, mahinga kai gathering and recreational uses such as swimming and kayaking;
- loss of natural, built and cultural heritage from subdivision, use, and development;
- compromising of the open space and recreational values of the coastal environment, including the potential for permanent and physically accessible walking public access to and along the coastal marine area;
- continuing coastal erosion and other natural hazards that will be exacerbated by climate change and which will increasingly threaten existing infrastructure, public access and other coastal values as well as private property; and



- the use of vehicles on beaches causing ecological damage and creating conflicts with other recreational uses and values of the coastal environment.

This NZCPS is to be applied as required by the Resource Management Act 1991 (“the Act”) by persons exercising functions and powers under the Act. The Act itself should be consulted, but at the time of gazettal of this statement, its requirements in relation to this NZCPS are, in summary, that:

- regional policy statements, regional plans and district plans must give effect to this NZCPS (sections 62(3), 67(3)(b), 75(3)(b) refer);
- local authorities must amend regional policy statements, proposed regional policy statements, plans, proposed plans, and variations to give effect to NZCPS provisions that affect these documents as soon as practicable, using the process set out in Schedule 1 of the Act except where this NZCPS directs otherwise (section 55 refers);
- a consent authority, when considering an application for a resource consent and any submissions received, must, subject to Part 2 of the Act, have regard to, amongst other things, any relevant provisions of this NZCPS (section 104(1)(b)(iv) refers);
- when considering a requirement for a designation and any submissions received, a territorial authority must, subject to Part 2 of the Act, consider the effects on the environment of allowing the requirement, having particular regard to, amongst other things, any relevant provisions of this NZCPS (sections 168A(3)(a)(ii) and 171(1)(a)(ii) refer);
- when considering a requirement for a heritage order, a territorial authority must, subject to Part 2 of the Act, in addition to having regard to certain matters, have particular regard to, amongst other things, all relevant provisions of this NZCPS (section 191(1)(d) refers);
- in considering an application for a water conservation order, a special tribunal, in addition to having particular regard to certain matters, must have regard to, amongst other things, the relevant provisions of this NZCPS (section 207(c) refers);
- in conducting an inquiry in respect of the report of a special tribunal on an application for a water conservation order, the Environment Court, in addition to having particular regard to certain matters, must have regard to, amongst other things, the relevant provisions of this NZCPS (section 212(b) refers).

### **Zero Carbon Act**

The Climate Change Response (Zero Carbon) Amendment Act 2019 provides a framework by which New Zealand can develop and implement clear and stable climate change policies that:

- contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels
- allow New Zealand to prepare for, and adapt to, the effects of climate change.

The changes do four key things. They:

- set a new domestic greenhouse gas emissions reduction target for New Zealand to:
  - reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050
  - reduce emissions of biogenic methane to 24–47 per cent below 2017 levels by 2050, including to 10 per cent below 2017 levels by 2030
- establish a system of emissions budgets to act as stepping stones towards the long-term target
- require the Government to develop and implement policies for climate change adaptation and mitigation
- establish a new, independent Climate Change Commission to provide expert advice and monitoring to help keep successive governments on track to meeting long-term goals.

There will be a transitional period to 2021 to get the new provisions up and running.

- The Ministry for the Environment:
  - has already begun work on the first National Climate Change Risk Assessment. Future Risk Assessments will be carried out by the Climate Change Commission.
  - is also developing a provisional emissions budget for 2021–2025. This will provide an early sense of direction before the first three emissions budgets (for the emissions budget periods 2022–2025, 2026–2030 and 2031–2035) are recommended by the Climate Change Commission in early 2021, and set by the Government by the end of 2021.
- The NZ ETS will be an important tool in delivering emissions reductions and helping New Zealand achieve its emissions budgets and 2050 target. The provisional emissions budget for 2021–2025 will be used to inform the unit supply settings.

### **Resource Management Act**

The Government plans to repeal the Resource Management Act 1991(RMA) and replace it with three new pieces of legislation.

The three proposed new pieces of legislation to replace the RMA are as follows.

#### **Natural and Built Environments Act**

This is the core piece of legislation to replace the RMA. The purpose of this Act is to enhance the quality of the environment to support the wellbeing of present and future generations.

This would be achieved by:

- promoting positive outcomes for both the natural and built environments

- ensuring that use, development and protection of resources only occur within prescribed environmental limits
- ensuring adverse effects of activities on the environment are avoided, remedied or mitigated.

Under the Act, central government's proposed new National Planning Framework will provide a set of mandatory national policies and standards on specified aspects of the new system. These will include environmental natural limits, outcomes and targets.

#### Strategic Planning Act

This Act provides a strategic and long-term approach to how we plan for using land and the coastal marine area.

Long-term spatial strategies in each region would be developed to identify areas that:

- will be suitable for development
- need to be protected or improved
- will need new infrastructure and other social needs
- are vulnerable to climate change effects and natural hazards such as earthquakes.

The regional strategies would enable more efficient land and development markets to improve housing supply, affordability and choice, and climate change mitigation and adaptation.

#### Climate Change Adaptation Act

This Act would support New Zealand's response to the effects of climate change. It would address the complex legal and technical issues associated with managed retreat and funding and financing adaptation.

### **Climate Change and Natural Hazards**

Climate change is considered as a critical consideration in the Council's long term planning. Council uses guidance from the New Zealand government, based upon the best available climate science, to support the planning.

Natural hazards, accelerated by climate change, pose a risk to a resilient infrastructure network. Flooding, landslides, rising groundwater and the risk of liquefaction in the event of an earthquake pose the most significant risks to Timaru Districts infrastructure. It is anticipated these risks will increase over time because of climate change. Climate change impacts include more extreme rainfall events, storms, and flooding. Rising groundwater in low-lying areas is the most significant risk from climate change. High groundwater can cause several problems such as increased frequency of flooding and surface ponding.

The Ministry for the Environment information on <http://www.mfe.govt.nz/climate-change/how-climate-change-affects-nz/how-might-climate-change-affect-my-region/canterbury> provides a summary of projected climate changes over the period 2031- 2050 and 2081-2100, compared with 1986-2005 and the key impacts this is likely to have.

Potential key impacts are likely to include:

- Water shortages – Higher temperatures, less rainfall and greater evapotranspiration are likely to cause increasing pressure on water resources. Droughts are likely to become more frequent and more extreme.
- More frequent storm events – An increased frequency of storm events can impact on the quality of raw water in streams and shallow bores, that result in greater water treatment efforts to comply with drinking water standards.
- Fire risk – Strong winds, combined with high temperatures, low humidity and seasonal drought may result in an increased fire risk. The length of the fire season is expected to increase.
- Sea level rise – As the climate changes and the sea level rises, the risk of flooding will increase. Coastal erosion is also likely to increase.
- Biosecurity – Climate change could increase the spread of pests and weeds. Banana passionfruit, a frost-tender plant, appears to be spreading, and argentine ants have survived through two winters, which was previously not thought possible. There may also be an increased threat to native species from changed distribution of disease vectors.
- Agriculture – Warmer temperatures, a longer growing season and fewer frosts could provide opportunities to grow new crops. Farmers might also benefit from faster growth of pasture and better crop growing conditions. However, these benefits may be limited by negative effects of climate change such as prolonged drought, new or increased pests, increased flood risk, and greater frequency and intensity of storms. There is also likely to be increasing pressure on water resources.
- Changes in average temperatures
  - These effects have the potential to increase:
    - Longer dry periods causing increased dust on unsealed roads
    - High temperatures causing bitumen softening causing flushing
    - Stress on plantings and increased maintenance (e.g. changes in planting regimes for parks and reserves
    - Legislative changes to mitigate negative effects of climate change (e.g. changes to building codes to require rainwater capture)
    - Gas and leachate volumes from landfills

### **Roading and Footpaths**

Some infrastructure is exposed to the effects of climate change, including:

- Rise of sea level
- Adverse weather events: Intensity of rainfall
- Strong winds
- Droughts
- Snowfall
- Changes in average temperatures

These effects have the potential to increase:

- Longer dry periods causing increased dust on unsealed roads
- High temperatures causing bitumen softening causing flushing and reducing skid resistance
- Flooding and scouring damaging roads and bridges
- Trees and other structures falling / blocking roads

These all can affect road accessibility and network resilience. The mitigation of these will be reactive through timely response to events and repair works undertaken as required.

### **Water Supply**

The associated risks to water supply relate to the availability and quality of source water. The increasing frequency of droughts could result in the probability of severe restrictions being imposed increasing above the 5% chance of occurring in any one year. More frequent and intense rainfalls could adversely impact on the quality of our raw water sources making it more difficult to treat to drinking water standards. These factors are acknowledged in Council's planning and operation of its assets, and measures are progressively being put in place (e.g. in design standards) to adapt to the effects of climate change. In the immediate term, an upgrade to the take, treatment and storage options is being investigated. This will ensure that appropriate and effective treatment can occur with significantly poorer quality raw water. Over the medium term, universal urban water metering and pricing is also programmed to be investigated and implemented, as a demand management measure to encourage more efficient use of water and increase water availability. In the long term, greater resilience to climate change may require development of new water sources and investing in additional storage and/or treatment upgrades.

### **Sewer**

The occurrence of more intense rainfall events in the district could exacerbate inflow and infiltration (I&I) into the sewer network, with implications on the performance of the assets. Levels of service failure could occur if the existing design capacity of the wastewater network is not able to deal with these more intense rainfall events.

The rate of I&I into the wastewater network is also a key factor in future wastewater volumetric demands. Most urban systems across New Zealand experience I&I with stormwater making up 20% to 40% of wastewater volumes.

Incidents involving overflow from the sewer network due to high levels of I&I make it more likely that breaches of resource consents will occur. Council has an ongoing Inflow and Infiltration Assessment Programme targeting known problem areas and test results are used to inform the pipe renewal programme. Overall, timely renewal of defective pipes is key to mitigating the risk of sewer network overflows.

### **Stormwater**

The effects of climate change on the district's stormwater networks are not quantifiable with any degree of accuracy. What is known is the district's primary stormwater networks are designed to meet a 1 in 5-year return rainfall event (i.e. a 20% chance of occurring in any

one year) in residential areas and a 1 in 10 year return rainfall event (i.e. a 10% chance of occurring in any one year) in industrial and commercial areas.

The district's stormwater network is generally aged. With an increase in the frequency of higher intensity rain events, some parts of the network will not meet their intended level of service, resulting in overflows and ponding. Increasing the level of service to contain greater stormwater flow rates and volumes will involve significant investment in network capacity upgrade and development, and will be a major decision for Council and the community to consider. The LTP 2018 Consultation Document included a decision on the funding and timing of this and other stormwater improvements.

The Council have considered options, and decided to spend \$15M over the next 10-15 years on stormwater improvements to meet the CLWRP requirements. Work will be undertaken in a staged fashion (short to long term), with environmental outcomes progressively enhanced.

### **Waste Minimisation**

Waste has a contributing effect to climate change through the generation of methane gas. Under the National Environmental Standard for Air Quality, Redruth Landfill is required to implement systems for gas collection and destruction. Landfill gas systems are planned for at each stage of cell development capping and closure. The installation of the new LFG capture system and burn off flare will help Council ensure compliance with the NES, and help offset carbon credit purchases through the UEF credits.

High intensity rainfall will increase stormwater flow within the site and from the surrounding catchment. Stormwater planning will review controls required to mitigate the risks to the landfill stormwater system posed by climate change.

The location of the Redruth Landfill in a coastal area means the site may be at long term risk of erosion. This will be monitored. However, it is noted that the South Island main trunk railway lies between the Redruth landfill and the coast. The Redruth site may also be susceptible to flooding, but high bunds and swales to divert stormwater mitigate the risk.

Part of Council's work on climate change will be assessing the impacts it will have on its assets including the operation of its landfills and possible impacts on closed landfills, and a review will be undertaken in the next 3 years.

### **Coastal Erosion & Inundation**

The district does not have significant roading or wastewater treatment infrastructure subject to the immediate threat of coastal erosion or inundation. However, it does have low lying recreation areas which are subject to it, for example the Otipua Wetlands and associated paths and bridges. The Redruth landfill is also potentially subject to erosion or inundation during the lifetime of this strategy. The issue can be summarised as follows:

- Coastal erosion is occurring along most of the South Canterbury Coastline with the exception of Caroline Bay, which is accreting.
- Erosion has been worsening in recent times as beach shingle is depleted, particularly in severe Northeasterly swells.
- Most at risk from current levels of erosion are coastal walkways, the Rail Corridor for the South Island main trunk railway line, Otipua Beach and the Otipua Wetlands.

- Looking to the next 25 to 50 years, more significant assets in terms of infrastructure may be affected by coastal erosion. If sea levels rise as predicted, together with more frequent extreme weather events, the rate of erosion and inundation will increase. This could potentially affect the following: Washdyke Lagoon – if the seaward side of the lagoon were to be completely eroded, it may expose a main sewer line to the risk of damage from the effects of coastal erosion

The Council Wastewater Treatment Plant and Oxidation Ponds have been built outside the coastal erosion zone, as defined by Environment Canterbury. It is anticipated that the plant and ponds may be at risk but not within the 100 year timeframe.

The Redruth landfill could be affected by erosion and inundation during the next 50 years. This could largely depend on whether KiwiRail take steps to protect the South Island main trunk railway line. If they do, that protection will likely protect the landfill. If not, the landfill could be at risk depending on the rate of erosion

Coastal erosion and inundation is a dynamic and variable phenomenon, which is hard to predict and does not occur in a linear manner. Accordingly, this is an issue that Council needs to monitor closely and address as required.

These key likely impacts have been factored into the planning for our infrastructure assets.

Climate change is expected to be a key focus government, which will potentially lead to a greater focus for local government in this area and more information to help determine the impact on our key infrastructure assets.

## Infrastructure Resilience

Customers have a high expectation of continuing functionality and service delivery. Resilience is based on a design philosophy which acknowledges that failure will occur. Resilience requires early detection and recovery, but not necessarily through re-establishing the failed system.

We must consider managing and mitigating the risks to, and the resilience of, our infrastructure assets from natural disasters. The OAG has indicated, *'we consider that there is a need for councils to have a comprehensive discussion about resilience and climate change issues with their communities. The discussion needs to cover financial and non-financial effects'* (from Matters arising from our audits of the 2018-28 long-term plans).

### *How resilient is our infrastructure?*

The long term effects of climate change on our district and infrastructure are relatively unknown. There is some information at a regional level that was prepared by Environment Canterbury and further analysis is required. Preliminary work done by Timaru District includes:

- Climate change effects – Coastal erosion and inundation study, water source investigation.
- Water strategy considering resilience of supply
- Stormwater design rainfall higher standards
- Bridge renewals increase waterway capacity

- Emergency response procedures
- Road detours planned

## **Aging infrastructure**

The infrastructure is aging and the district is approaching an important period to ensure that its infrastructure assets continue to meet the needs of the community in the future. We need to consider if we are going to apply a 'just in time' philosophy and defer renewals or apply proactive renewals.

Council's renewal strategy is intended to provide for the progressive replacement of individual assets that have reached the end of their useful life. The rate of asset renewal is intended to maintain the overall condition of the asset system at a standard, which reflects its age profile, and ensures that the community's investment in the district's Roding and Footpaths, Water Services (Water Supply, Sewer and Stormwater) and Waste Minimisation infrastructure is maintained.

The rate of required renewals determines the funding required. Deferred renewals may affect levels of service and increase maintenance costs. Timely renewal intervention in accordance with good asset management practice is needed to ensure long-term maintenance costs are minimised, Levels of Service are maintained and renewal costs optimised.

As stated by Office of the Auditor General, "*Asset management interventions should be driven by data about the factors that determine the cost of service to ratepayers and other users. This includes information about:*

- Performance, condition, works, and cost, which is required to understand the current cost of service and trends;
- Cost driven information such as demand, volume, input price, and demand-related decay models, which is required to forecast maintenance and renewal need and cost; and
- Works achieved compared to target/expectation, maintenance compared to renewals expenditure, unit service delivery costs, and condition, which is required to assess trends in the effectiveness and efficiency of maintenance and renewal programmes."

## **Economic Activity**

### **Sustainable Economy**

Timaru District's industrial and commercial growth has been driven by gains in manufacturing, construction and business service sectors, including projects associated with factory and construction growth in Washdyke, and growth at the Clandeboye dairy manufacturing site. Between 2000 and 2015, industrial growth grew by 37% to some 9,000 employees, although in that period associated with the Global Financial Crisis (2008 - 2011) industrial employment actually decreased by 4%.

There are substantial industrial nodes and associated employment at the Port of Timaru, Redruth, Clandeboye and Washdyke. Smaller pockets are located at Geraldine, Temuka and Winchester.



Commercial growth has largely consolidated within the existing CBD's of Timaru, Temuka and Geraldine, and localised pockets provided in Pleasant Point and Winchester.

There is need to ensure that there is a diverse range of opportunities to develop economic and employment growth within the district, so as to retain and attract a diversity of people and business interests. This presents challenges in terms of:

#### **Industrial development**

- availability of affordable, well serviced Industrial land in appropriate locations without constraints;
- a need to efficiently align infrastructure provision with demand. There is an existing oversupply of industrially zoned, or deferred industrial land to cater for the additional 91.5ha actually required to service employment growth to 2048.

#### **Commercial development**

- there is sufficient on the ground provision and yet to be developed consented development (including the retail park at Showgrounds Hill) to meet demand till at least 2048.
- a wide range of retail and service activities are provided, although there are some store type gaps.
- a lack of activity is present in some areas of the districts town centres, where vacancy rates are high.
- retail expenditure leakage (that is money earned in the district that is spent on retail outside the district) can be better retained through providing a more competitive and higher amenity offer

#### **Affordability**

In view of the significant infrastructure challenges Council is facing, providing and managing continued affordable service delivery is a significant and complex challenge.

This strategy connects with Council's Financial Strategy (FS) to seek a balance of meeting the future renewal and development needs of infrastructure, and maintain affordability for those paying. Assets have long lives, and benefits should be paid for across existing and future generations.

The relationship between the IS and FS is two way. The FS presents a balance between ratepayer affordability and the matters and issues that are summarised in the IS, such as:

- the need to maintain, replace and renew core infrastructure
- legislative obligations to meet new standards and requirements
- a desire to respond to the community aspirations for new and improved infrastructure
- the need to plan for the challenges of climate change and other big issues

Maintaining affordability is a significant challenge given Council's funding constraints and primary reliance upon rates to meet these challenges. The Strategies recognise this need by increasing rates funding and increases in Council's debt within prudent debt to revenue limits. Council's rates are comparatively low when compared with similar Councils, and this has

impacted on our ability to meet these needs. Council is also investigating funding mechanisms that it might use to reduce the impact on rates such as Development Contributions. Nationally, work is underway on rethinking local government funding and infrastructure management with initiatives such as the Three Waters reform and the Productivity Commission's report on local government funding. Decisions are expected within the next year.

## Land Use Change

The use of land in the Timaru District has changed substantially in the last 15 years. In the future, significant growth in demand for infrastructure services is expected to occur in the following parts of the District:

- Washdyke as the main industrial growth area
- Timaru CBD and the Showgrounds land for commercial use
- Residential growth continuing in Gleniti areas as well as Old North Road area
- Port-related land

At Washdyke, in 2011-14, Council rezoned 120 hectares of land from Rural to Industrial. This rezoning will result in developments that will require extensive new infrastructure, particularly roads, piped networks and electricity distribution systems. Council has determined that this recently zoned land will have infrastructure provided by developers at the time of development.

Rural land intensification has also occurred throughout the District with resultant impacts on infrastructure, particularly roads and bridges. In more recent times heavy trucks have been approved at a 60-tonne gross vehicle mass. The additional vehicle movements have resulted in extra costs in order to meet specified community levels of service.

Land use change impacts on water services are also significant. The increasing number of lifestyle blocks on the fringes of the District's urban areas has increased demand for extension of water supply services to these properties. As residential development continues, the extent of impervious areas grows and creates more demand for stormwater infrastructure services.

The current District Plan Review and subsequent revisions is required by the Resource Management Act 1991 to provide for the expected demand for additional urban land. The planned strategic approach taken by the Growth Management Strategy (GMS), which will inform the District Plan Review will ensure that any new areas of urban land are serviced with or can be serviced with infrastructure and that infrastructure is a key consideration in any decision on managing urban growth. This will help ensure new infrastructure provision is efficient. The issue of who prepares Outline Development Plans (ODPs) will be addressed in the GMS or by a Council policy. If Council decides to prepare ODPs, that will increase the demand for design work.

## COVID-19

Officers have considered the impact of Covid-19 as part of the development of the Infrastructure Strategy and Activity Management Plans

The local impact of COVID-19 has been variable but far less than anticipated. For example, projections provided by Infometrics post-Covid predicted a more severe economic hit and 9.3%

drop in employment by March 2021. Locally this has not occurred, and recent advice from Infometrics suggests a 0.8% employment hit to March 2021. There is a high level of uncertainty attached, due to the ongoing impact of COVID-19 and the risk of further community outbreaks.

There is some impact from COVID-19 on supply chains, in terms of delays in receiving specific materials for projects.

Demand is high for contractors and professional services, which is having some impact on Council's ability to progress or complete some work. This includes pressure on Council staffing, with demand from the private sector for specific skillsets.

Financially, revenue from Council services (fees and charges) has not been substantially affected. In some cases revenue has risen (e.g. increasing tonnages from landfill waste leading to more revenue). This can have other effects (e.g. less landfill life) that will need addressing in future years.

Revenue from dividends and interest are expected to reduce as a result of and expected Alpine Energy Limited dividend reduction and low interest rates. This has an approximately 3% impact on rates.

Economic activity is relatively buoyant across the district, with a strongly diversified economy. Consenting numbers remain strong.

Post COVID lockdown, Council reduced their potential rate increase to 2% for 2020/21, from around 8% as a response to the uncertainty generated from COVID-19. The impact of this decision means some rates catch-up is necessary, with the proposed 10.5% increase for 2021/22 absorbing this shortfall.

Council also agreed a \$2M stimulus fund in the 2020/21 Annual Plan. No such fund is proposed for 2021/22.

Council are using the BERL mid-scenario for local government cost adjustors. This most closely resembles our existing situation, with a diverse and growing economy, sound infrastructure and high employment.

Included in the 2021/22 budget is investment in Council staffing, both to achieve a pay equity adjustment, and an annual increase to remunerate staff appropriately, retain staff and meet address labour market conditions. Also included is a number of new positions to meet and maintain levels of service, address compliance requirements and support the delivery of Council's capital programme.

## THIRTY YEAR STRATEGY

Timaru District Council will comply with the relevant New Zealand legislation, while working towards the Strategic Direction, as outlined earlier in this document.

The main theme underpinning this Infrastructure Strategy is ensuring responsible stewardship of our key infrastructure assets to promote the economic, environmental, social, and cultural wellbeing of the Timaru District community and businesses. This acknowledges the many and varied factors that influence the delivery of the district's infrastructure.

Some of the challenges identified are legacy issues (e.g. the decisions of past Councils or how things were built over 40 years ago). Others are simply the demands of a progressive society that is constantly seeking to improve. Either way, the Council is responsible for ensuring built infrastructure enhances community wellbeing and is fit for purpose, good quality, safe, future-proofed, cost effective and appropriately funded.

### The Organisations' Priorities & Connecting to the Four Wellbeing's

The Infrastructure Strategy takes direction from Council's vision, community wellbeing's, and focus areas to give effect to planning and delivery of infrastructure. The use of the four wellbeing's acknowledges Councils' broader role in looking after our communities, than simply providing core services. Council has identified five community wellbeing outcomes that promote the economic, environmental, cultural, and social wellbeing of the community. The community wellbeing outcomes include:

- Connected Citizens (social & cultural wellbeing)
- Enhanced Lifestyle (social & cultural wellbeing)
- Sustainable Environment (environmental & cultural wellbeing)
- Diverse Economy (economic wellbeing)
- Resilient Infrastructure (economic, social, environmental wellbeing)

Council's initial assessment of each significant infrastructure project's contribution to the four wellbeing's is included within the Significant Infrastructure Issues and Decision section. This initial assessment is very subjective, and Council will further develop these contributions to the four well-beings in alignment with national guidance in the future.

The Council's asset and service priorities are:

- Maintain and optimise asset life
- Continue to replace ageing infrastructure
- Maintaining the current levels of service
- Manage the impacts of growth and land use change
- Comply with legislative requirements
- Providing long term affordable services
- Managing the impact of technology changes
- Addressing resilience

- Climate change considerations

## Asset and Service Management Strategy

Council's management strategy is to be a prudent and knowledgeable asset manager that makes investment decisions based on asset age, condition, performance, deterioration and maintenance factors. Increasing legislative standards are acknowledged and actioned in all asset renewal projects.

Strategic and organisational priorities set the direction for planning of infrastructure that will continue to support quality living, economic development and environmental integrity, and social and cultural wellbeing in the District in the long-term. Looking ahead to the next 30 years, Council's approach is to be prudent in its investment decisions using a holistic lifecycle approach to asset management, responding to changes in demand for services, allowing for changes in levels of service, and mitigating identified risks. In planning and providing the district's infrastructure requirements in the next 30 years, Council will:

- **Maintain and optimise asset life** - through timely and effective maintenance. Council's philosophy is to view maintenance as a value driver rather than a cost centre. The decision to perform maintenance at any time is based on cost/benefit analysis, understanding that maintenance can add economic value to assets. There is no one-size-fits-all care programme for all of council's infrastructural assets. Council will continue to utilize a mix of approaches, including preventive maintenance, reactive maintenance, run-to-failure (breakdown maintenance), predictive maintenance which is condition rather than age based, and risk-based maintenance for critical assets that need to be monitored more frequently. The decision on what will work best requires a delicate balancing between the value that improved reliability can bring and the cost of maintenance.
- **Continue to replace ageing infrastructure** – through a robust asset renewal programme. Council has adopted a cyclic renewal strategy that provides for the progressive replacement of assets that are reaching the end of their useful life. The rate of asset renewal is intended to maintain the overall condition of the asset system at a standard which reflects its criticality and age profile, and ensures that the community's investment in the infrastructure is sustained.

Deciding the timing of capital and maintenance expenditures is based on Council's understanding of the current condition and capacity of the assets, as well as future capacity, criticality and reliability requirements. Council will also consider the cost and risk associated with implementing or deferring renewals, upgrades or improvements. Council's strategy will be to:

- Prioritise capital and renewal projects within the next ten year period based on the strategic objectives of the Timaru District's Long Term Plan and Infrastructure Strategy and a holistic risk based condition assessment; and
- Forecast capital renewal, replacement and upgrade costs over the following 40 year period; and
- Forecast the funding requirements based on estimates of costs and asset valuations

- **Maintain the current levels of service** - through a holistic lifecycle approach to asset management that covers the assets and their supporting resources, business processes, data and enabling technologies, critical to sustainably delivering agreed levels of service. This holistic approach to lifecycle asset management enables critical asset data, particularly condition and performance tracking, to be effectively used on a practical day-to-day business level to maximise the performance and life of the asset.
- **Manage the impacts of growth and land use change** – by providing the conceptual framework of infrastructure in support of development. The Council’s Growth Management Strategy provides guidance on potential future infrastructure development in the district through identifying the potential location and scale of future growth. Contributions from development will be taken to fund necessary infrastructure so that growth pays for growth, and costs are not unfairly borne by established communities.
- **Comply with legislative requirements** – by acknowledging and actioning legislated standards in infrastructure planning and development. Meeting the LG Act purpose and compliance with the RMA, through the resource consenting processes. Anticipated increase in regulatory controls for drinking water supplies and stormwater signals that additional capital expenditures will need to be made to upgrade water treatment processes and other infrastructure. Land Transport must continue to meet increasing requirements of the Land Transport Management Act, Transport Act and new road user rules such as heavy vehicle mass.
- **Provide long-term affordable services** - through prudent financial management that complements asset management. The financial strategy will continue to reflect the balancing of ratepayer affordability against community needs and aspirations.
- **Manage the impacts of technology changes** – through monitoring technology developments and appropriate responses. The next 50 years will see significant advances in technology, particularly in transportation, and roading infrastructure will need to respond to support these changes. These will include electric vehicle/bike charging stations, information technology on direction, travel and safety and providing appropriate infrastructure for autonomous vehicles. Other potential technology changes that may need a response are in waste disposal areas such as incineration, water quality monitoring, energy sources and use.
- **Addressing Resilience** - “The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to...provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.” (Source: LGA Section 101B (3)(e))
- **Climate Change considerations** – Tasks planned initially include:
  - Confirming Council’s carbon footprint
  - Completing data collection, research and analysis on the long-term effects of climate change on the Timaru District and Council activities, and incorporating findings into a ‘living’ climate change status report
  - Developing a District-wide climate change response plan aligned with Government advice and targets, in consultation with iwi and community

- Developing policies and processes to embed sustainability and climate change into Council projects and decision making
- Longer Term, the team would be responsible for
  - Implementation of the District's climate change response plan including regular reporting on Council's emissions targets
  - Provision of climate change/sustainability expertise across the organisation's activities
  - Facilitation of adaptive planning conversations with affected communities
  - Monitoring of climate change impacts in the District

Council's Risk Management Policy provides that risks, to which Council is exposed, must either be avoided or controlled to an acceptable level. The policy directs the development of subsidiary risk management plans for each of Council's activities. A register of risks is held on Council's infrastructure assets. Risks are generally managed through the lifecycle management of assets which covers capital works, operations and maintenance.

Council's primary approach in addressing risks from natural hazards is ensuring strong organisational capacity and capability to respond to events that may occur. This means having an operable local Emergency Response Management Plan, Contingency Plan or Business Continuity Plan in place. Ongoing capability building on emergency response is provided to Council personnel through Council's Emergency Operations Centre.

On a day-to day basis, Council addresses all types of hazards to its assets and operations and progressively builds resilience through a whole-of-life approach to asset management. The aim is to continue to deliver the required level of service at all times. Activity Management Plans are updated on a 3-yearly cycle and identify specific risks to assets and operations. These are factored into the development of the associated capital expenditure strategies/programmes.

Both physical and system resilience are crucial. This means:

- Design and construction standards (where cost effective) that ensure infrastructure is able to withstand natural hazards and long term changes in circumstances such as those resulting from climate change.
- Organisations and networks of organisations with the ability to identify hazards must share information, assess vulnerabilities, and plan for and respond to emergencies.
- Acknowledging the value of adaptability and redundancy in the network to improve business confidence.
- Identifying and managing cross-sectoral dependencies, such as power supply for communications infrastructure.

In order to improve resilience, the Council's approach will be to:

- Investigate options for alternative service provision and system redundancy
- Identify critical assets and ensure mitigation methods are developed
- Better integration of resiliency criteria in infrastructure design and ensure design standards meet climate change effects.
- Improve accuracy of asset condition data for better targeting of renewals
- Strengthen integration of infrastructure services planning with land use planning
- Obtain insurance where this is deemed to be the most cost effective approach or ensure Council funding provision for large scale events is available.
- Plan for Resilience - Network Resilience Maintenance, Monitoring and Prioritised Improvement Plan in place and actionable.
- Do Proactive Maintenance - number of events where journeys are lost due to loss of road function through proactive maintenance taking place
- Plan for Alternative Routes – a plan that details alternative route(s) available for vulnerable routes in case of road closure
- Prepare an Emergency Response Plan – an Emergency Procedures and Response Plan (EPRP) is in place and actionable

### **Activity Management Policy**

The Council has an Activity Management Policy that defines the appropriate level of asset management in line with the International Infrastructure Management Manual 2020 (IIMM). Activity Management Plans are prepared that incorporate key information for managing each individual aspect of the activity. These plans are reviewed regularly.

The aspirational targets for Infrastructure activities are:

Water	Intermediate
Sewerage	Intermediate
Stormwater	Intermediate
Roading & Footpaths	Intermediate/Advanced
Waste Minimisation	Intermediate

### **Improving Evidence Base**

Council acknowledges there are limitations with its data that affects decision-making. Council has a commitment to improving data collection and analysis. The approach to data collection, management and implementation timeframes are discussed in the respective asset management plans and budgets included where appropriate.

### **LGA Section 17A Delivery of Services**



Council undertook a review of the delivery of its services to meet the transitional provision under Section 17A of the Local Government Act 2002 Amendment Act 2014, requiring all services to be reviewed before 7 August 2017.

For the Water Supply, Sewer and Stormwater activities, Council determined that the services are being delivered cost effectively under existing governance, funding, management, and delivery approaches including contracting arrangements for operation, repair and maintenance of council assets. Council intend to carry out another review of the delivery of the Water Services in 2022, following further direction from the Government on the Three Waters Reform and in conjunction with retendering the Utilities Maintenance Contract.

In July 2017, Council received a Morrison Low report on the Land Transport activity. A wide range of service delivery options were considered for the future delivery of the Land Transport activity by the Council. A review was undertaken in 2019. The following two options were the service delivery options recommended in the review report that could provide improvements to the status quo for the Council:

1. Enhanced Status Quo
  - a. Involves implementing the improvement initiatives to build upon the regional collaboration that has already taken place in the physical works space.
2. Shared Service Agreement between the Councils
  - a. Involves a major change from the status quo and would represent a transformational shift in the way that the roading activity was managed and delivered in South Canterbury.
  - b. Includes the development of a formal South Canterbury Roding Alliance with a shared services business unit incorporating all roading teams from the participating Councils.

Council's Policy and Development Committee in July 2017 considered a report presenting the recommendations and the following:

1. "That Timaru District Council supports the enhancement of the status quo for the delivery of roading professional services, building further on the Mid-South Canterbury Collaboration work to date.
2. That Timaru District Council supports further investigation of the development of a roading professional services alliance with Ashburton, Mackenzie, and Waimate District Councils and enters into discussions with them to explore the implementation of this option" (This has been progressed and is now well established practice)

The Morrison Low S17A review on Waste Minimisation in 2018 determined outsourcing the waste activity to a contractor was the most appropriate and efficient means to deliver the levels of service required. However, the recommendations noted that greater efficiencies could be realised through a collaborative approach with other South Canterbury councils for the contract tender process. To this end, Timaru, Waimate and Mackenzie District Councils entered into a joint contract negotiation with EnviroWaste Services Ltd. Each council has its own contract with EnviroWaste Services Ltd, from 2021-2036, with a five-year renewal to see it through until 2041.

## Sustainable Service Delivery

One of the purposes of local government under is to provide for the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

Section 10 of the LGA 2002 states –

Purpose of local government

1. The purpose of local government is—
  - a. to enable democratic local decision-making and action by, and on behalf of, communities; and
  - b. to promote the social, economic, environmental, and cultural well-being of communities **in the present and for the future.**

In order to deliver services that contribute to the social, economic, environmental, and cultural wellbeing of the community for the present and the future, Timaru District Council has adopted a philosophy of using a mix of in-house resources and consultants/contractors to carry out its work programme.

Core work is carried out by a wide range of professionals and support staff employed by the Timaru District Council. These staff carry out a base load of work and consultants are hired to carry out specialised work and also when the volume of work is greater than the internal capacity. The cost of hiring staff versus utilising consultants is evaluated on a job by job basis.

## **SIGNIFICANT INFRASTRUCTURE ISSUES & DECISIONS**

*The Local Government Act 2002 Section 101B – Infrastructure Strategy states:*

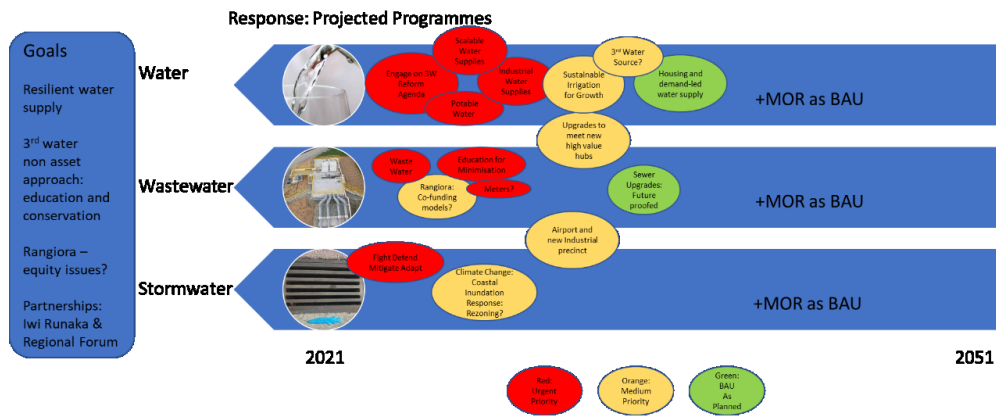
*(2) The purpose of the infrastructure strategy is to—*

*“(a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and*

*“(b) identify the principal options for managing those issues and the implications of those options.*

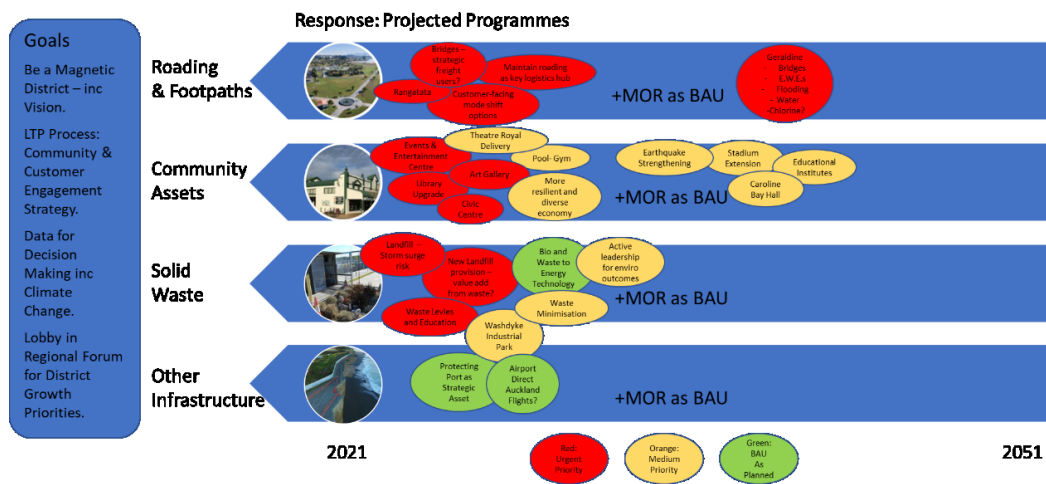
In developing this 30 Year Strategy Council workshopped and identified the anticipated significant infrastructure issues over the next 30 years. The significant infrastructure issues and decisions faced by Council are summarised in **Figure 4** and **Figure 5** below. More detail is provided in the remainder of the section.

**Three Waters Projected Pressures**  
 Water reform uncertainty; water storage constraints – especially rural – land productivity challenge; urban water demand (50% of total water use) resource consent constraints and restrictions; unfunded mandates; Climate Change and coastal inundation.



7. Figure 4. Three Waters Significant Issues and Projects

**Roading, Property, Solid Waste and Other Infrastructure Projected Pressures**  
 Climate change and extreme weather events (E.W.E's); affordability constraints; earthquake strengthening legislation and timeframes; landfill closure; Peel Forest contamination; New Policy Statements; product stewardship requirements.



8. Figure 5. Rooding, Solid Waste, Liveable, and Other Infrastructure Significant Issues and Projects



9. Figure 6. Summary of project timings

## Water

The district's water supplies were established at various periods, the oldest being the Timaru town water supply in 1880, followed by Temuka in 1906, and Downlands, Geraldine and Pleasant Point in 1938. The Peel Forest supply was established prior to 1950. The Winchester reticulation was installed in 1966-67. Seadown, Te Moana and Orari supplies were installed in the 1970s.

Around 200km of water mains (or 10% of the entire network) needs replacement within the next 10 years with an associated cost of around \$68M. These comprise mainly of steel and asbestos cement (A/C) pipes which were the typical older pipe installations. The quantum of pipes reaching the end of their theoretical economic life is going to progressively increase from an estimated 10% in the next 10 years to about 30% of the entire water supply network within the 30 year period of this Infrastructure Strategy. Renewals of assets are generally funded from reserves which have previously been funded from rates. If there are insufficient funds in the appropriate reserve for the renewal expenditure, council has elected to borrow to pay for some of the renewals.

Later in the period (i.e. from around year 30) there is a significant jump in pipe renewals required, yet they appear to cost significantly less. The difference relates to the size (diameter) of the pipes being replaced. For example, a large trunk main can cost many millions of dollars (e.g. \$20M for Pareora pipeline), whereas smaller water mains pipes cost a lot less to replace.

**Key issues (10 year AMP)**

During the 2020/21 development of asset management plans the following key issues were identified.

- Drinking water standards/Public health
- Climate Change
- Water resilience
- Treatment and Storage
- Supply Source Protection
- Seadown scheme reconfiguration
- Adequate staffing
- Asset renewals
- Firefighting standards
- Consent renewals

The Planned programme of work to address these issues includes the following work streams:

- Temuka treated water reservoir
- Ensure all drinking water standards are met
- Te Moana Upgrade
- Renewal of the raw water pipeline from the Pareora River to the Claremont treatment plant
- Springbrook upgrade
- Seadown Scheme reconfiguration
- Asset condition assessments and renewals and upgrades
- Completion of major projects (e.g. Pareora pipeline replacement, Downlands water supply upgrade)
- Installation of water meters
- Upgrading of Timaru water treatment plant
- Meeting new Drinking Water Standards
- Preparing for three waters reform

Council's goal for the water activity is:

- To support and underpin the health, wellbeing and financial prosperity of the community by providing a lawful, reliable, sustainable and cost effective supply of water to meet the needs of the consumer.

Significant infrastructure issues and decisions are tabled below. The highlighted option is the preferred approach for addressing the identified issue.

Significant Decisions	Description	Indicative Timeframe	\$ (2021)	Options
<b>Drinking water treatment and provision changes</b>	The imminent changes in regulatory controls for drinking water supplies (with the establishment of Taumata Arowai) is expected to result in increased standards and rules for drinking water, which may include mandatory treatments. Decisions need to be made by Council on the approaches it will take in order to comply with these new requirements, particularly in providing for the necessary treatment and monitoring upgrades across all of its drinking water supplies. In line with this, Council also needs to make a decision on the treatment upgrade of the Timaru water treatment plant at Claremont, to deal with poor raw water quality as a result of an increasing frequency of storm events.	2021/22 (compliance monitoring) 2022 – 2025 (Timaru treatment upgrade) 2031 – 2035 (treatment upgrades all other supplies)	\$18.8M	Option 1 – Treatment upgrades Option 2 – enhanced compliance monitoring Option 3 – Upgrades as required and enhanced compliance monitoring (PREFERRED)
<b>Universal urban water metering and pricing</b>	The demand for water by consumers in the district’s urban supplies can put pressure on the availability of water during dry periods, when water use restrictions may be imposed. A decision by Council is required on the approach to increase security of the district’s urban water supply. The preferred option is to implement metering and pricing of all consumption to manage demand and reduce excessive use of water. The reduction in demand is expected to be significant to offset and delay any required investment in a new water source. Council’s current programme has the implementation of the water meters from 2024/25 – 2026/27. Upgrades to the Pareora pipeline and Opihi River water intake will progress, and other water options will continue to be investigated.	2024 onwards	\$16M	Option 1 – install (PREFERRED) Option 2 – not install

Key Issues (30 Year)	Projects	Timing	\$ (2021)	Options
<b>Aging infrastructure (driving renewals)</b>	Pipe renewals Treatment facilities	On-going	\$1.75M (2021) per annum	Option 1 – Do less than the current level of service Option 2 – Accelerated renewals

				Option 3 – Current Level of Service (PREFERRED)
<b>Water resilience and Climate Change</b>	Treatment capacity Water metering Additional sources	2023 - 2027	\$31M (2021)	Option 1 – Development of new sources Option 2 – Universal urban water metering and charging Option 3 – Treatment plant upgrade (PREFERRED)
<b>Drinking Water Standard and Regulation compliance</b>	Monitoring equipment Treatment plant upgrades Source upgrades	2031 – 2035 (treatment and source)	\$21M \$2.5M Rangitata Huts \$4.1M Downlands (82%)	Option 1 – Comply with Drinking Water Standards (preferred) Option 2 – Do not comply with Drinking Water Standards



**Issue – Water resilience and Climate Change**

The occurrence of frequent storm events can impact on the quality of the raw water to such an extent that the current treatment process is unable to comply with drinking water standards. Although there is significant raw and treated water storage at the treatment plant, a deterioration of raw water quality for a period of time (as occurred in 2019) could result in Boil Water Notice being issued. Upgrades to the take and treatment facilities would eliminate this issue. An alternative source such as groundwater is also an option, although this would likely require additional specialised treatment.

Water shortage in the Timaru Water Supply Scheme is also an emerging issue during dry weather periods if restrictions are imposed on consents to take water from existing sources, the Pareora River and the Opihi River. The Current Peak day demand is 29 ML/d (megalitres per day), including an Industrial demand of up to 15 ML/d. The Projected Future Peak day demand (with no additional industry) is 31 ML/d. Although the current Maximum water availability is approximately 53 ML/d, the actual water availability can be constrained based on Pareora low flows and Opihi capacity limitations.

The combined effects of dry weather periods and growth in demand intensifying into the future could potentially lead to greater future limitations in resource consents to take water from the Pareora and the Opihi River during low river flows. Council acknowledges that if it does nothing, more stringent water use restrictions will have to be imposed to manage demand during periods of water shortage.

Main Options	Implication of Options
<p><i>Option 1 - Development of new sources and treatment</i></p>	<p>Development of groundwater has significant risk related to developing the bore(s) to obtain the required take, and with the local groundwater requiring significant treatment to remove hardness, iron and manganese. The change in the resultant water quality from the current quality will have a detrimental impact on water users, especially industrial users that heat the water, although there would be compliance with drinking water standards and future demands would be met.</p> <p>This option, including a pipeline to deliver the water to Timaru would all need to be completed (ie not staged implementation) to impact on water quality or quantity.</p> <p>Cost: New bore field, treatment plant, and pipeline costs of \$35 - 40 million capital. Operational cost increases of \$1 million per year.</p> <p>Benefit: Increased level of service with less risk of stringent water use restrictions being imposed due to unavailability of water, however additional water will have residual hardness components. Minimal risk of drinking water standard compliance issues due to poor raw water quality. Increased domestic and industrial demand capacity. Increased resilience.</p>
<p><i>Option 2 - Introduction of universal urban water metering and charging</i></p>	<p>The Canterbury Land and Water Regional Plan does make it possible that the Opihi source would not be restricted in times of drought, provided appropriate demand management practices were implemented. Universal water metering and charging results in a well-documented volumetric reduction of the peak day demand of 15 to 30% (normally 20 - 25%).</p> <p>The introduction of universal urban water metering and charging is expected to result in the reduction of peak day demands of approximately 3 to 5 ML/d, which could delay the need to secure additional water for several years.</p> <p>This option would not have any impact on the risk of drinking water standard compliance issues due to poor raw water quality. This option could be part of a staged upgrade programme.</p> <p>Cost: Additional capital costs of \$16 million for installation of meters on all urban connections. Operational cost increases of \$0.2 million per year, including charging administration. Meter replacement is on a 15-year cycle.</p> <p>Benefit: A reduction or deferment of capacity driven capital works would result (including intake, treatment and network upgrades). There would also be reduced operational treatment costs, although there would be increased water charging administration costs.</p>
<p><i>Option 3 – Treatment plant upgrade</i></p>	<p>A treatment upgrade at Claremont would be able to deal with poorer quality raw water due to storm or other events. This would provide significant resilience to the scheme to provide safe drinking water in all circumstances.</p> <p>An upgrade to the Claremont treatment process could be necessary if the Opihi intake is also upgraded in order to treat the poorer quality water that could occur for a period of time when the intake is disrupted.</p>

	<p>This option would supply water of a quality similar to existing and could be staged to meet demand. However there is no increase in domestic and industrial demand capacity.                  Cost: Staged treatment costs at \$15 million capital. Operational cost increases of \$0.4 million per year.                  Benefit: Minimal risk of drinking water standard compliance issues due to poor raw water quality, with increased level of service with less risk of stringent water use restrictions being imposed due to poor water quality.</p>
<p><b>Option 4 – Staged major programme of work with upgraded treatment at Claremont, the introduction of universal water metering and charging, and securing additional water from an existing source through increased capacity from the Opihi River (PREFERRED)</b></p>	<p>Option 3 outlines the issue, cost and benefit of a treatment upgrade at Claremont, and Option 2 similarly outlines the issue, cost and benefit of the introduction of universal water metering and charging. These two options deal effectively with the main quality and quantity issues associated with the Timaru urban water supply.                  The treatment upgrade provides the resilience to the scheme to provide complying drinking water with a deteriorating quality of raw water. And universal water metering will result in volumetric savings and will provide the appropriate demand management practices that will ensure water take restrictions are minimised, to enable domestic and industrial demands to be met while deferring capacity driven capital works. .                  An upgrade to the Opihi take capacity could be staged at a later date, with a probable likely minimum water availability of 40 ML/d, which would be able to meet a significant increase in demand. An upgrade to the Opihi pipeline would also be necessary once demand has increased.                  Although this option would be a significant cost, it would supply water of a quality similar to existing and could be staged to meet demand. It is proposed to implement the water treatment upgrade first and to then implement universal water metering. Opihi intake and pipeline capacity improvements would then be undertaken to meet future demands.                  Cost: Staged treatment costs at \$15 million capital, and operational cost increases of \$0.4 million per year. Capital costs of \$16 million for installation of meters on all urban connections, with operational cost increases of \$0.2 million per year. Future capital costs for Opihi intake upgrade, pipeline and increased treatment capacity to meet possible future demands of \$23 million, and operational cost increases of \$0.5 million per year.                  Benefit: Minimal risk of drinking water standard compliance issues due to poor raw water quality. Increased level of service with less risk of stringent water use restrictions being imposed due to unavailability of water. Increased domestic and industrial demand capacity.</p>
Time period	2023 - 2027
Cost	\$31M (2021)
What is the driver	Growth/LoS
Assumption	<p>After the 2018-28 consultation process, Council had initially programmed the implementation of water meters for 2023/24 - 2025/26. The renewal and upgrade of the existing ozone water treatment plant at Claremont was also programmed for 2025/26. The 2021-31 LTP has subsequently brought the water treatment plant upgrade forward to commence in 2023/24 and be completed by 2025/26 and delayed the implementation of the water meters until 2024/25 - 2027/28.                  Upgrades to the Pareora pipeline and Opihi River water intake will progress, and other water options will continue to be investigated.                  The current residential demand from the urban water supplies will significantly reduce with water metering.                  The savings in water from water metering will be sufficient to a) meet growth in demand; and b) offset or delay investment in a new water source for the Timaru Water Supply.</p>

**Issue – Aging Infrastructure (driving renewals)**

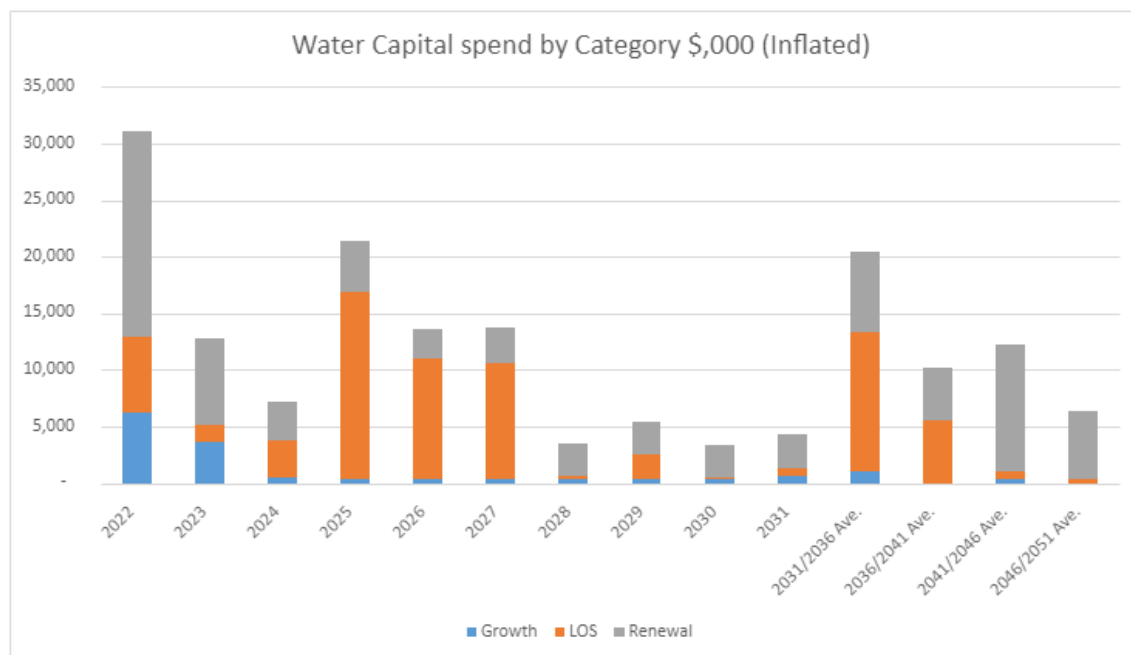
Renewals of reticulation and facilities is a significant issue over the coming years, with many assets reaching the end of their theoretical useful economic lives. Depreciation reserves are used for funding renewals, with borrowing necessary to make up any shortfall.

The consequences of not implementing sufficient renewals in a timely manner is the failure to meet the required level of service or not complying with Drinking Water Standards or regulations, with likely increased operations costs.

Main Options	Implication of Options
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Option 1 Do minimum (less than the current level of service)	Current levels of service will not be met, based on interruptions to supply, time for resolving failures, water pressure, etc. There would be significant risk of not complying with Drinking Water Standards or regulations, which would compromise the public health of the consumers and disrupt industry operations, and could result in fines from the Water Regulator or having another entity appointed to operate the water supplies.
Option 2 – Have a programme that accelerates the renewals	The acceleration of renewals ahead of time is not economically efficient with assets being decommissioned or abandoned that still had an effective life and value. This would result in higher capital costs earlier in Council's programme of works.
Option 3 – Current Level of Service (PREFERRED)	This will optimise the capital works programme in line with the renewal profile established from condition assessment, failure rates and other contributing factors (roading renewals), and will enable appropriate and adequate budgets to be set for maintenance and renewals.
Time period	2021/22 - 2050/51
Cost	\$1.75M per annum (2021)
What is the driver	LoS/Renewal
Assumption	That the asset and condition data is sufficiently accurate to enable a robust renewal profile to be determined.

Cost (\$000 inflated)														
	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4 (2024-25)	Year 5 (2025-26)	Year 6 (2026-27)	Year 7 (2027-28)	Year 8 (2028-29)	Year 9 (2029-30)	Year 10 (2030-31)	Year 11-15 (2031-36)	Year 16-20 (2036-41)	Year 21-25 (2041-46)	Year 25-30 (2046-51)
											Average	Average	Average	Average
<b>Operations</b>	7,558	8,551	8,705	9,043	9,533	10,089	10,496	10,616	10,709	10,909	12,380	14,795	16,162	17,728
<b>Capital Growth</b>	6,238	3,595	521	356	366	375	385	395	406	623	1,063	-	289	-
<b>Capital LoS</b>	6,636	1,554	3,196	16,492	10,671	10,278	216	2,198	105	675	12,317	5,560	786	334
<b>Capital Renewals</b>	18,277	7,689	3,499	4,614	2,616	3,114	2,833	2,869	2,885	3,021	7,090	4,691	11,184	5,993



## Sewer

Condition of pipes and manholes associated with the age of the asset can lead to increased rates of inflow and infiltration in the sewer systems. Cracks in pipes lead to intrusion of foreign materials, such as rocks, gravel, and solid waste matter into sewage flows which impact on the performance of the pipes, pumps and treatment facilities. Based on the assumed remaining life of the pipe assets, around 100km (30% of total network) need replacing over the next 30 years. There is an estimated \$15 million cost to renew around 17km (or 5%) in the next 10 years.

Trade waste discharges that are not compliant with the individual trade waste agreements for each major industry result in outfall trigger levels being exceeded. Stricter management of the trade waste discharges and greater compliance through improved on-site treatments at each industry are required.

### Key Issues (10 year AMP)

During the 2020/21 development of asset management plans the following key issues were identified.

- Regulatory compliance (including resource consent)
- The requirement to accommodate climate change issues
- Limitations on industrial and commercial growth

The Planned programme of work to address these issues includes the following work streams:

- Asset renewals and upgrades including an upgrade to the Talbot St (Geraldine) siphon, the industrial pump station upgrade and the Dawson Street pump station upgrade.
- New reticulation
- Asset condition assessments
- Ongoing monitoring
- Monitoring of the sludge volumes in the Timaru oxidation ponds
- A public education programme

Council’s goal for the sewer activity is:

- To ensure the health of the community where urban housing exists, thereby eliminating the need for individuals to provide their own wastewater system (which carries much higher health risks)
- To provide a cost effective trade waste disposal system for commercial and some industrial users, thereby eliminating the need for individuals to provide their own wastewater system
- To provide acceptable collection, treatment and disposal systems for the use of communities

Significant infrastructure issues and decisions are tabled below. The highlighted option is the preferred approach for addressing the identified issue.

Significant Decisions	Description	Indicative Timeframe	\$ (2021)	Options
<b>Resource Consent</b>	The resource consent for discharging of the district’s treated wastewater to the ocean will be due for renewal in 2046. A decision needs to be made on whether significant changes or modifications to the resource consent conditions will be necessary and subsequently whether there will be changes in the associated treatment processes or in the ocean outfall.	2038-42	\$6.5M (2021)	Option 1 – Re-consent wastewater discharge to the ocean with significant changes to the domestic and industrial treatment processes and/or ocean outfall structure Option 2 – Re-consent wastewater discharge to the ocean with minimal changes to the domestic and industrial treatment processes or the ocean outfall structure (PREFERRED)
<b>Oxidation Pond Desludging</b>	The level of sludge in the Timaru oxidation ponds will need to be monitored, with a decision made as to when the ponds will be desludged. Decisions will also need to be made on what the appropriate process will be for desludging the ponds and subsequently where the sludge will be disposed to.	2035-37	\$5M (2021)	Option 1 – Defer desludging of oxidation ponds Option 2 – De-sludge oxidation ponds when sludge volumes reach a best practice level, using an appropriate sludge disposal method (PREFERRED)

Key Issues (30 year)	Projects	Timing	\$ (2021)	Options
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<b>Aging infrastructure (driving renewals)</b>	Pipe renewals Pumping station renewals Treatment facilities	On-going	\$1.6M (2021) per annum	Option 1 – Do less than the current level of service Option 2 – Accelerated renewals Option 3 – Current Level of Service (PREFERRED)
<b>Resource consent compliance and renewal of the wastewater discharge resource consent</b>	Trade waste monitoring New discharge consent Ocean outfall upgrade Treatment process upgrades	On-going 2042-45 (Consent) 2045-47 (Outfall) (Treatment process not included)	\$6.5M (2021)	Option 1 – Re-consent wastewater discharge to the ocean with significant changes to the domestic and industrial treatment processes and/or ocean outfall structure Option 2 – Re-consent wastewater discharge to the ocean with minimal changes to the domestic and industrial treatment processes or the ocean outfall structure (PREFERRED)
<b>Desludging of Oxidation Ponds</b>	Oxidation pond sludge volume monitoring and desludging Sludge disposal	On-going and then 2035-37 (Timaru desludging) and 2042/43 (Inland towns)	\$5M (2021)	Option 1 – Defer desludging of oxidation ponds Option 2 – De-sludge oxidation ponds when sludge volumes reach a best practice level, using an appropriate sludge disposal method (PREFERRED)

**Issue - Aging infrastructure (driving renewals)**

Renewals of reticulation and facilities is a significant issue over the coming years, with many assets reaching the end of their theoretical useful economic lives. Depreciation reserves are used for funding renewals, with borrowing necessary to make up any shortfall. The consequences of not implementing sufficient renewals in a timely manner is the failure to meet the required level of service or not complying with resource consents or regulations, with likely increased operations costs.

Main Options	Implication of Options
Option 1 - Do minimum (less than the current level of service)	Current levels of service will not be met, based on interruptions to disposal, time for resolving failures, overflows, etc. There would be significant risk of not complying with resource consents or regulations, which would compromise the public health of the community and disrupt industry operations, and could result in prosecution by the Regional Council.

Option 2 - Have a programme that accelerates the renewals	The acceleration of renewals ahead of time is not economically efficient with assets being decommissioned or abandoned that still had an effective life and value. This would result in higher capital costs earlier in Council's programme of works.
Option 3 - Current Level of Service (PREFERRED)	This will optimise the capital works programme in line with the renewal profile established from condition assessment, failure rates and other contributing factors (roading renewals), and will enable appropriate and adequate budgets to be set for maintenance and renewals.
Time period	2021/22 – 2050/51
Cost	\$1.6M per annum (2021)
What is the driver	LoS/Renewal
Assumption	That the asset and condition data is sufficiently accurate to enable a robust renewal profile to be determined. And that increases in base flows due to climate change are included in renewal design.

**Issue – Renewal of the wastewater discharge resource consent**

Main Options	Implication of Options
Option 1 – Reconsent the wastewater discharge to the ocean on the basis of significant changes to the domestic and industrial waste treatment processes and/or to the ocean outfall structure	Significant capital could be budgeted for major treatment process upgrades, both in the domestic and industrial wastewater streams, and a new and potentially longer sea outfall could also be planned, that would substantially change the basis of the wastewater discharge consent. At this time there is no evidence that this will be necessary. On-going monitoring of environmental impacts of the discharge will assist in this determination. It is possible that national regulations could be imposed that could make this option mandatory.
Option 2 – Reconsent the wastewater discharge to the ocean on the basis of minimal changes to the domestic and industrial waste treatment processes or the ocean outfall structure (PREFERRED)	Based on current monitoring and environmental impact investigations, it is proposed that this option is the best economic and environmental solution for the wastewater discharge. The ocean outfall structure may need to be refurbished, depending on any deterioration of its condition in the next 20 years.
Time period	2042 - 2047
Cost	\$6.5M (2021)
What is the driver	Renewal
Assumption	That national regulations on a baseline treated wastewater quality, regardless of the discharge environment, are not introduced

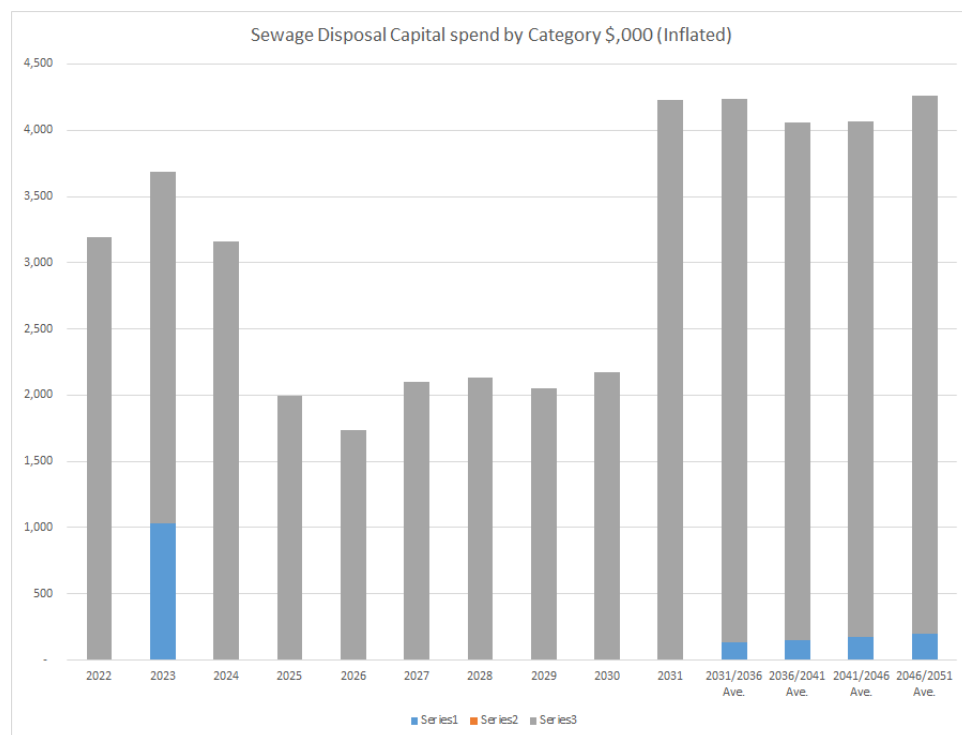
**Issue – Desludging of the oxidation ponds**

Main Options	Implication of Options
Option 1 – Defer the desludging of the oxidation ponds	Deferring the desludging of the oxidation ponds impacts on the performance of the ponds, which makes them susceptible to 'biological upsets' and which can result in significant odour issues and discharge quality issues. This would likely lead to prosecution by the Regional Council.
Option 2 – Desludge the oxidation ponds when the sludge volumes reach a predetermined proportion of the ponds, with an appropriate sludge disposal method (PREFERRED)	This is the best economic and environmental solution for maintaining the performance of the oxidation ponds. The method of desludging and the disposal of the sludge will need to be determined.

Time period	2035 – 2037 (Timaru ponds) 2042/43 (Inland towns)
Cost	\$5M (2021)
What is the driver	Renewal
Assumption	That the volume of sludge accumulation in the oxidation ponds is at a rate expected for ponds serving domestic populations and is not accelerated for any reason

Cost (\$000 inflated)														
	Year 1 (2021- 22)	Year 2 (2022- 23)	Year 3 (2023- 24)	Year 4 (2024- 25)	Year 5 (2025- 26)	Year 6 (2026- 27)	Year 7 (2027- 28)	Year 8 (2028- 29)	Year 9 (2029- 30)	Year 10 (2030- 31)	Year 11-15 (2031- 36) Avera ge	Year 16-20 (2036- 41) Avera ge	Year 21-25 (2041- 46) Avera ge	Year 25-30 (2046- 51) Avera ge
<b>Operations</b>	5,454	4,869	4,919	4,926	4,885	4,952	4,986	5,053	5,239	5,704	5,988	6,444	6,777	6,967
<b>Capital Growth</b>	-	1,029	-	-	-	-	-	-	-	-	134	152	172	195
<b>Capital LoS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital Renewals</b>	3,195	2,656	3,159	1,996	1,736	2,099	2,129	2,050	2,171	4,230	4,106	3,905	3,895	4,063





## Stormwater

The issue with the district’s aged stormwater reticulation relates not so much with physical deterioration of the asset but with the capacity of parts of the network not being able to meet the current levels of service (i.e. no network overflows for rainfall return periods of 1 in 10 years for residential areas and 1 in 20 years in commercial areas). Council has acknowledged this as a legacy issue that needs to be addressed in the renewal of the network. The district’s stormwater network was originally designed based on smaller rain events relevant at that time. Some 3km of the stormwater pipe network will be renewed within the next 10 years at around \$3 million cost.

A second major driver is the treatment and attenuation of stormwater. As noted previously, Council has adopted a district-wide Stormwater Management Strategy, driven by the policies and rules of the Canterbury Land and Water Regional Plan. This includes the provision of treatment for the removal of contaminants and the attenuation of stormwater flows using low impact design or green infrastructure approaches such as first flush retention dams, swales and rain gardens.

### Key issues (10 year AMP)

During the 2020/21 development of asset management plans the following key issues were identified.

- The funding of compliance and improvements
- The requirement to accommodate climate change issues

The Planned programme of work to address these issues includes the following work streams:

- Asset renewals and upgrades
- Implementation of new technologies
- Development of new reticulation
- A public education programme

Council's goal for the stormwater activity is:

Council's principal goal for stormwater over the next ten years is:

- To provide for the collection and disposal of stormwater to acceptable environmental standards

Significant infrastructure issues and decisions are tabled below. The highlighted option is the preferred approach for addressing the identified issue.

Significant Decisions	Description	\$ (2021)	Indicative Timeframe
<b>Setting work programmes to meet Resource Consent conditions</b>	Council has adopted a Stormwater Strategy including concepts (additional operation costs 2 FTE's) for treatment and flow mitigation to be implemented in order to meet resource consent conditions and environmental standards. Conditions in the Area resource consents to be obtained in 2022 will have a major impact on setting the work programme in order to achieve the outcomes required. Decisions are required on the timing and funding of the work programme. As a result of the 2018 -28 LTP consultation process, the agreed option is to carry out the work required over a 10 to 15 year period.	\$200K	2021 - ongoing

Key Issues (30 year)	Projects	Timing	\$ (2021)	Options
<b>Resource consent compliance</b>	Environmental and discharge monitoring  New discharge consents	2022 – ongoing (significant monitoring will be required under the Area resource consents 2037 (The duration of the Area resource consents may be 15 years)	\$3.98M (\$143k annually from Year 3)	Option 1 – provide resourcing to deliver monitoring in accordance with consent conditions (PREFERRED) Option 2 – Do minimum monitoring using resources currently available
<b>Timing and funding of stormwater strategy</b>	Capital upgrades	2022 -ongoing	\$15M (2021)	Option 1 –change the stormwater treatment work programme to be completed over either a short period (5 years) or a longer period (20+ years)

				Option 2 – Fund and complete stormwater treatment work over a period of approximately 15 years (PREFERRED)
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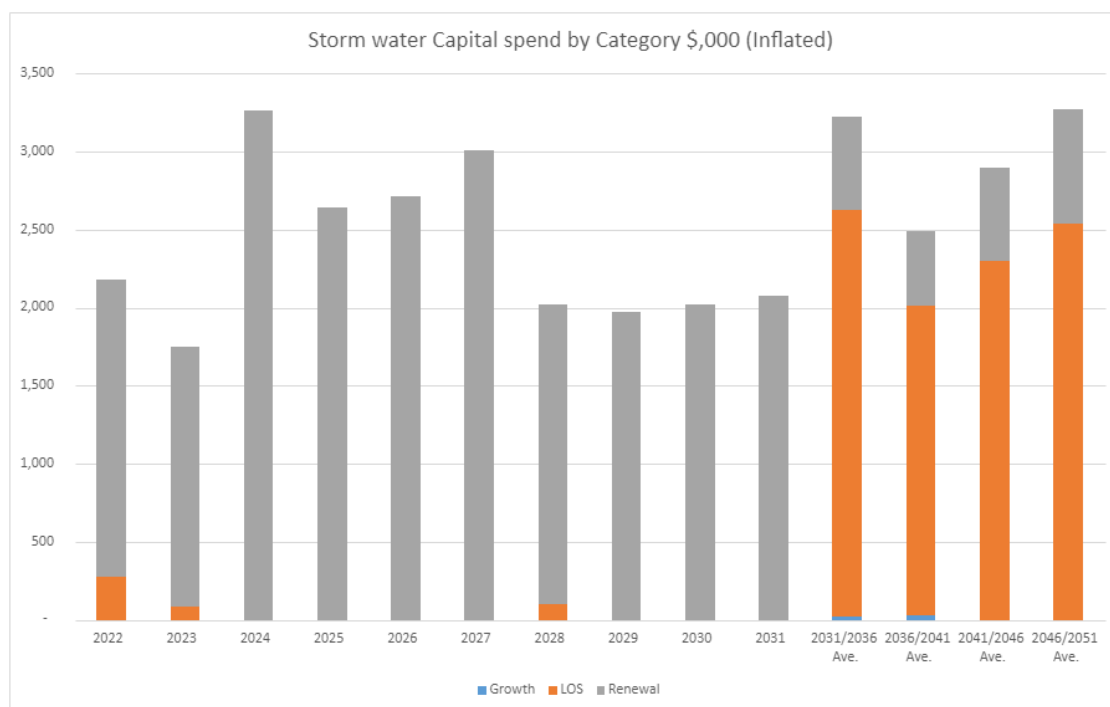
**Issue – Timing and funding of stormwater strategy**

Rules and regulations regionally under the Canterbury Land and Water Regional Plan (LWRP), and nationally through the National Policy Statement for Freshwater Management require Council to apply a higher level of service to the management, attenuation and treatment of stormwater. Poor stormwater quality affects the health of waterways, reduces their intrinsic value and limits the use of the resource. Council must increase efforts to reduce the level of contamination in discharges of stormwater. Area resource consents for the urban areas of the district are to be obtained in 2022, which will require stormwater treatment improvements to reduce the levels of contaminants that discharge to urban waterways. The rate of implementation of the stormwater treatment will impact on how quickly improvements to the environmental quality of the waterways are achieved. The Area resource consents are likely to have a duration of 15 to 20 years.

Main Options	Implication of Options
Option 1 – <i>To change the stormwater treatment work programme to be completed over either a short period (5 years) or a longer period (20+ years)</i>	Fast tracking the work programme, will have very high funding requirements and may not result in the most economical or effective treatment options being implemented. Or implementing environmental quality improvements over many years, will have the least impact on rates, but improvement outcomes are too slow for that required from the resource consents. The results of public consultation on the 2018-2028 LTP did not prefer this option.
Option 2 - <i>Fund and complete stormwater treatment work over a period of approximately 15 years (PREFERRED)</i>	Environmental quality improvements are achieved over the term of the stormwater discharge consent, with medium funding requirements. The resource consents are based on an adaptive management concept where work programmes are developed over time to ensure the best outcomes are achieved with the budgets available. Cost: Approximately \$1 million per year additional capital, with a gradual increase in operating costs of up to \$600,000 per year. Benefit: Increased levels of service in relation to stormwater treatment and management achieved in the medium term. Achieving environmental quality improvement outcomes in a progressive measured manner.
Time period	15 years commencing in 2022
Cost	\$15M (2021)
What is the driver	LoS
Assumption	Stormwater discharge quality in the district’s urban areas will not deteriorate significantly. A resource consent will be obtained with favourable conditions for achieving defined environmental outcomes in a progressive measured manner. It is likely that new resource consents in 2037 will require additional improvements due to increasing environmental standards.

Cost (\$000 inflated)														
	Year 1 (2021- 22)	Year 2 (2022- 23)	Year 3 (2023- 24)	Year 4 (2024- 25)	Year 5 (2025- 26)	Year 6 (2026- 27)	Year 7 (2027- 28)	Year 8 (2028- 29)	Year 9 (2029- 30)	Year 10 (2030- 31)  Avera ge	Year 11-15 (2031- 36)  Avera ge	Year 16-20 (2036- 41)  Avera ge	Year 21-25 (2041- 46)  Avera ge	Year 25-30 (2046- 51)  Avera ge
<b>Operations</b>	1,789	1,104	973	957	989	888	968	950	991	1,171	1,303	1,485	1,573	1,644

<b>Capital Growth</b>	-	-	-	-	-	-	-	-	-	-	23	26	-	-
<b>Capital LoS</b>	275	87	-	-	-	-	99	-	-	-	2,601	1,988	2,301	2,539
<b>Capital Renewals</b>	1,905	1,667	3,264	2,643	2,712	3,007	1,919	1,971	2,024	2,076	599	480	594	731



### Roading and Footpaths

A significant amount of the District roading infrastructure was constructed between 50 and 80 years ago during the “pioneer” or “boom” times that provided access to land, industry, rail and ports. As a consequence these assets are in the second half (or less) of their useful life. This is most evident in the district’s bridge stock where many will need replacing in 10 to 20 years time. Provision must be made for this “bow wave” of renewal expenditure.

In recent years, there has been a significant growth in the freight task and a modal shift to road transport. The result is more heavy vehicles using our roads and increases in the mass of these vehicles. This has accelerated the deterioration of our road assets shortening their useful lives. Hence, a significant renewal programme is required. This is monitored on an ongoing basis by the following:

- Lifecycle assets strategy and plan implementation
- Condition monitoring and assessment
- High Speed Data and Multi Speed/Falling Weight Deflectometer testing

- Deterioration modelling (dTIMS and Juno) dEffective and timely maintenance through Development of a “Pavement Management Strategy” between maintenance Contractor and Council
- Demand Management
- Traffic Counting
- Renewals programmed and completed in effective and timely manner
- Costs recorded and intervention actions based on whole of life costs.

Currently, Juno and dTIMS (deterioration predictive modelling) are used for pavements, which identifies intervention strategies and determines timing, frequency and treatment type to be implemented. This also optimises intervention strategies and produces expenditure forecasts, work programmes and predictions of future condition.

Bridges are inspected and structurally assessed every three years and renewal programmes are reviewed based on these assessments. The ageing of the assets and accelerated deterioration will result in challenges for future funding and resources to meet demand. This is a significant issue for the Council and will be for the short to medium term of this strategy (years 0-20+)

### **Key issues (10 year AMP)**

During the 2020/21 development of asset management plans the following key issues were identified.

- Increased demand for heavy motor vehicles to support our buoyant local economy are placing increasing pressure and pavement and bridge assets, this is leading to accelerated consumption, and an increased need for investment
- There are an unacceptable number of fatal and serious injury crashes on the Timaru District roading network. There are several reasons for this but infrastructure related issues can be a contributor.
- Changes in our communities have identified a lack of multi-mode infrastructure. We have an ageing population who use semi-mobile modes and pedestrian facilities and crossing points are required for the visually impaired.
- Extreme weather events are occurring more frequently which is resulting in more instances of road closures an increase in emergency work costs and increased flushing on the networks sealed roads.

The Planned programme of work to address these issues includes the following work streams:

- Holistic Carriageway Management Approach
- Advanced Asset Management including a more proactive approach to assessing asset condition, gathering more asset information, and investing in more detailed analysis of asset performance to better predict interventions.
- Demand management – Restrict routes with no destination (or short cut routes) to High Productivity Motor vehicles, unfortunately this is difficult to police and VDAM heavy vehicles may still take the opportunity to use these routes to reduce Road User Charges

- Programme Response - Road Improvement Programme. We have developed a road improvement programme which will reduce reactive maintenance, reduce faults, and increase customer satisfaction.
- Climate Change Assessment Method – adoption of methodology to assess the impacts of climate change based on the best practice model advocated by the Office of the Auditor General.
- Climate Adaptation Programme to assess and upgrade drainage and bridge infrastructure to ensure greater resilience.
- Stormwater Channel Programme to ensure ongoing stormwater channel improvements are undertaken
- Delineation Strategy to get a consistent level of service for our lines and signs across the transport network.
- Safety Improvement Programme that targets Intersection and Route Improvements, Seal Widening and Seal Extensions.
- Road Safety Education Programme
- Skid Resistance Programme to improve surface texture through treatment of sites with low skid resistance properties.
- Adoption of One Network Framework under consideration to better differentiate our road network and support modal shift and urban form initiatives.
- Active Travel Programme to increase options for active travel journeys on the transport network.
- Maintenance Contract development – ensure upcoming maintenance contract has flexibility and ensures the outcomes for both clients and contractor are community focused and align well to Long Term Plan objectives.

Council’s goal for the roads and footpaths activity is:

To provide a safe, affordable, sustainable land transport system that fully meets the environmental, economic and social needs of the district.

Significant infrastructure issues and decisions are tabled below. The highlighted option is the preferred approach for addressing the identified issue.

Significant Decisions	Description	Indicative Timeframe	\$ (2021)	Options
<b>Affordability</b>	Consideration of policy on funding road activities eligible for but not financially assisted by NZ Transport Agency and extent of such funding to maintain current level of service.	3 Yearly <i>(in conjunction with Long Term Plan)</i>		
<b>Bridges Renewals</b>	A significant number of road bridges will reach the end of their useful life in 10-20 years. The renewal of these bridges will require an increase in expenditure from \$0.6M per annum to over \$2.1 million per annum. A renewal and funding strategy	2025/26	\$2.1M per annum	Option 1 –Do less than the current level of service Option 2 –Accelerated renewals Option 3 – Current Level of Service (PREFERRED)

	needs to be determined to manage this to maintain affordability.			
<b>Southern Port Access Overbridge</b>	A deed of grant for the existing road to cross railway land at the Southern Port Access (Heaton Street) was granted in 2017. This allows the deferral of a new overbridge. Council will need to consider the future form of access prior to the expiry of the deed of grant.	2030	\$10M	Option 1 – Status quo maintaining level rail crossing access. Option 2 – Construction of new overbridge across railway line.
<b>Pavement Rehabilitations (Overlays)</b>	A significant portion of the network is under stress due to increasing demand of heavy vehicles on poorly constructed/old pavements. Funding for both overlays and resurfacing (chipseal and asphalt) needs to increase by 2.5 million over the next 10 years with a further increase of \$2m per annum in years 11-30	2021-2051	\$10M per annum	Option 1 – maintain current level of renewals and consequent reduction in LOS. Option 2 – increase renewals and maintain current LOS (PREFERRED)

Key Issues (30 year)	Projects	Timing	\$ (2021)	Options
<b>Ageing assets and increased consumption</b>	Renewal of Pavements Renewal of Bridges Renewal of Footpaths Renewal of street light poles and cables Renewal of car parks Renewal of car parking equipment Renewal of traffic signals	2021-2051	\$9.5M (2021)	Option 1 –Do less than the current level of service Option 2 –Accelerated renewals Option 3 – Current Level of Service (PREFERRED)
<b>Road Safety and Capacity</b>	Increased Road Safety Education Programmes Road upgrades Intersection improvements Carriageway Widening	2021/22	\$4.2M (2021/22 - increasing to \$5.6M 2022/23-2031/32)	Option 1 – Maintain current level of service Option 2 – Responsive level of service with increased resources (PREFERRED)
<b>Amenity upgrades</b>	CBD Hub projects Footpath Level of service Surveillance cameras upgrades/ extension	2021-2031	\$42.9M (2021)	Option 1 – Maintain current level of service Option 2 – Undertake City Hub Upgrades and Footpath upgrades based on community leads (PREFERRED)

**Issue 1 – Ageing Assets and increased consumption**

Renewals of road pavements and road bridges is a significant issue over the coming years. Obtaining the funding and managing the renewals will be challenging.

*Pavements* – The consumption of the asset is increasing due to the increase in freight task (numbers, weight and dimensions of heavy vehicles). This decreases the useful lives of the asset. In order to maintain fit for purpose roads, the structural integrity of pavements need to be renewed more frequently and increased in strength to optimise asset life.

*Bridges/Structures* – Many bridges were constructed over a short period of time. With the ageing of these bridge assets and the changes occurring in the area of freight task, the General Bridge Inspection Report 2015/16 has identified that there are a significant number of bridges/structures that will require renewals/replacements to address structural deterioration. The Council Bridge Policy (Doc # 423438), Council has identified that bridges on all primary collector and higher hierarchy roads shall be two lanes, and that all new and replacement bridges within the District shall be capable of minimum 50MAX capacity, and on collector and higher hierarchy roads shall be capable of full HPMV capacity.

Main Options	Implication of Options
<p><b>Option 1 - Do Minimum Level of Service</b></p>	<p><i>Pavements</i> – The levels of service on roads can be reduced by allowing the road pavements to deteriorate and fail through less regular maintenance and deferral of renewals until full pavement failure. The reduction of levels of service may increase vehicle operating cost, reduce road safety, decrease road safety, and customer satisfaction while also increasing road roughness. There will be access restrictions on heavy vehicle use of some roads that will increase freight costs and potentially restrict economic growth.</p> <p><i>Bridges/Structures</i> – The level of service is reduced for bridges/structures as bridge renewals are deferred. This will result in an increasing number of weight/speed restricted bridges/structures or closures. Portions of the roading network will be restricted and unable to be used by large heavy vehicles and it will be difficult to meet the increasing freight task. This may impact access, travel times and increase freight costs that will potentially restrict economic growth in our district.</p> <p>Cost: The monetary cost of renewals reduces, but maintenance will increase. The costs in other areas such as safety, risks, and Council image increases. An increase in other costs (freight transport) for stakeholders is expected. Assets may not be fit for purpose.</p> <p>Benefit: Allowing for a reduction in levels of service will allow for Council to reduce overall renewal cost for the asset and gain additional life at a reduced Level of Service.</p>
<p><b>Option 2 - Current Level of Service</b></p>	<p><i>Pavements</i> – This will see the pavement asset deteriorating as pavements are not strengthened / widened. They will therefore not be fit-for-purpose and premature pavement failure will be an ongoing issue.</p> <p><i>Bridges/Structures</i> – The current bridge/structure assets renewals will not keep pace with the asset useful life expectation of these structures and therefore bridge load restrictions will become necessary. This will restrict access to large heavy vehicles particularly High Productivity Vehicles that may increase travel times, restrict vehicle size and increase freight costs that will potentially restrict economic growth in our district.</p> <p>Cost: Council faces an increasing renewal demand as many bridges constructed in the early 1900's reach the end of their useful life and to meet pavement improvements. Current renewal funding will not address this "hump" and bridges renewals will need to be deferred. This means increasing maintenance cost and restricted network that increases freight and travel costs that will potentially restrict economic growth in our district. There is a risk of reduced road safety and also reduced asset resilience.</p> <p>Benefit: This option allows maintaining current funding levels long term and therefore minimises future rates increases requirements for roading.</p>
<p><b>Option 3 - Responsive Level of Service (PREFERRED)</b></p>	<p><i>Pavements</i> – To keep up with the increasing freight task, Council has to provide a level of service that is fit-for-purpose. In order to address this, pavement strengthening is required, and added drainage may be required. This leads to additional funding and resources required.</p> <p>Cost: \$255 million over the next 30 years.</p> <p>Benefit: Increases in Levels of Service to ensure the road assets remain fit-for-purpose and effectively meeting the demands of increasing heavy vehicles. There are also improvements in road safety and resilience.</p>

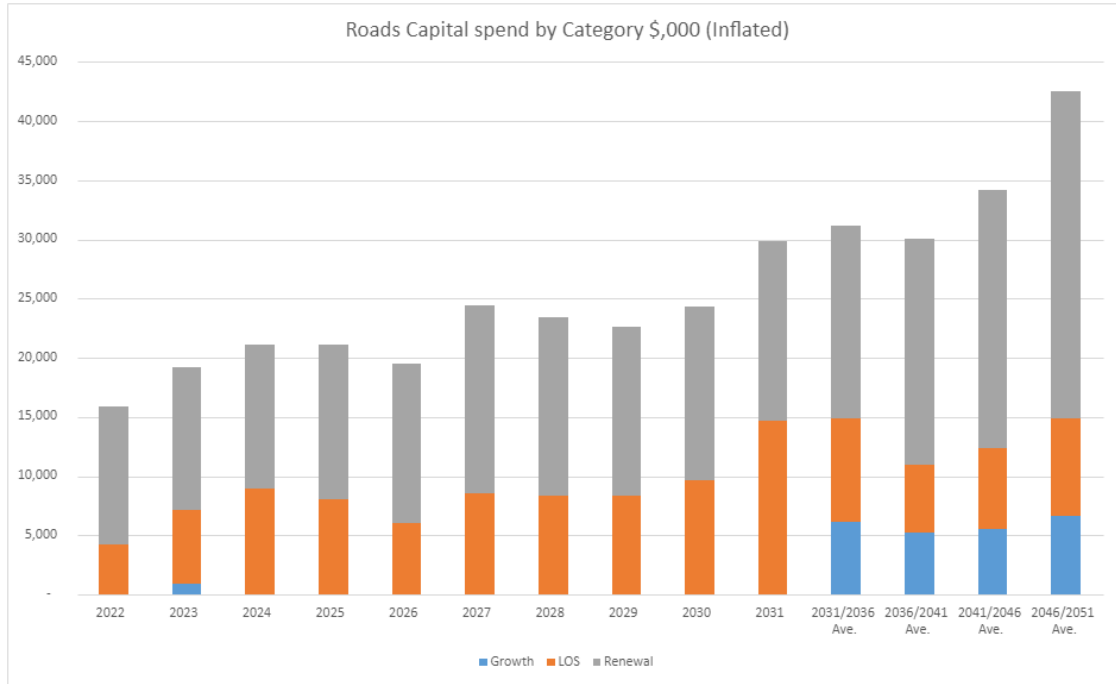


	<p><i>Bridges/Structures</i> – There are a number of bridge/structure assets that are reaching their end of useful life. To meet the changes occurring with freight tasks, the bridge/structure assets will require improvements to increasing their level of service. Keeping in line with the Council’s Bridge Policy, new and replacement bridges within the District on specific road hierarchies will need to be strengthened and changed to two lanes.</p> <p>Cost: \$91 million over the next 50 years. There is an increase in cost from year 10 as an increasing number of bridges reach the end of their useful life.</p> <p>Benefit: Increases in Levels of Service to ensure the road assets remain fit-for-purpose and effectively meeting the demands of increasing heavy vehicles. There are also improvements in road safety and resilience.</p> <p>This option is the preferred approach to ensure continued support for the increasing economic growth of the district and meeting the freight task associated with this growth. Managing this option could be challenging as it may strain affordability for Waka Kotahi and Timaru District</p>
Time period	TBD
Cost	\$10 M per annum (2021)
What is the driver	LoS/Renewal
Assumption	No further changes to legislation allowing heavier vehicles on the network
Issue – Road Safety and Capacity	
Main Options	Implication of Options
Option 1 - Current level of service	<p>Deaths and Serious injuries occur at seemingly random locations and spread out across much of the network. While crash numbers are low, Timaru is not on track to achieve “Road to Zero” targets. Due to the “random” nature of the location of crashes, often there is not a high collective risk at individual locations Therefore, Timaru is often unable to demonstrate death and serious injury savings to be made, meaning attracting Waka Kotahi funding for these works is challenging. While there is a low number of deaths and serious injuries on our network on a number of our roads the personal risk is high. Customer Survey’s are currently showing a downward trend in awareness of road safety programmes, by continuing with a low level investment in Road Safety Education Timaru is likely missing opportunities to educate and change driver behaviour and attitudes.</p> <p>Cost: Road Safety Education \$314,000 per annum or \$9.4 million over the 30 year period</p> <p>Road Improvements \$3.6m in year one increasing to \$5m 30 year cost of \$148m over 30 years</p> <p>Benefit: Low cost option. Continue programmes that are already underway</p> <p>Consequence: Crashes in the district continue to occur at a similar rate. The social cost of fatal crashes in any one year exceeds the cost of the full programme over 30 years.</p>
Option 2 - Responsive level of service (PREFERRED)	<p>A proactive approach to a South Canterbury Road Safety Strategy, where there is strong alignment with road safety education programmes nationally. Development and measurement of key performance indicators will help support all “three E’s” (Engineering, Education and</p>

	<p>Enforcement) to make progress toward National Road to Zero objectives, saving lives.                  Among other things, this will see the introduction of a collaborative delineation strategy and roll out, meaning more advance warning for drivers, safer speeds, through a self-explaining road, speed limit by law review and targets road safety education programmes across the South Canterbury sub-region                  Cost: \$580,000 per annum or \$17.4 million over the 30 year period                  Road Improvements \$3.6m in year one increasing to \$5m. 30 year cost of \$148m over 30 years</p> <p>Benefit: Increased customer awareness of road safety education programmes, assisting success in self explaining roads and changing driver attitudes, with the goal of meeting or exceeding Road to Zero targets.</p>
Time period	2020 - 2022
Cost	\$4.2M (2021/22) – increasing to \$5.6M 2022/23-2031/32
What is the driver	LoS
Assumption	The speed limit setting rule will be fully embedded nationally. There will be no national policy statement on default speed limits
Issue – Amenity Upgrades	
Main Options	Implication of Options
Option 1 – Do Nothing	<p>Undertake footpath/paver repairs on an as requested basis. The level of service gap between townships would continue to grow and the customer satisfaction would likely drop considerably                  While this would be a low cost option due to a reduction in renewals the maintenance costs would increase, as would the number of trip hazards and safety issues for our public.                  If condition rating were to continue there would be a far higher length of footpaths falling in to a below average condition. The already high age profile would soar and the footpaths would fall into disrepair, costing future generations significantly to catch up on delayed renewals                  Cost: \$500,000 per annum - maintenance or \$15 million over the 30 year period</p> <p>Benefit: No capital costs, so Council would have funds to invest into other capital programmes slowing down obtaining debt caps.</p>
Option 2 - Current Level of Service	<p>Undertake planned footpath renewals and upgrades, allowing for some alignment with other utilities installations in the corridor. Township funding if not combined to a district wide rate will continue to show disparity in level of service between townships.                  Reactive approach to Timaru Central Business District revitalisation. Unlikely to attract priority with failures in other areas. Likely to continue to get complaints on pavers/tiles used in CBD. Also unlikely to see significant change in general customer satisfaction.</p> <p>Cost: \$1,400,000 pa or \$42m over 10 years then \$10M years 11-15.</p>

	Benefit: Lower capital costs
Option 3 - Undertake City Hub Upgrades and District Wide Footpath funding (Preferred option)	<p>Undertake planned footpath renewals and upgrades, allowing for some alignment with other utilities installations in the corridor. Township funding if not combined to a district wide rate will continue to show disparity in level of service between townships.</p> <p>Enabling approach to Central Business district revitalisation in with implementation of the City Hub strategy projects. Likely to see customer satisfaction with the CBD surfaces improve and also an overall improvement in general satisfaction with the Districts footpaths.</p> <p>Cost: Footpath Maintenance, renewals and new \$2,290,000 pa or \$68.7m over 30 years Plus a further \$100M in City Hub upgrades over 10 plus years.</p> <p>Benefit: Increased customer consultation and satisfaction with footpaths and the CBD areas.</p>
Time period	2021-2051
Cost	\$2.9M (2021)
What is the driver	LoS/Renewal
Assumption	Waka Kotahi continue to fund footpaths as an asset group and City Hub Project is successful

Cost (\$000 inflated)														
	Year 1 (2021-22)	Year 2 (2022-23)	Year 3 (2023-24)	Year 4 (2024-25)	Year 5 (2025-26)	Year 6 (2026-27)	Year 7 (2027-28)	Year 8 (2028-29)	Year 9 (2029-30)	Year 10 (2030-31) (Average)	Year 11-15 (2031-36) (Average)	Year 16-20 (2036-41) (Average)	Year 21-25 (2041-46) (Average)	Year 25-30 (2046-51) (Average)
<b>Operations</b>	12,089	12,958	15,039	15,593	15,536	16,082	16,660	17,290	17,960	19,835	22,155	26,136	30,218	35,053
<b>Capital Growth</b>	50	875	-	-	-	-	-	-	-	-	6,110	5,222	5,564	6,685
<b>Capital LoS</b>	4,214	6,308	8,934	8,015	6,028	8,522	8,356	8,335	9,621	14,653	8,792	5,743	6,792	8,209
<b>Capital Renewals</b>	11,585	12,034	12,198	13,098	13,524	15,945	15,095	14,292	14,696	15,233	16,310	19,096	21,853	27,664



## Waste Minimisation

In Waste Minimisation many of the assets are buried within closed or active landfills. The Stage 1 Redruth landfill, closed in 1996, has no such buried assets, but required capping to improve environmental outcomes. Stage 2 and 3 combined form the “new Redruth Landfill” which will require an aftercare period of 30 years post-closure.

Pumps are the main landfill asset requiring regular renewal, and due to harsh conditions, they are often replaced on a failure basis. The transfer station infrastructure is between 17-25 years old and is generally in good condition. Renewals are required for compactors and compactor bins after the initial 10-year period.

Above ground assets are listed in a database and more work is required to date and report on these assets to improve renewals planning and funding requirements. This work will be undertaken in 2021 for a robust condition assessment and valuation to help develop a sound asset management plan for future strategies.

### Key Issues (10 year AMP)

During the 2020/21 development of activity management plans, the following key issues were identified.

- Peel Forest closed landfill breach and mitigation following December 2019 flood that required remediation, and the subsequent analysis needed to analyse the risk for all 36 known closed landfills within the district..
- Contamination of kerbside collection waste (wheelie bins) - very high and increasing the amount of recycling material going to landfill so requires strong social marketing and communications to keep public engagement into best practice for recycling and waste
- Landfill gas flare compliance and ongoing monitoring for UEF application
- The consolidation, reconciliation and analysis of waste data to increase accuracy, help inform planning decisions, and improve waste charges
- Legislation changes for waste, including Council’s role in managing or enforcing product stewardship schemes, changes to the Emissions Trading Scheme and Waste Levy requiring new landfill charges
- Climate change impacts and coastal inundation of Redruth landfill particularly around Saltwater Creek and Pareora River
- Increased waste tonnages going to landfill, necessitating the moving forward of landfill cell development in Redruth, reducing the landfill life to between 25-28 years and resulting in a new landfill required within 25 years
- Asset management to include condition assessments, valuation, and renewal programme

The Planned programme of work to address these issues includes the following work streams:

Programme/Project Name	Explanation
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Closed Landfill Risk Assessment & Management Plan	Assess all 36 closed landfills currently identified in Timaru District for risk; develop plan for management due to risk to waterways (incl Peel Forest ongoing mitigation)
Contract management for new contract and kerbside contamination	Contract 2400 managed to ensure the ongoing monitoring of kerbside contamination, good community engagement & bin monitoring
Redruth Landfill Cell Design/ Builds/ Capping	Capping old landfill cells, design and build new cells for landfill based on waste volume to ensure capacity for 25-28 years
Redruth LFG upgrades	Upgrading LFG capture and flare system; purchase new monitoring equipment
Waste Data Analysis & Programme Management	Oversee RFID programme and do all analysis of discrepancies to provide better rating information; better management of Weightrax data to align to waste levy reporting and expenditure management
Fixed Assets – assessment, valuation and renewals	Fixed plant and equipment condition assessment, valuation and renewals (lights, electrical works, weighbridges etc.)

Timaru District Council’s vision for waste management and minimisation is:

“A sustainable community that is able to reuse, recycle and recover discarded resources and minimise residual waste to landfill, while ensuring protection of public health and the environment.”

To realise this vision, Council has set the following goals and objectives for its waste activity:

Goals	Objectives
1. Protection of public health from waste	1.1 Ensure health and safety risks are either eliminated, reduced, isolate or mitigated
2. Protection of the environment from waste	2.1 Ensure environmental risks are either eliminated, reduced, isolate or mitigated
3. Provide effective and efficient waste minimisation services in a sustainable manner	1. Achieve effective services 2. Achieve efficient services 3. Progress sustainable concepts

Significant infrastructure issues and decisions are tabled below. The highlighted option is the preferred approach for addressing the identified issue.

Significant Decisions	Description	Indicative Timeframe
<b>Landfill life</b>	Landfill life can be extended by a commitment to proactively implementing further diversion strategies. The landfill life will already extend beyond the expiry date of the resource consent, but further diversion will increase the life of the landfill. This will defer	2021 onwards

	the need to implement alternative disposal methods.	
<b>Contamination levels in kerbside collection</b>	Contamination levels can determine waste volumes in landfill and the success of recycling schemes for waste diversion. Proactive management of communication and social media to keep public engaged into doing best practice is an essential commitment by Council and the contractor	2021 onwards
<b>Closed landfills management (including Peel Forest)</b>	Closed landfills are a risk to the environment in cases of breaching to adjacent waterways, creating ecological disasters and requiring significant resources to address. Assessing the risks of each known closed landfill and developing a robust monitoring and management plan will enable Council to proactively budget for any mitigation or remedial works necessary to reduce or eliminate the risks.	2021 onwards
<b>Waste data management and analysis</b>	Waste data is extensive and varied in quality and accuracy; needs FTE to adequately manage and streamline data to make it useful for Council's assets planning and rating purposes	2021 onwards

Key Issues (30 year)	Projects	Timing	\$ (2021)	Options
<b>Landfill capacity management</b>	New cell developments New waste diversion facilities Enhanced landfill capacity development	2021 onwards	\$23M (2021)	Option 1 – Status quo Option 2 - Divert waste by transporting to alternative landfills Option 3 - Contractor actively manages waste streams being delivered to Redruth encourages waste minimisation and managing new cell developments (PREFERRED)
<b>Landfill at capacity (replacement)</b>	New landfill site investigations and land purchase New landfill plant development	2040 – site assessments, land purchase 2041-46 – landfill development	\$55M (2021)	Option 1 – Seek a new landfill site within District (PREFERRED) Option 2 – Send waste to an alternative landfill site outside of District Option 3 – Seek new landfill site in South Canterbury with collaboration

<b>Climate change (LFG)</b>	Gas collection/flaring systems	2021- completion of ring-piped system for gas collection 2022 – implementation of compliant flares and UEF application 2023 – operational and collection of UEF data for credits	\$1M (2021)	Option 1 – Continue to utilise existing non-compliant flare for burnoff Option 2 – Proceed with implementing new ring LFG capture system and compliant flare (PREFERRED)
<b>Resource consent compliance</b>	Monitoring equipment	2021 onwards	\$500,000 (2021)	Option 1 – Ongoing monitoring and renew consent (PREFERRED) Option 2 – Do not renew consent
<b>Aging Infrastructure</b>	Transfer station renewals Asset maintenance & renewal plan	2021 – asset condition assessment and valuation 2022 – asset management plan with maintenance and renewal plan scope	\$250,000 (2021)	Option 1 – Do less than the current level of service Option 2 – Accelerated renewals Option 3 – Current Level of Service (PREFERRED)
<b>Landfill aftercare</b>	Closed landfill investigation Remediation works	2021 – landfill aftercare for Stage One 2023 – landfill aftercare for Stage Two 2046 onwards – landfill aftercare for Stage Three	\$7.5M (2021)	Option 1 – Status quo Option 2 – Minimal monitoring activities and wait for directives from government Option 3 - Commission the risk assessment for all known closed District landfills and development management plans. (PREFERRED)

Issue – Landfill capacity management	
Main Options	Implication of Options
<i>Option 1 – Status quo – no changes to fees, no more diversion initiatives</i>	Waste going to landfill continues to increase, creating capacity issues and requiring new landfill cells to be filled and developed earlier than projected; landfill life continues to decrease; Council fails to meet KPIs
<i>Option 2 - Divert waste by transporting to alternative landfills such as Kate Valley in North Canterbury, or landfills in Otago or Southland</i>	Transportation costs increase which will cause waste disposal fees to increase; landfill life at Redruth is extended; Council may or may not meet KPIs depending if measures are solely measured on Redruth landfill capacity or total waste tonnage



Option 3 - Contractor actively manages waste streams being delivered to Redruth; encourages waste minimisation in public engagement campaigns, promotes and supports waste diversion schemes; manages new cell developments	Waste to landfill remains at a steady pace or reduces over time as more is diverted from landfill; landfill life is extended; waste diversion initiatives are accepted within the community as preferred options; contract does not require many variations as incentivising scheme to reduce waste to landfill is successful; Council meets KPIs
Time period	2021 - 2040
Cost	\$23M (2021)
What is the driver	Growth/LoS
Assumption	That waste going to landfill's airspace consumption rate remains at 58,000 cubic metres per annum
<b>Issue – Landfill at capacity (replacement)</b> <i>Post Redruth Landfilling - when the Redruth Landfill is full, an alternative means of disposal must be found.</i>	
<b>Main Options</b>	<b>Implication of Options</b>
Option 1 - Seek a new landfill site in the Timaru District	Implications – Significant cost and community consultation involved as well as 10+ year planning timeframe. Cost: \$55m Benefit: Local landfill controlled by Council. Transport risk is reduced.
Option 2 - Send waste to an alternative landfill site south of Timaru	Implications – Subject to availability of space and permission to deliver waste. Cost of waste (including transport) likely to increase significantly. Cost: \$51,635,000 Benefit: Risk and cost of operations and management lies with external party.
Option 3 - Send waste to an alternative landfill site north of Timaru	Implications - Subject to Canterbury Waste Joint Committee approval, it is possible Timaru District Council may opt into the Canterbury agreement for landfilling at Kate Valley north of Amberley. Cost of waste disposal (including transport) likely to increase significantly. Cost: \$53,735,000 Benefit: Risk of operations and management lies with regional group.
Option 4 - Seek a new landfill site in South Canterbury with collaboration.	Implications – Significant cost and community consultation involved as well as 10+-year planning timeframe. Collaboration with other parties required. Cost: \$55m, Benefit: Regional landfill controlled by Council and other parties reducing future transport risk.
Time period	From 2040 onwards
Cost	\$55M (2021)
What is the driver	Growth/LoS
Assumption	Landfill will still be the preferred disposal and treatment of non-reusable waste, Council will still prefer to manage its own landfill within the district as opposed to transporting to Kate Valley

<b>Issue – Climate change (LFG management)</b>	
<b>Main Options</b>	<b>Implication of Options</b>
Option 1 - Continue to utilise existing non-compliant flare for burnoff	Council will not be compliant with resource consent and will have to pay more for carbon credits
Option 2 - Proceed with implementing new ring LFG capture system and compliant flare	Council will meet NES standards for methane gas emissions; compliant with resource consent for landfill air emissions; will meet the criteria for UEF credits to help offset carbon credit charges in future years

Time period	2021 onwards
Cost	\$1M (2021)
What is the driver	Growth/Renewal
Assumption	Council will seek offset measures and reduced costs for carbon credits

**Issue – Resource consent compliance**

*Resource Consent Renewal* - the consent for the Redruth landfill expires in 2030 and this will be before the landfill is completely filled. A consent renewal will be required in order to continue using the site. A consent renewal for the new Organics Processing Plant will be required in 2021.

Main Options	Implication of Options
Option 1 - <i>Do not renew consent</i>	Implications – Alternative disposal would need to be sought. Cost: \$2,765,000 + early progression to Issue 2 (new landfill) Benefit: None. There would be environmental consequences and costs to closing the landfill before it is completely filled. Alternative disposal would cost more for the community, and have significant transport implications.
Option 2 - <i>Renew consent</i>	Implications – Redruth Landfill can continue filling to closure. Cost: \$300,000 Benefit: Best environmental and economic option for the community as it allows full use of consented space. Completing all filling and capping will shed stormwater, reduce leachate and capture and flare gas. All these beneficial effects are maximised with landfill closed according to Whole Of Life Plan.
Time period	2021 (Organics Processing Plant) 2028 (Redruth Landfill renewal)
Cost	\$0.5M (2021)
What is the driver	Growth//Renewal
Assumption	That organic waste tonnages remain constant at 27,000 tonnes per annum.

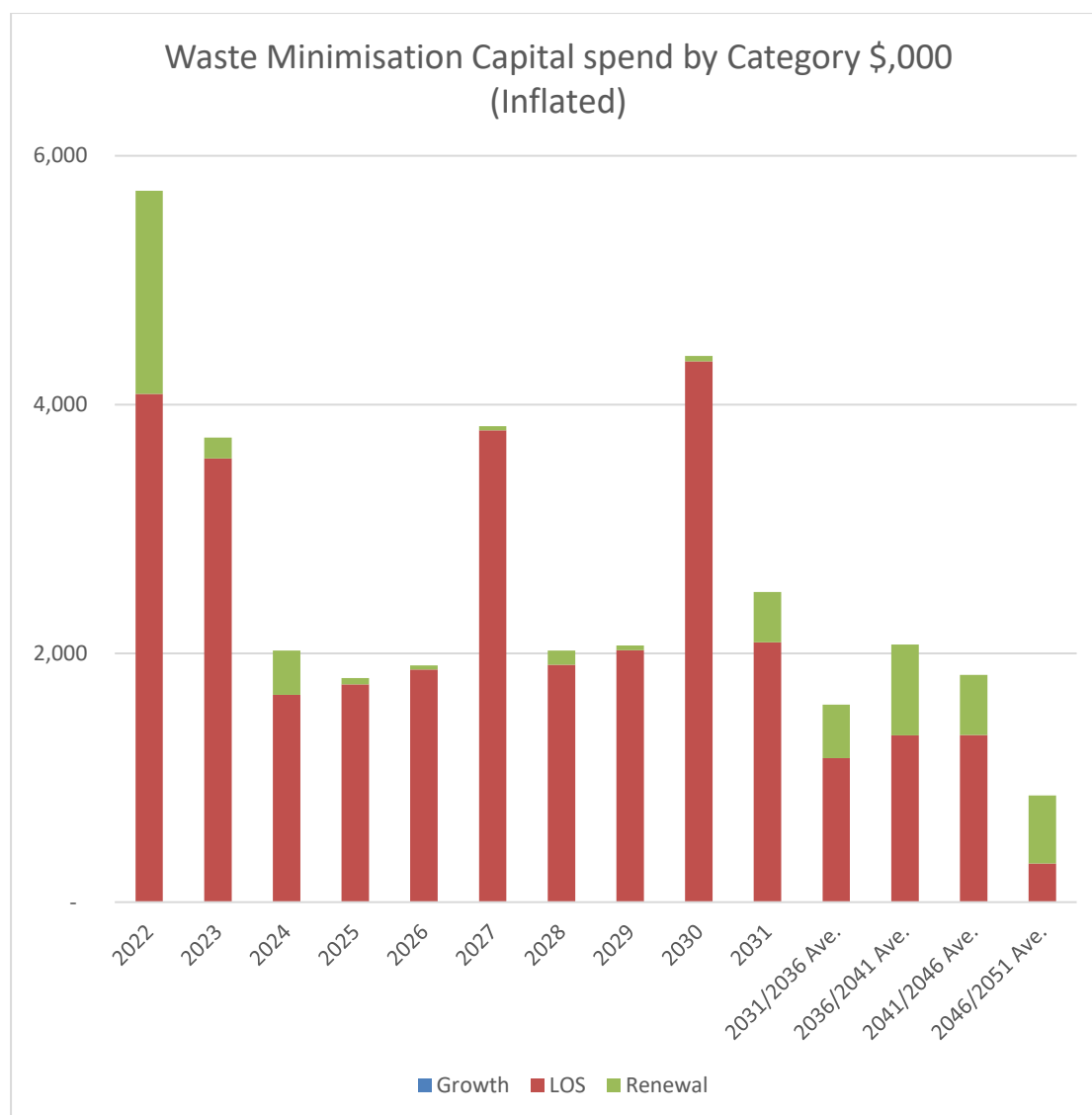
**Issue – Ageing infrastructure Assessment**

Main Options	Implication of Options
Option 1 - <i>Do nothing; respond to infrastructure breakdowns as and when they occur</i>	Council will not allocate sufficient budget for planned maintenance and will likely have to loan-fund repairs or replacements if significant equipment failures occur
Option 2 - <i>Do a partial assessment to estimate renewals</i>	As above
Option 3 - <i>Commission a full condition assessment and valuation of all waste infrastructure assets, develop a comprehensive maintenance and renewal plan for asset management and budgeting</i>	Council will have a sound understanding of the expected life of all waste assets, can adequately plan for a maintenance schedule the contractor must adhere to, will be able to budget adequately for maintenance and renewals in annual budgets
Time period	2021-25
Cost	\$0.25M (2021)
What is the driver	LoS/Renewal
Assumption	Waste assets deteriorate and depreciate at a faster rate than normal infrastructure due to the harsh conditions at landfills

**Issue – Landfill aftercare**

Main Options	Implication of Options
Option 1 - <i>Status quo – remain passive monitoring of six known sites and respond to issues as and when they arise</i>	The risk of closed landfills breaching due to inundation or disturbance and creating ecological hazards in adjacent waterways remains high; potential for public relations issues if breaches occur plus high costs of remediation
Option 2 - <i>Do nothing – cease all activities and management and wait for directives from government to take action</i>	As above; additionally, government directives or legislation may require quick responses or immediate action that Council will not be resourced to do
Option 3 - <i>Commission the risk assessment for all known closed landfills within the district; devise a monitoring and management plan based on the risks these present</i>	Council will have a sound understanding of the status of closed landfills and the risks they present to adjacent waterways, and will be able to adequately plan for monitoring and managing these in future budgets. Council can also incorporate any government legislation or regulations pertaining to the management of closed landfills
Time period	2021 onwards
Cost	\$7.5M (2021)
What is the driver	LoS
Assumption	Closed landfills will remain as the responsibility of local authorities who will have to finance the ongoing monitoring and management of these from rates

Cost (\$000 inflated)														
	Year 1 (2021- 22)	Year 2 (2022- 23)	Year 3 (2023- 24)	Year 4 (2024- 25)	Year 5 (2025- 26)	Year 6 (2026- 27)	Year 7 (2027- 28)	Year 8 (2028- 29)	Year 9 (2029- 30)	Year 10 (2030- 31)  (Avera ge)	Year 11-15 (2031- 36)  (Avera ge)	Year 16-20 (2036- 41)  (Avera ge)	Year 21-25 (2041- 46)  (Avera ge)	Year 25-30 (2046- 51)  (Avera ge)
<b>Operations</b>	5,098	6,140	6,745	7,375	8,024	8,723	9,482	10,244	11,055	11,925	12,851	14,481	16,282	18,148
<b>Capital Growth</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital LoS</b>	4,085	3,567	1,667	1,750	1,870	3,792	1,909	2,026	4,347	2,089	1,157	1,340	1,344	312
<b>Capital Renewals</b>	1,635	169	356	51	34	35	114	37	44	404	431	731	482	546



### Other Infrastructure

The liveable assets such as community facilities and airport have not been included in the Draft IS. It should be noted that these assets will also have significant expenditure requirements over the next 30 years and are just included for information.

Significant other infrastructure issues and decisions are tabled below.

<i>Significant Decisions</i>	<i>Description</i>	<i>Indicative Timeframe</i>	<i>Indicative Cost (\$M Not inflated)</i>
<b>Airport</b>			
<b>Runway resurfacing</b>	Renewal of runway surfacing	2042	\$4.5 M

<b>Freight Hub development</b>	Development of air freight handling facilities and aircraft	2032	\$unknown
<b>Renewal energy</b>	Development of solar power	2035	\$unknown
<b>Library</b>			
<b>Renewal of roof/redevelopment</b>	Roof replacement at end of useful life and potential redevelopment of facility	2032-33	\$10 M
<b>CBay Aquatic Centre</b>			
<b>Renewal of facility</b>	Major Upgrade and improvements	2045	\$30M

## FUNDING FINANCIAL ESTIMATES

*The Local Government Act 2002 Section 101B – Infrastructure Strategy states:*

*(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—*

*“(a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—*

*“(i) in each of the first 10 years covered by the strategy; and*

*“(ii) in each subsequent period of 5 years covered by the strategy*

### Total Expenditure

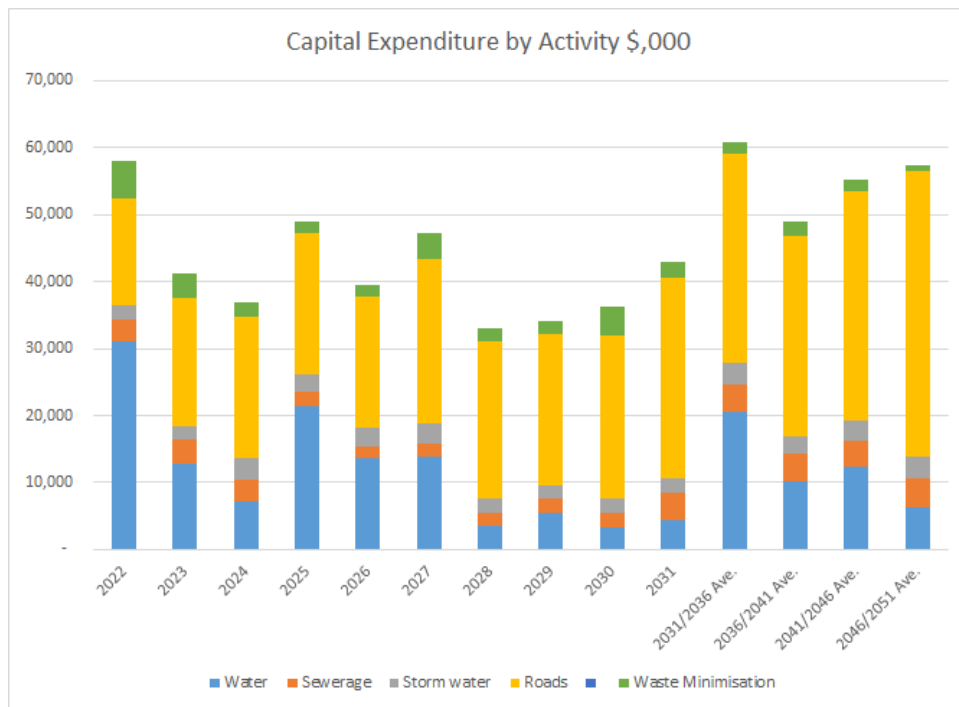
The projected capital and operating expenditure (including inflation) associated with the five infrastructure activities included in the Infrastructure Strategy is shown here.

There is an estimated total of \$1.529 billion capital expenditure in the next 30 years on these five infrastructure activities. Of this:

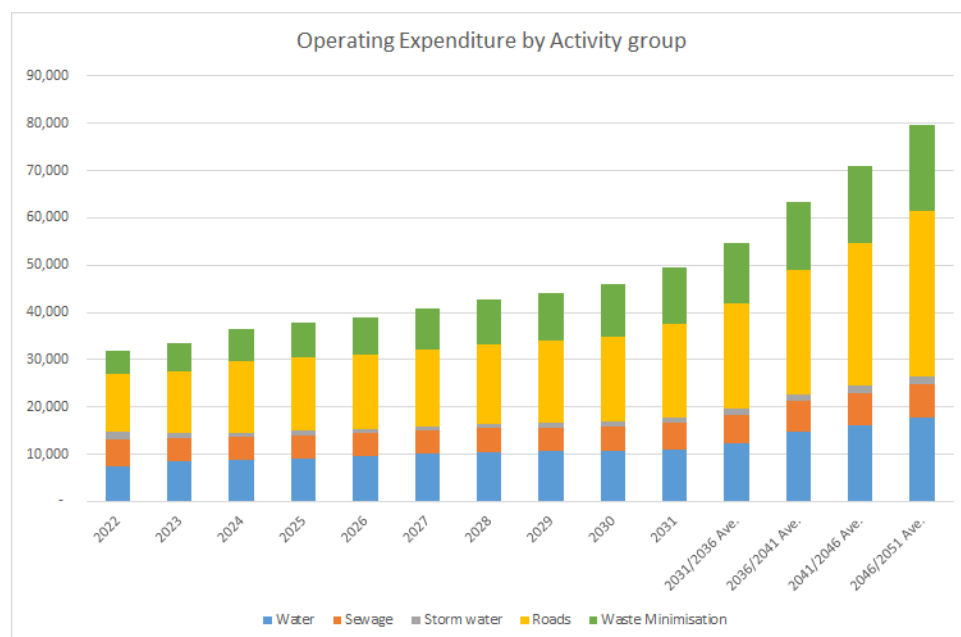
- Around \$143M relates to expenditure in order to meet growth or additional future demand.
- Around \$472M will be capital expenditure for levels of service upgrade.
- Around \$912M will be renewals expenditure for replacement of aged assets to maintain the levels of service.

Over the next 10 years, capital expenditure for the five infrastructure activities will total around \$418M. Operating expenditure associated with this will total around \$402M.

**10. Figure 7.1: Projected Capital Expenditure - Infrastructure Assets**



**Figure 7.2: Projected Operational Expenditure –Infrastructure Assets**



**Funding and Financial Impacts of the Infrastructure Strategy**

Funding for asset renewals will be primarily funded from Depreciation Funds held by the Council. The Depreciation Funds held are not sufficient to fully fund all renewals and it will be necessary to fund some renewals via loans.

To reduce the amount of renewals that need to be loan funded, the amount of depreciation funded was increased as part of the 2018 Long Term Plan. This was based on the average renewals over the term of the Infrastructure Strategy. As part of the 2021-31 Long Term Plan the three waters and roading assets were revalued and optimised depreciation calculated. This has further increased the depreciation funding.

Expenditure associated with levels of service and growth will be loan funded to reflect the benefits being received by future ratepayers. Both internal loans and external loans will be used for this funding.

Capital, maintenance, and operational funding of the Roothing and Footpaths, Water Services and Waste Minimisation activities is complex and made up of a number of streams.

Existing funding sources are as follows:

*Roothing and Footpaths*

- General Rates based on land values and differentiated
- NZ Transport Agency (NZTA) Funding Assistance
- Depreciation funds
- Loans
- User charges
- Private parties



*Water Services*

- General Rates based on land values based on community of interest for stormwater
- Targeted Rates via uniform annual charges for water and sewer
- Targeted Rates via land area (for rural water)
- Targeted Rates via water volumes (for rural water)
- Subsidies for approved sewer schemes
- Depreciation funds
- Loans
- User charges
- Private parties

*Waste Minimisation*

- Targeted Rates via uniform annual charges
- Depreciation funds
- Loans
- User charges
- Private parties - leases

For details on how these activities are funded, refer to the Council's Revenue and Financing Policy in the Long Term Plan. This policy outlines the proportion of funding that will come from each source. Financial Contributions are charged under the current Financial Contributions policy in the District Plan. Currently, the Council does not use Development Contributions as provided for in the Local Government Act. However, Financial Contributions are being legislatively phased out and the Development Contributions Policy is to be reviewed.

Rating for these activities differs according to where the property is located, the land value of the property and the services received.

**Roading and Footpaths – Government Funding**

Funding for Roothing and Footpaths from government through NZTA increasingly hard to obtain. This is subject to a number of potential changes as summarised below:

- Government Policy Statement (GPS) - funding category allocations are being reviewed by the government.
- Funding Assistance Rule (FAR) - the NZTA FAR review has implemented a flat rate for all activities and the outcome for Timaru is a reduced FAR of 51%
- Business Cases – business cases are to be prepared to support national priorities and contestability issues.
- One Network Road Classification (ONRC) – this is a national road classification hierarchy system. The ONRC system allows comparative analysis both nationally and with relevant peer groups. These comparative analysis reports provide evidence on a district's expenditure and asset management strategy efficiency.

**Waste Minimisation**

Timaru District must carefully manage its investment in infrastructure to ensure it gets value for every dollar spent and provide infrastructure in a lawful, functional and affordable manner.

**Waste Minimisation**

Waste Minimisation income from user charges varies annually according to tonnages disposed of. This presents a risk that income from user charges can vary significantly, particularly if waste flight occurs.

**Infrastructure Strategy & Financial Strategy Linkages**

The loan requirements to fund this capital programme were modelled to determine our ability to deliver the projects within the limits prescribed within the liability management policy.

The modelling calculations over the 30 years show that debt to total revenue ratio remains below the self-imposed policy debt limit of 2.10 during this period shown as follows:

Revenue		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Borrowing ratio to Total Revenue	2.1	1.07	1.35	1.5	1.67	1.84	1.97	1.94	1.9	1.85	1.82

Revenue		2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Borrowing ratio to Total Revenue	2.1	2.04	2.08	2.06	2.07	2.05	1.94	1.95	1.9	1.79	1.7

Revenue		2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Borrowing ratio to Total Revenue	2.1	1.61	1.5	1.41	1.31	1.21	1.11	1	0.91	0.82	

A summary of financial information relating to activities covered by the Strategy is covered in more detail below.

## Water

The projected capital expenditure (including inflation) associated with the Water Supply infrastructure assets is shown here.

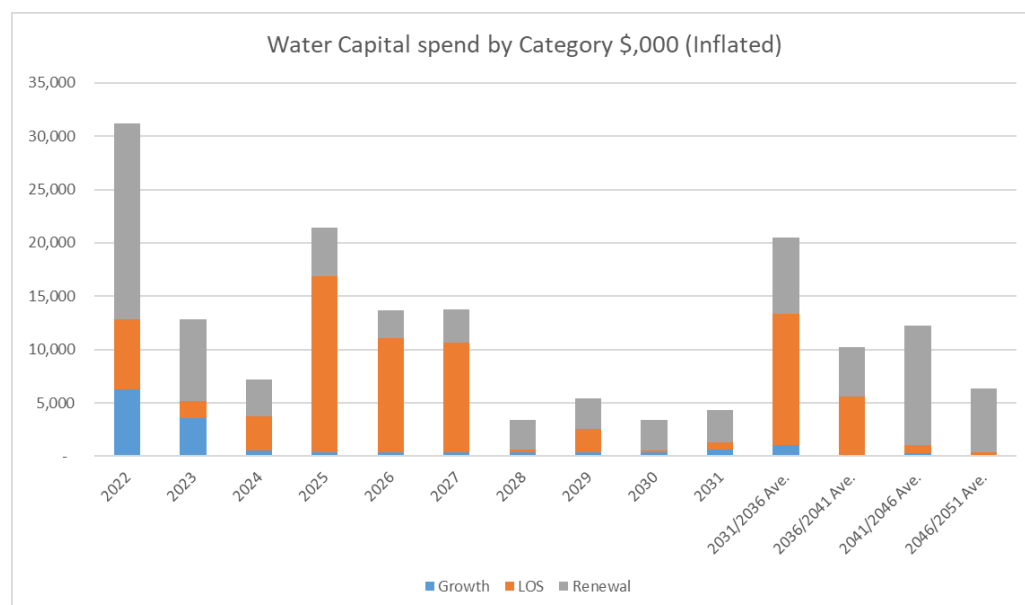
There is an estimated total of \$363 million capital expenditure in the next 30 years. Of this:

- Around \$20M relates to expenditure in order to meet growth or additional future demand.
- Around \$147M is capital expenditure for levels of service. These include upgrading of treatment facilities and processes in order to meet the Drinking Water Standards for New Zealand.
- Around \$196M is renewals expenditure for replacement of aged assets.

Over the next 10 years, capital expenditure for water supply infrastructure will total around \$117M. Operating expenditure associated with this will total around \$96M.

The projected capital expenditure associated with the water infrastructure assets are graphically represented below:

**Figure 7.3: Projected Capital Expenditure – Water**



**Sewer**

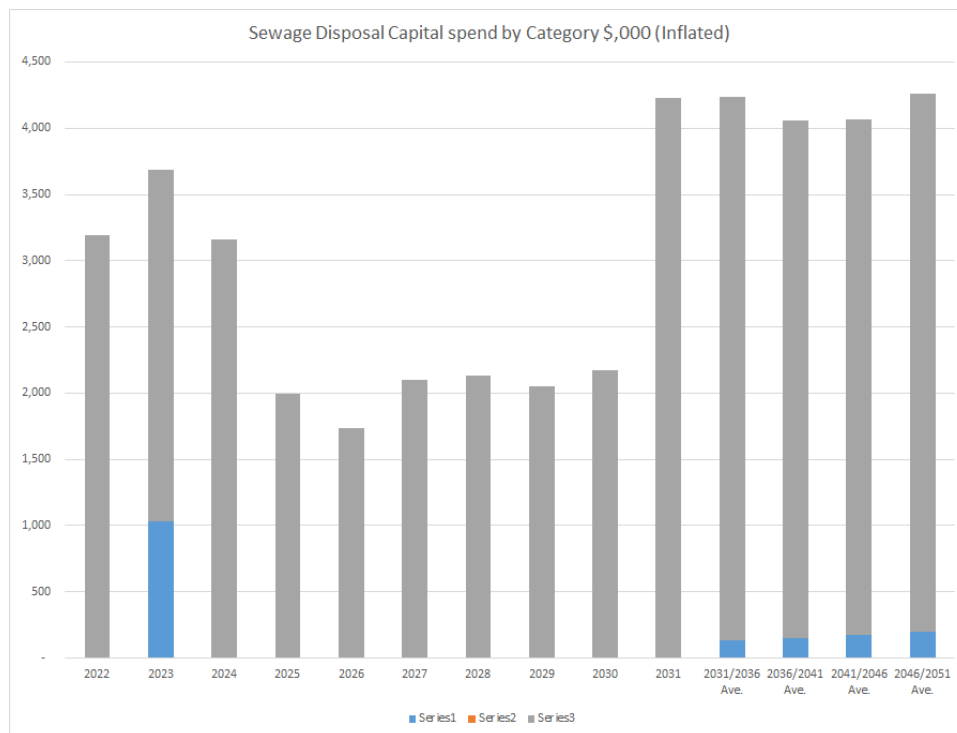
11. The projected capital expenditure (including inflation) associated with the Sewer infrastructure assets is shown here.

12. There is an estimated total of \$109 million capital expenditure in the next 30 years. Of this:

- Around \$4M relates to expenditure in order to meet growth or additional future demand.
- There is no capital expenditure for levels of service.
- Around \$105M will be renewals expenditure for replacement of aged assets to maintain the levels of service. The bulk of the renewal expenditures relate to reticulation renewals throughout the district.

13. Over the next 10 years, capital expenditure for sewer infrastructure will total around \$26M. Operating expenditure associated with this will total around \$51M.

**Figure 7.4: Projected Capital Expenditure - Sewer**



### Stormwater

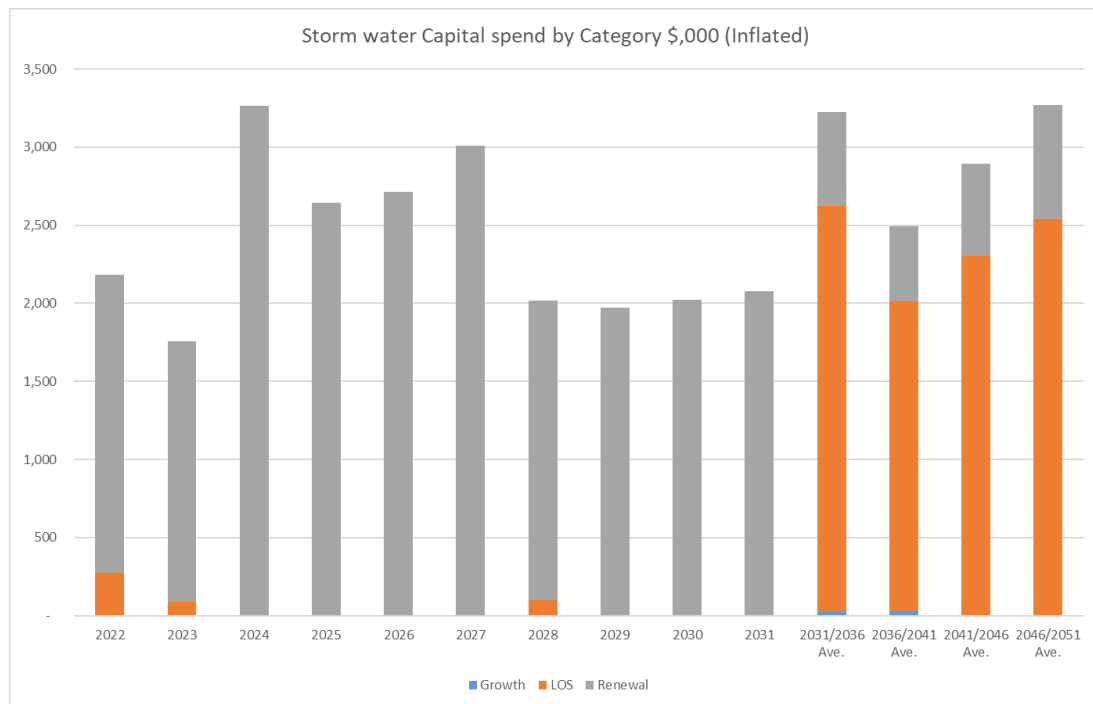
The projected capital expenditure (including inflation) associated with the Stormwater infrastructure assets is shown here.

There is an estimated total of \$83 million capital expenditure in the next 30 years. Of this:

- Around \$0.3M relate to expenditure in order to meet growth or additional future demand.
- Around \$48M will be capital expenditure for levels of service upgrade. These include installing stormwater treatment and attenuation structures to improve the quality of the district’s stormwater discharge. Network capacity upgrades are also programmed relating to the climate change factor that predicts a progressive increase in the frequency and/or intensity of rain events in the district.
- Around \$35M will be renewals expenditure for replacement of aged assets to maintain the levels of service. The bulk of the renewal expenditure relates to reticulation renewals throughout the district.

Over the next 10 years, capital expenditure for stormwater infrastructure will total around \$24M. Operating expenditure associated with this will total around \$11M.

**14. Figure 7.5: Projected Capital Expenditure – Stormwater**



### Roading and Footpaths

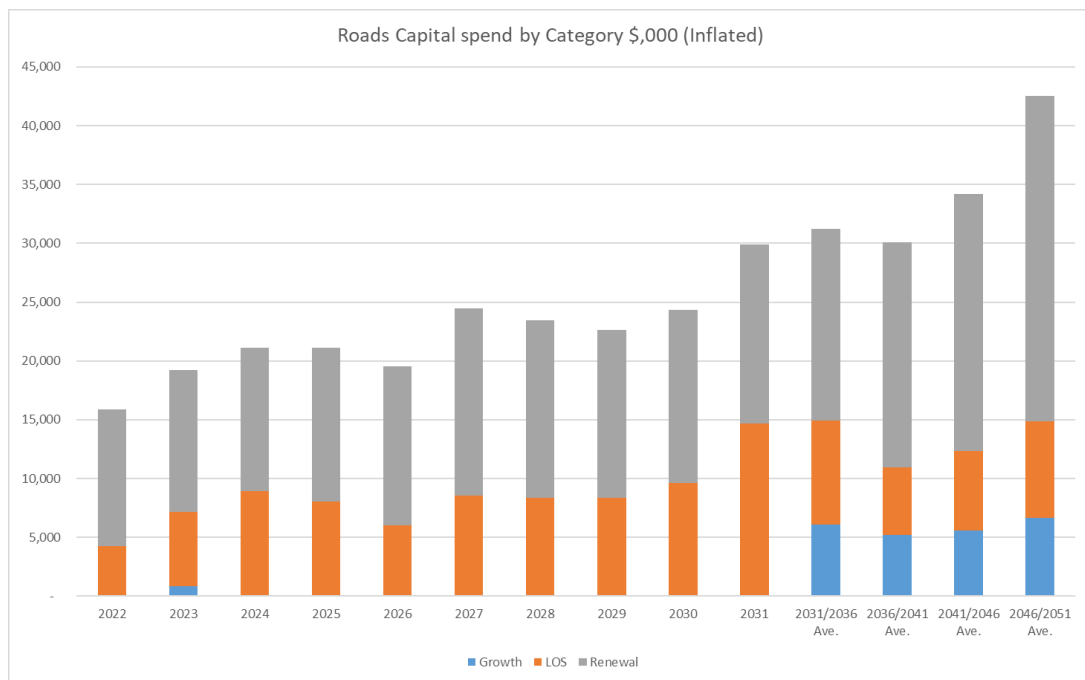
The projected capital expenditure (including inflation) associated with the Roothing and Footpaths infrastructure assets is shown here.

There is an estimated total of \$912 Million capital expenditure in the next 30 years. Of this:

- Around \$119M relates to expenditure to meet growth or additional future demand (e.g. heavier vehicles, new connections required). This includes upgrading of roads, seal widening, construction of new roads, bridge strengthening, and potential overbridge for southern access to the Port.
- Around \$231M relates to capital expenditure for levels of service. This includes provision for seal extensions, road upgrading, two laning of bridges, construction of new bridges, improved stormwater run-off treatment, and new footpaths and cycleways.
- Around \$562M is renewal expenditure for replacement of assets that are reaching the end of their lives. This includes pavement rehabilitation, resealing, replacing bridges, kerb and channel, culverts, traffic services, footpaths and street lighting along with other assets such as the Piazza lift and carpark equipment.

Over the next 10 years, capital expenditure for roading and footpaths infrastructure will total around \$222M. Operating expenditure associated with this will total around \$160M.

**15. Figure 7.6: Projected Capital Expenditure – Roads and Footpaths**



16.

### Waste Minimisation

17. The projected capital expenditure (including inflation) associated with the Waste Minimisation infrastructure assets is shown here.

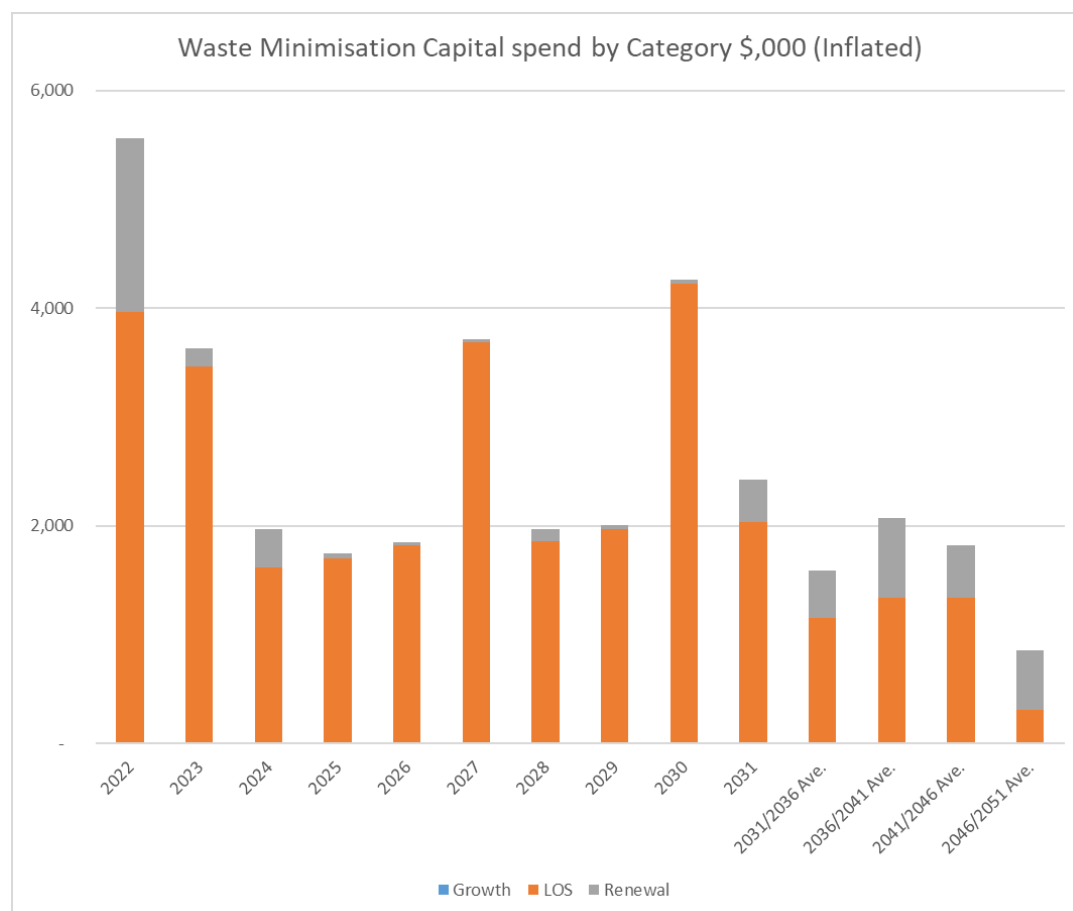
18. There is an estimated total of \$62 million capital expenditure in the next 30 years. Of this:

- There is no expenditure planned in order to meet growth or additional future demand,
- Around \$48M will be capital expenditure for levels of service upgrade. These include cell construction, other landfill and transfer station site works, landfill capping and landfill aftercare and construction of a new landfill
- Around \$14M will be renewals expenditure for replacement of aged assets to maintain the levels of service.

19. Over the next 10 years, capital expenditure for waste minimisation infrastructure will total around \$30M. Operating expenditure associated with this will total around \$84M.

20.

**21. Figure 10.7: Projected Capital Expenditure – Waste Minimisation**



## Long Term Plan 2021-31 - Summary of Significant Forecasting Assumptions

The following significant general and financial forecasting assumptions are assumed for the life of this Long Term Plan (2021-31)

Assumption		Source of base info
<b>General Assumptions</b>		
1.1	Population Change	Timaru District projections Infometrics October 2020
1.2	Household Change	Timaru District projections Infometrics October 2020
1.3	Demographic Change	Timaru District projections Infometrics October 2020
1.4	Covid-19	New Assumption
1.5	Useful Life of Significant Assets	Activity Management Plans
1.6	Joint Venture or Shared Service Arrangements/Council Controlled Organisations (CCOs)	Statement updated to reflect current status
1.7	Legislative Requirements on Council	Statement updated to reflect current status
1.8	Climate Change	Ministry for the Environment, Environment Canterbury, Timaru District Coastal Inundation Assessment report – NIWA July 2020, Water security analysis – Jacobs February 2021, Canterbury Mayoral Forum – climate change regional risk assessment working group
1.9	Resource Consents	Statement updated to reflect current status as reported in Activity Management Plans
1.10	Service Levels	Statement updated to reflect current status based on Council discussions and any consultation
1.11	Demand	Statement updated to reflect current status as reported in Activity Management Plans
1.12	Availability of Contractors and Materials	Statement updated to reflect current status as reported in Activity Management Plans
1.13	Natural Hazards/ Natural Disasters	Statement updated to reflect current status
1.14	Earthquakes – Alpine Fault	Statement updated to reflect current status
1.15	Strategic Assets	Statement updated to reflect current status
1.16	Council Political Structure	Statement updated to reflect current status
1.17	Economic, Industry, and Employment Growth	Infometrics Population projections October 2020 – Employment by Industry, with February 2021 employment projection updates
1.18	Impact of Technology Advances	Statement updated to reflect current status
1.19	Income Levels/Affordability	Statement updated to reflect current status
1.20	Three Waters Reforms	New Assumption
<b>Financial Assumptions</b>		
2.1	Inflation	BERL Economics (SOLGM prepared)
2.2	Interest Rates on Borrowing	Bank information
2.3	Return on Investments	Portfolio advisors + TDHL
2.4	Funding Sources	Statement updated to reflect current status
2.5	Credit Availability	Statement updated to reflect current status



<b>Assumption</b>		<b>Source of base info</b>
2.6	Costs	Statement updated to reflect current status
2.7	NZ Transport Agency (NZTA) Funding Assistance	NZTA
2.8	Emissions Trading Scheme	Market basis
2.9	Revaluation of significant assets	Statement updated to reflect current status
2.10	Rating Base	Rating database
2.11	Capital Delivery	New Assumption
2.12	Landfill Aftercare	Redruth Landfill and Annual review

## **Significant General Forecasting Assumptions**

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.1 Population Change</b></p> <p><b>Assumption:</b> The District’s population is projected to increase to 52,861 by 2031 (0.7% average annual increase), reaching 57,130 in 2051 (0.3% average annual increase). Population growth is expected to slow over 2021-23 due to COVID-19. From 2023 onwards, population growth is projected to resume at a steady rate and will continue growing steadily until the late 2030s. A lower rate of growth is projected in the 2040s as employment growth wanes, reaching a population of 57,155 in 2051.</p> <p><i>Comment: Population projections do not represent forecasts but indicate what the future size and structure will be if the underlying assumptions regarding births, deaths and migration prevail.</i></p> <p><i>In recent years the ‘natural’ population increase has been slightly negative, and this trend is expected to deteriorate further. This reflects the age makeup of the Timaru District population. Growth will be reliant on net migration. Although the forecast dip in employment has been revised February 2021, this is not expected to have an effect on population forecasts. While there may be some job losses there isn’t expected to be an abundance of jobs in other areas, so people will not necessarily migrate out of the district. The forecast slowdown in population growth in the early 2020s is largely driven by the forecast for a reduction in international net migration.</i></p> <p><i>Based on medium population projections prepared for TDC by Infometrics October 2020 and a February 2021 employment projection update</i></p>		✓		Population change across the district occurs at a higher or lower rate than expected			✓	<p>A significant and consistent decline in population may adversely affect the ability of the Council to set rates at a level that is affordable to the community.</p> <p>A significant and consistent rise in population may adversely affect the ability of Council to deliver some services to existing service levels.</p>	<p>Council will continue to monitor population change in the District. Generally, small increases in population can be managed within the existing level of service. Declines in population will not necessarily result in a lower number of ratepayers as the number of people per household is declining.</p> <p>Where growth requires additional infrastructure (e.g. subdivisions), Council can currently require financial contributions for this work. Costs over this amount may result in additional Council expenditure which is likely to be funded out of debt.</p>

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.2 Household Change</b></p> <p><b>Assumption:</b> The number of District’s households is projected to increase from 20,142 in 2020 to 22,409 in 2031 and 24,759 in 2051.</p> <p>The average household size will decrease from 2.34 individuals per household in 2021 to 2.30 in 2031 and 2.22 individuals per household in 2051.</p> <p><i>Comment: Timaru District household change has historically been characterised by steady growth of households, with pockets of stronger growth in some locations and communities. Household size is declining due to a combination of factors including an aging population, increasing life expectancy and societal trends including couples having fewer children. Household projections do not represent forecasts, but indicate what future households will be if the underlying assumptions prevail.</i></p> <p><i>Based on medium population projections prepared for TDC by Infometrics October 2020</i></p>		✓		Household change across the district occurs at a higher or lower rate than expected.			✓	<p>A slower rate of household growth may mean some activities have overinvested in infrastructure (i.e. have too much capacity too soon). A higher rate of growth in households may mean some activities have underinvested in infrastructure and services (i.e. lack of capacity when services are required).</p> <p>Council will continue to monitor household change in the District. Existing infrastructure is being managed to address specific growth factors associated with an activity (e.g. traffic demand) which may be generated from an increase in households. Where growth requires additional infrastructure (e.g. subdivisions), Council can currently require financial contributions for this work.</p>	

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<p><b>1.3 Demographic Change</b></p> <p><b>Assumption:</b> The District’s population will age significantly over the next thirty years. The District will become more ethnically diverse over the next thirty years.</p> <p><i>Comment: The number of youth (aged below 15 years) is projected to grow from 5,759 in 2021, peaking at 6,211 in 2037, before easing back to 5,824 in 2051. The working age population (15-64 years of age) is expected to grow slightly from 32,070 in 2021 to 32,828 in 2051. The 65 years and older age group is the fastest growing age group expanding from 10,881 in 2021 to 18,478 in 2051. The majority of this growth takes place in the next twenty years as the relatively large ‘baby boomer’ cohort moves into the 65 years and older age group. Ethnically, the population is expected to remain largely NZ European/New Zealander with a slowly increasing Maori, Asian and Pacific Islands population.</i></p> <p><i>Although the forecast dip in employment has been revised February 2021, this is not expected to have an effect on population forecasts. While there may be some job losses there isn’t expected to be an abundance of jobs in other areas, so people will not necessarily migrate out of the district. The forecast slowdown in population growth in the early 2020s is largely driven by the forecast for a reduction in international net migration.</i></p> <p><i>Based on medium population projections prepared for TDC by Infometrics October 2020 and a February 2021 employment projection update.</i></p>			✓	Demographic changes across the district occur at a higher or lower rate than expected			✓	Changes to projected demographics may place pressure on some Council services due to increased demand over time, leading to provision of a lower level of service. It could also lead to a mismatch of service levels to the community expectations. As the population ages, this may lead to increasing affordability issues due to increasing numbers of residents on fixed incomes.	Council will continue to monitor demographic change in the District and adapt or redirect service levels and activity provision to meet needs where possible within reasonable costs. It will consult with targeted groups on service levels where necessary. Options exist where affordability issues may arise including rates postponement.

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.4 Covid-19</b>  <b>Assumption:</b> It is assumed that New Zealand avoids a widespread outbreak of Covid-19 and the Timaru District is at Alert Level 1 for the majority of 2021 and 2022. Stringent border restrictions remain in place until the end of 2021 and a Covid-19 vaccine is widely available in 2021.</p>		✓		Widespread community transmission and significant periods of lockdown lasting into 2022		✓		<p>Widespread community transmission and ongoing lockdowns would have a significant negative impact on Council and the economic and social wellbeing of our communities.                      Council would face lost revenue and additional costs due to further lockdowns. The economic impact will increase pressure to reduce rates increases and more application for rates remissions and postponements, and more late payments and non-payments of rates.                      Council may need to invest more in services that provide economic and community support.                      Some of Council's activities may not be able to meet expected levels of service.                      Completing capital works programmes may become more difficult due to lockdown restrictions and disrupted supply chains.</p>	<p>Council will keep a close watching brief on all Covid-19 developments and maintain Business Continuity Plans across all business units.                      All guidance from the Ministry of Health will be followed to reduce the risk of Covid-19 transmission within Council.                      Council will continue to work closely with Venture Timaru and other economic and community development groups across the District to ensure our communities are prepared and resilient in the case of further lockdowns or community transmission.</p>

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<p><b>1.5 Useful Life of Significant Assets</b></p> <p><b>Assumption:</b> It is assumed that asset information is reliable and reflects the condition and performance of the assets. It is assumed that no significant assets will fail before the end of their useful lives as determined by the depreciation rates included in the accounting policies.</p> <p><i>Comment: Useful lives are detailed for significant assets in Asset/Activity Management Plans. These provide information to support replacement and renewal plans. Useful lives used in the calculation of depreciation are stated in the Council's Accounting Policies under Depreciation. Significant Assets refer to key infrastructure assets such as sewer, water supply, stormwater, waste minimisation, roading and key community facilities.</i></p>		✓		Significant assets fail sooner or later than estimated			✓	<p>A major change in the useful life of a significant asset may have significant financial and community repercussions, including the cost of repairing or replacing the asset to current or improved service levels and the loss of use of the asset for the period it is out of action.</p> <p>If a new entity was established to look after existing Council assets, there is likely to be a loss of control of data and information.</p>	<p>Asset life is based on the estimates of engineers and valuers. These are regularly reviewed through asset monitoring and testing and regular revaluations.</p> <p>Where an asset wears out earlier than anticipated, mitigation may also involve reprioritisation of the capital work programme. Negative impacts are likely to be at least partially offset by some assets lasting longer than estimated.</p> <p>Council will continue to invest in and gather good quality asset data. Where there is potential for failure of an asset, intensive data work should be funded.</p> <p>Council will continue to operate a risk management system across all of its activities.</p>

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<p><b>1.6 Joint Arrangements or Shared Service Arrangements/Council Controlled Organisations (CCOs)</b></p> <p><b>Assumption:</b> Existing joint arrangements or shared service arrangements or Council Controlled Organisations (CCOs) are expected to remain over the life of this plan. New joint arrangements, shared service arrangements or CCOs are likely over the life of this plan.</p> <p><i>Comment: The three water reforms are likely to result in changes to joint arrangements/shared service arrangements. Further details on these reforms will be known once three water reforms entity legislation has been enacted (scheduled for 2021/22)</i></p>		✓		New arrangements are proposed due to circumstances beyond the Council’s control or existing arrangements being no longer tenable.			✓	<p>Additional costs may be created as the result of the failure of an existing arrangement, or the desire or need for a new arrangement. Efficiencies may be made through the use of shared services and CCOs.</p> <p>Joint arrangements or shared service arrangements or CCO creation are undertaken following analysis of the potential benefits and costs and any proposed changes are subject to robust analysis.</p> <p>Council will have a robust performance management system in place for all joint or shared service or CCO arrangements. Where government legislation is involved, this will be monitored for any impacts on joint or shared service arrangements. Under Section 17A of the Local Government Act 2002, Councils are required to review the cost-effectiveness of current arrangements including governance, funding and delivery of activities every six years. The next full review is due in 2023.</p>	



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<p><b>1.7 Legislative Requirements on Council</b></p> <p><b>Assumption:</b> Government legislation relating to some activities that Councils are involved in will lead to increasing legislative and regulatory compliance requirements or lead to significant impacts on delivery of certain activities over the period of the Long Term Plan.  <i>Comment: A number of legislative changes have occurred or been signalled which will impact local government to various degrees, including:</i></p> <ul style="list-style-type: none"> <li>• <i>Three waters reform, with the Water services regulator, Taumata Arowhai, established and the post Covid-19 stimulus funding package to support reform of water services delivery announced in July 2020. Three waters reform legislation is expected to be passed in 2021/22.</i></li> <li>• <i>Zero Carbon Amendment Act, which will result in emission reduction targets and require regular reporting from local authorities</i></li> <li>• <i>The Productivity Commission report on Local Government Funding and Financing has proposed wide ranging recommendations that if approved by central government will result in numerous changes Council will need to respond too.</i></li> <li>• <i>National policy statements - including Freshwater Management, Urban Development, Indigenous Biodiversity</i></li> <li>• <i>The Resource Management Amendment Act 2020 is focused on reducing the complexity of the RMA and improving consenting, enforcement processes as well as improving freshwater management and responding to climate change. Further reform of the Resource Management Act has also been signalled.</i></li> </ul>			✓	The impact of government legislation is more or less than expected. New or additional legislation is introduced that further alters the nature and scope of one or more Council activities.		✓		Unrealised impacts of legislation and unfunded mandates may create greater than expected impacts on Council operations, including on operating budgets, staff workloads, and on programme delivery. Lesser impacts may mean some operational review is required. Either of these may lead to additional or less cost for the resident or ratepayer.	Council will monitor the wider legislative and policy landscape and consider the impacts of proposals on Council activities. Council may submit or advocate on specific proposals (including regionally) to minimise or improve impacts on Council operations. Where new requirements are confirmed, Council may need to reprioritise its strategic priorities.

<p><b>1.8 Climate Change</b>  <b>Assumption:</b> Over the period of this Long Term Plan the effects of climate change are expected to impact on the social, economic, environmental, and cultural wellbeing of our communities including the physical and built environment of the Timaru District, Council’s activities and service delivery and potentially Council’s financial position such as increased debt to cover costs of damage to infrastructure, changes in the rate take due to changes in land use as a result of changes in climatic conditions.</p> <p>Specific impacts on Council activities and services are likely to include:</p> <ul style="list-style-type: none"> <li>- three waters services – this includes security of water supply issues, water shortages, reduction in water quality, increased wastewater overflows from heavy rainfall, and flood protection assets not working;</li> <li>- the transportation network – disruption from sea-level rise or flooding and landslides leading to increased maintenance costs;</li> <li>- coastal infrastructure and property – sea-level rise causing coastal erosion that will put property and assets at risk, and some places might become uninsurable; and</li> <li>- biodiversity and pest management – changes in type and distribution of pest species.</li> </ul> <p>More information on the potential impacts of climate change on Council services and on community wellbeing is detailed in the Infrastructure Strategy.  Council is prioritising gathering information on the effects of climate change effects on the Timaru District and on the services Council provides.  The implementation of the Climate Change Response Act will require Council to provide information to the Climate Change Commission on Council’s climate change adaptation.</p>		✓	<p>The impacts of climate change across the district occur differently and/or at a faster or slower rate than expected.</p>	✓		<p>Unrealised effects of climate change are likely to create additional costs to mitigate their impacts, such as improving protection of critical infrastructure.  More severe weather events resulting from climate change may increase damage to infrastructure and place pressure on Council finances.</p>	<p>Funding and resources will be provided through the 2021 LTP to</p> <ul style="list-style-type: none"> <li>• obtain further Timaru district specific climate change effects and risks to enable appropriate planning</li> <li>• develop a strategy to prepare for the impacts of climate change in the district</li> <li>• progressively build up funds for work or actions that may be required as a result of the effects of climate change</li> <li>• initiate adaptive planning conversations with affected communities</li> </ul> <p>Council’s Infrastructure Strategy will address the likely effects of climate change on the lifecycle of significant infrastructure; growth or decline in demand; increases in decreases in levels of service.  Provide for borrowing/rating to cover recovery and resilience costs in the Financial Strategy.  Maintain and establish relationships with key partners, including iwi, Environment Canterbury, NZTA, Kiwi Rail and TransPower to proactively plan for the effects of climate change on key assets in the district.</p>
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	H	M	L		H	M	L		
<p><i>Comment: Climate change effects on Timaru District are likely to include an increase in temperature, stronger winds, sea level rise, coastal inundation, longer dry periods and more intense rainfall events.</i></p> <p><i>In addition to Canterbury wide data available from Ministry for the Environment and Environment Canterbury, Council is using the following information to plan for managing the effects of climate change</i></p> <ul style="list-style-type: none"> <li><i>Timaru District Coastal Inundation Assessment report – NIWA July 2020</i></li> <li><i>Water security report – Jacobs Feb 2021</i></li> </ul> <p><i>Council is part of the Canterbury Regional climate change working group, formed to conduct a detailed assessment of priority climate change risks, including adaptation urgency. The outcome of this assessment will further inform Council’s planning and service delivery.</i></p>									

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<p><b>1.9 Resource Consents</b></p> <p><b>Assumption:</b> The conditions of new and renewed resource consents required by Council during the period of this plan will be more rigorous.</p> <p><i>Comment: Resource consents due for renewal can be found within the relevant Activity Management Plan for individual activities. There are six major water take resource consent renewals during the 10 year period of this Long Term Plan.</i></p> <p><i>It is likely that the Canterbury Land and Water Regional Plan Change 7 (developed to respond to emerging resource management issues, to give effect to relevant national direction, to implement recommendations from the Zone implementation programmes Hinds Drains' Working Party, and to implement recommendations in the Waimakariri and Orari-Temuka-Opihi-Pareora (OTOP) Zone Implementation Programme Addenda (ZIPA)) will impact on the renewal of these consents.</i></p>			✓	A resource consent is not obtained or renewed or conditions imposed are unacceptable.			✓	<p>The non-granting or non-renewal of a major resource consent for a Council activity would have significant impacts on costs and the ability to provide that activity.</p> <p>A major non-renewal may mean an entirely new approach to the activity would be required.</p> <p>Non-granting of resource consents may delay project benefits.</p>	<p>Appropriate planning for resource consent applications/renewals should ensure that they are obtained. All project planning will include planning and a risk assessment of resource consenting. Council will maintain the Infor resource consent database. Monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes and renewals. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.</p>

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	H	M	L		H	M	L		
<p><b>1.10 Service Levels</b></p> <p><b>Assumption:</b> Levels of service will remain at current levels or incrementally increase.</p> <p><i>Comment: Service level changes may be initiated from increased community expectations or demand, a need to vary levels of service within the district due to local expectations, or changes required as a result of government legislation, regional or district policy. Legislative change may also impose significant new service levels on the Council. The way that services are provided may change but this may have not significant effect on service levels.</i></p>		✓		<p>Significantly enhanced or increased service levels are demanded by the community or required by the government on local authorities in one or more areas of activity.</p> <p>Levels of service decrease due to the impacts of climate change, where the cost of maintaining the level is prohibitive, or due to physical changes the service is no longer possible.</p>		✓		<p>Increased or improved service levels require additional cost and/or resources to provide them.</p>	<p>The Council regularly monitors existing service provision within its operations and reviews and sets levels of service through activity management planning and corporate planning processes. Service levels may change due to technology enhancements.</p> <p>Minor changes may be made to service levels where budget, contracts and resources allow. These will generally occur within existing budgets.</p> <p>Significant changes in service levels will be confirmed with the community via consultation. These may require increases to fees or rates, depending on how the service involved is funded.</p>
<p><b>1.11 Demand</b></p> <p><b>Assumption:</b> Actual demand will remain within projected levels.</p> <p><i>Comment: The impact of demand on Council activities will vary. Activities will be influenced by factors specific to them (e.g. a rise in building consents for building control). Activities may also be influenced by broader factors or trends (e.g. population change, demographic changes, household changes).</i></p>		✓		<p>Changes in demand are significantly higher or lower than expected. Demand significantly reduces for one or more activity so that they are no longer financially viable.</p>			✓	<p>Significant and consistent variation from projected demand levels may adversely affect TDC's ability to meet levels of service at an affordable cost</p> <p>Increased or improved service levels require additional cost and/or resources to provide them.</p>	<p>Council will continue to monitor demand factors, growth and development changes across its activities and adapt or redirect activity provision to meet needs within reasonable costs.</p> <p>Updated demand information and projections where available will be incorporated into future planning work</p>

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	H	M	L		H	M	L		
<p><b>1.12 Availability of Staff, Contractors and Materials</b></p> <p><b>Assumption:</b> Appropriately skilled staff and contractors and necessary materials will be available to undertake the work required to agreed standards, deadlines and cost.</p> <p><b>Comment:</b> <i>The availability of skilled staff and contractors and the ready supply of materials could be affected by the ongoing global impact and recovery from COVID-19.</i></p>		✓		<p>Projects could be delayed if there is a shortage of contractors or materials or contractors cannot deliver to agreed standards, costs and timeframes.</p> <p>Council's work programme and the delivery of community outcomes could be negatively impacted if key roles within Council are vacant.</p>		✓		<p>Might increase cost and/or delay projects or mean services are delivered to a lesser level of service.</p>	<p>Spread delivery of capital projects to reasonable timeframes.</p> <p>Monitor Council's overall programme delivery, including delivery challenges</p> <p>Continue to engage with contractors.</p> <p>Ensure robust contracts are in place.</p> <p>Look at alternative resources.</p> <p>Ensure robust internal recruitment practices and business continuity processes are in place</p>

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	H	M	L		H	M	L		
<p><b>1.13 Natural hazards/ natural disasters</b></p> <p><b>Assumption:</b> The increasingly magnified effects of climate change and regular occurrence of natural hazard events means it is prudent to assume that Council is likely to need to respond to the effects of natural hazard events during the term of this Long Term Plan.</p> <p><i>Comment: The district is at risk from natural hazards such as flooding, earthquakes, storms, tsunami and wildfire. These events can strike without warning, but are being increasingly magnified by the effects of climate change.</i></p>		✓		Natural hazard events occur that have a significant impact on the district and Council services		✓		A natural hazard event can potentially cause significant unbudgeted costs, beyond the capacity of the Council to cope.	<p>Council is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) and has a variety of insurance cover which would cover some emergency works. Council also has a Disaster Relief Fund for the replacement of infrastructural assets excluding roading in the event of a natural disaster. It is likely that Council will need to consider increasing contributions to this fund over time.</p> <p>Through its Activity Management Plan process and project planning, Council aims to increase the resilience of critical assets, to limit effects of natural disaster and enable their reinstatement or replacement. Central government has a role in disaster recovery after a natural disaster, including funding support.</p>

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.14 Earthquakes – Alpine Fault</b></p> <p><b>Assumption:</b> A significant earthquake in the region will cause major damage, displacement and disruptions across the district, including to Council assets and services within predicted probabilities.</p> <p><i>Comment:</i> The Alpine Fault Magnitude 8 (AF8) Study, 2016 confirms a 30% probability of a magnitude 8.0 or above event within the next 50 years.</p> <p>Scientific modelling notes that a severe earthquake on the South Island Alpine Fault is likely within the lifetime of most of us, or our children. Planning for the effects of such an event needs to be included in this and future Long Term Plans.</p>		✓		An Alpine Fault event occurs earlier or later than predicted.		✓		If an event occurs earlier than predicted there is a risk that Council and the community are underprepared for the event, and not well placed for recovery.	In addition to mitigations outlined above: Continue to maintain CDEM readiness for response and recovery; Adopt resilient infrastructure standards through asset management plans and practises; Council existing and above ground facilities are upgraded to current building code requirements; All new facilities meet current code requirements; Making appropriate District Plan provisions in relation to known active faults; Providing for borrowing to cover recovery/resilience costs in the Financial Strategy. Council is involved in the AF8 collaboration - planning and preparing a coordinated response across the South Island.



Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.15 Strategic Assets</b></p> <p><b>Assumption:</b> Council will remain involved in all activities involving strategic assets* and continue to own and control strategic assets. *as listed in the Significance and Engagement policy</p> <p><i>Comment: Legislatively driven changes affecting water services (a strategic asset) have been signalled during the 2021-31 LTP period. Any changes of this nature would be subject to a legislative process and potentially local consultation processes.</i></p>		✓		Changes in control or ownership of strategic assets could have implications for Council staffing and community influence in any decision making process.			✓	Changes in control or ownership of strategic assets could affect the level of service provided to the community, and the ability of Council for input into decision making.	Currently changes in control or ownership of strategic assets must occur as part of an LTP development or amendment, with a formal process required through the Local Government Act.  Any new legislation in relation to water service assets could override this requirement.
<p><b>1.16 Council Political Structure</b></p> <p><b>Assumption:</b> There will be no significant changes to the Council political structure (i.e. Council Elected Members and Community Boards).</p>			✓	Changes in the Council political structure are made			✓	Changes in the political structure could either be minor or major depending on the nature of the changes. For example, an amalgamation will have a significant impact on the delivery of Council services.	Any changes in political structure will occur through either representation review processes or formal processes driven either by the community, Council or central government. Council will monitor the community and legislative sentiment regarding changes to political structure.

<p><b>1.17 Economic, Industry, and Employment Growth</b>  <b>Assumption:</b> Employment rates will drop in the short term as a result of the COVID-19 economic shock, with a projected slight drop in employment for the year ended March 2021 of -0.8%. .                  As at February 2021 it appears that the regional economic impact of COVID – 19 has not been as severe as initially forecast. Forecast employment growth Timaru District to 2025 is:</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>-0.8%</td> <td>0.3%</td> <td>2.3%</td> <td>1.5%</td> <td>1.8%</td> </tr> </tbody> </table> <p>Stronger growth is then expected through the late 2020s. From 2030 onwards, more stringent environmental regulation and carbon pricing is likely to weigh on the primary sector and impact on employment growth overall in the district. Over the period to 2051 strong employment growth is forecast in education and training, as well as healthcare and social assistance. Over the same period, we expect employment will slowly decline in agriculture, forestry and fishing, and retail trade.</p> <p><i>Comment: This is an area of high uncertainty due to the immediacy, the evolving nature of COVID and the unknown impact on employment, the economy – locally, nationally and internationally.</i></p> <p><i>Although the forecast dip in employment has been revised February 2021, this is not expected to have an effect on population forecasts. While there may be some job losses there isn't expected to be an abundance of jobs in other areas, so people will not necessarily migrate out of the district. The forecast slowdown in population growth in the early 2020s is largely driven by the forecast for a reduction in international net migration.</i></p>	2021	2022	2023	2024	2025	-0.8%	0.3%	2.3%	1.5%	1.8%	<p>✓</p>		<p>Economic, Industry and Employment growth is lower or higher than forecast due to external factors, such as a slower/quicker than predicted global recovery from COVID-19, or other limitations to accessing the global market affecting export demand for primary produce, and limiting overseas migration which the primary sector relies on for staff.</p>	<p>✓</p>		<p>Changes to projected growth may impact on the demand for certain Council services (e.g. water supply, sewer). This may impact on the cost of the service or provision of over/under capacity (depending on the nature of the change)</p>	<p>Council to be positioned to support changes to the industry profile of the district.                  Ongoing monitoring of the economic climate of the Timaru District                  Ongoing support for an Economic Development Agency to support the local economy</p>
2021	2022	2023	2024	2025													
-0.8%	0.3%	2.3%	1.5%	1.8%													

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
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Based on medium population projections prepared for TDC by Infometrics October 2020 and a February 2021 employment projection update RM8 #1340672 and #1341115									
<p><b>1.18 Impact of Technology Advances</b>  <b>Assumption:</b> Technological advances will continue to enhance our delivery of services</p> <p><i>Comment: Technological advances have enabled Council to deliver services differently. These advances can occur on many levels across many of our services (e.g. improvements to water treatment techniques, implementation of new systems to replace manual Council processes, digitisation of documents, self-checkout of library books).</i></p> <p><i>Motivation for implementing technological advances can come from an ongoing desire to improve our level of service, efficiency gains or from community expectations. Advances can impact on cost of delivery, job roles and resources.</i></p>			✓	Council will not be able to fully utilise technological advances			✓	Implementation of technological advances is subject to consideration of their benefits and costs and enhancements provided to service delivery	Development of a Digital Strategy Level of service reviews Activity Management Planning
<p><b>1.19 Income Levels/Affordability</b>  <b>Assumption:</b> Ratepayers will be able to continue to afford to pay all rates set.</p>			✓	An increasing number of ratepayers are unable to afford to pay all rates set.			✓	Council will not collect the required amount of rates income to meet funding needs for service delivery	Regular review of Revenue and Financing Policies. Environmental scans of the District's economy are completed every three years. Debtor numbers are monitored.

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>1.20 Three Waters Reform</b></p> <p><b>Assumption:</b> Timaru District Council will continue to own and directly operate the three waters networks (water supply, sewer and stormwater) for at least the duration of the Long-Term Plan.</p> <p><i>Comment: The Government is proposing to restructure the Three Waters sector with major decisions being made mid-year 2021. While final decisions are yet to be made, the likely outcome of this reform is the formation of several large ‘multi-regional’ delivery entities to deliver three water services. On the 11 August 2020, the Timaru District Council signed a Memorandum of Understanding (MoU) with the Government over the proposed 3Waters Reforms. The MoU requires Council to actively engage with Government over the Three Waters Reforms and in return Council received \$6.86m of stimulus funding for projects not included in the 2020/21 Annual Plan. While signing the MOU does not commit Council to the final reforms, the government has agreed that the reforms will be an opt-out approach. This is expected by the end of 2021. It is understood that a comprehensive Nationwide public information and education programme will be carried out in the May to August 2021 timeframe.</i></p>	✓			<p>Three Waters reform does not follow the government’s planned programme and/or the final shape of the reform is significantly different to that expected.</p>		✓		<p>Transfer of Council’s Three Waters assets and activities will have a significant impact on Council finances and operations. For the 2019/20 year, Three Waters services made up a substantial portion of Council’s assets and costs and revenues, as follows:</p> <ul style="list-style-type: none"> <li>• Total Operating Costs: \$18.73M (approximately 22% of Council’s total costs. There are currently 24.3 FTEs involved with Three Waters delivery).</li> <li>• Value of Three Waters Assets including the Downlands water supply network: \$1,180 Million</li> <li>• Value of Debt to fund three waters activities: \$119 Million</li> </ul> <p>If enacted, the activity will no longer exist within Council operations with a corresponding impact on the overall position of TDC, and across the rest of TDC operations (e.g. due to the need to reallocate overhead activities across other Council activities, rating). Council may choose to ‘opt out’ of the reforms.</p>	<p>Council will continue to actively participate in the three waters reform programme.</p> <p>In the meantime, Three Waters services will continue to be provided by Council until a final outcome of the reform process is known. The continued provision of these activities is included in the LTP 2021-31 forecasts, as outlined in the LTP information.</p>



## **Significant Financial Forecasting Assumptions**

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk																																												
	H	M	L		H	M	L																																														
<p><b>2.1 Inflation</b>  <b>Assumption:</b> The LTP is prepared on the inflation rates assumed in the table below for periods beyond 2021/22 which is based on Local Government Cost Index (LGCI) <b>Mid scenario</b> prepared by BERL. BERL quote the index at 30 June for each year:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Operational</th> <th>Capital</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>2021/22</td><td>3.60%</td><td>4.00%</td><td>3.70%</td></tr> <tr><td>2022/23</td><td>2.90%</td><td>3.00%</td><td>2.90%</td></tr> <tr><td>2023/24</td><td>2.50%</td><td>2.60%</td><td>2.50%</td></tr> <tr><td>2024/25</td><td>2.50%</td><td>2.60%</td><td>2.50%</td></tr> <tr><td>2025/26</td><td>2.50%</td><td>2.70%</td><td>2.60%</td></tr> <tr><td>2026/27</td><td>2.50%</td><td>2.60%</td><td>2.50%</td></tr> <tr><td>2027/28</td><td>2.60%</td><td>2.80%</td><td>2.60%</td></tr> <tr><td>2028/29</td><td>2.70%</td><td>2.80%</td><td>2.70%</td></tr> <tr><td>2029/30</td><td>2.70%</td><td>2.90%</td><td>2.70%</td></tr> <tr><td>2030/31</td><td>2.60%</td><td>2.70%</td><td>2.60%</td></tr> </tbody> </table>	Year	Operational	Capital	Total	2021/22	3.60%	4.00%	3.70%	2022/23	2.90%	3.00%	2.90%	2023/24	2.50%	2.60%	2.50%	2024/25	2.50%	2.60%	2.50%	2025/26	2.50%	2.70%	2.60%	2026/27	2.50%	2.60%	2.50%	2027/28	2.60%	2.80%	2.60%	2028/29	2.70%	2.80%	2.70%	2029/30	2.70%	2.90%	2.70%	2030/31	2.60%	2.70%	2.60%			✓	The rate of inflation differs from that assumed		✓		A significant change in inflation will result in changed revenue and expenditure. This could be significant and may adversely affect the ability of the Council to set rates at a level that is affordable to the community.	The Council will review its budget annually through the LTP/Annual Plan process and may adjust work programmes/budgets where necessary.
Year	Operational	Capital	Total																																																		
2021/22	3.60%	4.00%	3.70%																																																		
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2030/31	2.60%	2.70%	2.60%																																																		
<p><b>2.2 Interest Rates on borrowing</b>  <b>Assumption:</b> Interest on borrowing is assumed to be between 2.5% and 3.0%  <b>Comment:</b> For each \$10 million of borrowing a 1% increase in interest rates increases Council's borrowing costs by \$100,000.</p>		✓		Forecast interest rates on borrowing are higher or lower than forecast		✓		Council costs could increase or decrease as interest rates fluctuate up and down. Based on Council's projected debt levels, interest cost would increase/decrease by \$(tba) and (tba) per year for each 1% movement in effective interest rate.	Council hedges interest rate exposures as per the Liability Management Policy.																																												

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<b>2.3 Return on investments</b> <b>Assumptions:</b> <ul style="list-style-type: none"> <li>Bank deposits and bond portfolio assumed return is between 1.1% and 1.5%</li> <li>Timaru District Holdings Limited assumed dividend is \$1M per annum.</li> <li>Forestry assumed return is \$0 over the 10 years</li> </ul>	✓			Forecast returns are higher or lower than forecast		✓		Council income could increase or decrease as investment returns fluctuate up and down.	Council maintains a long term investment portfolio with fixed interest rates which minimises fluctuations. Investments are also managed using the Investment Policy to minimise risks. Changes in investment returns are generally partially offset by a change in borrowing costs.



Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>2.4 Funding Sources</b></p> <p><b>Assumption:</b> Current Funding sources (including external funding sources) do not change over the first three years of this plan.</p> <p><i>Comment: Funding sources are specified in the Revenue and Financing Policy and Financial Strategy. This applies to user fees, charges and external funding towards projects and assets. It is assumed that Council will seek to develop and introduce a policy for the collection of Development Contributions. However Development Contributions income have not been budgeted.</i></p>		✓		<p>Projected revenue from user charges or financial assistance is not achieved.</p> <p>Levels and sources of funding differ from those forecast.</p>		✓		<p>Revenue could reduce without the ability to reduce expenditure proportionately. In this event, the account would run in deficit, with charges reviewed for the next financial year.</p> <p>Project and asset funding could result in projects being revised or alternative funding sources used.</p>	<p>Levels of revenue from user charges have been set at realistic levels in accordance with the ratios outlined in the Revenue and Financing Policy. There is a concentration of risk associated with a small number of industrial consumers for some revenue streams (e.g. extraordinary water charges and trade waste charges). Regular liaison is maintained with these consumers.</p> <p>Funding for projects and assets is considered before the commencement of each project or asset.</p> <p>A significant impact from changes in funding or funding sources may result in a revised capital work programmes, or changes in the level of user fees and charges, borrowing or rating requirements.</p>

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>2.5 Credit availability</b>  <b>Assumption:</b> Credit can be obtained from financial markets on competitive terms and conditions.</p>	✓			Required credit cannot be obtained from financial institutions		✓		Funding would need to be obtained from alternative sources or work programmes adjusted.	Council is a borrower from LGFA and that institution has a level of government support made available evident in the COVID-19 responses. Prudent debt levels are maintained to mitigate risk for financial institutions. Relationships are maintained with various financial institutions and Council regularly monitors credit markets. A credit rating is maintained.
<p><b>2.6 Costs</b>  <b>Assumption:</b> Costs will remain stable over the period of the Long Term Plan (refer also to inflation assumption).  <i>Comment: Maintenance expenditure has been based on historical trends.</i></p>			✓	Costs are higher or lower than anticipated		✓		Variability of prices, such as for oil, could cause variability in costs.	The Council and management will review its budget annually through the LTP/Annual Planning process and may adjust work programmes/budgets where necessary.
<p><b>2.7 NZ Transport Agency Financial Assistance</b>  <b>Assumption:</b> There will be no further changes to the financial assistance approach for transport funding administered by the New Zealand Transport Agency (NZTA), including funding criteria and NZTA funding.  <i>Comment: The funding assistance rate is a flat rate of 51%.</i></p>		✓		Changes in NZTA Subsidy rates or to criteria for roading and footpath projects have a positive or negative effect on Council's transport budget		✓		Funding would need to be obtained from alternative sources or work programmes adjusted. Levels of service may need to be adjusted. If sufficient funding is not available, it may mean that projects are delayed or scrapped.	The budget is reviewed annually through the LTP/Annual Plan process and may require adjusted work programmes/budgets where necessary.

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>2.8 Emissions Trading Scheme</b>  <b>Assumptions:</b> The price for NZUs increases to \$50 in year 1 of the LTP, with the market price beyond this uncertain.  <b>Comments:</b> TDC has ETS liability each year (a requirement to surrender NZUs) in relation to its landfill operation. Some NZU's will be surrendered over the term of the LTP for deforestation. It will cost \$2m per tonne of waste based on a price of \$50 per NZU and using the default emissions factor for landfill emissions.</p>		✓		The carbon price could be higher or lower than expected.		✓		Council could hold more or less NZU's for forestry assets. Landfill costs could vary resulting in changing landfill user charges.	Forestry assets are maintained with a long term view but programmes are reviewed annually. Any sale of forestry land will compensate for the loss of NZUs and associated benefits. Landfill costs and waste volumes are monitored continuously.
<p><b>2.9 Revaluation of significant assets</b>  <b>Assumption:</b> The Council historically used deemed cost as its approach to revaluation. In February 2019 Council resolved to move to 'fair value' as a measurement basis for its property, plant and equipment assets. Water, wastewater and stormwater (including Downlands) classes of assets were revalued as at 1 July 2019 and roading and footpaths assets as at 1 July 2020 using depreciated replacement cost. Parks and reserves, waste minimisation and property assets will be revalued over the first 3 years of the LTP.</p>	✓			Minimal risks as asset revaluations will occur in the future for property, plant and equipment			✓	If a revaluation does not occur, this may mean that the Council's forecasted funding requirements may not sufficiently cover the full replacement of assets.	Revaluation affects the carrying value of fixed and infrastructural assets and the depreciation charge in the years subsequent to the revaluation. Annual revaluations are undertaken for investment properties and forestry assets. Property, plant and equipment assets revaluations will be undertaken every three years.
<p><b>2.10 Rating Base</b>  <b>Assumption:</b> There will be a modest increase in the rating base over the 10 years of this LTP, given predicted increase in household growth – specifically more smaller housing units as a result of a growth in the 1-2-person household numbers. *   <i>Refer Infometrics Population projections October 2020</i></p>	✓			Rating units could grow/contract at an increased rate.			✓	An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. If the rating base was to reduce, there could be an increase in rates.	The rating base is reviewed annually when determining the rates for the year.

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>2.11 Capital Delivery</b>  <i>Assumption:</i> For any given year in the 10-year 2021-31 Long Term Plan period, 90% of the capital work programme will be delivered. The financial model was developed based on this assumption.</p>	✓			<p>The delivery of the capital work programme is below 90%.</p>		✓		<p>If less than 90% is delivered, this may result in the creation of a backlog of capital projects that will delay the completion of other capital projects in the next Annual Plan or LTP period. Potential for increased budget required for capital projects, due to delays in completion. Increased operating expenditure due to increase in the maintenance costs as not all planned renewals are completed. Risk of losing grant / subsidy due to non-delivery and therefore increase in borrowings required to complete the project and finance cost.</p>	<p>Close and regular monitoring and reporting of the work programme internally. Ongoing liaison with the construction sector to ensure resources availability and responsiveness of the market. Renewal plan prepared in a conservative way and based on asset condition and useful life of asset to ensure assets are being replaced before they pose a significant risk of failure. Include renewals as part of maintenance and renewals contracts to mitigate risk of non-delivery for renewals programme. Resourcing has been allocated for all large projects with dedicated managers overseeing key projects. Ongoing monitoring and re-forecast of project delivery if required. External project support where required.</p>

Assumption	Level of uncertainty (High, Medium, Low)			Risk statement	Risk Level (How likely risk will occur) (High, Medium, Low)			Consequence of variation to assumption	Approach to mitigation of risk
	H	M	L		H	M	L		
<p><b>2.12 Landfill Aftercare provision</b></p> <p><i>Assumption:</i> Council has budgeted \$270,000 per annum to monitor and undertaken any remedial work required on its closed landfills. It is assumed no significant restoration work is required on its closed landfills beyond what has been budgeted and provided for.</p> <p>In respect of Redruth Landfill, which has an estimated life of 28 years, Council assumes that there has been no material changes to the assessments for Redruth's post closure costs since it was last reviewed in September 2011. Redruth is a consented and managed landfill with active monitoring of all cells.</p>		✓		Landfill restoration work is required earlier than planned or higher than budgeted			✓	Landfill restoration work being required earlier than planned could result in a higher funding requirement earlier than anticipated.	Council reviews the basis for the provision it makes for these costs on an annual basis. Active monitoring of landfill cells to enable ongoing landfill aftercare post closure. Review of possible impacts on closed landfills via climate change work in next three years.

# Revenue and Financing Policy



**Approved by:** • Timaru District Council

**Date approved:** • TBC

## 1. Purpose

- 1.1. The purpose of this policy is to detail Timaru District Council's approach to funding its operating and capital expenditure.
- 1.2. It determines who pays for Council activities, and on what basis, with a view to achieving the fairest funding mix for the community as a whole.
- 1.3. The overall objective of this policy is to ensure users and beneficiaries of Council services pay what is fair and equitable.

## 2. Glossary

Note: The definitions provided are intended to explain terms used on this policy in plain English.<sup>6</sup>

**Benefit:** refers to the positive effect able to be gained as a result of a Council-provided activity or service, regardless of whether this is taken up or not.

**Capital expenditure:** means expenditure on new assets or on assets that increase the level of service provided, or extend the level of service – for example the replacement of assets.

**Community-wide benefit:** means a benefit that applies to the whole community, irrespective of property location or value.

**Council:** means Timaru District Council

**Exacerbator:** those who contribute to, or create the need for a Council service or facility, and should, therefore contribute to the cost of the service or facility.

**General Rate:** is a rate levied on all rateable properties within Council's jurisdiction. A general rate is based on:

- Land value of a property
- How the property is used

**Intergenerational equity:** is the principle that the cost of an asset or service should be spread over its life, so that both current and future residents who benefit contribute a fair share of the costs, and not just current residents.

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<sup>6</sup> Legal definitions are provided in the Local Government Act 2002 and the Local Government (Rating) Act 2002.

**Land Value (LV):** Means the assessed value of land, excluding capital improvements, at the time of valuation.

**Operating expenditure:** means the costs incurred to provide normal day-to-day services and the maintenance of services and assets.

**People benefit:** is a benefit that people and residents can enjoy without owning a property. Council looks to fund people benefit through uniform annual charges.

**Private good:** means goods or services that directly benefit an individual rather than the community as a whole. Private good is an indicator that users who directly benefit should pay.

**Property benefit:** is a benefit that accrues to a property or to property owners. This may be a service to a property, or an activity that benefits property values. Council looks to fund property benefit through general rates based on land value.

**Public good:** means goods or service that one individual can consume without reducing the availability to another individual. Public good is usually both non-rival and non-excludable. An example of public good is a community park.

**Rates:** are funds collected by Council through taxes on property within the district.

**Targeted rates:** a rate charged for a specific service through a tax on each rateable unit or separately used or inhabited portion of a rating unit to ensure that the cost of a service or activity is borne by those who derive most benefit from it, or who contribute to the need for the service or activity.

**Uniform Annual General Charge:** a charge of an equal amount on each rateable unit or separately used or inhabited portion of a rating unit to ensure that all ratepayers make a minimum contribution to Council activities and services. This charge is applied to fund services where community benefits apply across the district.

**User charges:** a council charge paid by those who use specific services provided by Council.

### 3. Policy Context

#### Local Government Act 2002

- 3.1. The Local Government Act 2002 (LGA) requires Council to adopt a Revenue and Financing Policy.
- 3.2. Sections 102 and 103 of the LGA require the policy to demonstrate how operational expenditure and capital expenditure are funded from:
  - a) General rates, including –
    - i. Choice of valuation system; and
    - ii. Differential rating; and
    - iii. Uniform annual general charges:
  - b) Targeted rates:
  - c) Lump sum contributions;

- d) Fees and charges:
  - e) Interest and dividends from investments:
  - f) Borrowing:
  - g) Proceeds from asset sales:
  - h) Development contributions:
  - i) Financial contributions under the Resource Management Act 1991:
  - j) Grants and subsidies:
  - k) Other sources of income
- 3.3. Section 101(3)(a) of the LGA requires that Council has, for each activity funded, shown it has given consideration to the:
- a) Community outcomes to which the activity primarily contributes; and
  - b) Distribution of benefits between the community as a whole, and identifiable part of the community, and individuals; and
  - c) The period in or over which those benefits are expected to occur; and
  - d) The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity; and
  - e) Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- 3.4. In accordance with section 101(3)(b), Council must also consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

#### **Related Council Plans, Policies and Strategies**

- 3.5. Council's Revenue and Financing Policy provides a high level funding framework that links with other Council documents that impact on funding decisions for the wider community and, in some cases, or individual ratepayers. These documents include:

**Financial Contributions Policy:** Details the basis on which Council charges financial contributions to offset or mitigate any adverse impacts on the natural or physical environment including utilities, services or a new development.

**Timaru District Plan:** Section 6 of the District Plan details Council's approach to charging financial contributions for new developments under the Resource Management Act 1991.

**Significance and Engagement Policy:** Details Council's approach to determining the level of significance of a particular proposal or decision, and how Council will engage with the community based on the level of significance. Decisions about the funding of Council activities will be assess in accordance with this policy.

**Rates Discount Policy:** Details Council's approach to providing a discount for the early payment of rates. Council's policy currently provides a discount of 2.5% on the total rates



set for a financial year, if the rates are paid in full on or before the due date of the first installment for that financial year.

**Rates Remission and Postponement Policy:** Details the circumstances in which Council will provide a rate remission or postponement, including on Maori Freehold Land, and the rationale for this.

**Infrastructure Strategy:** Details Council's approach to the provision of core infrastructure, how much it intends on investing over the next 30 years, and how this investment will be funded. Activities included in the strategy are: roads and footpaths, drinking water, sewer, stormwater, waste management and large community facilities (for example, CBay Aquatic Centre).

**Financial Strategy:** Details Council's approach to delivering its high-level funding requirements, including limits on rates and borrowing. The Financial Strategy considers the impact of expected changes in population and the use of land, the expected impact of Council's Infrastructure Strategy and other significant factors affecting Council's ability to maintain and meet demands for services.

**Funding Impact Statement:** Provided in each Long Term Plan and Annual Plan, the funding impact statement details the application and impact of the Revenue and Financing Policy for each financial year.

## 4. Rating Framework

- 4.1. Councils are able to use a variety of approaches in their overall rating framework. These approaches are how Council applies rates in the district, and include the following:

### Valuation System

- 4.2. When applying rates based on property values councils can rate according to land value, capital value, or annual value.
- 4.3. Timaru District Council uses the land value rating system. The land values are determined by an independent valuer who is audited by the Valuer General.

### Differential Rating

- 4.4. When applying rates councils can rate properties using a differential according to a range of categories detailed in schedule 2 of the Local Government (Rating) Act 2002.
- 4.5. Council's general rate is set based on a rate per dollar of rateable land value, and differentiated on the use to which the land is put. The objective of differential rating is to ensure a fair and equitable proportion of rates are paid by the various differential categories.
- 4.6. Council uses differentials to distribute the general rate between particular categories of the community, as listed below. This does not change the total amount of general rates funding required annually, but rather, the proportion of overall funding of the general rate from each category differs according to the differential factor applied.
- 4.7. The differential is applied to the following nine categories:

Category	Definition
Accommodation	All properties used primarily for hotel, motel or similar short term or travellers' accommodation purposes.
Commercial – Central	All properties situated within the Timaru Central Business District and used primarily for commercial purposes.
Commercial – Other	All properties used primarily for commercial purposes other than those situated in the Timaru Central Business District.
Community Services	All properties used primarily for education, religious, and/or community purposes.
Industrial	All properties used primarily for industrial purposes.
Primary	All properties used primarily for agriculture, horticulture or pastoral purposes, including the grazing of animals.
Recreational	All properties used primarily for active or passive indoor/outdoor recreational activities.
Residential – General	All properties used primarily for residential accommodation of a single household or used for residential purposes and not otherwise classified or which are vacant or of not determined use of those differential categories and situated in an area in which residential dwellings are permitted.
Residential – Multi Unit	All properties used primarily used for multi-unit residential accommodation, for example, purpose built rental flats.

#### Unit of rating – separately used or inhabited parts of a rating unit

- 4.8. Under the Local Government (Rating) Act 2002 charging separately used or inhabited parts of a rating unit is an option for a uniform annual general charge and for targeted rates.
- 4.9. A separately used or inhabited part of a property or building includes any part of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.
- 4.10. For the purpose of this policy, vacant land and vacant premises offered or intended for use or habitation by a person, other than the owner, and generally used as such are defined as 'used'.
- 4.11. Examples of separately used or inhabited parts of a rating unit include:
- Each separately used or inhabited part of a residential unit will count as a separate part. This includes minor household units with kitchen facilities often referred to as "granny flats".
  - Where residential properties are partially used for business, the number of parts will equal the number of separately used or

inhabited residential units plus one for each separate business use (e.g. a house with a doctor's surgery attached contains two parts).

- In the case of retirement villages or farms with workers' accommodation and similar types of properties, each separately used or inhabited residential unit and each other major use (such as halls, libraries etc) are separate parts.

## 5. Rate Revenue Sources

- 5.1. The rates charged by Council as sources of funding are:

### General Rate

- 5.2. A rate charged on all rateable properties in the district on the basis of land value, and differentiated by the use of the property.

### Uniform Annual General Charge (UAGC)

- 5.3. A rate charged on all separately used or inhabited portions of a rating unit on a uniform basis. This rate enables all ratepayers to make a minimum contribution to Council's costs. The annual increase in the UAGC will be an overall percentage increase as the general rate increase within a margin of 5% in any given year or as per section 13 – Funding Analysis for Council Activities.

### Targeted Rate:

- 5.4. A rate charged on specific properties in the district on the basis of the property or owner being able to receive benefit from the service provided that is not available to all. Targeted rates may be charged on the basis of land value, differentiated or as a uniform annual charge.

## 6. Non-Rate Revenue Sources

- 6.1. Council has a range of funding sources available which are often suited to a particular type of funding requirement. While rates are often the most appropriate source of funding for a particular requirement, Council may decide to use other sources of funding, if appropriate.

### Grants and subsidies

- 6.2. Council expects to continue to receive substantial subsidies from Waka Kotahi (New Zealand Transport Agency – NZTA) for road and footpath maintenance and renewal and other expenditure related to transportation and its land transport networks.
- 6.3. Council can receive grants and sponsorship for projects which are eligible for particular grant and sponsorship schemes.

### Investment income, dividends and interest

- 6.4. Interest and investment returns from Council's investments, including annual dividends from Timaru District Holdings Limited (TDHL) are generally used to offset the general rate and the uniform annual general charge.

- 6.5. Interest earned on special funds and separate reserves is used only for the purpose of the fund or reserve.

**Financial contributions**

- 6.6. Council's existing Financial Contributions Policy allows Council to apply a charge for water, sewer, stormwater and open space and recreation. Minor amounts of capital expenditure budget for the Parks and Recreation activity have been identified as coming from financial contributions. Amounts to be funded from financial contributions for water supply, sewer and stormwater services will be determined from Council decisions at the time of development.

**Proceeds from asset sales**

- 6.7. Council may sell assets that are deemed to be surplus to requirements or that are not providing satisfactory returns. Proceeds may be invested, used to fund capital expenditure or operating expenditure associated with the activity which held the original asset.
- 6.8. Council may, in exceptional circumstances, choose to use proceeds of asset sales for expenditure in another activity.

**Fees and Charges**

- 6.9. Council charges for some services it provides and this revenue funds all or part of the cost of service delivery for these activities. Examples include resource and building consent fees, dog registration fees and facility admission or hire.
- 6.10. Council will amend its fees and charges annually (or more frequently as appropriate) to reflect increases in costs as measured by the assumed rate of inflation and/or to maintain the cost recovery levels underlying the basis for setting the fee levels.

**Bequests**

- 6.11. Council occasionally receives bequests that can be used, normally for a specific purpose. Examples include bequests for the purchase of library books or art work.

**Borrowing**

- 6.12. Council generally borrows to fund capital expenditure as a way of promoting intergenerational equity and as a way to make the significant cost of some capital projects affordable. Borrowing may be internal (ie Council borrowing from itself by using its own reserves) or external.
- 6.13. Council does not borrow for operational expenditure unless this is deemed to be prudent and is approved by Council on that basis.

**Lump Sum Contributions**

- 6.14. Council may offer the option for ratepayers to pay their share of a capital project through a lump sum payment rather than through rates over a longer period of time. This can be beneficial for all parties as it reduces the interest paid by ratepayers over the life of the loan, and Council can retire a portion of debt earlier or reduce the need for borrowing.

## **7. Funding Operational Expenditure**

- 7.1. Operating expenditure is the day-to-day cost Council incurs to provide services, including the maintenance of existing assets.
- 7.2. Council has determined that the following sources may be used to fund operating expenditure:
- Rates revenue (including general rates and UAGC)
  - Targeted rates
  - Fees and charges
  - Interest and dividends from investments
  - Proceeds from asset sales
  - Financial contributions
  - Grants and subsidies
  - Borrowing
  - Other operating revenue
- 7.3. Council may choose not to fully fund operating expenditure in any activity in any particular year if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years.
- 7.4. An operating deficit will only be budgeted when considered prudent to avoid significant fluctuations in rates, fees or charges. Council will consider the requirements of section 100 of the LGA (Balanced Budget requirements).
- 7.5. Council may choose to fund more than is necessary to meet its operating expenditure in any particular year. Council will only budget for an operating surplus to fund an operational deficit in the immediately preceding or following years, or to repay debt. Council will have regard to forecast future debt levels when deciding whether it is prudent to budget for an operating surplus for debt repayment.

## **8. Funding Capital Expenditure**

- 8.1. Capital expenditure is expenditure on new or existing assets that maintains or increases their value and the level of service to the community.
- 8.2. Council usually borrows, either internally or from capital markets, to fund capital expenditure. Borrowing for capital expenditure enables Council to spread the cost of providing a capital asset over the expected life of the asset. Council may choose to fund capital expenditure through borrowing and repay the loan over a shorter or longer period if this is considered prudent.
- 8.3. Borrowing for capital expenditure reduced peaks and troughs in the funding required each year and promotes intergenerational equity. This ensures today's ratepayers are not required to fund the whole cost of assets with a long useful

life and subsequent users of the assets also make a contribution to its cost by contributing to the interest and principal repayments in those subsequent years.

- 8.4. Council's borrowing requirements and the cost of servicing loans for capital expenditure may be reduced to the extent that other funding sources can be used.
- 8.5. Council has determined that the following sources may be used to fund capital expenditure:
- Rates revenue (including general rates and UAGC)
  - Targeted rates
  - Lump sum contributions
  - Interest and dividends from investments
  - Borrowing
  - Proceeds from asset sales
  - Financial contributions
  - Grants and subsidies
  - Reserve funds
  - Other sources.
- 8.6. Borrowing for capital expenditure is undertaken in accordance with Council's Financial Strategy.

## **9. Funding of Depreciation**

- 9.1. Depreciation is the process of recognising that an asset is progressively used up over its useful life. By funding depreciation Council is able to provide funding to replace assets at the end of their useful life, or reduce the amount borrowed against the assets. Depreciation is funded within each activity as part of the operating expenditure each year.
- 9.2. In general, Council will fully fund depreciation over the life of an asset in order to systematically allocate the use or consumption of the asset, unless this is not considered to be in the best interests of the community. If Council decides not to fully fund depreciation of an asset it will provide the community with information on why it has decided not to fully fund depreciation and the likely impact of this decision.

## **10. Activity Funding Analysis**

- 10.1. Council has considered each activity, and in some cases discrete items within an activity, to determine the most appropriate funding approach.
- 10.2. Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity it provides.
- 10.3. The following matters considered in the assessment are:

**Distribution of benefits**

- 10.4. The benefits provided by each activity are assessed to establish to whom these flow. Benefit distribution is assessed using three categories; private benefit, group benefit and community-wide benefit.
- 10.5. **Private Benefit:** accrues to identifiable individuals. Activities that provide a high level of private benefit will normally be funded from fees and charges.
- 10.6. An example of a Council service that provides a high level of private benefit is the processing and granting of a consent. This enables the applicant applying for a consent to undertake an activity that primarily benefits them.
- 10.7. **Group Benefit:** accrues to identifiable groups within the community. Activities that provide a high level of group benefit will normally be funded from a targeted rate or charge on properties able to receive the service.
- 10.8. An example of a Council service that provides a high level of group benefit is the provision of drinking water. Only those able to connect to the drinking water supply are able to benefit.
- 10.9. **Community-wide Benefit:** accrues to the community as a whole. Activities providing a high level of community-wide benefit will normally be funded from the community as a whole, through the general rate or the UAGC.
- 10.10. An example of a Council service that provides a high level of community-wide benefit is the provision of the roading network. Everyone has the opportunity to access and use the service.

**Period of benefit**

- 10.11. Council considers the period over which the benefit provided by an activity flows. This provides a rationale for deciding the period over which the expenditure should be funded.
- 10.12. If the benefit an activity provides relates wholly or largely to the immediate year then the activity will normally be funded from rates or other income in the year the expense is incurred.
- 10.13. If the benefit is available over a longer period of time Council will normally borrow to fund the activity or asset to ensure future ratepayers who will enjoy some benefit will pay a fair proportion of the cost.

**Control of negative effects (exacerbator pays)**

- 10.14. Council may incur expenditure to protect the community from actual or potential problems. Council looks to identify the cost to the community of controlling negative effects caused by individual or group actions and to recover any costs directly from those causing the problem. Examples are animal control (funding through dog registrations and impoundment fees) and parking enforcement (funding through parking meter fees and infringement fees).
- 10.15. Where a fee or charge is not practical or efficient the cost will normally be funded as if it provides a community-wide benefit – through the general rate or UAGC.

**Distinct Funding**

- 10.16. Transparency and accountability are more evident when an activity is funded separately from other activities. This allows ratepayers, or payers of user charges to see how much money is being raised and spent on the activity, and whether or not the cost of the activity represents value for money.
- 10.17. Council will consider the costs and benefits of distinct funding of an activity, including the consequences of the chosen funding method in terms of transparency and accountability. Council will fund activities distinctly where this is practical and efficient.
- 10.18. All activities that are funded distinctly are detailed in section 12 of this policy.

**Property versus people benefit**

- 10.19. When deciding on the appropriate funding mechanism, Council will consider whether the benefit provided by an activity flows primarily to the value of the property or to the people who live at the property.
- 10.20. In general, Council will look to fund property-related benefit through the general rate, based on land value, and people-related benefit through the UAGC rate (all properties being charged a uniform amount).

**Community Impact**

- 10.21. Council must consider the overall impact the allocation liability has on the social, economic, environmental and cultural wellbeing of the community.
- 10.22. In considering community impact and the allocation of costs, Council will have regard to:
- The impact a particular funding approach may have on the achievement of community outcomes;
  - Fairness and equality issues arising from the allocation of costs; and
  - Any other impacts on the community, such as affordability of rates for some or all ratepayers.
- 10.23. Council may decide to fund an activity in a way other than generally prescribed in this policy if this approach to funding will promote the achievement of community outcomes or will address perceived affordability issues.

**Practicality**

- 10.24. Council may choose to make minor variations to the funding approach detailed in this policy for reasons of practicality. This is particularly the case for activities that are partly funded from fees and charges, or from external sources.
- 10.25. In some cases, the funding from fees and charges and external sources may vary from year to year or may be uncertain at the time of budgeting. In these cases Council may choose to adjust the funding from rates to accommodate changes or uncertainty.
- 10.26. For activities funded partly from fees and charges, the revenue generated from this source is often dependent on the demand for services at the time. Council



may decide to adjust the level of funding from rates to smooth the level of fees and charges from year to year.

- 10.27. Surplus revenue generated from fees and charges will normally be credited to Council's general reserves, or to the appropriate specified purpose reserve fund.
- 10.28. For activities with specified purpose reserve funds, these funds may be used for rates smoothing purposes if Council is able to use the fund in this way and deems this a prudent approach.
- 10.29. Council may fund minor capital expenditure from operating revenue in the year it is expended. Non-minor capital expenditure items will be funded from reserves or loan funded so as to minimise extreme rate movements and more accurately reflect intergenerational costs.

## **11. Wellbeing**

- 11.1. Council will give consideration for the overall impact this policy has on the current and future social, economic, environmental and cultural wellbeing of the Timaru District Community.

## **12. Policy Review**

- 12.1. This policy will be reviewed every three years, as part of the development of the Long Term Plan.
- 12.2. The policy may be amended at any time, as long as the review process provides for community engagement in accordance with Council's Significance and Engagement Policy and section 82 of the LGA.

### 13. Funding Analysis for Council Activities

#### Democracy

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity supports and guides all activities carried out by Council and includes; all work associated with elected members (including community board members); community engagement; communications; strategy; policy and plan development; elections; governance functions; performance and accountability reporting.</p>	<p>Connected Citizens</p>	<p><b>Community-wide Benefit:</b> Benefits the whole community by supporting the decision-making function, representation, advocacy, communication and engagement for all residents.</p>	<p><b>Operating Expenditure</b>  <b>Rates: 90-100%</b>                      50% UAGC                      50% General Rate                      0-10% Targeted Community Board Rates  <b>User Charges: 0-10%</b>                      Hearings fees etc</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>                      Loan costs are funded in the same way as operating expenditure.</p>

**Community Support**

**Airport**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides for the management of the Richard Pearse Airport</p>	<p>Enhanced Lifestyle Diverse Economy</p>	<p><b>Private Benefit:</b> Users of the airport receive the primary benefit from the provision and management of the airport enabling travel, or storage and operation of personal aircraft.</p> <p><b>Community-wide Benefit:</b> The whole community receives a secondary benefit through access to the airport and the economic benefits the airport provides the district.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 30-50%</b> Airport charges eg landing fees and lease income <b>Rates: 50-70%</b> 40% UAGC 60% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Cemeteries**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides for the maintenance and development of cemeteries across the district, including burials and interments.</p>	<p>Resilient Infrastructure Enhanced Lifestyle</p>	<p><b>Private Benefit:</b> Users of cemetery facilities, largely family and friends of deceased, receive the primary benefit.</p> <p><b>Community-wide Benefit:</b> The whole community receives benefit through ensuring the deceased are interred in a sanitary way maintaining public health, cemeteries as well maintained public spaces, and the district's social history is preserved in cemetery records.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 40-70%</b> Plot purchases and interment fees <b>Rates:30-60%</b> 60% UAGC 40% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Community Funding**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for funding, by way of grants and loans, to support individuals, community groups, facilities and events. The activity also provides for rates remissions and swimming concessions.</p>	<p>Connected Citizens Enhanced Lifestyle</p>	<p><b>Group Benefit:</b> Recipients of the grants and loans receive the primary benefit. Note: Council has determined that charging these groups for this activity would not meet the purpose of this activity or the Community Wellbeing Outcomes. <b>Community-wide Benefit:</b> The funding criteria for the grants and loans is designed to support groups which provide benefits through their activities to the whole community.</p>	<p><b>Operating Expenditure</b> <b>Rates: 85-95%</b> 80% UAGC 20% General Rate <b>Grants: 5-15%</b> Funding received from various funding agencies <b>Interest: 5-15%</b> Interest on loans provided to community groups  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Emergency Management**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for the development of resilient communities through planning, training, education, co-ordination with partner agencies. This activity also includes provision for the Emergency Response Fund.</p>	<p>Connected Citizens Resilient Infrastructure</p>	<p><b>Community-wide Benefit:</b> The primary benefit is to the people and property of the whole district, enabling planning to mitigate the harm, and to recover from emergencies.</p>	<p><b>Operating Expenditure</b> <b>Rates: 100%</b> 50% UAGC 50% General Rate  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Climate Change**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides development of climate change mitigation and adaptation strategies and action plans for the district.	Sustainable Environment Resilient Infrastructure Connected Citizens	<p><b>Community-wide Benefit:</b> The primary benefit is to the people and property of the whole district, enabling the planning to mitigate the harm caused by climate change and to assist the whole district to adapt to both climate change and zero carbon living.</p>	<p><b>Operating Expenditure</b> <b>Rates: 100%</b> 80% General Rate 20% UAGC</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Economic Development and Tourism**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity promotes and assists economic development and visitor opportunities in the district.	Diverse Economy Enhanced Lifestyle	<p><b>Community-wide Benefit:</b> This activity provides community-wide benefit through supporting the economic growth and development of the district.</p> <p><b>Private Benefit:</b> Some benefits may accrue to businesses or individuals using the services this activity provides, e.g. tourism operators.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 80% General Rate 20% UAGC</p> <p><b>User Charges: 0-10%</b> User fees for services provided by Economic Development Agency</p> <p><b>Other: 0-10%</b> Government grants or subsidies</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Public Toilets**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
This activity provides and maintains public toilets across the district.	Enhanced Lifestyle Resilient Infrastructure	<p><b>Private Benefit:</b> Users of the public toilets, including visitors to the district benefit, and create the need for this activity. Note: Council does not believe a user pays funding model to be practical or appropriate.</p> <p><b>Community-wide Benefit:</b> The whole community benefits through the provision of public toilets and maintaining public hygiene.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 70% UAGC 30% General Rate <b>User Charges: 0-10%</b> User pays may be achievable at some facilities.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Social Housing**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
This activity provides and maintains affordable housing across the district for those in need.	Connected Citizens Enhanced Lifestyle	<p><b>Private Benefit:</b> The tenants of the social housing units benefit from this activity.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 100%</b> Rental income from tenants.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Grants:</b> Council may seek grant funding and sponsorship to support capital works.</p>

**Environmental Services**

**Animal Control**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides for animal control services including the confining of stray animals and managing aggressive animals.</p>	<p>Enhanced Lifestyle</p>	<p><b>Private Benefit:</b> The owners of animals, particularly dogs, benefit from, and create the need for this activity.</p> <p><b>Community-wide Benefit:</b> The whole community benefits from this activity minimising the negative impact of wandering and aggressive animals.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 90-100%</b> Dog registrations, impounding, infringement and other fees and fines. <b>Rates: 0-10%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Building Control**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides for the administration and implementation of the Building Act, including processing and granting consents and inspecting and monitoring building work across the district.</p>	<p>Diverse Economy Resilient Infrastructure Sustainable Environment</p>	<p><b>Private Benefit:</b> The benefits from this activity mainly accrue to building owners through ensuring they have met legislative requirements</p> <p><b>Community-wide Benefit:</b> The whole community benefits through this activity ensuring buildings across the district are safe, sanitary and accessible.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 70-80%</b> Various fees and charges relating to building control services. <b>Rates: 20-30%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**District Planning**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for the development, adoption and amendment of the Timaru District Plan</p>	<p>Sustainable Environment Diverse Economy Resilient Infrastructure</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from a District Plan that enables sustainable development within the district. <b>Private Benefit:</b> When individuals seek private plan changes they accrue the benefit.</p>	<p><b>Operating Expenditure</b> <b>Borrowing:</b> Council will borrow for the operating costs of developing the District Plan, recognising the period benefit for this activity. Loan costs will be funded in the same way as other operating expenditure. <b>Rates: 90-100%</b> Rate funding will be utilised for all other policy work. 100% General Rate <b>User Charges: 0-10%</b> Fees for private plan changes.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>



**District Plan Administration**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity includes all aspects of the resource consenting process and other district planning requirements, including receiving and processing the applications, monitoring consents and responding to public enquiries, other permissions and Land Information Memorandums.</p>	<p>Sustainable Environment Diverse Economy Resilient Infrastructure</p>	<p><b>Private Benefit:</b> Those individuals seeking resource consent or other services primarily benefit from this activity. <b>Community-wide Benefit:</b> There is some benefit to the whole community to ensure consents are processed and monitored through enabling sustainable development <b>Exacerbators:</b> Individuals may contribute to costs through lack of compliance requiring ongoing monitoring and enforcement.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 80-90%</b> Various fees and charges relating to the resource consenting and other district planning process. <b>Rates: 10-20%</b> 100% General Rate  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Environmental Compliance**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This services provides for the administration and monitoring of food safety, liquor licensing, hazardous substances and enforcing the district bylaws</p>	<p>Enhanced Lifestyle Diverse Economy Sustainable Environment</p>	<p><b>Private Benefit:</b> The benefits accrue to the individuals and businesses that require the services of this activity to meet legislative requirements <b>Community-wide Benefit:</b> The whole community benefits through the provision of a safe and healthy environment and standards of operation being enforced. <b>Exacerbators:</b> Individuals may contribute to costs through lack of compliance requiring ongoing monitoring and enforcement.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 50-60%</b> Various fees and charges associated with this activity. <b>Rates: 40-50%</b> 50% UAGC 50% General Rate  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Recreation and Leisure**

**Art Gallery**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides and maintains the Aigantighe Art Gallery and collection, including exhibits, research and education</p>	<p>Enhanced Lifestyle Connected Communities</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from access to the Aigantighe Art Gallery and a location to exhibit, store and restore art works and to enable the public consumption of art. <b>Private Benefit:</b> Users of the Aigantighe Art Gallery benefit for their use of the facility.</p> <p>Note: Council considers that allocating costs only to the users of this facility would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate <b>User Charges: 0-10%</b> User charges and donations</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Bequests:</b> Bequests and donations also fund the purchase of some art pieces and may be used to support other capital works. <b>Grants:</b> Council may seek grant funding and sponsorship to support capital works.</p>

**Fishing Huts**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity manages two fishing hut sites; Rangitata Huts and Stratheona Huts.	Enhanced Lifestyle	<p><b>Private Benefit:</b> The owners of the huts on these sites benefit from this activity.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 100%</b> Lease income</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Forestry**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity manages Council's forestry portfolio.	Diverse Economy Sustainable Environment	<p><b>Community-wide Benefit:</b> The whole community benefits from the income generated from the harvest of the trees and the carbon credits provided.</p>	<p><b>Operating Expenditure</b> <b>Proceeds from asset sales: 100%</b> Harvest of trees <b>User Charges: 100%</b> Lease income for forestry blocks</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Halls and Community Centres**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity manages and maintains community halls and centres, including Southern Trust Event Centre.</p>	<p>Enhanced Lifestyle Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of halls and community centres for recreation, events and civil defence. <b>Private Benefit:</b> The users of the halls and community centres accrue benefits. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 80-90%</b> 60% UAGC 40% General Rate <b>User Charges: 10-20%</b> Hire fees for the facilities Lease and sponsorship income  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

**Libraries**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides and maintains three district libraries including library books, resources and other services.</p>	<p>Enhanced Lifestyle Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the access to the district libraries through access to information, community resources and a hub for social interaction. <b>Private Benefit:</b> Users of the library accrue benefits. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate <b>User Charges:</b> Charges for some services and fines.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Bequests:</b> Bequests and donations also fund the purchase of some library resources. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

**Motor Camps**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides five motor camps across the district. Four of these camps are leased under management arrangements.</p>	<p>Diverse Economy Enhanced Lifestyle</p>	<p><b>Private Benefit:</b> The individuals who lease the motor camps and those who visit the motor camps accrue benefits from this activity. <b>Community-wide Benefit:</b> The community as a whole benefits through the provision of these facilities for visitors to the district and wider economic benefits.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 90-100%</b> Lease income and camping fees <b>Rate: 0-10%</b> 60% UAGC 40% General Rate  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

**Museum**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for management of the South Canterbury Museum facility and services, including displays, archives and educational services.</p>	<p>Enhanced Lifestyle Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the access to the South Canterbury Museum through cultural enrichment, education and preservation of district heritage.</p> <p><b>Private Benefit:</b> Users of the museum and its services accrue benefits.</p> <p>Note: Council considers that allocating costs only to the users of this facility would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-10%</b> User charges and donations</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Bequests:</b> Bequests and donations also fund the purchase of some museum resources and some operating expenses.</p> <p><b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works and some operating expenses (e.g. Learning Outside The Classroom (LEOTC))</p>

**Parks**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides and maintains parks, reserves, sports grounds, gardens and off-road tracks across the district.</p>	<p>Enhanced Lifestyle Sustainable Environment Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from provision and access to parks facilities across the district such as for active and passive recreational pursuits, health, education and wellbeing. Facilities contribute to community pride and perception of the district.</p> <p><b>Private Benefit:</b> Individuals and groups that use the parks and sports facilities accrue benefits, some from specific facilities (e.g. skateparks, sportsgrounds).</p> <p>Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-10%</b> Sport ground leases and user charges</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Lump Sum Contributions:</b> Some capital contributions paid for facilities (eg sports surfaces) by user groups.</p> <p><b>Financial Contributions:</b> Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure.</p> <p><b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>



**Swimming Pools**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides, maintains and manages four swimming pools across the district, including the gym and café facilities at CBay Aquatic Centre.</p>	<p>Enhanced Lifestyle Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of swimming pools in the district. <b>Private Benefit:</b> Users of the swimming pool and gym facilities accrue benefits from this activity. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure – Rural Summer Pools</b> <b>Rates: 70-80%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 20-30%</b> Pool user fees, hire fees and other user fees</p> <p><b>Operating Expenditure – CBay</b> <b>Rates: 40-50%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 50-60%</b> Pool and gym fees and membership, hire fees, café sales and other revenue, and other user fees.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

**Theatre Royal**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides and manages the Theatre Royal.</p>	<p>Enhanced Lifestyle Connected Citizens</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of the Theatre Royal.</p> <p><b>Private Benefit:</b> Users who either hire the Theatre Royal for events and performances, or those who attend events and performances accrue benefits.</p> <p>Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 80-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-20%</b> Facility hire fees (Note: Currently the facility is closed, with no revenue being generated. The existing policy will be reviewed for when the new facility is opened).</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

**Roading and Footpaths**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides and maintains the road and footpath network across the district, including bridges and street lighting.</p>	<p>Resilient Infrastructure Diverse Economy</p>	<p><b>Community-wide Benefit:</b> The whole community and visitors benefit from access to the roading and footpath network.</p> <p><b>Group Benefit:</b> Group benefit is provided to residents where footpaths and street lighting and decorative lighting is available.</p>	<p><b>Operating Expenditure – Subsidised works</b>  <b>Rates: 40-50%</b>                      70% General Rate                      30% UAGC  <b>Subsidies: 50-60%</b>                      Waka Kotahi (NZ Transport Agency) Financial Assistance</p> <p><b>Operating Expenditure – Non-subsidised works</b>  <b>Rates: 80-90%</b>                      60% General Rate                      40% UAGC</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>                      Council may decide to loan fund specific projects on a case by case basis. Projects will be assessed based on the expected life of the asset and the impact on rates.                      Loan costs are funded in the same way as operating expenditure.</p> <p><b>Waka Kotahi Funding:</b>                      Council receives funding from Waka Kotahi for qualifying capital projects. The level of funding depends on the annual “financial assistance rate” for TDC and on the work programme approval by Waka Kotahi.</p> <p><b>Private Contributions:</b>                      Council may agree to undertake specified work in addition to its planned work programme at the request of a resident if there is a private contribution.</p>

**Cycleways and Walkways**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides and maintains on- and off-road cycleways and walkways throughout the district.</p>	<p>Enhanced Lifestyle Resilient Infrastructure Sustainable Environment</p>	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of walkways and cycleways for recreational and commuting purposes. <b>Private Benefit:</b> Users of the walkways and cycleways accrue benefits. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 50% UAGC 50% General Rate <b>Subsidies: 0-10%</b> Waka Kotahi provide some financial assistance for active transport routes</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Financial contributions:</b> Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure. <b>Waka Kotahi Funding:</b> Council receives funding from Waka Kotahi for qualifying capital projects. The level of funding depends on the annual “financial assistance rate” for TDC and on the work programme approval by Waka Kotahi. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

**Parking Services**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity develops parking facilities across the district and includes the enforcement of Council’s parking bylaw and policy.</p>	<p>Resilient Infrastructure Diverse Economy Enhanced Lifestyle</p>	<p><b>Private Benefit:</b> Vehicle users visiting or working in CBDs across the district benefit from the provision of parking.</p> <p><b>Group Benefit:</b> District businesses located within CBD areas benefit through the existence of a service that facilitates business custom</p>	<p><b>Operational Expenditure</b> <b>User Charges: 100%</b> Parking income from fees and infringements</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>User Charges:</b> Parking income from fees and infringements</p>

**Sewer**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides for sewer services including the treatment and disposal of sewerage in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point, and Timaru’s industrial wastewater.</p>	<p>Resilient Infrastructure Sustainable Environment</p>	<p><b>Group Benefit:</b> Group benefit is provided to residents, businesses and industries able to connect to Council’s sewer network and tradewaste scheme and dispose of wastewater.</p> <p><b>Community-wide Benefit:</b> There is community benefit provided through the health, economic and environmental benefits of having treated sewerage and industrial waste disposed of safely.</p> <p><b>Exacerbator:</b> Additional costs may be caused through overloading of systems, disposal of hazardous material, illegal connections or incorrect disposal. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p> <p>Note: Council does not consider it equitable to fund the community-wide benefit across the district, as residents not able to receive this service must provide their own sewerage collection and disposal.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rates: 70-80%</b> Targeted rate for all connected to the sewer services.</p> <p><b>User Charges: 20-30%</b> Trade waste charges and other sewer charges</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Financial Contributions:</b> Amounts to be funded from financial contributions for sewer services will be determined from Council decisions at the time of development.</p> <p><b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

**Stormwater**

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
<p>This activity provides and maintains the stormwater network including treatment and disposal management of stormwater in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point, and some smaller rural schemes.</p>	<p>Resilient Infrastructure Sustainable Environment</p>	<p><b>Group Benefit:</b> Group benefit is provided to the residents and businesses in areas where stormwater facilities are provided and reduce risk from flooding for residents’ properties and communities.</p> <p><b>Community-wide Benefit:</b> Community-wide benefit accrues through protection of assets such as roads and public facilities, and by enabling safe transit for residents within urban areas during rainfall events. There is also community-wide benefit through improved environmental outcomes in stormwater treatment.</p> <p><b>Exacerbator:</b> Additional costs may be caused through illegal connections and incorrect disposal of wastewater. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily community specific, it is appropriate to fund the activity separately by community.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rate: 100%</b> 100% Community Works and Services Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p> <p><b>Financial Contributions:</b> Amounts to be funded from financial contributions sewer services will be determined from Council decisions at the time of development.</p> <p><b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

**Waste Minimisation**

**Waste Collection**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for the kerbside collection of green waste, rubbish and recycling to urban and some rural residents and businesses.</p>	<p>Sustainable Environment Enhanced Lifestyle</p>	<p><b>Group Benefit:</b> Group benefit is provided to owners of properties receiving kerbside collection.</p> <p><b>Community –wide Benefit:</b> The whole community benefits from a system that enables waste separation, reduces illegal or incorrect disposal and encourages improved environmental outcomes.</p> <p><b>Exacerbator:</b> Additional costs may be caused through incorrect or illegal disposal. Costs will be recovered where it is economically viable.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rate: 100%</b> Targeted rate for collection service, additional bins are charged for as a targeted differential (by service type) collection charge</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p>



**Waste Management**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for the provision and management of the Redruth Resource Recovery Park and the Geraldine, Pleasant Point, Temuka and Timaru transfer station facilities, waste minimisation education and monitoring, and closed landfill remediation and monitoring.</p>	<p>Resilient Infrastructure Sustainable Environment</p>	<p><b>Private Benefit:</b> Benefit is accrued by individuals who use the Resource Recovery Park and transfer stations to dispose of household and business waste, green waste and recycling.</p> <p><b>Community-wide Benefit:</b> The whole community benefits from education and monitoring, a system in place to enable safe and efficient waste management, public health and improved environmental outcomes.</p> <p><b>Exacerbator:</b> Additional costs may be caused through incorrect or illegal disposal. Costs will be recovered where it is economically viable.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 60-100%</b> Resource Recovery Park and transfer station charges. <b>Rates: 0-40%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p>

**Water Supply**

<b>Service Provided</b>	<b>Community Wellbeing Outcomes</b>	<b>Who benefits/creates need?</b>	<b>Funding (operating and capital expenditure)</b>
<p>This activity provides for safe and effective abstraction of water from the source, and the treatment, storage and distribution of water to urban and rural residents and businesses.</p>	<p>Resilient Infrastructure Enhanced Lifestyle Diverse Economy</p>	<p><b>Group Benefit:</b> Group and Private benefit is provided to all those residents able to connect to Council’s drinking water networks.</p> <p><b>Community-wide Benefit:</b> The whole community benefits through safe drinking water being provided in areas of the district that are serviced, maintenance of public health and availability of water for key public services (e.g. firefighting) and amenities (e.g. swimming pools).</p> <p><b>Exacerbator:</b> Additional costs may be caused through illegal connections. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p> <p>Note: Council does not consider it equitable to fund the community-wide benefit across the district, as residents not able to receive this service must provide their own drinking water source.</p>	<p><b>Operating Expenditure</b> <b>Targeted Rate: 70-80%</b> Urban and rural scheme targeted rates for urban schemes and rural scheme targeted rates.</p> <p><b>User Charges: 20-30%</b> Charges for water supplied to properties with water meters (per cubic meter) and a small rental contribution</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p> <p><b>Financial Contributions:</b> Amounts to be funded from financial contributions sewer services will be determined from Council decisions at the time of development.</p> <p><b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

# Business Improvement District (BID) Policy



Approved by: Timaru District Council

Date approved: TBC

## 1. Purpose and definitions

1.1. The purpose of this policy is to:

- a. provide guidance for prospective and established BID programmes and explain the requirements and responsibilities of the Timaru District Council BID programme;
- b. be "enabling" rather than "requiring". Any initiation of a BID programme will come from a business community rather than being initiated by Council;
- c. provide clear guidance but also be flexible enough to enable innovative solutions to local requirements to be explored and implemented.

1.2. This policy addresses:

- a. Roles and responsibilities of relevant parties;
- b. Objectives that a BID programme must meet;
- c. Processes required to establish a BID programme;
- d. General operation requirements of a BID programme;
- e. Monitoring and reporting of performance of a BID programme.

1.3. The policy will be reviewed at least every five years to ensure it continues to meet the needs of the business community, relevant other stakeholders, and Council.

1.4. In this policy:

- a. BID means Business Improvement District;
- b. BID Association means a legal entity constituted to administer the BID.

## 2. Background

Business Improvement District (BID) programmes enable businesses within a defined geographic area to work with their local community, the Council, and other key stakeholder organisations to improve the local business environment.

Working together can create stronger town centres and business districts that are better positioned to take advantage of economic opportunities and are resilient to economic shocks and disruptions.

Town centres are about people and their needs; they are places with a history and a community story and connectivity. They provide convenience, choice, value, comfort, leisure, entertainment, connectivity and cohesion. Centres are about place-making and place-making is about communities having ownership, a sense of belonging, and pride.

This policy provides direction on how to establish a BID programme and Council's expectations of how a BID programme should function.

Council can assist with the establishment of a BID programme and support the implementation of the programme to leverage the contribution local communities make to the economic wellbeing of the district as a whole, while remaining cognisant of the social, environmental, and cultural drivers.

The BID programme also provides a mechanism to advocate to Council for appropriate infrastructure, facilities and services to support business activity and to have a business perspective to inform Council policies and initiatives.

A BID programme is a public / private partnership. It can develop projects that attract assistance and may be in partnership with Central Government and / or Council or other agencies and organisations.

A key feature of the BID programme is the ability to secure sustainable funding through non-residential properties within a defined BID programme area paying a targeted rate. The rate is collected by Council and passed onto the organisation running the BID programme to fund its work programme.

A BID programme should, however, be more than a purely financial relationship between the parties; it should provide opportunities to develop collaborative approaches to achieve mutual development goals and outcomes.

Establishing a BID programme takes time and engagement and requires considerable effort, resources and commitment. A successful BID programme is characterised by the willingness of members to get involved in the development of their area, of which they have a thorough and intimate understanding, along with a belief in the philosophy of self-help.

While it is expected a BID programme will be operated by a business association, Council will consider alternative organisations to be the BID programme operator. An example is where a new entity may be established with representation from the business association and other local key business interests.

### **3. BID Programme Purpose and Value**

A BID programme creates a partnership enabling Council, the relevant community board where appropriate, and a BID programme operator to develop, formalise, and enhance relationships between local businesses and Council. This relationship is a key element for successful local economic development and enhancing business prosperity.

The value of a BID programme can accrue to the partners involved in a variety of ways, including:

#### **3.1. For the BID Association**

- a. Increases business prosperity for members, through the provision of services, support, advocacy and initiatives that enhance the local business environment.
- b. Provides regular and sustainable funding. This enables delivery of initiatives identified in the operator's strategic and business plans and provides value to members over a longer period than is usually possible when operating on a voluntary basis.
- c. Is aimed at growing business returns, leading to increased business turnover, increased profit, increased property values, ability to reinvest for further growth.

The requirements and expectations of a BID Association are covered in this Policy.

#### **3.2. For Community Boards (where applicable)**

- a. Community Boards and local businesses have a common interest in a particular place and share similar goals. Working collaboratively is likely to promote better local outcomes for businesses and for the local community.
- b. Enables a Community Board to engage with the local business sector in a coordinated way. It encourages local business investment, promotion and local economic development.

#### **3.3. For Council**

- a. Enables Council to engage with local business sector in a coordinated way. It encourages business investment, promotion and economic development.

b. The BID programme promotes outcomes Council is seeking in its relevant strategies and plans.

Council's role and expectations are covered by this Policy.

#### 4. Alignment with Council Strategies and Plans

**4.1.** BIDs can be an important element in contributing towards delivering Council's strategic objectives, including those identified in economic and urban development strategies. These objectives and strategies will be reviewed from time to time to ensure the direction of Council is aligned with both legislative and community need therefore balances the required demands of economic, social, environmental and cultural outcomes as these may vary. BID proposals must remain conscious of operative strategic objectives, along with the consequence of changes to these as signalled through Council's consultative processes.

**4.2.** The strategic goals underpinning these strategies include:

- a. Attracting, retaining and growing investment, creating jobs, and supporting sustainable growth in the Timaru district.
- b. Strengthening the vibrancy and multi-functional nature of centres, including bolstering their role as social and community focal points; public transport hubs; integrated places of living and working; entertainment centres; recreation hubs; and a general focal point for local services.

**4.3.** The business plan for any BID will clearly set out how it supports the priorities underpinning these strategies and plans. The planning of the BID programme should be cognisant of the key Timaru District Council planning and policy documents, including but not limited to the following:

- a. **Long Term Plan:** Any BID process will impact on Council's Long Term (LTP), and Annual, planning process and cycle. Both a BID proposal and the LTP require consultation. It is possible for both consultation processes to operate in parallel with the LTP signalling a potential targeted rate, and the BID consultation supporting or otherwise the setting of that rate along with the implementation of the resulting programme. Any BID proposal will need to demonstrate alignment to the proposed LTP strategy and direction.
- b. **Timaru District Plan:** The Timaru District Plan details the objectives, policies and rules that manage land use and subdivision activities in the district. Any BID proposal must align with the operative District Plan.
- c. **City Hub Strategy:** A City Hub Strategy is being developed to define the vision and identify the various elements that contribute to the vitality of the Timaru Central Business District (CBD). The City Hub Strategy is intended to:

4.3.c.1. Define the vision of the City Hub;

4.3.c.2. Identify elements that contribute toward achieving the vision thorough community and stakeholder engagement;

- 4.3.c.3. Develop the objectives and methods to achieve each element acting as a guide to Council, stakeholder groups including owners, developers and infrastructure providers.

#### **4.4. Timaru townships master planning (where applicable)**

Any current or proposed local town plan or (re)development initiative concerning the areas of Geraldine, Pleasant Point and Temuka, along with their environs may be considered a future BID potential. This policy is intended to provide scope for the possibility of a BID programme initiated in these Community Board precincts.

#### **4.5. Strategic Priorities and Community Outcomes**

Council's strategic priorities and community outcomes or community wellbeing outcomes are statements in its Long Term Plan describing how Council sees Timaru both now and in the future. The community outcomes/community wellbeing outcomes cover the full range of community well-beings and, as with all plans, strategies and objectives, these will be reviewed by Council from time to time. Any BID programme should align with Council's strategic priorities and community outcomes/community wellbeing outcomes in its Long Term Plan.

### **5. Objectives and Programme Scope**

- 5.1. All BID programmes should develop an in-depth understanding of the particular needs of their business community. The BID policy allows for a wide range of activities that could be undertaken with the provision that the activities:

- a. Align with Timaru District Council strategic objectives and priorities including community outcomes/community wellbeing outcomes;
- b. Are relevant for the business community;
- c. Are not already being undertaken as part of Council's responsibilities under the general rating provision.

- 5.2. BID Associations must prepare a Strategic Plan (three to five year) and an Annual Business Plan that detail the priorities, work programme and projected budget. A BID Association can choose to focus their initiatives in any direction that best supports the aims and objectives of the BID programme members.

#### **5.3. Programme Activities**

Activities that a BID Association may choose to undertake within their local area could include, but are not limited to:

- a. Advocating to local and central government and agencies.
- b. Promoting their area to prospective new businesses.
- c. Collective marketing and promotion.

- d. Enhancing the street environment (for example, providing additional cleaning services, beautification projects, promoting safety and security).
  - e. Business development, mentoring, networking and training.
  - f. Sustainability and resilience planning.
  - g. Enhancing the urban form (for example, heritage projects or improving the accessibility of businesses).
  - h. Collective purchasing agreements.
  - i. Running or hosting events.
  - j. Providing services to members or wider - cutting costs for members and/ or generating revenue.
- 5.4.** Council will provide details of the capital projects and levels of service it has committed to deliver through its existing work programme and funded from rates. This information is available through Council's Annual / Long Term Plan consultation process.
- 5.5.** There may be opportunities for Council to advise the business association or other organisation of enhancements to planned capital projects or increased levels of service that are prioritised by the community but not budgeted in Council's existing work programme that the business association or other organisation may wish to consider as a BID project.
- 5.6.** While Council will always negotiate in good faith, any change to the levels of service or service delivery approach will be at Council's discretion as it must always consider the interests of the wider community and maintain its ability to deliver cost-effective services.
- 5.7.** Where a project proposed by a BID programme operator impacts the public realm, the BID Association will first consult with the affected community on the proposed project. Following consultation, Council will consider whether to approve the proposed project, following any required consultation.

#### **5.8. Memorandum of Understanding**

A Memorandum of Understanding (MOU) between the Council and the BID Association defines the relationship between the parties as they work towards the establishment of a BID programme. The MOU is a precursor to an eventual Partnering Agreement and when the BID is established may remain in parallel with the Partnering Agreement. The MOU may have an agreed timeframe and can be varied by agreement between the parties.

#### **5.9. Partnering Agreement**

A Partnering Agreement between Council and the BID Association is required. It formalises the agreement to work together within Council BID policy framework (to be established) and details the fixed aspects of the relationship.

The Partnering Agreement has a defined lifespan and is signed by both Council and the BID Association.



## 6. Establishing a BID

- 6.1.** A minimum threshold is established to determine provisional acceptance from the relevant business community. For the purposes of this policy, the minimum threshold is nominated as typically 25% of ratepayers likely to be impacted. However, the proposed BID operator will recommend an assessment threshold in their proposal and Council will determine that threshold relative to each BID proposal. The potential BID proposer will undertake initial consultation with the relevant business community on the potential range of services a BID could undertake to determine its level of support for forming a BID. If there is sufficient support, greater than the minimum threshold agreed by Council, then the following is required to be undertaken by the BID Association to establish a BID (however note as the rating authority, Council will be guided in its decision-making by the ballot result but is not bound by the ballot result).
- a. Confirm the district boundaries where the targeted rate would apply.
  - b. Develop a business plan outlining the proposed activities that will be funded by the targeted rate and which comply with BID policy.
  - c. Agree the level of targeted rate required to support the BID budget and the basis for its collection.
  - d. Agree a constitution and establish a legal entity to administer the BID. Council should be consulted on the constitution.
  - e. Develop a voting register of eligible businesses within the district.
  - f. Undertake full consultation on the targeted rate and the planned activities and complete an establishment vote with a majority vote of all potential rated parties supporting the BID.
  - g. Undertake an initial Annual General Meeting, adopting the constitution, appointing board members and officers and approving the business plan.
  - h. Apply to Council for a targeted rate, with the following supporting documents:
    - 6.1.h.1. Evidence of mandate from voters;
    - 6.1.h.2. A business plan which is aligned with Council priorities;
    - 6.1.h.3. An approved constitution for the entity.
  - i. Gain approval of the targeted rate for the BID in the Council Annual or Long Term Plan process. Note that the previous steps need to be completed in sufficient time so that steps 8 and 9 can be completed to meet the Annual / Long Term Plan timelines.

## 6.2. Considering a BID

Discussions to explore the establishment of a BID may be initiated at any time by any interested party. A key factor to support these discussions will be evidence that there is sufficient support from the community to sustain the challenge of establishing and operating a BID.

### **6.3. Initial Consultation**

One of the first steps is to undertake initial consultation with key stakeholders within, and potentially outside, the proposed area. For example, these stakeholders might include owners of businesses, land owners and ratepayers, local or central government agencies within the proposed BID, or interested community groups.

This consultation could include a public meeting to communicate the proposal to establish a BID, the area proposed to cover, and its potential objectives and activities.

Following this initial consultation, the group proposing the BID will give feedback to Council on the response received, and whether they wish to proceed with establishing the BID.

### **6.4. BID Boundaries**

In the first instance, Council will allow those proposing a BID to determine the boundaries within which the targeted rate will be collected. However, should Council disagree on the proposed boundaries, Council's decision is final, as it is Council which takes responsibility for the targeted rate.

### **6.5. Setting the targeted rate**

The Local Government (Rating) Act 2002 gives Council authority to set a targeted rate for an activity such as a BID. The level of the rate needs to be sufficient to support the BID programme of activities. The BID must agree the total budget required for the programme with its members at an AGM and advise Council that the BID targeted rate be included in the Annual / Long Term Plan of Council.

General consultation occurs as a consequence of Council's LTP or annual plan process and reflected in the rating policy and draft budgets. The BID consultation may occur in parallel with the LTP or annual plan process as noted in Council plan and strategy alignment.

### **6.6. Rating Options**

Council staff will work through the different rating options on a case by case basis. The BID proposer should first recommend to Council their preferred methodology along with the supporting rationale, based on the following options. Council staff will assess the options based on the following, with that recommendation informing the LTP/annual plan and BID consultation processes.

The three options for calculating the targeted rate collection are:

a. **Proportional value method:**

Under the proportional value method, the total amount of the targeted rate to be collected is divided by the capital value (rather than land value) of the properties within the collection area. As a result, larger capital value properties pay a greater proportion of the targeted rate. Every property will therefore be paying a different BID targeted rate amount.

This method is preferable where owners (or their tenants) with more valuable areas of land or businesses will gain significantly more from the BID programme than those with less valuable areas of land or smaller businesses.

**b. Flat rate method:**

Under the flat rate method, Council applies a flat rate for every rateable business within the BID programme area.

This method is used where there is little difference between the size of the businesses within the boundary or the likely benefits from BID programme.

**c. Hybrid method:**

The hybrid method involves setting a flat rate per business and a proportional rate based on capital value.

This method is most appropriate where there are a large number of small businesses balanced by a smaller number of large businesses operating within the BID area. The advantage of this approach is that it evens out the impact of the targeted rate across all businesses and ensures the larger businesses pay a higher amount proportional to their value.

The hybrid rating method is often the preferred approach for a BID targeted rate.

### **6.7. Minimum targeted rate revenue**

This policy is able to apply district-wide and is therefore flexible enough to accommodate the aspirations of all business districts to enter into a BID Programme.

To encourage the participation of business districts, regardless of size, this policy does not include a minimum rate revenue requirement. Council will consider all proposals to establish a BID on the basis of the benefits to be delivered to business and property owners who will pay the targeted rate being sufficient for them to agree to a BID programme being established and a ballot being held that delivers the required mandate.

### **6.8. BID Term**

The term of the BID will be agreed by Council based on the BID proposal including the programme of works or initiatives to be undertaken. This term is initially established via the Partnering Agreement. This is subject to Council resolving to set a targeted rate for the BID each year beyond the initial year.

The continuation of any targeted rate will be a consideration through Council's Annual and LTP consultation processes, and the on-going effectiveness of the BID programme itself.

**6.9. Limit to BID targeted rate increase**

Once a BID is established, the maximum increase or decrease in the total targeted rate requirement compared to the previous year is generally 10 per cent of the existing targeted rate amount. Council will agree this rate movement when approving a BID considering such factors as the value, likely project timeframe and number of participants in the BID area.

Council may agree to a change outside these parameters and in so doing may also require a ballot as part of the decision-making process.

**6.10. Additional revenue**

BID programme operators are encouraged to generate additional income to supplement targeted rate funding. Examples of additional revenue streams include grants, sponsorships, business ventures and providing services to paying customers.

**6.11. Constitution of legal entity**

Before a BID can be established and approved, a legal entity to administer the BID must be established and registered. In many cases, an incorporated society structure is used. Council will not set a rate without evidence that the BID Association has been legally constituted and a constitution has been developed in consultation with the community, Council should be consulted on the BID Association's constitution before registration.

**6.12. Developing a list of owner and occupiers**

A list must be compiled of owners and occupiers within the agreed boundaries of the BID. Businesses occupying, but not owning property, will need to be identified as interested or affected stakeholders. Council will compile property owner details and the list will form the basis of the voter register. As the rated party, the land, or property owner will be the party initially recorded on the voting register. The owner may delegate voting rights to the occupier or business operator through formal notification to Council.

Business owners who operate their businesses from residentially rated property within the proposed BID area will be identified for Council to determine whether or not they will be rated under the BID.

The following are not covered under this policy, will not be on the voter register and will not become liable for the targeted rate:

- a. Private (non-business) residents.
- b. Properties owned by either local or central government (wholly or proportionally) including educational facilities, government offices and any property not attracting a commercial rate.

- c. Business owners whose registered office is within the BID but who do not own a property or operate a business within the BID (for example, businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).
- d. Business owners who lease, rent or hire a very small area of commercial property (i.e. less than 10 square metres) within the BID area, who do not permanently run their businesses from that address, and who appear to have taken on the liability primarily in order to gain BID membership and voting rights.
- e. The owners of any property that, under the Council's Rate Remission Policy, will not pay the targeted rate.

New properties or redeveloped properties liable to pay the BID targeted rate and appearing in the BID area during any financial year will not be rated until the following financial year. These properties have the impact of redistributing the existing total BID targeted rate collected.

### **6.13. Creating the voter register – eligible voters**

Every owner within the proposed district must be contacted to determine who will be registered as a voter on the final voter register.

This policy is based on the principle of 'one rating unit one vote'. An individual or entity owning multiple properties will be entitled to one vote for each rating unit.

If the owner is an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication from those proposing the BID or the eventual BID Association must be addressed to that nominated individual, unless the owner or occupier subsequently communicates a desire to nominate a different representative to the BID Association.

If the owner is not an individual, those proposing a BID must communicate with the owner's management and request the name of a nominated representative to register as a voter.

All registered voters automatically qualify to become members of the BID.

Once established, it is the responsibility of the BID to maintain and update the membership register.

## **7. Balloting, or Polling, of affected parties**

Before agreeing to impose a BID programme targeted rate, Council requires evidence of an appropriate level of support for the BID programme and the targeted rate from those affected. This is sought through a formal ballot for key BID programme decisions, outside the Local Electoral Act 2001.

**7.1. Types of Polls:** A ballot must be held in the following circumstances:

**a. Establishing a BID**

Affected property owners are balloted when a BID programme is proposed to be established to ensure there is appropriate support for the proposal and in particular for the levying of a targeted rate. This is known as the Establishment Ballot.

**b. Change to the BID boundary**

When a BID area is proposed to be expanded, the BID Association can apply to Council for a list of property owners in the additional area, and arrange for a ballot to be conducted in the expansion area only.

In the event of a BID area being reduced, a ballot is conducted over the whole BID area because this change will result in a reduction in targeted rate revenue and/ or an increase in targeted rate per remaining property.

When BID areas are proposing to amalgamate a poll is conducted over the whole proposed BID area.

**c. Dissolving a BID**

This may be called by the BID programme operator or its members according to the constitutional rules of the organisation or any process included in the Memorandum of Understanding or Partnering Agreement with the Council. The Council does not need a disestablishment poll to stop setting a targeted rate.

**d. Change to the rating mechanism**

In the event of a proposal to change the rating mechanism, a ballot is conducted over the whole BID area because this change will result in changes to the targeted rate per property.

**7.2. Eligible voters**

Refer to 6.12 Creating the Voter Register

**7.3. Parties ineligible to vote**

The following will not be on the list of eligible voters and will not be able to vote in a BID ballot include those listed in the bullets under paragraph 6.11.

[Owners of properties that, under the Council's Rate Remission Policy, will pay a portion of the targeted rate will be included on the list of eligible voters.]

**7.4. Ballot process**

The BID Association is responsible for the cost of running a ballot process. Ballots will be coordinated either by an appointed election services provider approved by Council, or if able and agreed to by Council the Council's electoral officer.

Voting will be by postal and/ or online ballot. The method of voting is at the Council's discretion.

The electoral officer, or independent election service provider, will provide the following material to all eligible voters:

- a. information outlining the BID proposal;
- b. information on the proposed BID area if the poll is to establish a new BID or an increase or decrease of an existing BID area; it must include a map of the proposed BID area;
- c. ballot form approved by Council;
- d. contact update form including the name of the current nominated representative of the business.

The period between the sending of ballot papers, and close-off for return of ballots shall be at least three weeks.

The electoral officer or independent election service will place at least two advertisements about the poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days before the poll closes.

#### **7.5. Informing voters**

The BID proponent group BID Association must inform eligible voters of the key issues to be decided. Information provided must include, but is not be limited to:

- a. a map showing the proposed BID area
- b. the cost of the targeted rate to be set and assessed per year and an indication of the cost for example properties
- c. the objectives of the BID as detailed in their strategic and business plans
- d. the benefits expected to be provided by the BID programme
- e. the names of the BID proponents
- f. any reasons for a proposed change to an existing BID area

The BID proponent group or BID Association must advise of and hold at least one information meeting, open to all interested parties, no less than 10 days before the ballot closes.

Additional methods should be used to inform eligible voters of the vote, such as face-to-face meetings, email or newsletters.

A BID proponent group or BID Association must consult with the Council on the timing of a BID ballot. Ballots must be completed in sufficient time so they can be ratified by the Council and any changes included in the Council's Long Term Plan or Annual Plan process.

#### **7.6. Proxy and absentee voting**

Proxy voting is not permitted. Eligible voters who will be absent from their registered addresses during the period of the ballot, but who wish to vote, should provide a forwarding address to the BID proponent group or BID Association to enable voting papers to be sent.

#### **7.7. Non-registered eligible voters**

The BID proponent group or operators should use their best endeavours to ensure all eligible voters in the BID area are on the eligible voters list. In the event that an individual believes they are entitled to vote, but are not on the eligible voters list, the Council's electoral officer shall determine the status of the individual and whether a ballot should be issued to that individual.

#### **7.8. Mandate**

It is a goal of the BID poll to achieve:

A 25% voting return from eligible voters for that poll; and with the majority (51% or more) of those votes to be in favour of the proposition. (This majority must be by number of eligible voters voting in the poll, and those voting in favour must also represent the majority of rating valuation of those voting). This ensures that the vote has a high level of participation and has majority support by both larger and smaller entities within the district.

The higher the level of the voting return achieved by the ballot, the greater the level of assurance for Council in any decision to support, or not support, the introduction of a BID programme and therefore a targeted rate.

As the rating authority, Council will be guided in its decision-making by the ballot result but is not bound by the ballot result.

#### **7.9. Confirming the result**

The electoral officer or independent election service will receive, count, and verify all returned ballot papers. It will then report the result of the ballot to the BID proponent group or operator and Council officers.

#### **7.10. Failure to secure a mandate**



In the case of an establishment poll there is a minimum two year stand down period, commencing from the ballot date, before a new establishment poll can be held. The BID proponent group or operator may continue to build support but cannot hold a ballot.

In the case of a poll to alter an existing BID boundary or to dissolve a BID there is a minimum stand down period of one year before a new poll can be held.

In a situation where unusual or unexpected circumstances may be considered to have influenced the ballot result, Council officers, Community Board members where applicable, and BID proponent group or operator should work together to formulate the most appropriate way forward.

## **8. Success and accountability**

### **8.1. Success Factors**

Council will help support BID programmes to successfully meet their goals and objectives. Council sets the policy framework for the programme but it is the responsibility of the BID Association to ensure their BID programme is a success.

BID programme success is dependent on three key factors.

#### **a. Effective governance**

Providing vision, strategy and decision making is critical and the responsibility of the BID programme executive committee. The committee is responsible for setting the strategic direction of the BID programme, accountability, and for ensuring that the management of the BID programme is effective and setting key performance indicators which are realistic and measurable.

#### **b. Good management**

This is usually carried out by a BID manager, business management consultancy or other agency. The BID manager is responsible for developing strategic relationships, advocacy, and ensuring delivery of the goals identified in the BID strategic and annual plans. They are also responsible for the accountability and reporting requirements for the BID programme activities.

#### **c. Sufficient resources**

The BID programme must have adequate resources to enable its vision and strategies to be implemented, achieve the BID programme goals and make a real difference to the local business environment.

### **8.2. Reporting requirements**

Planning, budgeting and performance reporting enables the transparent operation of a BID programme, provides assurance that the rates funding is being used appropriately and the programme is progressing toward desired outcomes. The requirements below are explained in more detail in the BID Policy Operating Standards manual (to be developed).

The timing of fulfilling accountability requirements must enable Council to meet its own accountability requirements through its Annual Report and reporting to the Council, including its Committees. Details of compliance requirements including timelines will be detailed in the partnership agreement with each BID Association.

The BID Association and Council will at all times communicate with each other in such a way as to most effectively further the strategic objectives of the stakeholders and to protect and enhance the partnership relationship between the BID Association and Council.

Council's Annual / Long Term Plan and budget process provides a mechanism for reviewing BID budgets and existing programme boundaries. In order for Council to change the targeted rate, the Executive Committee must submit a detailed programme, budget (which should not generally be more than 10% of the budget for the prior year), and performance reports to enable these to be factored into the Annual / Long Term Planning processes.

### **8.3. BID Association**

The BID Association must prepare and provide to the Council the following plans and reports:

- a. Strategic Plan covering a three to five year period.
- b. Annual Plan including a detailed work programme and budget detailing forecast income and expenditure.
- c. Audited or formally reviewed annual financial accounts (within 4 months of the end of the financial year). The required compliance will be tailored to be appropriate to the level of funding and turnover of the BID programme and level of risk the Council believes exists.
- d. Annual Report detailing the previous year's activities and financial performance and performance against performance goals and/ or measures included in the Strategic Plan and Annual Plan (within 4 months of the end of the financial year).

The BID Association will also have reporting requirements under the Incorporated Societies Act (1908) and associated Regulations. These and reporting obligations to members and all property and business owners in the BID area should be set out in constitutional documents.

### **8.4. Failure to comply with accountability requirements**

If a BID Association does not comply with its accountability requirements Council will not budget for a targeted rate for the following year unless revised compliance requirements are approved by Council resolution.

Council may also withhold rate funding or not budget for a targeted rate for the following year if it has serious concerns about the way the BID programme is being run or how the BID Association organisation is performing. Details on processes to resolve issues and concerns Council may have are detailed in the BID Policy Operating Standards manual (to be developed) that will accompany this policy.

### **8.5. Council reporting**

The Group Manager Commercial and Strategy, for Timaru District Council, will report to Council and its relevant Committee(s) annually on each BID Programme. The report is based on key performance indicators agreed by Council and the BID Association and detailed in the BID Association's strategic plan and/ or annual plan. The BID Association will provide all information and reports required to enable such reporting to Council.

## **9. Dispute Resolution**

It is expected that all parties will act with integrity, good faith and with professionalism. Most common causes of problems, issues or serious concerns arise due to a lack of transparency, inadequate communication, governance and management practices and conflict of interest situations. The impact of these situations on the BID programme is of most concern to Council.

The Business Improvement District Policy Operating Standards manual (to be developed) will provide examples of problem, issues or serious concerns and the interventions likely to be used to resolve these.

### **9.1. Dispute between Council and the BID Association**

Any decision about whether or not to set a targeted rate, the amount of that rate, to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, disestablish, reduce or extend the BID, are within the discretion of Council to make as part of its annual funding and rating decision-making process.

Any other dispute between a BID Association and the Council will be settled using the following procedure:

- a. Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of the dispute and its intention to refer such dispute or difference to mediation.
- b. If a request to mediate is made then the party making the request will invite the chairperson of the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution (LEADR) to appoint a mediator to enable the parties to settle the dispute.
- c. All discussion in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- d. If the dispute is not resolved within 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:

9.1.d.1. The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.

9.1.d.2. The award in the arbitration will be final and binding on the parties.

## **9.2. Exceptional circumstances**

Exceptional circumstances involve serious risk to the BID programme resulting in interim direct management by Council

This section of the policy will be used only in the following exceptional circumstances:

- a. If all mechanisms to resolve have been exhausted; and/or
- b. If new information comes to light during the process to resolve that poses a serious risk to the viability of the BID programme.

Council may withhold the BID programme targeted rate payment as an immediate measure. If BID programme funds are withheld, the funds (or part thereof) will be held in a separate account by Council and used to fund existing BID programme commitments. In the event there is a shortfall to pay for existing commitments, Council can recoup costs from BID Programme members, through future targeted rates.

If interim management does not lead to the rebuilding of an independent and sustainable organisational structure, Council will disestablish the BID programme.

Council has no power to intervene in the operation of an organisation operating a BID programme (as distinct from a BID programme itself) and will not impose sanctions outside the scope of a BID programme.

## Council Activities

This section is an overview of the services Council provides, organised within Groups of Activities. Each Group of Activities includes the following information:

**What we do:** Summarise the service we deliver to the community.

**Why we do it:** Outlines why the Council provides the service, including legislative requirements and the activity's contribution to Council's vision for the district.

**How we pay for it:** Shows the rating and funding mechanisms used to pay for the cost of providing the service

**Our Priorities:** Summarises the priorities for the activity

**What you can expect from us:** Includes levels of service and how we measure them

**Our Projects:** Lists the capital projects for next 10 years

**Funding Impact Statement:** Provides details on the expected costs and funding of the service.

## Groups of Activities (colour coded)

### DEMOCRACY.

### COMMUNITY SUPPORT

Airport  
Climate Change and Sustainability  
Community Funding  
Community Facilities (includes public toilets, cemeteries)  
Economic Development  
Emergency Management  
Social Housing

**ENVIRONMENTAL SERVICES**

Building Control

District Planning

Environmental Compliance (includes environmental health, animal control, parking enforcement)

**RECREATION AND LEISURE**

Cultural and Learning Facilities (includes art gallery, halls, theatre royal, libraries, museum)

Parks (includes parks, fishing huts, motor camps, forestry)

Recreational Facilities (includes Caroline Bay Trust Aoraki Centre, swimming pools, Southern Trust Events Centre)

**ROADING AND FOOTPATHS**

**SEWER**

**STORMWATER**

**WASTE MINIMISATION**

**WATER SUPPLY**

**Effects of the Activities we provide on the wellbeing of our community**

Council’s activities are provided with the aim of maintaining or improving community wellbeing. The positive contributions to wellbeing are outlined in the description of each Activity. Some activities can also cause negative effects that need to be managed or mitigated. These potential significant negative effects, and actions that are taken to mitigate these effects are shown. Where an activity is not listed, the Council has not found any significant negative effects on the community.

Activity	Effect	Mitigation
Airport	Noise nuisance caused by airport activities	Monitor activities to ensure standards set in the District Plan are met and respond to any complaints promptly
Social Housing	Neighbours to Council housing units may have concerns about particular tenants	Council as landlord ensures it meets legislative responsibilities and where possible maintains a suitable tenant mix
Public Toilets	Location of public toilet blocks can be unwelcome by neighbouring property owners	New toilet blocks are constructed as far away as is practical from urban housing. Where possible screening from neighbouring properties will be provided.
Cemeteries	Leachate from cemeteries can enter the groundwater and waterways	Consent requirements for a new cemetery will require effects on the environment and neighbouring properties to be mitigated.
Swimming pools	Swimming pool facilities are high energy users	Swimming pool facilities use solar heating, heat recovery technology, insulating pool covers and recycle water. This reduces water usage and retains heat, thereby using less energy and lowering the Council’s carbon footprint. CBay uses a wood fired boiler to meet some of its energy needs.
Roading	Contaminated road water runoff causing environmental degradation	Stormwater management treatment initiatives e.g. rain gardens Monitor work done and possible contaminated road water runoff Encourage off road stock corridors and road underpasses

	Road deterioration where renewals are not completed affects vehicles through increased wear and associated costs	Good Road Assessment and Maintenance Management (RAMM) data Timely renewals and forward planning of works Condition monitoring of assets
Sewer (wastewater)	Wastewater can have negative environmental effects due to odour, noise, overflows and effluent discharge	Effects are managed through complying with resource consents, monitoring and effective prioritisation of infrastructure upgrades
Stormwater	Stormwater may contain contaminants such as sediments, oils, greases, rubbish and metal/organic materials that have washed off roads or other surfaces  Highly engineered stormwater systems may result in the loss of connected community greenspace along waterways in urban centres, which is of increasing value to communities  Localised adverse impacts for property result from blocked or damaged stormwater drains during storm events	Systematic identification, prioritisation and implementation of network improvements will be used to help address environmental effects  Alternatives to traditional stormwater control using low impact design techniques (eg swales, retention dams) are used where possible in new developments or retrofitting existing areas  Renewals, maintenance, and prompt responses to reactive issues minimise the impacts
Waste Minimisation	Landfills (existing and closed) can potentially have negative effects on the environment and public health, such as leachate, contamination, odour, dust, vermin and litter	Site operational plans include actions to mitigate any negative effects.  Landfills are managed to comply with resource consents. These include monitoring gas and leachate.
Water	Increasing demand for water, and ensuring consistency of supply during drought periods can negatively affect the natural water resources of the district	Council adheres to the conditions of resource consents, and implements water efficiency measures including urban water metering, timely water maintenance and repair work, and community water conservation education.





## Democracy

*Providing this activity helps keep our citizens connected*

### What we do

Our Democracy services support and guide all the activities carried out by the Timaru District Council. It enables the Council to function and provide stable, transparent, effective, efficient and accountable local governance to the District.

The elected members of Council set direction, lead and make decisions based on Council's Strategic Direction, and with the overall goal of improving community wellbeing.

This includes all work associated with the elected Council and Community Boards in Geraldine, Pleasant Point and Temuka.

Elected members, being the community's representatives, make decisions within the framework of the Local Government Act 2002 (LGA) on behalf of and in the interests of the community.

Council and Community Boards are elected every three years.

The key functions include:

- Engagement with the community
- Advocacy on issues that affect the district
- Allocating funding to Council activities
- Developing and implementing strategy, policy and plans, such as the Long Term Plan and the District Plan
- Civic functions, such as citizenship ceremonies, award ceremonies and parades
- Elections and Representation reviews
- Administering statutory governance functions such as Standing Orders, Delegations Registers
- Partnering with external agencies
- Performance, planning and accountability, including the development and adoption of key Council planning and accountability documents such as the Long Term Plan, Annual Plan and the Annual Report
- Maintenance of Sister City relationships with Eniwa (Japan), Weihai (China), Orange (Australia) and Orange (United States)
- Overall monitoring of the Council operation.

### Why we do it

As a statutory body, Council exists to meet the purpose of local government, as set out in Section 10 of the Local Government Act 2002.

Council is committed to decision-making processes that supports our vision “Where people, place and business prosper within a healthy, adaptive and regenerative environment’

How we pay for it

Operating expenditure for activities within the Democracy group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Democracy	√	√	√	√					

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our priorities

Significant legislative reform, including three waters and resource management act reform

Community Engagement – including with Iwi

Representation review, to take place prior to 2024

Council planning and reporting, including monitoring delivery of work programme

What you can expect from us

Levels of Service	Performance Measure	Target	Target
		Year 1-3: 2021/22 - 2023/2024	Year 4-10: 2024/25 - 2030/31
Decisions are made in an open and transparent manner	Agenda items held in public meetings	85%	85%
	Resident satisfaction with influence on Council decision making	50%	50%

Effective community engagement	Resident satisfaction with information provided by Council	60%	60%
Monitoring the Council organisation's performance	Annual Reports and Long Term plans receive 'unmodified' (clear) audit opinions	Unmodified audit opinion received	Unmodified audit opinion received
Council processes comply with statutory requirements	Annual Plans, Reports and Long Term Plans adopted within statutory timeframes	Statutory timeframes achieved	Statutory timeframes achieved
	Council and committee meeting agendas made available to the public within statutory timeframes	Statutory timeframes achieved	Statutory timeframes achieved

### Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021 \$000's	2021/2022 \$000's	2022/2023 \$000's	2023/2024 \$000's	2024/2025 \$000's	2025/2026 \$000's	2026/2027 \$000's	2027/2028 \$000's	2028/2029 \$000's	2029/2030 \$000's	2030/2031 \$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	4,839	4,637	4,866	4,871	5,081	5,263	5,241	5,454	5,787	5,765	6,023
Targeted rates	22	20	20	20	20	20	20	20	20	20	20
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	3	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	(837)	(861)	(883)	(905)	(928)	(951)	(976)	(1,002)	(1,029)	(1,056)
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-

<b>Total Operating Funding (A)</b>	<b>4,864</b>	<b>3,820</b>	<b>4,025</b>	<b>4,008</b>	<b>4,196</b>	<b>4,355</b>	<b>4,310</b>	<b>4,498</b>	<b>4,805</b>	<b>4,756</b>	<b>4,987</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	1,492	1,284	1,466	1,361	1,468	1,670	1,547	1,676	1,896	1,769	1,918
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	3,308	2,535	2,558	2,646	2,726	2,686	2,761	2,823	2,906	2,987	3,069
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,800</b>	<b>3,819</b>	<b>4,024</b>	<b>4,007</b>	<b>4,194</b>	<b>4,356</b>	<b>4,308</b>	<b>4,499</b>	<b>4,802</b>	<b>4,756</b>	<b>4,987</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>64</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>(1)</b>	<b>2</b>	<b>(1)</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	-	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>

<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	61	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(61)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(2)</b>	<b>1</b>	<b>(2)</b>	<b>2</b>	<b>(1)</b>	<b>(1)</b>

## Community Support

*These activities contribute to these community wellbeing outcomes:*

*Connected Citizens – Enhanced Lifestyle – Sustainable Environment – Diverse Economy*

### What we do

- **Airport**  
Council owns and manages the Richard Pearse airport located approximately 10 kilometres northwest of Timaru. The airport provides a key business and community link from the district to Wellington, with daily return passenger flights. In addition to ensuring the airport is run to legislative and Civil Aviation rules, Council provides other services such as car parking and land for lease to commercial and private aircraft hangars and aviation-orientated industry.
- **Climate Change and Sustainability**  
Recognising its community leadership role, Council has provided funding to begin data collection, research and analysis on the long-term effects of climate change on Council activities and the development of strategy, policies and processes to embed climate change/sustainability into decision making, project planning and design.
- **Community Facilities (Public Toilets and Cemeteries)**  
Council operates cemeteries for burial and cremation interments at Timaru, Temuka, Pleasant Point, Geraldine, Arundel, Woodbury, Mesopotamia and Pareora West. The day to day maintenance and interments at Mesopotamia and Woodbury cemeteries are managed by local communities.  
  
Council provides public toilet facilities throughout the district. These range from central city complexes that are open 24 hours, to envirotilets in remote areas. Cleaning and maintenance services are managed by the Council and carried out by contract.
- **Community Funding**  
Council provides several community funding schemes to support a range of community events, services and projects.
- **Economic Development and Tourism**  
The Council is a key contributor to enhancing the district's economy. A significant part of this contribution is through the Council-Controlled Organisation *Venture Timaru*, which has a key focus of strengthening the local economy and promoting the district as a great place to live, work and visit.

- [Emergency Management](#)

Council provides leadership, advice, planning and resources to enable the community to prepare for, respond to and recover from emergency events. This includes working with partner agencies across the region. We also work with local communities to build greater resilience through local community response plans.

- [Social Housing](#)

Council provides over 200 social housing units that fill a need in the community for quality but affordable rental housing for those in need. This compliments other rental property provided by central government community housing, rest homes and the private sector.

### Why we do it

These activities contribute to all aspects of the Council’s Vision by helping to:

- build strong, connected and supportive communities
- provide high quality community facilities (cemeteries and public toilets)
- support people, organisations and the business community
- assist vulnerable people in our communities
- assist individuals and communities be prepared and resilient in times of adversity

### How we pay for it

Operating expenditure for activities within the Community Support group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Airport	√	√		√					
Climate Change and Sustainability	√	√							
Community Facilities	√	√		√				√	
Community Funding	√	√			√			√	
Economic Development and Tourism	√	√		√				√	



Emergency Management	√	√							
Social Housing				√					

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

[Our priorities](#)

**Climate Change and Sustainability** – preparing for the challenges of climate change, and government legislation related to climate change.

**Legislative requirements relating to social housing rental properties** - impacting of service and ultimately resulting in increased rental charges.

**Development of a new cemetery site in Timaru** - the search for a suitable site for a new cemetery in Timaru continues as the current cemetery has capacity for approximately 10 years.

**Meeting Civil Aviation requirements** so that Timaru airport facilities meet airline requirements and regular flights in and out of the district are maintained, and strategic development of the airport land and facilities

**Economic Development** – Many of Council’s services support economic development across the district. Venture Timaru, a Council Controlled Organisation, is specifically focused on promoting the district for business and sustainable economic growth.

[What you can expect from us](#)

Levels of Service	Performance Measure	Target Year 1-3: 2021/22 - 2023/2024	Target Year 4-10: 2024/25 - 2030/31
Community Facilities, the Airport and Social Housing Units are well maintained, clean and safe	User satisfaction with <ul style="list-style-type: none"> <li>Public toilets</li> <li>District Cemeteries</li> </ul> Social Housing <ul style="list-style-type: none"> <li>Occupancy rate</li> </ul> Airport <ul style="list-style-type: none"> <li>Number of flights in and out of Timaru Airport</li> <li>Number of passengers using Timaru Airport</li> </ul>	65% 85%  90% + of units available for tenancy  5% increase per year 5% increase per year	65% 85%  90% + of units available for tenancy  5% increase per year 5% increase per year

	<ul style="list-style-type: none"> <li>Civil Aviation Authority accreditation</li> </ul>	CAA airport certification is maintained at all times	CAA airport certification is maintained at all times
Improve individual and community awareness of the risks from hazards and assist them to build resilience to emergency events	<ul style="list-style-type: none"> <li>Presentations on CDEM to groups within the district</li> </ul>	20	20
Improve Council and partner agencies capability to respond to and recover from emergencies	<ul style="list-style-type: none"> <li>Recruit and train EOC staff to maintain 24/7 capability</li> <li>Recruit and train volunteers to maintain team capacity and capability</li> </ul>	60	60
Effectively managed and allocated community funding	Funding rounds held	<ul style="list-style-type: none"> <li>General donations, Grants and Loans: 2</li> <li>TDC Youth Initiatives: 2</li> <li>Creative Communities Fund: 4</li> <li>Trust Fund distributions:                             <ul style="list-style-type: none"> <li>Thomas Hobson Trust: 1</li> <li>AD Hally Trust: 4</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>General donations, Grants and Loans: 2</li> <li>TDC Youth Initiatives: 2</li> <li>Creative Communities Fund: 4</li> <li>Trust Fund distributions:                             <ul style="list-style-type: none"> <li>Thomas Hobson Trust: 1</li> <li>AD Hally Trust: 4</li> </ul> </li> </ul>
Contribute to Council's role in economic development and tourism	Performance targets in the Venture Timaru Statement of Intent are met	Quarterly performance reporting to Council  100% performance targets in SOI met	Quarterly performance reporting to Council  100% performance targets in SOI met

Projects

Community Support	2021/22	2022/23	2023/24	2024/25-2030/31
<b>Cemeteries</b>				
Car Park Capital Works				332,760
Cemeteries - Reseal and roading programme	38,000			

Cemeteries-Concrete Beams, Furniture, Structures and Services	21,500	22,124	22,676	175,962
Timaru Cemetery New Site (purchase and development)		2,058,000	421,880	1,729,760
<b>Civil Defence</b>				
Equipment (new siren, handset and base replacement)	71,100	104,032	106,630	354,559
<b>Housing</b>				
Clyde Street Re-roof and reclad			780,478	
Social Housing-Refurbishment	146,200	154,350	158,205	1,227,645
<b>Public Toilets</b>				
ANZAC Square Replacement Toilet		205,800		
Public Toilets Renewals	114,900	61,740	94,923	742,432
Sir Basil Arthur Park New Toilet				108,110
<b>Timaru Airport</b>				
Timaru Airport Apron Expansion	700,000			
Timaru Airport Renewals			210,940	2,175,323
Timaru Airport Runway Extension				4,475,420
Timaru Airport Runway Resurfacing	3,100,000			
Timaru Airport Surveillance Cameras	66,000			

Timaru Airport Terminal Upgrade		1,718,430		
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Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	3,364	3,871	4,049	4,290	4,400	4,619	4,856	5,085	5,198	5,339	5,437
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	155	6	6	7	7	7	7	7	7	8	8
Fees and charges	1,972	2,107	2,222	2,334	2,449	2,571	2,695	2,827	2,966	3,111	3,259
Internal charges and overheads recovered	-	(84)	(87)	(89)	(91)	(93)	(96)	(98)	(101)	(104)	(106)
Local authorities fuel tax, fines, infringement fees, and other receipts	64	45	46	47	49	50	51	53	54	55	57
<b>Total Operating Funding (A)</b>	<b>5,555</b>	<b>5,945</b>	<b>6,236</b>	<b>6,589</b>	<b>6,814</b>	<b>7,154</b>	<b>7,513</b>	<b>7,874</b>	<b>8,124</b>	<b>8,409</b>	<b>8,655</b>

<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	4,436	4,879	4,676	4,805	4,938	5,079	5,217	5,368	5,513	5,694	5,859
Finance costs	132	150	257	366	402	479	543	613	613	610	597
Internal charges and overheads applied	630	461	478	502	519	532	557	555	571	598	600
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,198</b>	<b>5,490</b>	<b>5,411</b>	<b>5,673</b>	<b>5,859</b>	<b>6,090</b>	<b>6,317</b>	<b>6,536</b>	<b>6,697</b>	<b>6,902</b>	<b>7,056</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>357</b>	<b>455</b>	<b>825</b>	<b>916</b>	<b>955</b>	<b>1,064</b>	<b>1,196</b>	<b>1,338</b>	<b>1,427</b>	<b>1,507</b>	<b>1,599</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	2,836	3,743	3,839	1,261	2,689	2,264	2,436	12	(107)	(458)	(450)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,836</b>	<b>3,743</b>	<b>3,839</b>	<b>1,261</b>	<b>2,689</b>	<b>2,264</b>	<b>2,436</b>	<b>12</b>	<b>(107)</b>	<b>(458)</b>	<b>(450)</b>

<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	1,673	700	-	-	-	-	-	-	-	-	-
- to improve the level of service	255	22	2,140	457	2,344	2,021	2,072	26	27	27	28
- to replace existing assets	1,702	3,544	2,252	1,382	928	884	1,066	748	652	301	308
Increase (decrease) in reserves	(478)	(67)	274	336	370	424	495	576	640	722	813
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,152</b>	<b>4,199</b>	<b>4,666</b>	<b>2,175</b>	<b>3,642</b>	<b>3,329</b>	<b>3,633</b>	<b>1,350</b>	<b>1,319</b>	<b>1,050</b>	<b>1,149</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(316)</b>	<b>(456)</b>	<b>(827)</b>	<b>(914)</b>	<b>(953)</b>	<b>(1,065)</b>	<b>(1,197)</b>	<b>(1,338)</b>	<b>(1,426)</b>	<b>(1,508)</b>	<b>(1,599)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>41</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>2</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>(1)</b>	<b>-</b>

## Environmental Services

*The following activities contribute to these community wellbeing outcomes:*

*Diverse Economy – Resilient Infrastructure – Connected Citizens – Enhanced Lifestyle – Sustainable Environment*

### What we do

- Building Control

Council is responsible for administering and implementing the provisions of the Building Act 2004 (the Act). This involves balancing delivery of a customer focused service within legislative requirements, while managing the risk to the community and Council. Under the Act, Council must maintain accreditation as a Building Consent Authority. It is responsible for processing and granting building consents, inspecting and monitoring building work, issuing Code Compliance Certificates, Certificates of Public Use, and processing Land and Project Information Memorandums, providing advice on building related matters and enforcing numerous other provisions under the Act.

- District Planning

Council is responsible for promoting the sustainable management of the natural and physical resources within the district. This includes developing, and administering the District Plan and related policies, such as the Biodiversity policy, and processing applications for resource consents under the District Plan and administering the Built Heritage Protection Fund.

- Environmental Compliance

Council has monitoring and enforcement responsibilities under a range of legislation relating to food safety, noise control, hazardous substances, liquor licensing, environmental nuisance, gambling control and animal control. The Timaru District Consolidated Bylaw 2018 outlines rules and processes to protect the public from nuisance, to protect, promote and maintain public health and safety, and to minimise the potential for offensive behaviour in public places.

### Why we do it

These activities contribute to all aspects of the Council's Vision by helping to ensure:

- the district's built and natural environment is safe to live, work and play in
- building and land developments are managed in a safe and sustainable way and land is used appropriately through enforcing building and planning legislation
- negative effect of activities that may occur in the district are minimised or managed (eg noise, animals, overhanging trees)
- commercial food premises practice a high standard of hygiene
- the natural and built environment is managed sustainably

How we pay for it

Operating expenditure for activities within the District Planning and Environmental Services group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Building Control	√			√					
District Planning	√			√					
Environmental Compliance	√	√		√					

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our priorities

- The repeal of the Resource Management Act and replacement with 3 new pieces of legislation - a Natural and Built Environments Act and a Strategic Planning Act, and Managed Retreat and Climate Change Adaptation Act has been signaled during the period of the Long Term Plan. Participating in and representing the district’s interests in this significant reform process will be a major focus over the next 10 years.
- Adaptive pathways planning and preparation for areas within the district at risk from natural hazards.
- Aligning the district with the policies and objectives in the National and Regional Policy Statements related to sustainable management.
- Completing the District Plan review.
- Progressing the protection and restoration of biodiversity

What you can expect from us

Levels of Service	Performance Measure	Target Year 1-3: 2021/22 - 2023/2024	Target Year 4-10: 2024/25 - 2030/31



<p>Deliver timely, efficient processing of consents and related requirements in line with statutory requirements</p>	<p>Building Consent Authority accreditation</p> <p>Building Control consent average processing time</p> <p>% of Code of Compliance Certificates issued within statutory time frame</p> <p>Resource Consent processing within statutory timeframes</p> <p>Land Use consents monitoring</p>	<p>Building Consent Authority accreditation retained</p> <p>&lt; 12 days</p> <p>100%</p> <p>100%</p> <p>150 pa</p>	<p>Building Consent Authority accreditation retained</p> <p>&lt; 12 days</p> <p>100%</p> <p>100%</p> <p>150 pa</p>
<p>Provide useful, timely and consistent information and education on building, planning and regulatory services</p>	<p>Building consent applicants satisfaction with consent process</p> <p>Customer satisfaction with information and education from district planning services</p> <p>Customer satisfaction with information and education from environmental health services</p>	<p>80%</p> <p>90%</p> <p>80%</p>	<p>85%</p> <p>90%</p> <p>80%</p>
<p>Support responsible dog ownership</p>	<p>Percentage of known dogs in District registered</p> <p>Number of Dog Control education initiatives completed</p>	<p>95%</p> <p>5</p>	<p>95%</p> <p>5</p>
<p>Ensure buildings with a Building Warrant of Fitness (BWOFF), swimming pools, food and liquor premises are safe and comply with legislation</p>	<p>% of non compliant BWOFF audits achieved compliance within two months</p> <p>% of non compliant swimming pool audits that achieve compliance or enforcement action taken within two months of audit</p> <p>% of scheduled audits of registered food premises completed</p> <p>% of Alcohol regulated premises that have been inspected</p>	<p>100%</p> <p>100%</p> <p>90%</p> <p>80%</p>	<p>100%</p> <p>100%</p> <p>90%</p> <p>80%</p>

	Number of Food Businesses requiring escalation to the Registration Authority and or Food Safety Officer for follow up	Number to be reported	Number to be reported
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Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	2,397	2,379	2,761	3,003	3,212	3,271	3,312	3,377	3,359	3,404	3,435
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	2,935	3,387	3,541	3,667	3,778	3,895	4,012	4,136	4,269	4,405	4,541
Internal charges and overheads recovered	20	138	142	146	150	153	157	161	166	170	175
Local authorities fuel tax, fines, infringement fees, and other receipts	148	99	101	104	106	109	112	115	118	121	124
<b>Total Operating Funding (A)</b>	<b>5,500</b>	<b>6,003</b>	<b>6,545</b>	<b>6,920</b>	<b>7,246</b>	<b>7,428</b>	<b>7,593</b>	<b>7,789</b>	<b>7,912</b>	<b>8,100</b>	<b>8,275</b>

<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	5,687	5,513	6,339	6,228	5,330	4,879	4,999	5,189	5,266	5,411	5,552
Finance costs	42	73	106	150	185	188	174	160	146	132	118
Internal charges and overheads applied	1,346	1,524	1,600	1,674	1,733	1,774	1,826	1,840	1,890	1,944	1,986
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,075</b>	<b>7,110</b>	<b>8,045</b>	<b>8,052</b>	<b>7,248</b>	<b>6,841</b>	<b>6,999</b>	<b>7,189</b>	<b>7,302</b>	<b>7,487</b>	<b>7,656</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(1,575)</b>	<b>(1,107)</b>	<b>(1,500)</b>	<b>(1,132)</b>	<b>(2)</b>	<b>587</b>	<b>594</b>	<b>600</b>	<b>610</b>	<b>613</b>	<b>619</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	681	1,158	1,556	1,213	87	(479)	(502)	(502)	(503)	(503)	(503)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-

Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>681</b>	<b>1,158</b>	<b>1,556</b>	<b>1,213</b>	<b>87</b>	<b>(479)</b>	<b>(502)</b>	<b>(502)</b>	<b>(503)</b>	<b>(503)</b>	<b>(503)</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	21	-	-	-	22	-	-	-	-	-
- to replace existing assets	5	15	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(900)	15	57	80	83	88	92	100	104	111	117
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(895)</b>	<b>51</b>	<b>57</b>	<b>80</b>	<b>83</b>	<b>110</b>	<b>92</b>	<b>100</b>	<b>104</b>	<b>111</b>	<b>117</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>1,576</b>	<b>1,107</b>	<b>1,499</b>	<b>1,133</b>	<b>4</b>	<b>(589)</b>	<b>(594)</b>	<b>(602)</b>	<b>(607)</b>	<b>(614)</b>	<b>(620)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>1</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>3</b>	<b>(1)</b>	<b>(1)</b>

## Recreation and Leisure

*These activities contribute to the following community wellbeing outcomes:*

*Connected Citizens – Enhanced Lifestyle - Sustainable Environment*

### What we do

- Cultural and Learning Facilities (including Art Gallery, Halls, Theatre Royal, Libraries, Museum)

**Aigantighe Art Gallery** is the home of art in South Canterbury. With frequently changing exhibitions, we offer visitors exciting and inspiring opportunities to view the Gallery's rich permanent collection along with works by local, national, and international artists. The garden surrounding the Gallery showcases a wide variety of permanent sculptures.

**South Canterbury Museum** is a regional museum of nature, history and culture located in Timaru. It provides access to unique collections of local heritage items, images, archives and information, long term displays, a programme of short-term exhibitions, a variety of public programmes and services and heritage programmes for schools both at the museum and around the District (Government funded).

**Timaru District Libraries** are important community hubs providing a public library service to connect residents with information that is important to all aspects of their lives and to support and promote reading and literacy. In addition to the main library in Timaru, the libraries at Geraldine and Temuka provide library services, Council Service Centre facilities and visitor information services (Temuka).

**Theatre Royal** in Timaru is a Category B Heritage building and has been the premier venue for local and visiting cultural and entertainment shows. The Theatre complex is currently closed for a major upgrade.

**Community Halls** – A number of community complexes are either owned or managed by Council, including:

- *Facilities owned and managed solely by Council* - Caroline Bay Hall, Lounge, SoundShell, Pleasant Point Hall, Temuka Alpine Energy Centre, Winchester Hall and Washdyke Community Hall and Sports Centre.
- *Facilities owned by Council and managed by community committees* - 11 community halls across the district
- *Community owned facilities with some Council support* - Three halls are owned by community organisations and funded by via targeted rates, which Council collects on behalf of the hall owners.

- Parks

We provide and maintains of 615 hectares (excluding Crown leases) of parks, reserves, sports grounds and gardens throughout the district including:

- *Premier Parks* - parks of particular significance to the district including the Timaru Botanic Gardens, Caroline Bay and parts of Temuka and Geraldine Domains.
- *Sports and Recreation Parks* - include the Pleasant Point Domain, Gunnion Square in Temuka and Aorangi Park in Timaru.
- *Neighbourhood Parks* - are developed urban parks and usually contain a children's playground. Examples include Cornwall Park and Lough Park in Timaru.
- *Amenity Parks* - include developed areas with mown grass, gardens or trees through to undeveloped natural green areas providing corridors for native fauna along rivers and streams. Generally, these areas enhance the environment with open spaces and plantings. Examples include Kennedy Park in Geraldine, independently managed rural domains, Patiti Point Reserve and Centennial Park in Timaru.
- *Natural Parks* - Predominantly located in rural areas, these include native bush areas, wetlands and riparian areas. Many of the areas include walking tracks, mountain biking tracks and picnic areas with facilities in each area to support the particular activities catered for. Examples include Claremont Bush and Otipua Wetland in Timaru and Pekapeka Gully in Geraldine.
- *Special Purpose Parks* - include Cultural Heritage Parks such as memorials and historic structures and places and Civic Spaces.
- *Fishing Huts & Motor Camps* - Council manages two fishing huts sites on reserve land at South Rangitata and Stratheona near Pleasant Point, subject to the Reserves Act 1977. Land on which privately owned fishing huts are located is leased to hut owners, who are responsible for all hut and site maintenance.

Five motor camps are managed on domain reserves at Geraldine, Temuka, Pleasant Point, South Rangitata and Winchester. All motor camps, except Pleasant Point, are leased under management agreements. The Pleasant Point Motor Camp is managed by the Council with local businesses supporting its operation.

- **Recreational Facilities**

We provide the following recreational facilities:

- **Swimming Pools** -include the Caroline Bay Trust Aoraki Centre (CBay) in Timaru incorporates a 50 metre outdoor pool and an indoor complex featuring a ten-lane 25 metre lap pool, a programme pool, a 250m<sup>2</sup> leisure pool with a lazy river and learn to swim area, an attached toddlers pool and wet playground, a chillax area featuring a spa pool, a steam room and sauna as well as a Fitness facility and café. Pool complexes are also provided at the following locations: Geraldine - 25 metre outdoor pool and learners pool, Pleasant Point - 25 metre outdoor pool and learners pool, Temuka - 30 metre outdoor pool and toddlers' pool
- **Southern Trust Events Centre** is a triple basketball court and fitness studio complex located on Aorangi Park, Timaru owned by Aorangi Stadium Trust and managed by Council.

### Why we do it

These activities provide a significant contribution to the wellbeing of our community by:

- Providing venues and facilities to meet the community's sporting and recreational needs

- Encouraging a strong community identity and an active lifestyle
- Facilitating lifelong learning and literacy
- Enabling the care and preservation of valuable art and heritage

How we pay for it

Operating expenditure for activities within the Recreation and Leisure group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Cultural and Learning Facilities	✓	✓	✓	✓			✓	✓	✓
Parks	✓	✓		✓			✓	✓	✓
Recreational Facilities	✓	✓		✓			✓	✓	✓

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our Priorities

- **Theatre Royal and Heritage Centre Facility Development** - Planning is well advanced for the new facility. This is a multi year project that is scheduled for completion by the end of the 2023 calendar year.
- **Climate Change** – A sustainable approach to our parks, in line with changing community priorities, the importance of biodiversity, changing climate conditions and to contribute to reducing Council’s carbon footprint.
- **Earthquake strengthening** - A number of Council owned buildings in this Group have been confirmed as or deemed earthquake prone. This includes the Aigantighe Art Gallery Historic House, Temuka Service Centre, Alpine Stadium Temuka, Caroline Bay Tea Rooms, and Pleasant Point Hall. The Aigantighe Art Gallery Historic House has been confirmed for strengthening, with Council working on finalising a strategy for the remaining buildings which will determine work to be done, strengthening target, priority and programming, and budget. During the life of the 10 year plan, it is intended to upgrade a building annually.
- **Health & Safety** – There is a need to assess and monitor high risk trees. This will lead to a proactive management regime for these trees. Reducing fire risk by replanting with fire resistant species adjacent to residences.
- **Walking and Cycling** - Continuing to develop and maintain walking and cycling trails. Integrating planning of trails with active transport routes to provide a coordinated approach.

- **Future-proofing the facilities** at the Caroline Bay Trust Aoraki Centre (CBay) complex. With the projected increase in the district’s older population options for providing an additional warm programme pool. The current pool is nearing capacity and demand is increasing year on year

What you can expect from us

Levels of Service	Performance Measure	Target	Target
		Year 1-3: 2021/22 - 2023/2024	Year 4-10: 2024/25 - 2030/31
Recreation and leisure facilities, programmes and materials are accessible to residents and visitors	Museum		
	• Number of museum service users (includes museum visitors, attendees at on site and off site programmes, information or collection requests)	25,000	25,000
	• Public programmes and events	12	15
	• Touring and regional exhibitions	3	5
	Libraries		
	• Visitors to Libraries	200,000	200,000
	• Online website and catalogue searches	400,000	400,000
	• Library issues (physical & digital) of materials	550,000	550,000
	• Community Programmes - held on site and in the community	1,500	1,500
	Art Gallery		
	• Visitors to Art Gallery	19,000	20,000
	• Online website searches and social media interactions	800	1000
	• Community Programmes - held on site and in the community	12	12
	CBay Complex		
	• Visitors to CBay	325,000	325,000
• Aqua Fitness classes	400	400	
• Aquatic swim for life participants	2000	2000	
• Aquatic learn to swim enrolments	3000	3000	
Provide a high quality and safe experience at district recreation and leisure facilities	User satisfaction		
	• Art Gallery	80%	90%
	• Libraries	95%	95%
	• Museum	90%	95%
	• Parks	92%	92%



	<ul style="list-style-type: none"> <li>Swimming pools</li> </ul> <p>Facilities meet legislative safety requirements</p>	75%	75%
		Legislative requirements are met	Legislative requirements are met
Collections of local and heritage and art objects, records and information preserved for and available to the community and visitors	<p>Art Gallery</p> <ul style="list-style-type: none"> <li>Number of Art Gallery exhibitions (including touring, regional and permanent art works)</li> <li>Art works conserved</li> <li>Collection item records recorded and updated</li> </ul> <p>Museum</p> <ul style="list-style-type: none"> <li>Collection items available online</li> <li>Acquisitions recatalogued within 6 months of acquisition</li> </ul>	10 5 50%	15 5 50%
		18,500 150	20,000 150
Parks are maintained and developed to meet current and future community needs	<p>Kilometres of off-road walking and biking tracks</p> <p>Number of playgrounds per 1,000 residents under 15 years of age</p> <p>Park hectares per 1,000 residents</p> <p>Trevor Griffiths Rose Garden and Timaru Botanic Gardens retained as Gardens of National Significance</p>	62 5.3 14.4ha 2 gardens of national significance	65 5.3 14.4ha 2 gardens of national significance

Projects

Recreation & Leisure	2021/22	2022/23	2023/24	2024/25-2030/31
<b>Aigantighe Art Gallery</b>				
Art purchase	28,700	29,532	30,270	234,889
Extension rebuild				9,580,200
Furniture and Equipment	10,000			
House EQ Strengthening	800,000	1,955,100	316,410	

<b>Aorangi Stadium</b>				
Aorangi Park Master Plan Phase 1			316,410	23,062,130
Equipment and Furniture	43,000	93,639	124,455	621,434
Stadium re-roof				1,009,840
<b>District Libraries</b>				
Car parks renewals	128,800	20,580	21,094	470,649
Equipment / Furniture			52,735	456,662
New shelving and self-checkout upgrade	256,000	154,350		
Purchase books and resources	381,300	392,358	402,157	3,120,674
Renewals and Upgrades	25,200	25,931	26,578	206,244
<b>Fishing Huts</b>				
Fishing Hut Water Treatment System	200,000			
<b>Forestry</b>				
Renewals	10,000	25,725	31,641	71,816
<b>Halls and Community Centres</b>				
Bleachers and other facilities	1,793,000	46,305	94,923	698,949
Halls & Community Centres Renewals	104,400	24,902	4,430	34,374
<b>Motor Camps</b>				
Motor Camps Renewals	59,000	36,015		33,276

Winchester Ablution Block			421,880	
Pleasant Point Ablution Block				479,200
Motor Camps Reseal Programme			15,821	35,988
<b>Parks and Recreation</b>				
Building Capital Works	20,000		100,724	
CPlay Council Contribution		514,500		
Highfield Park Development	330,000	339,570	348,051	2,700,819
Land purchases	10,000	57,624	59,063	458,321
Neighbourhood Parks				575,850
Pareora Dam	250,000	514,500		
Playground Equipment Renewals	250,000	257,250	263,675	2,046,075
Renewals (courts, structures, furniture, services)	389,600	769,795	914,741	2,794,831
Shared Urban Tracks	150,000	154,350	158,205	1,227,645
Temuka Domain Development	177,000	182,133	186,682	191,355
Walkway Enhancement and Planting	42,000	43,218	44,297	356,364
Parks Reseal Programme, including Geraldine Domain Reseal	400,000	360,150	369,145	2,864,505
<b>South Canterbury Museum</b>				
Heritage Hub Fit-out and van purchase		139,944	775,205	
Renewals	1,500	48,363	21,094	163,686

Upgrade of Perth St Museum	25,000			540,550
<b>Swimming Pools</b>				
Geraldine Pool Upgrades and Renewals	9,400			166,380
Pleasant Point Pool Upgrades and Renewals (heating and filtration plant renewal)		360,150		
Additional Programme Pool at CBay				864,880
CBay Renewals and Upgrades	200,000	104,958	137,111	394,817
Fitness Equipment Capital Works	30,000	92,610	31,641	389,481
<b>Theatre Royal</b>				
Theatre Royal and Heritage Facility Development and Renewals	6,767,975	12,687,261	4,412,522	409,215
Theatre Royal FFE, demolition and EQ strengthening			1,582,050	

Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of Operating Funding											

General rates, uniform annual general charges, rates penalties	12,882	16,134	17,054	18,514	19,274	20,031	21,106	21,932	22,718	23,234	23,655
Targeted rates	20	22	22	22	22	22	22	22	22	22	22
Subsidies and grants for operating purposes	124	90	45	46	47	48	49	51	52	53	55
Fees and charges	3,026	1,358	1,424	1,604	1,655	1,706	1,762	1,810	1,874	1,926	1,985
Internal charges and overheads recovered	-	(149)	(154)	(157)	(161)	(166)	(170)	(174)	(179)	(184)	(188)
Local authorities fuel tax, fines, infringement fees, and other receipts	673	2,197	2,185	2,338	2,457	2,656	2,399	2,480	2,544	2,620	2,755
<b>Total Operating Funding (A)</b>	<b>16,725</b>	<b>19,652</b>	<b>20,576</b>	<b>22,367</b>	<b>23,294</b>	<b>24,297</b>	<b>25,168</b>	<b>26,121</b>	<b>27,031</b>	<b>27,671</b>	<b>28,284</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	12,194	13,428	13,968	15,049	15,556	15,826	16,192	16,595	17,055	17,527	18,059
Finance costs	460	521	640	1,026	1,282	1,421	1,873	2,210	2,301	2,295	2,281
Internal charges and overheads applied	1,505	3,493	3,720	3,909	4,011	4,112	4,252	4,272	4,391	4,544	4,621
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-

<b>Total applications of operating funding (B)</b>	<b>14,159</b>	<b>17,442</b>	<b>18,328</b>	<b>19,984</b>	<b>20,849</b>	<b>21,359</b>	<b>22,317</b>	<b>23,077</b>	<b>23,747</b>	<b>24,366</b>	<b>24,961</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,566</b>	<b>2,210</b>	<b>2,248</b>	<b>2,383</b>	<b>2,445</b>	<b>2,938</b>	<b>2,851</b>	<b>3,044</b>	<b>3,284</b>	<b>3,305</b>	<b>3,323</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	6,768	2,918	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	5,772	4,104	14,378	8,978	4,863	15,864	11,829	3,193	(198)	(510)	713
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,772</b>	<b>10,872</b>	<b>17,296</b>	<b>8,978</b>	<b>4,863</b>	<b>15,864</b>	<b>11,829</b>	<b>3,193</b>	<b>(198)</b>	<b>(510)</b>	<b>713</b>
<b>Applications of capital funding</b>											
Capital expenditure											

- to meet additional demand	56	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	3,546	5,323	9,297	5,932	4,324	16,077	11,882	4,259	592	608	623
- to replace existing assets	8,227	7,713	10,268	5,448	3,025	2,505	2,855	1,988	2,509	2,196	3,420
Increase (decrease) in reserves	(3,492)	45	(22)	(22)	(43)	222	(58)	(10)	(18)	(8)	(7)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,337</b>	<b>13,081</b>	<b>19,543</b>	<b>11,358</b>	<b>7,306</b>	<b>18,804</b>	<b>14,679</b>	<b>6,237</b>	<b>3,083</b>	<b>2,796</b>	<b>4,036</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,565)</b>	<b>(2,209)</b>	<b>(2,247)</b>	<b>(2,380)</b>	<b>(2,443)</b>	<b>(2,940)</b>	<b>(2,850)</b>	<b>(3,044)</b>	<b>(3,281)</b>	<b>(3,306)</b>	<b>(3,323)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>(2)</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>(1)</b>	<b>-</b>

## Roading and Footpaths

*These activities contribute to the following community wellbeing outcomes:*

*Connected Citizens – Enhanced Lifestyle - Diverse Economy – Resilient Infrastructure*

### What we do

We provide a transport network and associated assets and services throughout the district. This includes both infrastructure, such as roads, footpaths and signage, and non-asset functions, such as street cleaning, roadside garden maintenance, temporary traffic management and road safety initiatives.

Transportation activities are influenced by a complex mix of policy, legislation and national and regional strategies. We work within this framework to develop, maintain and renew assets in the network on all roads, except state highways. State Highways are managed by Waka Kotahi (New Zealand Transport Agency)

This includes:

- over 1,700km of sealed and unsealed roads
- more than 280 bridges (including single lane bridges, weight restricted bridges, large culverts and footbridges),
- approximately 300km of footpaths
- on road cycleways and walkways
- at least 7,000 road signs
- more than 4,400 streetlights
- more than 10,000 drainage facilities including catchpits or culverts
- traffic signals, street furniture, bus stops, carparks, parking meters

### Why we do it

These activities contribute to Council's vision *"Where people, place and business prosper within a healthy, adaptable and regenerative environment"* by providing:

- Fit for purpose roads and structures that enable areas of economic strength to thrive and maximises local economic growth
- Resilient and affordable roading infrastructure that meets community needs
- Walking and cycling options across the district
- Safe roads, footpaths and street networks



- Sustainable transport options including cycle lanes, walkways, on demand public transport and transport for those who are mobility challenged

How we pay for it

Operating expenditure for activities within the Roading and Footpaths group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Roading and Footpaths	✓	✓		✓			✓	✓	
Cycleways and Walkways	✓	✓					✓	✓	✓
Parking Facilities				✓				✓	

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our priorities

- **Levels of Service** - Achieving a level of service that balances improvements to and maintenance of the transport network, with affordability.
- **Increased traffic on the transport network** as a result of land use changes and increased economic activity, coupled with changing regulations, has increased the traffic loading on our transport network to a point where some of our roads and bridges will need upgrading. We are now experiencing faster deterioration on our roads and restriction of freight movements across our bridges. A strategy to manage the bridge renewal “bulge” is needed to balance the need to upgrade bridges, with what is affordable.
- **Increased number of natural disaster events** is challenging the resilience of the road network, and resulting in increasing disaster recovery costs
- **Road to Zero Vision** “No fatality or serious Injury road crashes”. Transport network deficiencies, inappropriate speed limits and poor driver attitudes present challenges as we strive to achieve this vision.
- **Providing for alternative transport options** is limited by the lack of appropriate infrastructure. More footpaths and wider footpaths, shared cycleway, appropriate road crossing points for mobility impaired users and supporting innovative public transport options are a priority for the districts transport network.

What you can expect from us

<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Target</b> <b>Year 1-3:</b> <b>2021/22 - 2023/2024</b>	<b>Target</b> <b>Year 4-10:</b> <b>2024/25 - 2030/31</b>
Roads are designed and maintained to community expectations	Response to customer service requests (Mandatory)	70% of customer service requests are responded to within 10 working days	70% of customer service requests are responded to within 10 working days
Roads and Bridges are fit for purpose and provide for comfortable and efficient travel	Road condition - Average quality of ride on sealed local road network % smooth travel exposure index (Mandatory)	Average Smooth Travel Exposure Index on all sealed district roads - 95%	Average Smooth Travel Exposure Index on all sealed district roads - 95%
	Resident satisfaction with sealed roads	65% of residents are satisfied that sealed roads are fit for purpose and well maintained	65% of residents are satisfied that sealed roads are fit for purpose and well maintained
	Resident satisfaction with unsealed roads	50% of residents are satisfied that unsealed roads are fit for purpose and well maintained	50% of residents are satisfied that unsealed roads are fit for purpose and well maintained
	Resurfacing of road network (Mandatory)	6% of the sealed road network is resurfaced annually	6% of the sealed road network is resurfaced annually
Footpaths are safe, well designed and maintained	Resident satisfaction with footpaths	60% residents are satisfied with the smoothness, safety and maintenance of the footpaths	60% residents are satisfied with the smoothness, safety and maintenance of the footpaths
	Footpath condition (Mandatory)	75% of footpaths to be average or better condition	75% of footpaths to be average or better condition

	Footpath network resurfaced	4% of the footpath network is resurfaced annually	4% of the footpath network is resurfaced annually
Roading works and road safety initiatives help promote district road safety and awareness	Resident satisfaction with safety of road network	85% residents believe the road network is safe	85% residents believe the road network is safe
	Road fatalities and serious injury crashes (Mandatory)	Number of fatalities and serious injury crashes on the local road network is less than the previous financial year on an annual basis	Number of fatalities and serious injury crashes on the local road network is less than the previous financial year on an annual basis
	Road safety awareness	40% of residents are aware of road safety programmes or advertisements	40% of residents are aware of road safety programmes or advertisements
Car parks are available, fit for purpose and easy to access	Resident satisfaction with access to car parking	75% of residents are satisfied that access to Council provided car parking is adequate	75% of residents are satisfied that access to Council provided car parking is adequate
Sustainable transport options* are facilitated and provided  <i>*Sustainable transport options refers to walking opportunities (e.g. school travel plans), cycling opportunities (e.g. cycleways) and public transport</i>	Percentage of residents using sustainable transport	50% of residents regularly walk, 30% of residents regularly cycle and 5% of residents use public transport	50% of residents regularly walk, 30% of residents regularly cycle and 5% of residents use public transport
	School travel plans completed or reviewed annually	1 school travel plan completed or reviewed annually	1 school travel plan completed or reviewed annually

Projects

<b>Roading and Footpaths</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25-2030/31</b>
<b>Footpaths</b>				
Footpaths New and Renewals	1,640,000	1,687,560	1,729,708	13,422,252
<b>Parking</b>				
New carpark Southend Timaru	50,000	874,650		-
Renewals	20,000	5,145	5,274	59,856
Plant Purchases including renewal of Farmers parking system in Timaru	50,000	102,900	52,735	334,437
Car Park Reseal Programme	20,000		10,547	77,336
<b>Road/Street Landscapes</b>				
CCTV Equipment	20,000	30,870	31,641	245,529
CityHub Strategy	613,925	957,150	3,660,099	26,700,784
<b>Street Lighting</b>				
Street & Public Lighting Renewals	150,000	154,350	158,205	1,227,645
<b>Subsidisable Roding</b>				
Public Transportation Infrastructure	20,000	20,580	21,094	163,686
Purchase of Land	15,000			
Reseals/Renewals	8,000,000	8,232,000	8,437,600	69,566,550

Road Improvement Works	3,600,000	5,350,800	5,273,499	36,829,350
Bridge and Culvert Renewals	940,000	1,070,160	1,001,965	10,974,901
Kerb and Channel Renewals	710,000	730,590	748,837	5,810,853

Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	8,680	13,647	13,841	15,758	16,583	16,453	16,906	17,913	18,448	19,018	21,393
Targeted rates	1,626	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	6,558	3,443	4,120	4,277	4,385	4,498	4,611	4,731	4,859	4,990	5,119
Fees and charges	374	1,042	958	986	1,016	1,048	1,079	1,113	1,148	1,185	1,221
Internal charges and overheads recovered	(50)	(59)	(61)	(62)	(64)	(65)	(67)	(69)	(71)	(73)	(74)
Local authorities fuel tax, fines, infringement fees, and other receipts	519	82	84	86	88	91	93	95	98	100	103

<b>Total Operating Funding (A)</b>	<b>17,707</b>	<b>18,155</b>	<b>18,942</b>	<b>21,045</b>	<b>22,008</b>	<b>22,025</b>	<b>22,622</b>	<b>23,783</b>	<b>24,482</b>	<b>25,220</b>	<b>27,762</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	7,036	8,174	8,831	10,597	10,884	10,630	10,901	11,211	11,527	11,851	13,449
Finance costs	533	568	665	824	1,031	1,221	1,357	1,593	1,799	1,988	2,215
Internal charges and overheads applied	2,074	3,347	3,462	3,618	3,678	3,685	3,824	3,856	3,964	4,121	4,171
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,643</b>	<b>12,089</b>	<b>12,958</b>	<b>15,039</b>	<b>15,593</b>	<b>15,536</b>	<b>16,082</b>	<b>16,660</b>	<b>17,290</b>	<b>17,960</b>	<b>19,835</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>8,064</b>	<b>6,066</b>	<b>5,984</b>	<b>6,006</b>	<b>6,415</b>	<b>6,489</b>	<b>6,540</b>	<b>7,123</b>	<b>7,192</b>	<b>7,260</b>	<b>7,927</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	6,852	7,436	8,634	8,845	9,114	9,389	10,689	10,313	9,986	10,271	10,615
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-

increase (decrease) in debt	3,587	2,108	4,247	5,896	5,189	3,289	6,864	5,632	5,074	6,420	10,967
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,439</b>	<b>9,544</b>	<b>12,881</b>	<b>14,741</b>	<b>14,303</b>	<b>12,678</b>	<b>17,553</b>	<b>15,945</b>	<b>15,060</b>	<b>16,691</b>	<b>21,582</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	4	50	875	-	-	-	-	-	-	-	-
- to improve the level of service	9,193	4,214	6,308	8,934	8,015	6,028	8,522	8,356	8,335	9,621	14,653
- to replace existing assets	10,964	11,585	12,034	12,198	13,098	13,524	15,945	15,095	14,292	14,696	15,233
Increase (decrease) in reserves	(1,661)	(239)	(352)	(384)	(396)	(385)	(374)	(382)	(377)	(364)	(376)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>18,500</b>	<b>15,610</b>	<b>18,865</b>	<b>20,748</b>	<b>20,717</b>	<b>19,167</b>	<b>24,093</b>	<b>23,069</b>	<b>22,250</b>	<b>23,953</b>	<b>29,510</b>

Surplus (deficit) of capital funding (C-D)	(8,061)	(6,066)	(5,984)	(6,007)	(6,414)	(6,489)	(6,540)	(7,124)	(7,190)	(7,262)	(7,928)
Funding Balance ((A-B)+(C-D))	3	-	-	(1)	1	-	-	(1)	2	(2)	(1)



## Sewer

*This activity primarily contributes to the following community wellbeing outcomes:*

*Sustainable Environment – Resilient Infrastructure*

### What we do

Council collects and treat domestic and industrial wastewater and return clean water to the environment.

Sewer systems are provided in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point. These systems are linked via pipelines to the main wastewater treatment plant and ocean outfall in Timaru. A small collection scheme also serves the Arowhenua community which feeds into the Temuka pond for treatment. Approximately 80% of the total district residential population have a connection to the sewer system.

Timaru's industrial wastewater stream is treated separately from the domestic wastewater stream. Primary treatment is carried out onsite by industries to comply with tradewaste discharge limits set by Council, before discharging to the public wastewater system, and ultimately ocean discharge.

Environment Canterbury has granted Council consent to discharge to the ocean until 2045.

As part of providing this service we operate:

- three oxidation ponds at the inland towns of Geraldine, Pleasant Point and Temuka
- 24 sewer pump stations
- approximately 354km of pipeline
- approximately 4,000 manholes

### Why we do it

This activity contributes to Council's vision "*Where people, place and business prosper within a healthy, adaptable and regenerative environment*" by:

- Removal and mitigation of the adverse impacts of wastewater on the natural environment
- Providing safe treatment and disposal of sewage
- Safeguarding the district waterways and the environment from direct discharge
- Collective provision of waste water/sewer services on behalf of the community

### How we pay for it

Operating expenditure for activities within the Sewer group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Sewer			√	√			√		

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our priorities

- **Preparation for the Three Waters\* Reform** – the nationally led three year programme to reform local government three waters service delivery arrangements
- **Infrastructure upgrading and replacement** to replace aging assets and ensure environmental and regulatory standards are met
- **Network resilience and sustainability** - particularly from the impacts of a changing climate, including increased rainfall intensity & frequency and rising sea levels
- **Increasingly stringent environmental standards including resource consent and regulatory requirements** around the treatment and discharge of wastewater to the natural environment
- **Staffing Challenges** - the water industry as a whole faces difficulty recruiting and retaining appropriately trained staff with appropriate qualifications

*\*Drinking water, waste water and stormwater*

What you can expect from us

Levels of Service	Performance Measure	Target Year 1-3: 2021/22 - 2023/2024	Target Year 4-10: 2024/25 - 2030/31
1. Maintain excellent sewer network services	Number of dry weather overflows from the sewerage system (Mandatory)	2.5 or fewer recorded dry weather overflows per 1,000 connections	2.5 or fewer recorded dry weather overflows per 1,000 connections
2. Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	No abatement notices, infringement notices, enforcement orders and convictions

3. Maintain excellent customer service	Median attendance and resolution times to sewerage overflow faults in the network# (Mandatory)	- Median attendance time will be less than 1 hour - Median resolution time will be less than 8 hours	- Median attendance time will be less than 1 hour - Median resolution time will be less than 8 hours
	Total complaints received about: 1. Sewage odour 2. Sewerage system faults 3. Sewerage system blockages 4. The TDC response to sewerage system issues (Mandatory)	14 or fewer complaints received per 1,000 connections	10 or fewer complaints received per 1,000 connections
	Satisfaction with sewer services	85% user satisfaction	85% user satisfaction

# Attendance – Response time applies from the time the local authority receives notification to the time service personnel reach the site

# Resolution – Response time applies from the time the local authority receives notification to the time service personnel confirm resolution of the fault

### Projects

Sewer	2021/22	2022/23	2023/24	2024/25-2030/31
Dawson Street Pump Station Replacement	600,000			
Domestic Pump Stations and Electrical Renewals			1,265,640	886,049
Network Renewals and Upgrades	140,000	144,060	147,658	1,145,802
Talbot St Geraldine Sewer Siphon Upgrade		1,029,000		
Trade Waste Monitoring Equipment Renewals		16,464		74,853
Wastewater Reticulation Modelling	100,000			382,726
Wastewater Treatment Plant Building Renewals	5,000	5,145	5,274	40,922

Network Renewals, Upgrades and New Reticulation	1,850,000	1,193,640	1,634,785	11,151,227
Plant Renewals	500,000	1,296,540	105,470	2,728,836

Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	6,731	6,668	5,990	6,085	6,007	5,870	6,154	6,092	6,059	6,473	6,833
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	2,530	2,600	2,689	2,770	2,853	2,942	3,030	3,124	3,224	3,327	3,430
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	77	87	90	92	94	97	99	101	104	107	110
<b>Total Operating Funding (A)</b>	<b>9,338</b>	<b>9,355</b>	<b>8,769</b>	<b>8,947</b>	<b>8,954</b>	<b>8,909</b>	<b>9,283</b>	<b>9,317</b>	<b>9,387</b>	<b>9,907</b>	<b>10,373</b>

<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	2,691	3,110	2,442	2,502	2,533	2,519	2,580	2,648	2,716	2,885	3,370
Finance costs	1,610	1,233	1,184	1,166	1,119	1,075	1,032	990	951	913	876
Internal charges and overheads applied	1,282	1,111	1,243	1,251	1,274	1,291	1,340	1,348	1,386	1,441	1,458
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,583</b>	<b>5,454</b>	<b>4,869</b>	<b>4,919</b>	<b>4,926</b>	<b>4,885</b>	<b>4,952</b>	<b>4,986</b>	<b>5,053</b>	<b>5,239</b>	<b>5,704</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,755</b>	<b>3,901</b>	<b>3,900</b>	<b>4,028</b>	<b>4,028</b>	<b>4,024</b>	<b>4,331</b>	<b>4,331</b>	<b>4,334</b>	<b>4,668</b>	<b>4,669</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	130	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	(1,574)	(1,731)	(633)	(1,636)	(1,571)	(1,508)	(1,448)	(1,390)	(1,334)	(1,281)	(1,230)

Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,444)</b>	<b>(1,731)</b>	<b>(633)</b>	<b>(1,636)</b>	<b>(1,571)</b>	<b>(1,508)</b>	<b>(1,448)</b>	<b>(1,390)</b>	<b>(1,334)</b>	<b>(1,281)</b>	<b>(1,230)</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	1,029	-	-	-	-	-	-	-	-
- to improve the level of service	550	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	3,470	3,195	2,656	3,159	1,996	1,736	2,099	2,129	2,050	2,171	4,230
Increase (decrease) in reserves	(1,710)	(1,026)	(417)	(769)	459	782	785	813	948	1,217	(790)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,310</b>	<b>2,169</b>	<b>3,268</b>	<b>2,390</b>	<b>2,455</b>	<b>2,518</b>	<b>2,884</b>	<b>2,942</b>	<b>2,998</b>	<b>3,388</b>	<b>3,440</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,754)</b>	<b>(3,900)</b>	<b>(3,901)</b>	<b>(4,026)</b>	<b>(4,026)</b>	<b>(4,026)</b>	<b>(4,332)</b>	<b>(4,332)</b>	<b>(4,332)</b>	<b>(4,669)</b>	<b>(4,670)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>1</b>	<b>1</b>	<b>(1)</b>	<b>2</b>	<b>2</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>2</b>	<b>(1)</b>	<b>(1)</b>

## Stormwater

*This activity primarily contributes to the following community wellbeing outcomes:*

*Sustainable Environment – Resilient Infrastructure*

### What we do

Stormwater is rainwater that flows from surfaces like roofs, gardens, footpaths and roads. Council manages and maintains a network of pipes, pumping stations and other infrastructure to safely dispose of stormwater run-off. Where practicable Council is making increasing use of low impact design systems that when not used for stormwater purposes, provide open green space for people to enjoy.

Our network includes

- Approximately 146km of pipeline and 33km of open channel
- Six detention dams and 1 retention and filtration basin to treat stormwater run-off and help prevent flooding
- Several pump stations
- Over 2,344 manholes, 216 soak pits, over 3,000 sumps
- Secondary overland flow paths

### Why we do it

This activity contributes to Council’s vision *“Where people, place and business prosper within a healthy, adaptable and regenerative environment”* by:

- Collecting, redirecting and disposing of rain water to protect both property and people from flooding
- Treating stormwater to remove contaminants before entering the receiving environment in order to minimise adverse environmental impacts
- Collective provision of waste water services on behalf of the community

### How we pay for it

Operating expenditure for activities within the Stormwater group is funded through the following mechanisms:

	<b>General Rates</b>	<b>Uniform Annual</b>	<b>Targeted Rates</b>	<b>User Fees and Charges</b>	<b>Interest</b>	<b>Dividends from</b>	<b>Financial Contributions</b>	<b>Grants and Subsidies</b>	<b>Other Sources</b>

		<b>General Charges</b>				<b>Investments</b>			
Stormwater			√				√		

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

**Our priorities**

- **Preparation for the *Three Waters*\* Reform** – the nationally led three year programme to reform local government three waters service delivery arrangements
- **Infrastructure upgrading** so that the stormwater network can manage higher volumes of stormwater
- **Network resilience and sustainability** - particularly from the impacts of a changing climate such as more frequent and intense rainfall events
- **Increasingly stringent environmental standards** around the treatment and disposal of stormwater runoff to the natural environment. The most significant influence over the next ten years will be the Canterbury Land and Water Regional Plan. This plan sets discharge requirements on stormwater, and conditions for installing and using stormwater infrastructure. This will require upgrades to our stormwater network.
- **Staffing Challenges** - the water industry as a whole faces difficulty recruiting and retaining appropriately trained staff with appropriate qualifications

*\*Drinking water, waste water and stormwater*

**What you can expect from us**

<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Target Year 1-3: 2021/22 - 2023/2024</b>	<b>Target Year 4-10: 2024/25 - 2030/31</b>
1. Maintain excellent stormwater network services	Number of flooding events in the Timaru district* (Mandatory)	Zero flooding for rain events up to a 1 in 5 year return for residential zones, and a 1 in 10	Zero flooding for rain events up to a 1 in 5 year return for residential zones, and a 1 in 10



		year return for commercial and industrial zones	year return for commercial and industrial zones
	Number of habitable floors** affected by flooding events in the Timaru district (Mandatory)	Zero habitable floors affected by a flooding event	Zero habitable floors affected by a flooding event
2. Deliver stormwater services according to required environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	No abatement notices, infringement notices, enforcement orders and convictions
3. Maintain excellent customer service	Median response times to attend# a flooding event (Mandatory)	Median time to attend a flooding event will be less than one hour	Median time to attend a flooding event will be less than one hour
	Total complaints received about performance of stormwater system (Mandatory)	10 or fewer per 1,000 connected properties	10 or fewer per 1,000 connected properties
	Satisfaction with stormwater services	65% resident satisfaction	65% resident satisfaction

# Attendance – time applies from the time the local authority receives notification to the time service personnel reach the site

\* Flooding event means an event where stormwater enters a habitable floor

\*\*Number of habitable floors affected per 1000 properties connected to the stormwater system

### Projects

Stormwater	2021/22	2022/23	2023/24	2024/25-2030/31
Geraldine Stormwater				

Serpentine Creek Geraldine Improvements	125,000			
Geraldine Stormwater Renewals and Upgrades	405,000	313,845	268,949	2,086,997
<b>Rural Stormwater</b>				
Rural Stormwater Renewals	15,000	30,870	110,744	859,352
<b>Temuka Stormwater</b>				
Reticulation Renewals and Upgrades	215,000	221,235	332,231	2,168,840
<b>Timaru Stormwater</b>				
Gleniti Area Stormwater System Bund Construction	150,000	87,465		99,153
Stormwater Drainage Capital Works	500,000	102,900	421,880	3,327,200
Timaru Stormwater Pumps Renewal		205,800	1,265,640	
Timaru Stormwater Reticulation Renewals and Upgrades	770,000	792,330	864,854	7,909,926

Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-

Targeted rates	1,770	3,735	3,054	2,983	2,966	2,995	3,049	3,128	3,113	3,321	3,500
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>1,770</b>	<b>3,735</b>	<b>3,054</b>	<b>2,983</b>	<b>2,966</b>	<b>2,995</b>	<b>3,049</b>	<b>3,128</b>	<b>3,113</b>	<b>3,321</b>	<b>3,500</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	615	1,547	824	685	659	680	560	628	588	607	772
Finance costs	37	45	59	67	74	83	92	103	118	130	143
Internal charges and overheads applied	156	197	221	221	224	226	236	237	244	254	256
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>808</b>	<b>1,789</b>	<b>1,104</b>	<b>973</b>	<b>957</b>	<b>989</b>	<b>888</b>	<b>968</b>	<b>950</b>	<b>991</b>	<b>1,171</b>

Surplus (deficit) of operating funding (A-B)	962	1,946	1,950	2,010	2,009	2,006	2,161	2,160	2,163	2,330	2,329
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	50	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	747	503	279	256	308	324	378	525	442	442	463
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>797</b>	<b>503</b>	<b>279</b>	<b>256</b>	<b>308</b>	<b>324</b>	<b>378</b>	<b>525</b>	<b>442</b>	<b>442</b>	<b>463</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	30	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,023	275	87	-	-	-	-	99	-	-	-

- to replace existing assets	215	1,905	1,667	3,264	2,643	2,712	3,007	1,919	1,971	2,024	2,076
Increase (decrease) in reserves	490	269	474	(1,001)	(328)	(381)	(469)	667	633	748	717
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,758</b>	<b>2,449</b>	<b>2,228</b>	<b>2,263</b>	<b>2,315</b>	<b>2,331</b>	<b>2,538</b>	<b>2,685</b>	<b>2,604</b>	<b>2,772</b>	<b>2,793</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(961)</b>	<b>(1,946)</b>	<b>(1,949)</b>	<b>(2,007)</b>	<b>(2,007)</b>	<b>(2,007)</b>	<b>(2,160)</b>	<b>(2,160)</b>	<b>(2,162)</b>	<b>(2,330)</b>	<b>(2,330)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>(1)</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>

## Waste Minimisation

*This activity primarily contributes to the following community wellbeing outcomes:*

*Sustainable Environment – Resilient Infrastructure*

### What we do

Council provides a safe and effective waste collection, recycling, recovery and disposal service with a focus on minimising waste.

Approximately 85% of the district's households have organic waste, recycling and rubbish bins which are collected regularly. The materials are then sorted and managed at the Redruth Resource Recovery Park in Timaru.

Council manages the overall activity and owns waste minimisation sites and facilities where operational work is carried out by contractors. From 1 July 2021, EnviroWaste Services Ltd is contracted to provide kerbside collection, transfer stations, landfill, composting and recycling operations and waste minimisation education.

Services include

- 4-bin kerbside collection
- Transfer stations in Temuka, Geraldine and Pleasant Point
- Resource Recovery Centre in Timaru (Redruth)
- Reduction – community education for schools and businesses, public place recycling, zero waste events
- Reuse – Crow's Nest shop
- Recycling – via MRF and non-MRF recycling
- Recovery – composting, metal recovery and pyrolysis
- Treatment – hazardous waste drop-offs
- Disposal – Class A landfill (Redruth)

### Why we do it

This activity contributes to Council's vision "*Where people, place and business prosper within a healthy, adaptable and regenerative environment*" by:

- Encouraging waste minimisation and better waste management practices to reduce the amount of waste going to landfill, which results in a reduction in greenhouse gas emissions, composting of green waste, which eventually goes back onto the land to improve soil structure), and reusing waste materials which can lower the demand for raw materials.

- Collection and appropriate disposal of waste reduces the potential for disease and vermin issues, and degradation of the environment (land and water)
- Managing waste locally to reduce financial and environmental cost of transporting waste out of district for disposal
- Landscaping of facilities and closed landfill areas provides enhanced amenity areas (e.g. Saltwater Creek walkway) and recreational venues.

How we pay for it

Operating expenditure for activities within the Waste Minimisation group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Waste Collection			√						
Waste Management	√			√				√	√

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement

Our priorities

- Responding to climate change issues, in particular coastal inundation near the Redruth landfill
- Developing a Closed Landfill Strategy to manage and mitigate the risks to closed landfills from flooding
- Further development of the landfill at Redruth- including new landfill gas infrastructure and areas for waste
- Ongoing district wide education to reduce contamination of recycling material
- Planning for legislative changes including the Emissions Trading Scheme and Waste Levy requirements
- Consideration of options for provision of a new landfill once the Redruth site has reached capacity

What you can expect from us

Levels of Service	Performance Measure	Target Year 1-3: 2021/22 - 2023/2024	Target Year 4-10: 2024/25 - 2030/31
Waste Minimisation services meet customer expectations	User satisfaction with waste minimisation services	95%	95%

No adverse effects on the environment or human health from the operation of waste minimisation services	Compliance with Resource Consent conditions	No abatement notices, infringement notices, enforcement orders and convictions	No abatement notices, infringement notices, enforcement orders and convictions
Waste is diverted from landfill	Materials Recovery Facility (MRF) - recycling nett tonnages diverted	4000 nett tonnes	200 nett tonne increase annually
	Compost Facility - Organic nett tonnages diverted	15,000 nett tonnes	15,000 nett tonnes
	Recycling nett tonnages diverted via recycling other than for MRF recyclables	300	10 nett tonne increase annually
	MRF – level of contamination of recycling	Less than 10%	Less than 5%

Projects

Waste Minimisation	2022	2023	2024	2025-2031
Plant Purchases including New Glass Bins	943,000	142,002	103,361	733,308
Landfill Cells Development	3,037,000	3,324,699	1,516,659	16,549,954
Landfill Roding Programme (sealed areas)	60,000	40,131	70,665	-
Landfill gas systems	715,000	10,290	218,323	105,873
Building Capital Works	331,000			306,998
Fixed Plant & Equipment Capital Works	103,000	62,769	46,407	204,793
Other Capital Works (new/improved asset)	370,000	51,450	10,547	81,843



Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	315	(736)	(327)	(58)	195	508	802	1,150	1,530	1,861	2,268
Targeted rates	6,461	3,124	3,552	3,641	3,732	3,829	3,924	4,027	4,135	4,247	4,357
Subsidies and grants for operating purposes	165	170	175	179	184	188	193	198	203	209	214
Fees and charges	3,551	6,021	6,393	6,755	7,131	7,528	7,934	8,364	8,819	9,293	9,776
Internal charges and overheads recovered	-	(2,893)	(2,977)	(3,051)	(3,128)	(3,209)	(3,289)	(3,375)	(3,466)	(3,559)	(3,652)
Local authorities fuel tax, fines, infringement fees, and other receipts	15	54	56	57	58	60	61	63	65	66	68
<b>Total Operating Funding (A)</b>	<b>10,507</b>	<b>5,740</b>	<b>6,872</b>	<b>7,523</b>	<b>8,172</b>	<b>8,904</b>	<b>9,625</b>	<b>10,427</b>	<b>11,286</b>	<b>12,117</b>	<b>13,031</b>
<b>Applications of Operating Funding</b>											

Payments to staff and suppliers	8,670	7,237	8,204	8,766	9,428	10,135	10,854	11,618	12,421	13,266	14,131
Finance costs	201	151	295	381	417	445	475	558	589	618	712
Internal charges and overheads applied	530	(2,290)	(2,359)	(2,402)	(2,470)	(2,556)	(2,606)	(2,694)	(2,766)	(2,829)	(2,918)
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,401</b>	<b>5,098</b>	<b>6,140</b>	<b>6,745</b>	<b>7,375</b>	<b>8,024</b>	<b>8,723</b>	<b>9,482</b>	<b>10,244</b>	<b>11,055</b>	<b>11,925</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,106</b>	<b>642</b>	<b>732</b>	<b>778</b>	<b>797</b>	<b>880</b>	<b>902</b>	<b>945</b>	<b>1,042</b>	<b>1,062</b>	<b>1,106</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	(515)	5,077	3,006	1,248	1,005	1,023	2,923	1,077	1,022	3,328	1,385
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-

<b>Total sources of capital funding (C)</b>	<b>(515)</b>	<b>5,077</b>	<b>3,006</b>	<b>1,248</b>	<b>1,005</b>	<b>1,023</b>	<b>2,923</b>	<b>1,077</b>	<b>1,022</b>	<b>3,328</b>	<b>1,385</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	4,085	3,567	1,667	1,750	1,870	3,792	1,909	2,026	4,347	2,089
- to replace existing assets	399	1,635	169	356	51	34	35	114	37	44	404
Increase (decrease) in reserves	191	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>590</b>	<b>5,720</b>	<b>3,736</b>	<b>2,023</b>	<b>1,801</b>	<b>1,904</b>	<b>3,827</b>	<b>2,023</b>	<b>2,063</b>	<b>4,391</b>	<b>2,493</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,105)</b>	<b>(643)</b>	<b>(730)</b>	<b>(775)</b>	<b>(796)</b>	<b>(881)</b>	<b>(904)</b>	<b>(946)</b>	<b>(1,041)</b>	<b>(1,063)</b>	<b>(1,108)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>1</b>	<b>(1)</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(2)</b>

## Water Supply

*This activity primarily contributes to the following community wellbeing outcomes:*

*Sustainable Environment – Resilient Infrastructure*

### What we do

The Council's water supply service treats and distributes water that we source from groundwater bores and rivers in the district for residential, commercial, industrial and stockwater purposes. Our water supplies are required to comply with the New Zealand Drinking Water Standards.

Over 19,000 residential and non-residential properties are served through the following individual water supplies:

- *Urban Water Supply Schemes:* Geraldine, Peel Forest, Pleasant Point, Temuka, Timaru, Winchester Rural
- *Drinking Water and Stockwater Supply Schemes:* Downlands, Orari, Seadown, Te Moana
- *Stockwater only Schemes:* Beautiful Valley, Rangitata – Orari Water Race

The Downlands scheme is managed and operated by Timaru District Council on behalf of residents of the Timaru, Mackenzie and Waimate districts. The policy for this scheme is determined by a Joint Standing Committee of the three Councils.

Our water supply network includes

- 19 water intakes
- 12 treatment plants
- 35 reservoirs
- 24 pump stations
- Approximately 1,850 kilometres of water supply pipelines

Environment Canterbury (ECan) allocates water to the Council via resource consents, which set upper limits on the amount of water that can be taken from each water source.

### Why we do it

This activity contributes to Council's vision "*Where people, place and business prosper within a healthy, adaptable and regenerative environment*" by:

- Providing safe drinking water
- Maintaining water supply infrastructure to ensure a reliable water supply
- Managing water use in a sustainable way to minimise adverse impacts on the environment

- Providing water for firefighting in urban areas

Water abstraction must occur within allowable limits to safeguard the environment and protect cultural values of water bodies. Provision of water aims to provide the best balance between economic, environmental and community needs for the benefit of current and future generations, discourages water wastage and ensures water is directed to the best purposes.

How we pay for it

Operating expenditure for activities within the Water Supply group is funded through the following mechanisms:

	General Rates	Uniform Annual General Charges	Targeted Rates	User Fees and Charges	Interest	Dividends from Investments	Financial Contributions	Grants and Subsidies	Other Sources
Water Supply			√	√			√		

For further information on how this activity is funded, refer to the Revenue and Financing Policy and Funding Impact Statement.

Our priorities

- **Preparation for the Three Waters\* Reform** – preparing for the nationally led three year programme to reform local government three waters service delivery arrangements
- **Compliance with the NZ Drinking Water Standards** - which requires upgrading of water treatment processes and construction of water treatment infrastructure
- **Impacts of climate change** on the availability and quality of drinking water, including increased rainfall intensity & frequency, greater drought periods, and rising sea levels.
- **Water Resilience** – meeting the water supply requirements of the district in the face of climate related changes, land use changes and increasingly stringent environmental standards
- **Preparing for water take consent renewals** - acknowledging increasingly stringent environmental standards
- **Infrastructure upgrading and replacement** to meet the districts water supply requirements and increasing environmental and regulatory standards
- **Staffing Challenges** - the water industry as a whole faces difficulty recruiting and retaining appropriately trained staff with appropriate qualifications

*\*Drinking water, waste water and stormwater*

What you can expect from us

Levels of Service	Performance Measure	Target Year 1-3: 2021/22 - 2023/2024	Target Year 4-10: 2024/25 - 2030/31
Provide safe drinking water	Compliance with Drinking Water Standards (Part 4) – Bacterial Compliance (Mandatory)	Bacterial compliance - All drinking water supply schemes	Bacterial compliance - All drinking water supply schemes
	Compliance with Drinking Water Standards (Part 5) – Protozoal Compliance (Mandatory)	2021/22 1 Downlands -Pareora 2 Pleasant Point 3 Seadown 4 Temuka 5 Geraldine 6 Timaru 7 Peel Forest 2022/23 1 Downlands –Pareora 2 Pleasant Point 3 Seadown 4 Temuka 5 Geraldine 6 Timaru 7 Peel Forest 8 Te Moana 2023/24 (all treatment plants) 1 Downlands - Pareora 2 Downlands – Springbrook	1 Downlands - Pareora 2 Downlands – Springbrook 3 Downlands – Te Ngawai 4 Pleasant Point 5 Seadown 6 Temuka 7 Geraldine 8 Timaru 9 Peel Forest 10 Te Moana

		3 Downlands – Te Ngawai 4 Pleasant Point 5 Seadown 6 Temuka 7 Geraldine 8 Timaru 9 Peel Forest 10 Te Moana	
Maintain excellent customer services	Percentage of real water loss from TDC’s networked reticulation systems (Mandatory) #	% real water loss from network system reduces	% real water loss from network system reduces
	Median attendance* and resolution** times for urgent***3 and non-urgent callouts for water supply faults or unplanned interruptions in the network (Mandatory)	The median time to attend urgent: - urban callouts - less than 1 hour - rural callouts - less than 4 hours  The median time to resolve urgent: - urban callouts - less than 4 hours - rural callouts - less than 8 hours  The median time to attend and resolve all non-urgent callouts will be reported	The median time to attend urgent: - urban callouts - less than 1 hour - rural callouts - less than 4 hours  The median time to resolve urgent: - urban callouts - less than 4 hours - rural callouts - less than 8 hours  The median time to attend and resolve all non-urgent callouts will be reported
	Total complaints received about: 1 Drinking water clarity 2 Drinking water taste 3 Drinking water odour 4 Drinking water pressure or flow 5 Continuity of supply 6 The TDC response to these issues (Mandatory)	26 or fewer complaints received per 1000 connections	26 or fewer complaints received per 1000 connections

	Satisfaction with water supply services	85% user satisfaction	85% user satisfaction
Provide demand management of water supply services	Average consumption of drinking water per day per resident within the Timaru district (Mandatory)	300 litres per day per resident	300 litres per day per resident
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions <sup>+</sup>	Compliance with all consent conditions <sup>+</sup>	Compliance with all consent conditions <sup>+</sup>

# Water loss calculated using National Water Balance guidelines published by Water New Zealand.

\*Median Attendance - response time applies from the time the local authority receives notification, to the time service personnel reach the site

\*\*Resolution times - response time applies from the time the local authority receives notification, to the time service personnel confirm resolution of the fault or interruption

\*\*\*Urgent callout is one that has a P1 priority rating and leads to a complete loss of supply of drinking water

+ Excluding all minor non-compliance as reported by Environment Canterbury

### Projects

Water Supplies	2021/22	2022/23	2023/24	2024/25-2030/31
<b>Beautiful Valley Water Supply</b>				
Water Reticulation Renewals and Treatment Upgrade	2,000	12,348	318,519	16,369
<b>Downlands Water Supply</b>				
Downlands Reservoir Cover Renewals		337,512		727,504
Reticulation Renewals	5,936,800	286,885	294,050	2,387,362
Network Analysis		84,378		157,388
New Reticulation and Upgrade	410,000	421,890	432,427	2,220,355
Te Ana Wai Treatment Raw Water Storage	287,000		864,854	



Te Ana Wai Water Treatment Plant Upgrade	3,362,000			
Pumps Renewals				14,741
<b>Rangitata/Orari Water Supply</b>				
Water Reticulation Renewals and Upgrade	205,000	30,870	31,641	245,529
<b>Seadown Water Supply</b>				
Plant and Equipment	65,000			200,266
Seadown Scheme Renewals and Upgrade	110,000	1,039,290	1,065,247	3,773,326
<b>Te Moana Downs Water Supply</b>				
Network Analysis			52,735	58,325
New Water Treatment Plant	3,000,000			
Reticulation Renewals	460,000	257,250	263,675	2,046,075
Plant and Equipment	200,000			17,550
<b>Urban Water Supplies</b>				
Washdyke Watermain Network Improvements	2,828,000	3,087,000		
Arowhenua Water Treatment Upgrade	150,000			
Caustic Soda, Chlorine Refurbishment and Reservoir Pipework, Claremont	700,000			
Claremont Reservoir Cover Replacement		20,580	263,675	594,605
Coastal Trunk Watermain Renewal Port Loop Area		823,200		
Geraldine Water Plant Renewal and Upgrade				167,380

Pareora Pipeline Renewal	10,000,000	3,087,000		
Reticulation extension to Downlands in the Cannington Area	700,000			
Temuka Source Upgrade	50,000	51,450		270,275
Timaru Intake Renewals	100,000	308,700	527,350	756,770
Water Metering				17,945,872
Claremont Water Treatment Plant - Plant and Electrical Renewal and Upgrade, including Microfiltration		514,500	1,265,640	18,915,102
Reticulation Renewals and Upgrades	2,156,000	1,378,860	1,307,828	14,377,188
New reticulation (filling points)	170,000			
Plant Renewals	250,000	1,095,885	527,350	599,534
Claremont Water Treatment Plant - Plant and Electrical Renewal and Upgrade, including Microfiltration		514,500	1,265,640	18,915,102
Reticulation Renewals and Upgrades	2,286,000	1,358,280	1,286,734	14,229,871

Funding Impact Statement

	Annual Plan	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	9,317	10,149	11,383	11,695	11,888	12,817	14,030	14,667	14,719	15,284	15,574
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,752	1,952	2,019	2,079	2,142	2,208	2,275	2,345	2,420	2,498	2,575
Internal charges and overheads recovered	80	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	67	69	71	73	75	77	78	81	83	85
<b>Total Operating Funding (A)</b>	<b>11,263</b>	<b>12,168</b>	<b>13,471</b>	<b>13,845</b>	<b>14,103</b>	<b>15,100</b>	<b>16,382</b>	<b>17,090</b>	<b>17,220</b>	<b>17,865</b>	<b>18,234</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	4,128	4,872	4,852	4,782	5,014	5,012	5,238	5,412	5,541	5,552	5,803
Finance costs	346	552	1,293	1,519	1,584	2,050	2,286	2,499	2,418	2,394	2,310
Internal charges and overheads applied	2,212	2,134	2,406	2,404	2,445	2,471	2,565	2,585	2,657	2,763	2,796

Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,686</b>	<b>7,558</b>	<b>8,551</b>	<b>8,705</b>	<b>9,043</b>	<b>9,533</b>	<b>10,089</b>	<b>10,496</b>	<b>10,616</b>	<b>10,709</b>	<b>10,909</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,577</b>	<b>4,610</b>	<b>4,920</b>	<b>5,140</b>	<b>5,060</b>	<b>5,567</b>	<b>6,293</b>	<b>6,594</b>	<b>6,604</b>	<b>7,156</b>	<b>7,325</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	2	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	25,160	26,012	7,945	2,251	16,371	8,284	7,452	(2,840)	(848)	(2,931)	(2,173)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>25,162</b>	<b>26,012</b>	<b>7,945</b>	<b>2,251</b>	<b>16,371</b>	<b>8,284</b>	<b>7,452</b>	<b>(2,840)</b>	<b>(848)</b>	<b>(2,931)</b>	<b>(2,173)</b>
<b>Applications of capital funding</b>											

Capital expenditure											
- to meet additional demand	10	6,238	3,595	521	356	366	375	385	395	406	623
- to improve the level of service	14,786	6,636	1,554	3,196	16,492	10,671	10,278	216	2,198	105	675
- to replace existing assets	21,236	18,277	7,689	3,499	4,614	2,616	3,114	2,833	2,869	2,885	3,021
Increase (decrease) in reserves	(6,255)	(528)	27	174	(32)	202	(21)	322	292	831	833
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>29,777</b>	<b>30,623</b>	<b>12,865</b>	<b>7,390</b>	<b>21,430</b>	<b>13,855</b>	<b>13,746</b>	<b>3,756</b>	<b>5,754</b>	<b>4,227</b>	<b>5,152</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,615)</b>	<b>(4,611)</b>	<b>(4,920)</b>	<b>(5,139)</b>	<b>(5,059)</b>	<b>(5,571)</b>	<b>(6,294)</b>	<b>(6,596)</b>	<b>(6,602)</b>	<b>(7,158)</b>	<b>(7,325)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>(38)</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(4)</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>(2)</b>	<b>-</b>

# Forecast Financial Information

These prospective financial statements were authorised for issue by Timaru District Council on 30th March 2021. Timaru District Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Timaru District Council's planning processes are governed by the Local Government Act 2002. The Act requires Council to prepare a ten year Long-Term Plan (LTP) every three years and an Annual Plan, which updates the LTP by exception, in the intervening years. This is Timaru District Council's LTP for the period 2021 to 2031 and is prepared in accordance with the Act. The Council and management are responsible for the preparation of the prospective financial statements and the appropriateness of the underlying assumptions.

The information contained within this document is prospective financial information in terms of PBE FRS 42. The forecast financial statements have been prepared on the basis of assumptions as to future events the Council reasonably expects to occur associated with actions the Council expects to take. They have been prepared in accordance with current accounting policies in this plan. Actual results up until March 2021 have been taken into account in preparation of these prospective financial statements. Prospective Group financial statements have not been prepared as information for all entities in the group is not available.

The purpose for which this plan has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Timaru District Council to its community for the year, and to provide a broad accountability mechanism of Council to the community. This information has been prepared for the Council's budgeting and financial planning purposes. It may therefore not be appropriate to be used for any other purpose. Actual results are likely to vary from the information presented and the variations may be material. These prospective financial statements will not be updated.

# Forecast Statement of Comprehensive Revenue and Expense

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
<b>Revenue</b>										
Rates excluding metered water supply rates	53,356	58,983	62,161	65,511	69,045	72,773	76,703	80,847	85,214	89,810
Fees, charges and metered rates for water supply	15,259	19,146	19,917	20,911	21,758	22,653	23,562	24,514	25,538	26,586
Subsidies and grants	14,008	18,258	16,253	13,718	14,109	14,514	15,941	15,702	15,521	15,955
Finance revenue	1,578	723	733	743	752	762	772	782	793	805
Dividend Revenue	2,041	1,040	1,070	1,097	1,124	1,154	1,182	1,213	1,246	1,280
Other Revenue	4,865	4,293	4,187	4,390	4,561	4,814	4,612	4,750	4,875	5,014
Other gains / (losses)	-	-	47	43	45	50	50	55	60	64
<b>Total operating revenue</b>	<b>91,107</b>	<b>102,443</b>	<b>104,368</b>	<b>106,413</b>	<b>111,394</b>	<b>116,720</b>	<b>122,822</b>	<b>127,863</b>	<b>133,247</b>	<b>139,520</b>
<b>Expenditure</b>										
Personnel costs	20,882	23,825	24,794	25,175	25,684	26,169	26,819	27,546	28,353	29,114
Other expenses	41,759	44,546	46,014	49,532	50,485	50,864	52,598	54,414	56,428	58,473
Finance costs	3,133	3,440	4,570	5,471	6,095	6,848	7,548	8,250	8,278	8,164
Depreciation and amortisation expense	16,757	24,554	25,187	25,888	26,755	27,745	29,278	30,729	31,204	32,400
<b>Total operating expenditure</b>	<b>82,531</b>	<b>96,365</b>	<b>100,565</b>	<b>106,066</b>	<b>109,019</b>	<b>111,626</b>	<b>116,243</b>	<b>120,939</b>	<b>124,263</b>	<b>128,151</b>
<b>Operating surplus (deficit) before tax</b>	<b>8,576</b>	<b>6,078</b>	<b>3,803</b>	<b>347</b>	<b>2,375</b>	<b>5,094</b>	<b>6,579</b>	<b>6,924</b>	<b>8,984</b>	<b>11,369</b>
Income Tax Expense	-	-	-	-	-	-	-	-	-	-
<b>Operating surplus (deficit) after tax</b>	<b>8,576</b>	<b>6,078</b>	<b>3,803</b>	<b>347</b>	<b>2,375</b>	<b>5,094</b>	<b>6,579</b>	<b>6,924</b>	<b>8,984</b>	<b>11,369</b>
<b>Other comprehensive revenue and expense</b>										
<i>Items that could be reclassified to surplus(deficit)</i>										
Gain on revaluation of property, plant and equipment	-	2,039	14,087	32,462	7,567	39,974	50,426	8,966	44,761	59,966
<b>Total other comprehensive revenue and expense</b>	<b>-</b>	<b>2,039</b>	<b>14,087</b>	<b>32,462</b>	<b>7,567</b>	<b>39,974</b>	<b>50,426</b>	<b>8,966</b>	<b>44,761</b>	<b>59,966</b>
<b>Total comprehensive revenue and expense</b>	<b>8,576</b>	<b>8,117</b>	<b>17,890</b>	<b>32,809</b>	<b>9,942</b>	<b>45,068</b>	<b>57,005</b>	<b>15,890</b>	<b>53,745</b>	<b>71,335</b>

# Forecast Statement of Changes in net Assets/Equity

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
Equity balance at 1 July	834,939	1,359,825	1,367,942	1,385,832	1,418,641	1,428,581	1,473,650	1,530,657	1,546,547	1,600,290
Comprehensive income for year	8,576	8,117	17,890	32,809	9,942	45,068	57,005	15,890	53,745	71,333
<b>Equity Balance 30 June</b>	<b>843,515</b>	<b>1,367,942</b>	<b>1,385,832</b>	<b>1,418,641</b>	<b>1,428,583</b>	<b>1,473,649</b>	<b>1,530,655</b>	<b>1,546,547</b>	<b>1,600,292</b>	<b>1,671,623</b>
<b>Components of Equity</b>										
Retained Earnings at 1 July	798,724	794,785	815,865	817,929	816,197	816,328	819,254	823,497	827,792	833,971
Transfers to/(from) Retained Earnings	-	15,001	(1,739)	(2,079)	(2,242)	(2,169)	(2,337)	(2,629)	(2,803)	(2,895)
Net Surplus/(Deficit)	8,576	6,078	3,803	347	2,375	5,094	6,579	6,924	8,984	11,365
Retained earnings 30 June	807,300	815,864	817,929	816,197	816,330	819,253	823,496	827,792	833,973	842,441
Asset Revaluation Reserves at 1 July	-	528,825	530,863	544,950	577,412	584,979	624,953	675,380	684,346	729,107
Revaluation Gains	-	2,039	14,087	32,462	7,567	39,974	50,426	8,966	44,761	59,966
Revaluation Reserves 30 June	-	530,864	544,950	577,412	584,979	624,953	675,379	684,346	729,107	789,073
Special Funded Reserves at 1 July	36,215	36,215	21,214	22,953	25,032	27,274	29,443	31,780	34,409	37,212
Transfers to / (from) reserves	-	(15,001)	1,739	2,079	2,242	2,169	2,337	2,629	2,803	2,895
Council created Reserves 30 June	36,215	21,214	22,953	25,032	27,274	29,443	31,780	34,409	37,212	40,111
<b>Equity at 30 June</b>	<b>843,515</b>	<b>1,367,942</b>	<b>1,385,832</b>	<b>1,418,641</b>	<b>1,428,583</b>	<b>1,473,649</b>	<b>1,530,655</b>	<b>1,546,547</b>	<b>1,600,292</b>	<b>1,671,623</b>



# Forecast Statement of Financial Position

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and cash equivalents	4,747	19,394	19,551	19,690	19,833	19,985	20,135	20,295	20,465	20,640
Debtors and other receivables	5,220	10,234	10,531	10,794	11,064	11,352	11,635	11,938	12,260	12,591
Other financial assets	27,826	28,339	28,339	28,339	28,339	28,339	28,339	28,339	28,339	28,339
Inventories	77	35	35	35	35	35	35	35	35	35
<b>Total Current Assets</b>	<b>37,870</b>	<b>58,002</b>	<b>58,456</b>	<b>58,858</b>	<b>59,271</b>	<b>59,711</b>	<b>60,144</b>	<b>60,607</b>	<b>61,099</b>	<b>61,605</b>
<b>Non-Current Assets</b>										
Plant, property and equipment	894,418	1,435,375	1,484,951	1,539,660	1,576,050	1,645,675	1,727,345	1,744,195	1,793,935	1,859,624
Intangible assets	1,383	3,513	3,408	3,337	3,273	3,216	3,164	3,117	3,075	3,038
Forestry	1,201	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217
Investment Property	1,546	1,628	1,675	1,718	1,764	1,813	1,863	1,919	1,979	2,043
Investment in CCOs and other similar entities	54,173	53,659	53,659	53,659	53,659	53,659	53,659	53,659	53,659	53,659
Other Financial Assets Term	51	4,691	4,691	4,691	4,691	4,691	4,691	4,691	4,691	4,691
<b>Total Non-Current Assets</b>	<b>952,772</b>	<b>1,500,083</b>	<b>1,549,601</b>	<b>1,604,282</b>	<b>1,640,654</b>	<b>1,710,271</b>	<b>1,791,939</b>	<b>1,808,798</b>	<b>1,858,556</b>	<b>1,924,272</b>
<b>TOTAL ASSETS</b>	<b>990,642</b>	<b>1,558,085</b>	<b>1,608,057</b>	<b>1,663,140</b>	<b>1,699,925</b>	<b>1,769,982</b>	<b>1,852,083</b>	<b>1,869,405</b>	<b>1,919,655</b>	<b>1,985,877</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade and other payables	7,434	15,641	16,095	16,497	16,910	17,350	17,784	18,246	18,738	19,243
Employee benefit liabilities	614	2,192	2,192	2,192	2,192	2,192	2,192	2,192	2,192	2,192
Borrowings	6,000	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	5,500	3,976	4,142	4,520	4,708	5,111	5,213	5,313	5,411	5,513
<b>Total Current Liabilities</b>	<b>19,548</b>	<b>21,809</b>	<b>22,429</b>	<b>23,209</b>	<b>23,810</b>	<b>24,653</b>	<b>25,189</b>	<b>25,751</b>	<b>26,341</b>	<b>26,948</b>
<b>Non-Current Liabilities</b>										
Provisions	5,000	8,511	8,345	7,967	7,779	7,376	7,274	7,174	7,076	6,974
Employee benefit liabilities	1,526	130	130	130	130	130	130	130	130	130
Borrowings	121,053	159,692	191,321	213,194	239,623	264,173	288,835	289,804	285,817	280,198
<b>Total Non-Current Liabilities</b>	<b>127,579</b>	<b>168,333</b>	<b>199,796</b>	<b>221,291</b>	<b>247,532</b>	<b>271,679</b>	<b>296,239</b>	<b>297,108</b>	<b>293,023</b>	<b>287,302</b>
<b>TOTAL LIABILITIES</b>	<b>147,127</b>	<b>190,142</b>	<b>222,225</b>	<b>244,500</b>	<b>271,342</b>	<b>296,332</b>	<b>321,428</b>	<b>322,859</b>	<b>319,364</b>	<b>314,250</b>
<b>NET ASSETS</b>	<b>843,515</b>	<b>1,367,943</b>	<b>1,385,832</b>	<b>1,418,640</b>	<b>1,428,583</b>	<b>1,473,650</b>	<b>1,530,655</b>	<b>1,546,546</b>	<b>1,600,291</b>	<b>1,671,627</b>
<b>EQUITY</b>										
Retained Earnings	807,300	815,864	817,929	816,197	816,330	819,253	823,496	827,792	833,973	842,444
Asset Revaluation Reserves	-	530,864	544,950	577,412	584,979	624,953	675,379	684,346	729,107	789,073
Special Funded Reserves	36,215	21,214	22,953	25,032	27,274	29,443	31,780	34,409	37,212	40,111
Trust Funds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>843,515</b>	<b>1,367,942</b>	<b>1,385,832</b>	<b>1,418,641</b>	<b>1,428,583</b>	<b>1,473,649</b>	<b>1,530,655</b>	<b>1,546,547</b>	<b>1,600,292</b>	<b>1,671,627</b>

# Forecast Statement of Cashflows

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
<b>Cash flows from operating activities</b>										
Receipts from rates revenue	72,110	58,627	61,864	65,248	68,775	72,485	76,419	80,544	84,891	89,485
Receipts from other revenue	15,537	41,697	40,357	39,019	40,428	41,981	44,115	44,966	45,934	47,555
Interest received	3,619	1,763	1,804	1,839	1,876	1,915	1,954	1,995	2,039	2,084
Payments to suppliers and employees	-	-	-	-	-	-	-	-	-	-
Interest paid	(3,133)	(3,440)	(4,570)	(5,471)	(6,095)	(6,848)	(7,548)	(8,250)	(8,278)	(8,164)
<b>Net Cashflow from Operating Activity</b>	<b>88,133</b>	<b>98,647</b>	<b>99,455</b>	<b>100,635</b>	<b>104,984</b>	<b>109,533</b>	<b>114,940</b>	<b>119,255</b>	<b>124,586</b>	<b>130,960</b>
Receipts from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Receipts from sale of investments	-	-	-	-	-	-	-	-	-	-
Acquisition of investments	-	-	-	-	-	-	-	-	-	-
Purchases of property, plant and equipment	(79,247)	(70,266)	(60,572)	(48,065)	(55,514)	(57,338)	(60,469)	(38,567)	(36,141)	(38,085)
<b>Net Cashflow from Investing Activity</b>	<b>(79,247)</b>	<b>(70,266)</b>	<b>(60,572)</b>	<b>(48,065)</b>	<b>(55,514)</b>	<b>(57,338)</b>	<b>(60,469)</b>	<b>(38,567)</b>	<b>(36,141)</b>	<b>(38,085)</b>
<b>Cash flow from financing activities</b>										
Proceeds from borrowings	-	39,635	31,629	21,873	26,430	24,550	24,662	968	-	-
Repayment of borrowings	37,569	-	-	-	-	-	-	-	(3,987)	(5,619)
<b>Net Cashflow from Financing Activity</b>	<b>37,569</b>	<b>39,635</b>	<b>31,629</b>	<b>21,873</b>	<b>26,430</b>	<b>24,550</b>	<b>24,662</b>	<b>968</b>	<b>(3,987)</b>	<b>(5,619)</b>
Net Increase (Decrease) in Cash Held	46,455	68,016	70,512	74,443	75,900	76,745	79,133	81,656	84,458	87,250
Add Opening Cash brought forward	48,957	19,206	19,394	19,551	19,690	19,833	19,985	20,135	20,295	20,465
<b>Closing Cash Balance</b>	<b>95,412</b>	<b>87,222</b>	<b>89,906</b>	<b>93,994</b>	<b>95,590</b>	<b>96,578</b>	<b>99,118</b>	<b>101,791</b>	<b>104,753</b>	<b>107,715</b>
<b>Closing Balance made up of Cash and Cash Equivalents</b>	<b>32,573</b>	<b>19,394</b>	<b>19,551</b>	<b>19,690</b>	<b>19,833</b>	<b>19,985</b>	<b>20,135</b>	<b>20,295</b>	<b>20,465</b>	<b>20,640</b>

# Funding Impact Statement 2021-31

This Funding Impact Statement has been prepared in compliance with Part 1: Clause 20 of Schedule 10 of the Local Government Act 2002.

In general terms, the Council will use a mix of revenue sources to meet operating expenses, with major sources being general rates, dividends and fees and charges. Revenue from targeted rates is applied to specific activities.

The following table outlines Council expenditure and sources of funds. Rates are assessed on properties in accordance with the statutory provisions of the Local Government (Rating) Act 2002.

# Funding Impact Statement 2021-31

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
<b>Cash flows from operating activities</b>										
Receipts from rates revenue	72,110	58,627	61,864	65,248	68,775	72,485	76,419	80,544	84,891	89,485
Receipts from other revenue	15,537	41,697	40,357	39,019	40,428	41,981	44,115	44,966	45,934	47,555
Interest received	3,619	1,763	1,804	1,839	1,876	1,915	1,954	1,995	2,039	2,084
Payments to suppliers and employees	-	-	-	-	-	-	-	-	-	-
Interest paid	(3,133)	(3,440)	(4,570)	(5,471)	(6,095)	(6,848)	(7,548)	(8,250)	(8,278)	(8,164)
<b>Net Cashflow from Operating Activity</b>	<b>88,133</b>	<b>98,647</b>	<b>99,455</b>	<b>100,635</b>	<b>104,984</b>	<b>109,533</b>	<b>114,940</b>	<b>119,255</b>	<b>124,586</b>	<b>130,960</b>
Receipts from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Receipts from sale of investments	-	-	-	-	-	-	-	-	-	-
Acquisition of investments	-	-	-	-	-	-	-	-	-	-
Purchases of property, plant and equipment	(79,247)	(70,266)	(60,572)	(48,065)	(55,514)	(57,338)	(60,469)	(38,567)	(36,141)	(38,085)
<b>Net Cashflow from Investing Activity</b>	<b>(79,247)</b>	<b>(70,266)</b>	<b>(60,572)</b>	<b>(48,065)</b>	<b>(55,514)</b>	<b>(57,338)</b>	<b>(60,469)</b>	<b>(38,567)</b>	<b>(36,141)</b>	<b>(38,085)</b>
<b>Cash flow from financing activities</b>										
Proceeds from borrowings	-	39,635	31,629	21,873	26,430	24,550	24,662	968	-	-
Repayment of borrowings	37,569	-	-	-	-	-	-	-	(3,987)	(5,619)
<b>Net Cashflow from Financing Activity</b>	<b>37,569</b>	<b>39,635</b>	<b>31,629</b>	<b>21,873</b>	<b>26,430</b>	<b>24,550</b>	<b>24,662</b>	<b>968</b>	<b>(3,987)</b>	<b>(5,619)</b>
Net Increase (Decrease) in Cash Held	46,455	68,016	70,512	74,443	75,900	76,745	79,133	81,656	84,458	87,256
Add Opening Cash brought forward	48,957	19,206	19,394	19,551	19,690	19,833	19,985	20,135	20,295	20,465
<b>Closing Cash Balance</b>	<b>95,412</b>	<b>87,222</b>	<b>89,906</b>	<b>93,994</b>	<b>95,590</b>	<b>96,578</b>	<b>99,118</b>	<b>101,791</b>	<b>104,753</b>	<b>107,721</b>
<b>Closing Balance made up of Cash and Cash Equivalents</b>	<b>32,573</b>	<b>19,394</b>	<b>19,551</b>	<b>19,690</b>	<b>19,833</b>	<b>19,985</b>	<b>20,135</b>	<b>20,295</b>	<b>20,465</b>	<b>20,640</b>

# Funding Impact Statement 2021-31

## Reconciliation to Statement of Comprehensive Revenue and Expense

	AP 2020/2021	Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028/2029	Forecast 2029/2030
<b>Surplus (deficit) of operating funding</b>	<b>18,260</b>	<b>16,426</b>	<b>17,392</b>	<b>17,347</b>	<b>19,969</b>	<b>23,398</b>	<b>25,121</b>	<b>27,286</b>	<b>30,139</b>	<b>33,433</b>
Add / (deduct)										
Subsidies and grants for capital	6,852	14,204	11,552	8,845	9,114	9,389	10,689	10,313	9,986	10,271
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	182	-	-	-	-	-	-	-	-	-
Vested assets	40									
Other gains / (losses)										
Landfill Post Closure										
Movement in Rates balance										
Depreciation expense	(16,757)	(24,554)	(25,187)	(25,888)	(26,755)	(27,745)	(29,278)	(30,729)	(31,204)	(32,400)
<b>Surplus / (deficit) Statement of comprehensive Income</b>	<b>8,576</b>	<b>6,075</b>	<b>3,803</b>	<b>347</b>	<b>2,374</b>	<b>5,091</b>	<b>6,582</b>	<b>6,923</b>	<b>8,981</b>	<b>11,368</b>

# Accounting Policies

## REPORTING ENTITY

Timaru District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Timaru District Council, and its subsidiaries, associates and joint arrangements: Timaru District Holdings Limited (100% owned), Aoraki Development and Promotions Limited (100% owned), Aorangi Stadium Trust (100% controlled) and Downlands Water Supply (82% controlled).

Timaru District Holdings Limited owns associate companies PrimePort Timaru Limited (50% owned) and Alpine Energy Limited (47.5% owned). All of these entities are incorporated and domiciled in New Zealand.

The primary objective of the Council is to provide infrastructure and public services for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for financial reporting purposes.

## BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

## STATEMENT OF COMPLIANCE

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA: sections 95, 100, 101, 111 and Schedule 10 which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with Tier 1 Public Benefit Entity Accounting (PBE) Standards.

## STANDARDS ISSUED AND NOT YET ADOPTED

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

*Financial Instruments*

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirement to better reflect the management of risks.

The Council plans not to apply this standard and instead early adopt PBE IPSAS 41 in preparing its 30 June 2022 financial statements. The Council and Group has not yet assessed the effects of the new standards.

In March 2019, The NZASB issued PBE IPSAS 41 *Financial Instruments*. When applied, this standard supersedes parts of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The main changes under PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirement to better reflect the management of risks.

The Council plans to early adopt this standard in preparing its 30 June 2022 financial statements instead of adopting PBE IFRS 9. The Council and Group has not yet assessed the effects of the new standards.

## PRESENTATIONAL CURRENCY AND ROUNDING

These financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

## BASIS OF CONSOLIDATION

The consolidated financial statements comprise the Council, its controlled activities, its interest in associates and joint arrangements.

Subsidiaries

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council's investments in subsidiaries are carried at cost in the Council's parent entity financial statements.

#### Associates

The Group's associate investments are accounted for in the Group financial statements using the equity method. An associate is an entity over which the Council or Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the Group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the Group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

#### Joint arrangements

Item - Attachment 7

For jointly controlled operations, the Council and Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint arrangement. There have been no changes in the accounting practices utilised in accounting for joint arrangements from those previously used for joint ventures.

### **REVENUE RECOGNITION**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

#### Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Environment Canterbury are not recognised in the financial statements, as the Council is acting as an agent for Environment Canterbury.

#### Vested Assets

Certain infrastructural assets have been vested to the Council as part of the subdivisional consent process. Such vested assets are recognised as revenue when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of the assets to the Council has been determined. Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing the identical services.



Other grants, bequests and assets vested in Council, irrespective of the conditions attached to vesting, are recognised as revenue when control over the assets is obtained.

#### New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

#### Interest

Interest revenue is recognised using the effective interest method.

#### Dividends

Dividends are recognised when the shareholders' rights to receive payment have been established.

#### Agency Revenue

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction

## **BORROWING COSTS**

Borrowing costs are recognised as an expense in the period in which they are incurred.

## **FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Transactions covered by foreign currency forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance sheet date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these transactions are included in the surplus or deficit.

## **INCOME TAX**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted at balance sheet date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current tax and deferred tax is recognised against the surplus or deficit, except when it relates to items charged or credited directly to equity or other comprehensive revenue, in which case the deferred tax is also dealt with in equity or other comprehensive revenue or expense respectively.

## **LEASES**

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently assets leased under a finance lease are depreciated as if the assets are owned.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

## TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by Council at below-market interest rates are initially recognised at the present value of their expected cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted using the effective interest method.

## FINANCIAL INSTRUMENTS

The Council is risk averse, and seeks to minimise exposure arising from its treasury activity.

The Council uses derivative financial instruments to manage its exposure to interest rate risks. In accordance with the Investment Policy and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value with the gain or loss on re-measurement to fair value recognised immediately in the surplus or deficit. The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

## INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

## INVESTMENTS

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose for which the investments were acquired.

### Term Deposits

Term Deposits are classified as Loans and Receivables and measured at amortised cost.

### Investments in debt and quoted equity securities

Investments in debt and quoted equity securities are financial instruments classified as held for trading and are measured at fair value at balance sheet date. Any resultant gains or losses are recognised in the surplus or deficit for the period.

### Investment in Subsidiaries

Investment in Subsidiaries are included in the parent entity at cost less any impairment losses.

### Community loans

Community loans at subsidised interest rates are fair valued on initial recognition based on the present value of all future cash receipts discounted using the prevailing market rate for similar instruments. The resulting loss on initial recognition is taken to the surplus or deficit. In subsequent periods this loss is amortised back through the surplus or deficit.

### Other – Investments (Unquoted equity investments)

Other investments held by the Council are classified as being available-for-sale and are stated at lower of cost and net realisable value, with any resultant gain or loss being recognised directly in other comprehensive revenue or expense except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised through the surplus or deficit.

## NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

## PROPERTY, PLANT & EQUIPMENT - VALUATION

Timaru District Council has the following classes of Property, Plant and Equipment

- Operational assets include:
  - Land
  - Buildings and building improvements
  - Airport improvements
  - Plant and equipment (including motor vehicles)
  - Furniture and office equipment
  - Library books
  - Art works

Operational assets are all assets not included elsewhere, utilised by the Council to deliver services, directly and indirectly.

- Infrastructure assets include:
  - Sewer, stormwater, water
  - Roads, bridges and lighting
  - Land under roads

Infrastructure assets are the fixed utility systems, with each including all components required for the network to function.

- Restricted assets include:
  - Parks and reserves

Restricted assets cannot be disposed of because of legal or other restrictions.

Unless specifically stated below, acquisitions are initially valued at cost. Prior to 1 July 2005 a number of valuations were undertaken for several asset classes, separately outlined below which has become the opening cost value for that class.

### Revaluations

For asset classes where revaluations are now performed regularly, assets are revalued with sufficient regularity to ensure that their carrying value does not differ materially from fair value, and at least every three years with revaluation movements accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset, however where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

### Additions

Additions are recognised as an asset when it is expected that future economic benefit or service potential will occur beyond one year, otherwise they will be expensed in the financial period in which the cost is incurred or committed or the value derived from the expenditure is initially delivered subject to reliable valuation.

Additions will usually be initially valued at cost, through an exchange transaction, but which may include its estimated fair value at the time of acquisition when acquired through a non-exchange transaction or on the anticipated net present value of future benefits where appropriate.

Subsequent costs relating to an existing asset will be capitalised based on the same assessment of future benefits as the initial acquisition. Costs that do not meet the requisite capitalisation assessment, such as the costs of servicing assets, will be recognised in the surplus and deficit as they are incurred.

### Disposals

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying value of the asset and are reported net in the surplus or deficit. When revalued

assets are sold, the amounts included in assets revaluation reserves relating to the assets disposed of are transferred to accumulated funds.

#### Land

Land, other than airport land, has been stated at cost, which is the fair value as assessed by I Fairbrother ANZIV of QV Valuations at 1 July 2005.

Airport land has been stated at cost, which is the fair value as assessed by B Dench ANZIV of QV Valuations at 1 July 2005.

#### Buildings and building improvements

Buildings and building improvements, have been stated at cost, which is the fair value as assessed by I Fairbrother ANZIV of QV Valuations at 1 July 2005.

#### Airport improvements

Airport improvements, including runway, have been stated at cost less depreciation, which is the optimised depreciated replacement cost as assessed by B Dench ANZIV of QV Valuations at 1 July 2005.

#### Plant and equipment

Plant and equipment for parks and pools is stated at cost less depreciation, which is the optimised depreciated replacement cost as assessed by Maunsell Limited, Valuers, at 1 July 2005.

Other plant and equipment (including motor vehicles) are at cost less depreciation.

#### Furniture and office equipment

Furniture and office equipment have been stated at cost less depreciation, which is the assessed fair value at 1 July 2005 based on the 1 July 1993 indemnity value as assessed by Morton & Co Limited, Valuers with acquisitions from 1 July 1993 to 1 July 2005 at cost.

#### Library books

The Timaru District Library, Temuka Library and Geraldine Library collections have been revalued as at 30 June 2019 at depreciated replacement cost calculated by the District Librarian in accordance with the library collection valuation guidelines prepared by the New Zealand Library Association in May 1992.

The Library collections are revalued on an annual basis.

#### Art works

Art works are stated at cost which is the assessed fair value at 1 July 2005 based on the 1 April 1992 insurance value by the Art Gallery Director, with acquisitions from 1 April 1992 to 1 July 2005 at cost.

#### Sewer, stormwater, water

Sewer, stormwater and water assets are stated at their fair value using standard unit rates as per the valuation methodology, however acquisitions subsequent to 1 July 2019 are valued at cost, until future revaluations are performed.

Prior to 1 July 2019, Water Infrastructure assets were stated at their cost less depreciation and impairment losses which is optimised depreciated replacement cost, valued as at 1 July 2005 by Maunsell Limited, Valuers, less accumulated depreciation and impairment losses.

The assets were revalued on 1 July 2019 by Timaru District Council officers and peer reviewed by B. Smith, CA, of Brian Smith Advisory Services Limited.

Sewerage, stormwater and water infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method, including:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity. No opportunities for optimisation was identified within the 2019 revaluation.
- Estimating the replacement cost of the asset: the replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2019 quarter index with an estimate for June 2019) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated: these estimates can be affected by the local condition, for example, pipe material or wall thickness. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To

minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Acquisition subsequent to 1 July 2019 are measured at their fair value using standard unit rates.

Roads, bridges and lighting

Roads, bridges and lighting are stated at cost less depreciation which is the optimised depreciated replacement cost valued at 1 July 2005 by Maunsell Limited, Valuers.

Land under Roads

Land under roads has been stated at cost less depreciation at an average of adjacent “undeveloped land value” valued at 1 July 2005 by Maunsell Limited, Valuers.

Heritage Assets

Heritage buildings are included in the buildings asset class.

Significant statues are stated at cost less depreciation which is the optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, Valuers.

Other heritage type assets, such as museum exhibits, have not been valued.

**PROPERTY, PLANT & EQUIPMENT - DEPRECIATION**

Depreciation is provided on a basis that will write off the cost or valuation of the assets, other than land, less their estimated residual values over their estimated useful lives.

Depreciation has been provided at the following rates:

Land	Nil
Buildings and building improvements	1%-30% Straight Line
Airport improvements	2%-50% Straight Line

Plant and equipment: pools and parks	2%-33% Diminishing Value
Plant and equipment: motor vehicles	5%-25% Diminishing Value
Plant and equipment: other	10%-50% Diminishing Value
Furniture and office equipment	20%-50% Diminishing Value
Library collection: permanent retention	Nil
Library collection: current	12.5% Straight Line
Art works	Nil
Water – plant and facilities	5 - 80 years
Water – reticulation	15 t- 230 years
Sewerage – plant and facilities	5 – 80 years
Sewerage – reticulation	30 – 120 years
Stormwater – plant and facilities	5 – 80 years
Stormwater – reticulation	20 – 120 years
Roading	1%-50% Straight Line
Bridges	1%-3% Straight Line
Lighting	6%-8% Straight Line
Land under roads	Nil
Heritage assets	1%-7% Straight Line

**CAPITAL WORK IN PROGRESS**

Capital work in progress are not depreciated. The total cost of a project is transferred to the relevant asset classes on completion and then depreciated.

## **INTANGIBLE ASSETS**

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The useful lives and associated amortisation rates of software has been estimated at 3 - 5 years (20% - 33%).

Costs associated with developing or maintaining software programmes are recognised as an expense when incurred.

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

## **IMPAIRMENT**

The carrying amount of the Non-current assets, other than investment property and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

## **FORESTRY ASSETS**

Forestry Assets are valued annually as at 30 June at fair value less estimated point of sale costs. Fair value is determined by the estimated worth of the maturing tree stocks in the Council's forests. The valuation method adopted is based on cash flows on a single rotation basis discounted at a market based pre-tax rate. The changes in fair value of the Forestry Assets are included in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

## **LANDFILL ASSETS**

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the land-fill is considered to be the period of time to the expiring of the resource consent in 2030 or the estimated full date.

## **INVESTMENT PROPERTY**

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value as determined annually by independent valuers with any gain or loss arising from a change in fair value being recognised in the surplus or deficit.

## **LOANS**

Loans are classified as other liabilities and are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between fair value at acquisition and maturity value being recognised in the surplus or deficit over the period of the borrowings on an effective interest basis.

## **EMPLOYEE ENTITLEMENTS**

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. Provision is made in respect of the Council's liability for annual leave, long service leave, retirement gratuities and sick leave. Council accrued retiring gratuities and accrued long service leave are calculated based on an actuarial valuation using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Annual leave entitlements have been calculated on an actual entitlement basis at current rates of pay. Sick leave entitlements are measured as the amount of unused entitlement accumulated at balance sheet date that the Council anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods. Obligations for contributions to Kiwisaver and superannuation schemes are recognised as an expense in the surplus or deficit when incurred. All employer superannuation contributions are made to defined contribution schemes.

## **PROVISION FOR LANDFILL POST CLOSURE COSTS**

A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arise.

The provision is measured based on the present value of the future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

## EQUITY & RESERVES

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are:

- Retained Earnings
- Restricted reserves – Special funds
- Separate reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves (special funds) are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or to a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Separate reserves (separate funds) are maintained for targeted rates charged for a specific purpose or for self-funded activities. A separate account is maintained for each targeted rate of self-funded activity to ensure that the funds are held and used for the specific purpose intended.

## GOODS & SERVICES TAX

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, which are stated on a GST inclusive basis. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST paid to, or received from the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

## BUDGET FIGURES

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and Long Term Plan process. The budget figures have been prepared in accordance with generally accepted account practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

## OVERHEAD ALLOCATION

The Council has derived the net cost of services for each significant activity of the Council using the cost allocation system outlined below. This involves the cost of internal service type activities being allocated to the external service type activities. External activities are those which provide a service to the public and internal activities are those which provide support to the external activities.

### Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

### Criteria for direct and indirect costs

'Direct' costs are those costs directly attributable to a significant activity. 'Indirect' costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

### Cost drivers for allocation of indirect costs

The costs of internal services not directly charged to activities are allocated based on the services provided. This is allocated based on a historical costing analysis which utilised a number of cost drivers, including staff numbers, area and transaction volumes.

Internal Charges

Are eliminated at the Council level.

**STATEMENT OF CASHFLOWS**

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all revenue sources of the Council, and expenditure payments made for the supply of goods and services. Agency transactions such as collection of regional council rates are not recognised as receipts and payments in the Statement of Cash Flows.

Investing activities are those activities relating to the acquisition and disposal of current and Non-current securities, and any Non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Council.

**CHANGES IN ACCOUNTING POLICIES**

Council reviewed its policy for presenting its interest in the Downlands Water Supply Joint Standing Committee (Downlands). Downlands is an arrangement between the Timaru,

Mackenzie and Waimate District Councils' administered by a Joint Standing Committee of the three Councils for the supply of water to various communities and businesses within the three districts. Council has previously presented its interest in the Downlands arrangement as an interest in a joint venture. Council is changing its policy and presenting its interest in the Downlands arrangement as an interest in a joint arrangement. The reason for the change is that all decisions of the three Councils, who share control of the Downlands Water Supply, are made unanimously. Council will continue to record that it holds an 82% interest in the Downlands Water Supply scheme.

**GOING CONCERN AND THE IMPACT OF COVID-19**

On 11 March 2020 the World Health Organisation declared a pandemic as a result of the outbreak and spread of Covid-19. Two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March 2020 to 27 April 2020 and remained in lockdown at Alert Level 3 until 13 May 2020.

The financial statements presented in this report include the direct and indirect impact from the changes in alert levels due to Covid-19.

Having taken the above into consideration, management has concluded that it is appropriate that these financial statements are prepared on a going concern basis and no significant changes to the presentation of the financial statements are required.



# Long-Term Plan Disclosure

## Statement for period commencing 1 July 2021

### **What is the purpose of this statement?**

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

# Long-Term Plan Disclosure

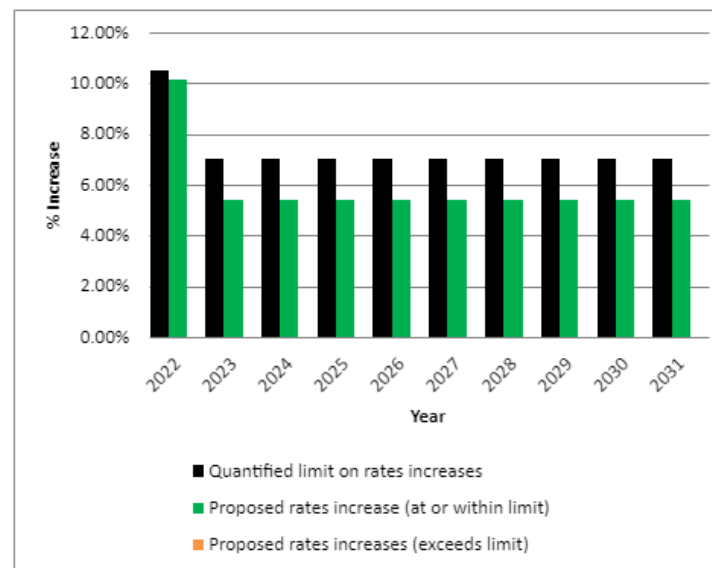
## Statement for period commencing 1 July 2021

### Rates affordability benchmark

The council meets the rates affordability benchmark if — its planned rates income equals or is less than each quantified limit on rates; and its planned rates increases equal or are less than each quantified limit on rates increases.

### Rates (increases) affordability

The following graph compares the council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is 10.5% in 2021/22 and 7% in the following years.



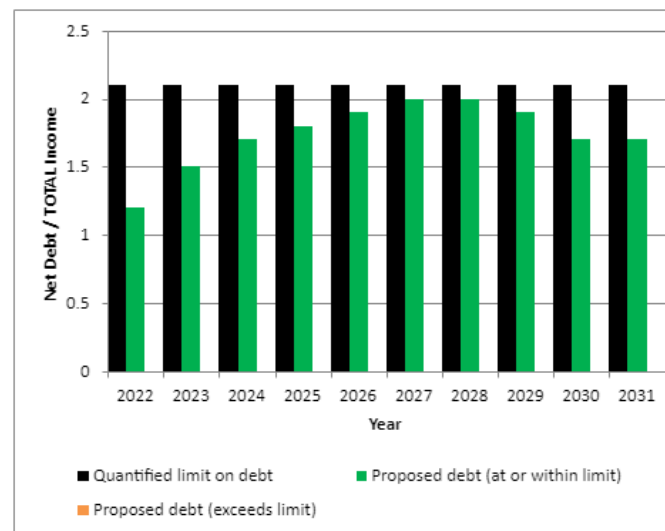
# Long-Term Plan Disclosure

## Statement for period commencing 1 July 2021

### Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

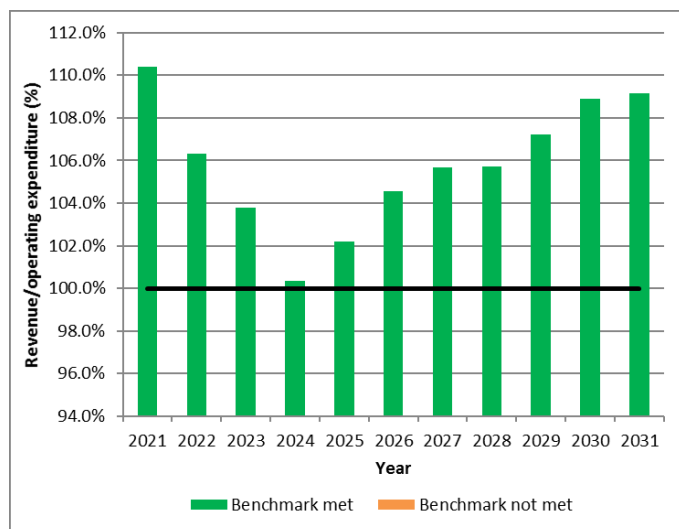
While we have a maximum debt ratio of 2.8 for net debt to operating revenue, our strategy sets a limit of normal operating debt at, or below, 2.1. These debt limits are supported by Council’s strong credit rating.



### Balanced budget benchmark

The following graph displays the council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses



# Long-Term Plan Disclosure

## Statement for period commencing 1 July 2021

### Essential services benchmark

The following graph displays the council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### Debt servicing benchmark

The following graph displays the council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

