



AGENDA

Commercial and Strategy Committee Meeting Tuesday, 31 August 2021

Date Tuesday, 31 August 2021

Time following the Community Services Committee

Location Via Zoom or
In the Council Chamber
Timaru District Council
King George Place
Timaru

File Reference 1442395

Timaru District Council

Notice is hereby given that a meeting of the Commercial and Strategy Committee will be held via Zoom or in the Council Chamber, Timaru District Council, King George Place, Timaru, on Tuesday 31 August 2021, depending on the Covid Alert Level at the conclusion of the Community Development Committee meeting.

Commercial and Strategy Committee Members

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

Quorum – no less than 2 members

Local Authorities (Members' Interests) Act 1968

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

Erik Barnes
Acting Group Manager Commercial and Strategy

Order Of Business

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

6 Confirmation of Minutes

6.1 Minutes of the Commercial and Strategy Committee Meeting held on 20 July 2021

Author: Jo Doyle, Governance Advisor

Recommendation

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

Attachments

- 1. Minutes of the Commercial and Strategy Committee Meeting held on 20 July 2021**



MINUTES

Commercial and Strategy Committee Meeting Tuesday, 20 July 2021

Ref: 1442395

**Minutes of Timaru District Council
Commercial and Strategy Committee Meeting
Held in the Geraldine Domain Pavilion, 38 Hislop Street, Geraldine
on Tuesday, 20 July 2021 following the Community Services Committee at 10.11am**

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

In Attendance: Chief Executive (Bede Carran), Acting Group Manager Commercial & Strategy (Ashley Harper), Transport Procurement Advisor (Josie McNee), Governance Advisor (Jo Doyle)

Wayne O'Donnell, Jennine Maguire, Janene Adams, Jan Finlayson – Geraldine Community Board

Ali Talbot – Temuka Community Board

Raewyn Hessell – Pleasant Point Community Board

1 Apologies

Resolution 2021/26

Moved: Cr Paddy O'Reilly

Seconded: Cr Barbara Gilchrist

That the apology received from Mayor Nigel Bowen be accepted and leave of absence granted.

Carried

2 Identification of Items of Urgent Business

There were no items of urgent business.

3 Identification of Matters of a Minor Nature

There were no matters of minor nature.

4 Declaration of Conflicts of Interest

There were no conflicts of interest.

5 Chairperson's Report

The Chairperson reported on meetings attended since the last Commercial and Strategy Committee including Council meetings, workshops, Group Manager, Tenders and Procurement Committee, People and Performance Committee and Audit and Risk Committee.

Resolution 2021/27

Moved: Cr Peter Burt
Seconded: Cr Sally Parker

That the Chairperson's report be accepted.

Carried

6 Confirmation of Minutes**6.1 Minutes of the Commercial and Strategy Committee Meeting held on 8 June 2021****Resolution 2021/28**

Moved: Cr Richard Lyon
Seconded: Cr Paddy O'Reilly

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

Carried

7 Reports**7.1 Timaru District Holdings Limited - Quarterly Report - 31 March 2021**

The TDHL quarterly report for the period 1 July 2020 to 31 March 2021 was presented to the Commercial and Strategy Committee.

A report will be presented at a future meeting about potential development at South Stafford Street.

Resolution 2021/29

Moved: Cr Sally Parker
Seconded: Cr Barbara Gilchrist

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

Carried

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

The Committee was presented with an update on the delivery status of the 2020/21 capital work programme.

The Civil Defence siren replacement upgrade was discussed, the system has been installed and testing has been undertaken but not yet commissioned, this will be updated at the next meeting.

An update was provided on the Caroline Bay Bleachers, a possible tenderer has explored ground conditions with drilling and core sampling being undertaken. This project is expected to start in April 2022 and completed by November 2022.

The Social Housing healthy home upgrade has now been completed and all units are being audited. Any maintenance issues detected by the audit are being repaired.

Resolution 2021/30

Moved: Cr Barbara Gilchrist

Seconded: Cr Steve Wills

That this report be received and noted.

Carried

8 Consideration of Urgent Business Items

There were no items of urgent business.

9 Consideration of Minor Nature Matters

There were no matters of minor nature.

The Meeting closed at 10.32am.

.....

**Cr Peter Burt
Chairperson**

7 Reports

7.1 Investments and Borrowing Treasury Report for Quarter Ending 30 June 2021

Author: Sandy Hogg, Management Accountant
Jason Rivett, Acting Chief Financial Officer

Authoriser: Erik Barnes, Acting Group Manager Commercial and Strategy

Recommendation

That the Committee receive and note the report.

Purpose of Report

1 To update the Committee on the status of Council treasury activities at 30 June 2021.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a regular report to the Council on the status of Council's borrowing and investments. Council's Financial Strategy is consulted on as part of each Long Term Plan review cycle.

Background

- 3 Council's treasury management involves holding a range of investments and borrowing to fund long term capital projects and operational expenditure as agreed in the Annual Plan or Long Term Plan.
- 4 Council treasury activities are managed in compliance within the limits of the Council's Treasury Management Policy (TMP).
- 5 Bancorp Treasury Services Limited provide external treasury advice to Council on borrowing and investment decisions.

Discussion

6 This report is to be read in conjunction with the attached detailed report titled "Treasury Reporting Dashboard – June 2021".

6.1 Liquidity and Funding

6.1.1 Liquidity and funding refers to total external Council drawn debt and undrawn bank facilities. The funding profiles and sources must agree with policy control limits.

6.1.2 Timaru District Council has access to three key sources of funding from the Local Government Funding Agency ("LGFA"). These are:

- (i) Commercial Paper ("CP") – unsecured money market instrument issued in the form of a promissory note
- (ii) Floating Rate Notes ("FRN") – debt instruments with variable interest rates; and

(iii) Fixed Rate Bonds (“FRB”) – fixed rate throughout the life of the bond.

6.1.3 Total borrowings as at 30 June 2021 was \$99.5m.

6.1.4 In summary:

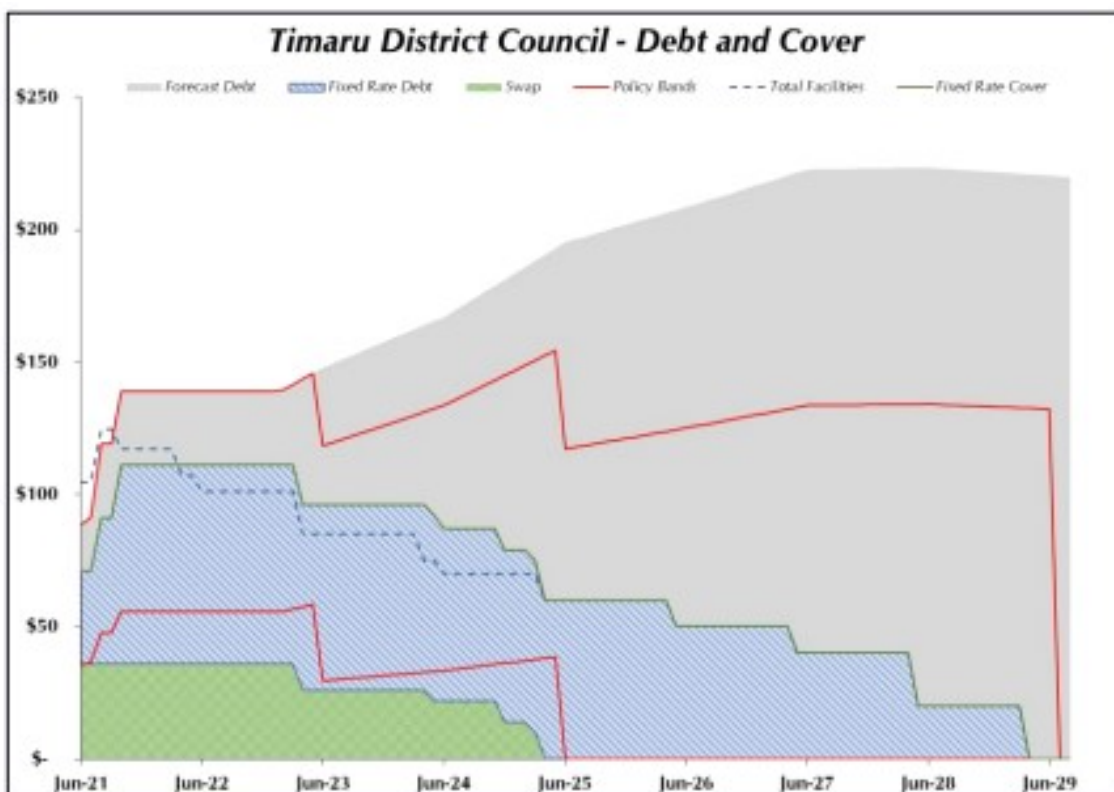
- (i) All transactions have been transacted in compliance with Policies;
- (ii) Fixed rate interest cover is within policy control limits;
- (iii) The funding maturity profile is within policy control limits;
- (iv) Liquidity is within policy control limits; and
- (v) All counterparty exposures are within policy control limits.

6.2 Interest Rate Risk

6.2.1 The Interest rate risk section of the report refers to whether Council’s hedging profile is within policy limits as well as the split between Fixed Debt and Floating cover.

6.2.2 The chart below shows Timaru’s current hedging profile based off the 75% LTP debt projections scenario which Timaru believes is realistic and achievable. This illustrates that Timaru is within the policy bands contained in the LMP.

6.2.3 Current fixed rate hedging is outlined by the blue and green shaded area, while the red lines are the policy bands which are documented in Timaru’s TMP. The dotted blue line depicts the funding maturity profile.



6.2.4 All up the Weighted Average Cost of Funds including margin is 2.72%

6.2.5 All interest rates are within policy bands.

6.3 Investment Management

- 6.3.1 Cash investments are broken down by special and general funds.
- 6.3.2 General Funds are cash reserves held for day to day operating activities. General Fund balances fluctuate across the quarter depending on operational income and expenditure cash flows. Council has a financial strategy to maintain a minimum of \$10 million general funds for liquidity purposes. The total cash investments of Council as at 30 June 2021 is \$21m.
- 6.3.3 Special Funds are held for specific purposes as set out in the Long Term Plan, Annual Plan and Annual Report. These funds are invested for approved future expenditure, to implement strategic initiatives, support intergenerational allocations, bequests and other reserves. The balances sometime drop to cover operational cashflow shortfalls and timing of general fund term deposits maturing.
- 6.3.4 Council investments are held with a range of highly rated institutions (as set out in the attached schedules) to ensure the capital sums invested are protected against default.
- 6.3.5 The yields available for term deposits continue to be higher than those available for bonds of a similar term. This is reflected in the proportion of Term Deposits to Bonds held. This is not expected to change in the short term.
- 6.3.6 In summary:
- (i) The Special Funds Portfolio outperformed the benchmark index, increasing in value by 0.02% compared to the benchmark portfolio's decrease of 0.13%
 - (ii) As at 30 June, TDC was compliant with the credit rating criteria in its Investment Policy.

6.4 Overall Summary

- 6.4.1 As at 30 June 2021, all transactions have been transacted in compliance with Council Policies and performance of Council Treasury activities are well managed.

Attachments

1. Treasury Reporting Dashboard - June 2021  



Treasury Reporting Dashboard

June 2021

STRICTLY PRIVATE AND CONFIDENTIAL



Economic Commentary

2

Global

- › Every asset class was a winner in the June quarter. US sharemarkets hit record highs, commodity prices extended their rally to levels not seen since 2011, and bond yields finally slipped after nine months of steepening. Central bankers have altered their tune and adopted a more hawkish stance, calling for rate hikes earlier than previously expected as several Q1 GDP results exceeded expectations and inflationary forces that were deemed 'transitory' could be here to stay.
- › In the US, the Federal Reserve ("Fed") left its Fed Funds target range unchanged at 0.0-0.25% at the June meeting, although policymakers signaled that rate hikes could come as soon as 2023 after the inclusion of the so-called 'dot plot' of expectations suggested there will be two hikes in 2023. Furthermore, the central bank now forecasts US GDP to grow at 7.0% in 2021. This more optimistic outlook saw the fixed income markets take the 'dot plots' at their projections, although Chair, Jerome Powell, played down the projections saying, "the dots are not a great forecaster of rate moves. Dots to be taken with a big grain of salt."
- › US CPI rose 5.0% in the May year from a year earlier, which was the largest 12-month increase since September 2008. Core inflation came in at 3.8%. The report showed sharp increases in transitory prices for items such as fuel and second-hand motor vehicles, but there was also a residual firmness in core inflation from the likes of rents and hotels that is hard to ignore.
- › Despite rising inflation across the globe, the US 10 year Treasury Bond yield has fallen around 0.30% since the last report and finished the quarter at 1.47%. This fall in long term yields is a result of the Fed hikes that are forecasted for 2023, as the market believes these hikes reduce the inflationary pressures in the long term.
- › In China, the National People's Congress announced an annual GDP growth target of "above 6.0%," and pledged to keep the unemployment rate below 5.5%, while the Chinese Premier, Li Keqiang, reiterated that "economic growth this year could exceed 6.0%. We need to seek a balance between growth, income, and employment, and we cannot pursue economic growth based on high energy consumption and heavy pollution. China needs growth in employment and income and will have to work more on boosting domestic demand and consumption."
- › For all of the comments from members of the Fed over the month, the European Central Bank ("ECB") has been conspicuous by its absence. ECB President, Christine Lagarde, is focusing on a 'green' recovery stating "we need to add another element to our post-pandemic recovery plan with what I have termed a green capital markets union -- a truly green European capital market that transcends national borders." The German 10 year bund remains entrenched in negative territory, trading in a range between -0.07% to -0.35% during the quarter, finishing June at -0.20%.

Economic Commentary

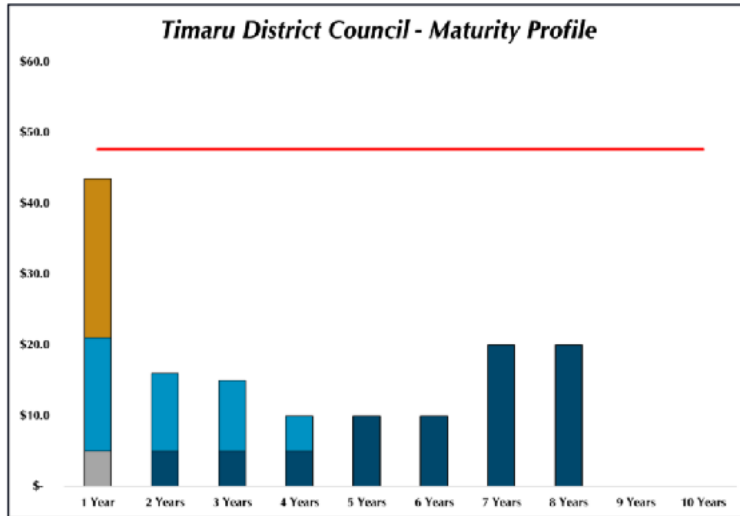
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New Zealand

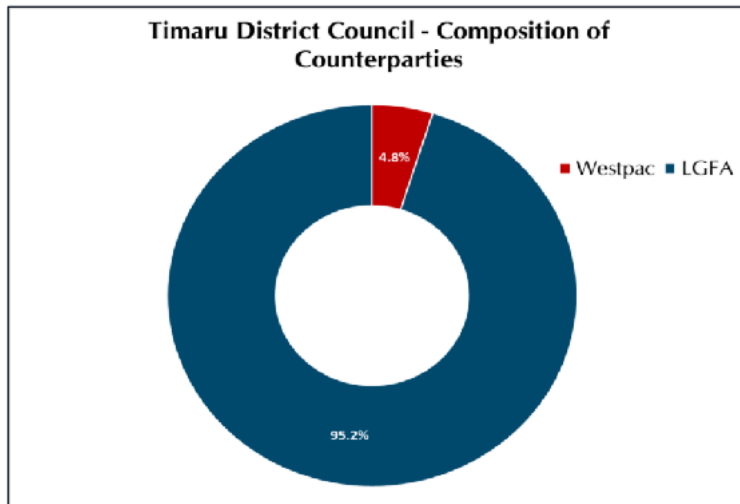
- › The tone of the Reserve Bank of New Zealand's ("RBNZ") May's Monetary Policy Statement ("MPS") was no doubt more optimistic, with the RBNZ pointing to several areas for upside, it also emphasised that it would maintain its stimulus "until it is confident that consumer price inflation will be sustained near the 2 percent per annum target midpoint, and that employment is at its maximum sustainable level. The Committee agreed it will take time before these conditions are met."
- › The most interesting aspect of the MPS was the inclusion of the RBNZ's OCR projections beyond 12 months. These projections suggest the OCR may start rising in the second half of 2022, topping out near 1.75% in mid-2024 as the RBNZ gains greater confidence in its outlook for the economy with "reduced risk of extreme downside shocks." Following the MPS, New Zealand interest rates climbed between 0.10% and 0.14% across the yield curve.
- › Meanwhile, the Monetary Policy Review on the 14 July confirmed recent bank ideologies as while they left the OCR at 0.25%, the MPC agreed to reduce the level of monetary stimulus via the LSAP programme to zero by 23 July. In saying that, the RBNZ reiterated the LSAP programme remains an important tool for supporting the functioning of the New Zealand debt market if required and remains an important monetary policy tool if needed. And while the RBNZ stated that medium-term inflation and employment would likely remain below its objectives, the market is now pricing in a 68% chance of a hike by October. Swap rates rose 5 – 10 points across the curve with a flattening bias.
- › The economic recovery in New Zealand continues which was confirmed by the sensational March quarter 2021 GDP print. Quite simply, no one forecasted the 1.6% print for the quarter, nor the year on year growth at 2.4%. The RBNZ was projecting a contraction of -0.5% for the quarter, while the banks were calling for +0.5%, highlighting the 'surprise' of this print. On a sector level, the strong housing market, domestic spending, and construction offset the losses from tourism and international students. This saw some of the local banks bring forward their OCR hike projections by a quarter or two.
- › The unemployment rate and participation rate outperformed market expectations in the first quarter, however underlying weakness might be starting to appear. The unemployment rate decreased to 4.7% and the participation rate increased to 70.4%, while expectations were 4.9% and 70.2%. Overall, the initial labour market recovery has been impressive, however absorption of the remaining slack may be more gradual, resulting in muted wage and inflation pressures for some time.
- › Offshore bond movements drove down yields in New Zealand. The 10 year swap rate tested the 2.00% mark before declining 0.20% due to offshore drivers, although some of this downward movement has been reversed, finishing the quarter at 1.88%. The 3–5 year swap rates are looking the most expensive after the release of the RBNZs MPS which illustrated that the OCR projection will reach 1.75% by 2024. The New Zealand 10 year swap rate has bounced off a long term trend line, testing the level of resistance twice within the last few months, both times being rejected and subsequently falling, suggesting that swap rates have found a trading range.

Liquidity and Funding

4



Funding KPIs	Minimum %	Maximum %	Actual	Compliant?
Liquidity	110%	N/A	TBA	Yes
Funding Maturity Profile Within 12 Months			30.1%	Yes



Debt
\$99.5m
Total External Council Drawn Debt

LGFA
\$99.5m
Funds Drawn from LGFA

Headroom
\$5.0m
Undrawn Bank Facilities

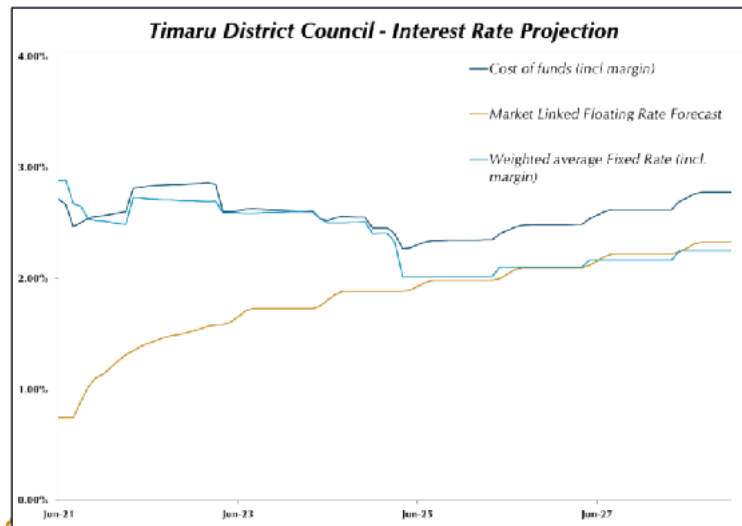
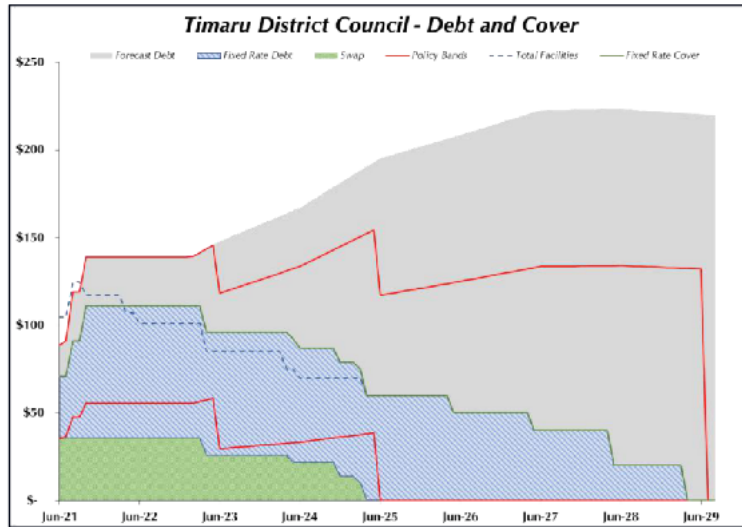
Liquidity Ratio
TBA
Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Policy Compliance	Compliant	Flag
Have all transactions been transacted in compliance with policy?	Yes	Green
Is fixed interest rate cover within policy control limits?	No	Green
Is the funding maturity profile within policy control limits?	Yes	Green
Is liquidity within policy control limits?	Yes	Green
Are all counterparty exposures within policy control limits?	Yes	Green



Interest Rate Risk

5



Current % of Debt Fixed	80.2%
Current % of Debt Floating	19.8%
Value of Fixed Rate (m)	\$71.0
Weighted Average Cost of Fixed Rate Instruments	2.99%
Weighted Average Cost of Fixed Rate Instruments (incl margin)	2.88%
Value of Forward Starting Cover	\$50.0
Weighted Average Cost of Forward Starting Cover	2.48%
Value of Floating Rate (m)	\$17.5
Current Floating Rate	0.75%
Current Floating Rate (incl margin)	1.13%
All Up Weighted Average Cost of Funds Including Margin	2.72%
Total Facilities In Place	\$104.5

Policy Bands			
	Minimum	Maximum	
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

Investment Management

6

Portfolio Summary

- › Below is a summary of the performance of TDC's Special Funds Portfolio ("SFP") and the benchmark portfolio for the quarter ended 30 June.
 - › The SFP outperformed the benchmark index, increasing in value by 0.02% compared to the benchmark portfolio's decrease of 0.13%.

TDC portfolio value at 31 March 2021	\$3,140,160
TDC portfolio value at 30 June 2021	\$2,572,460
Add coupon payments	\$32,241
Purchases/sales/maturities	\$500,000
Total	\$3,104,701
Percentage change in effective cash value	+0.02%

Benchmark portfolio value at 31 March 2021	\$11,597,219
Benchmark portfolio value at 30 June 2021	\$11,546,068
Add coupon payments	\$35,550
Total	\$11,581,618
Percentage change in effective cash value	-0.13%

Investment Management

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Portfolio Activity

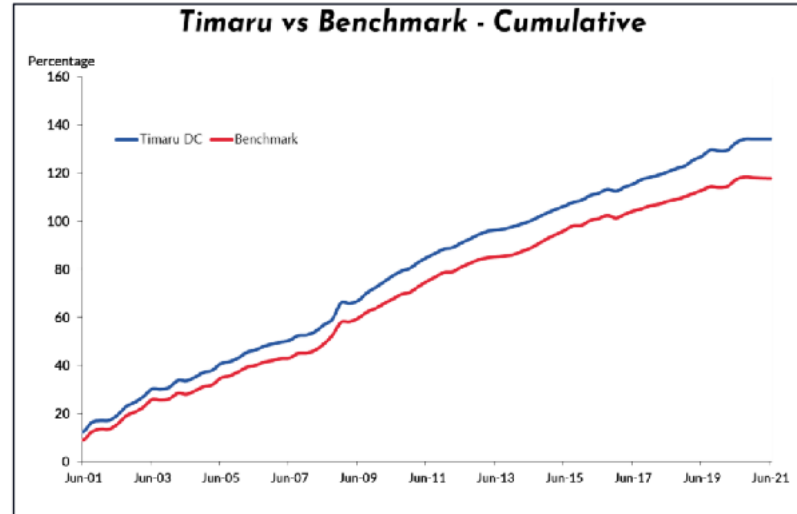
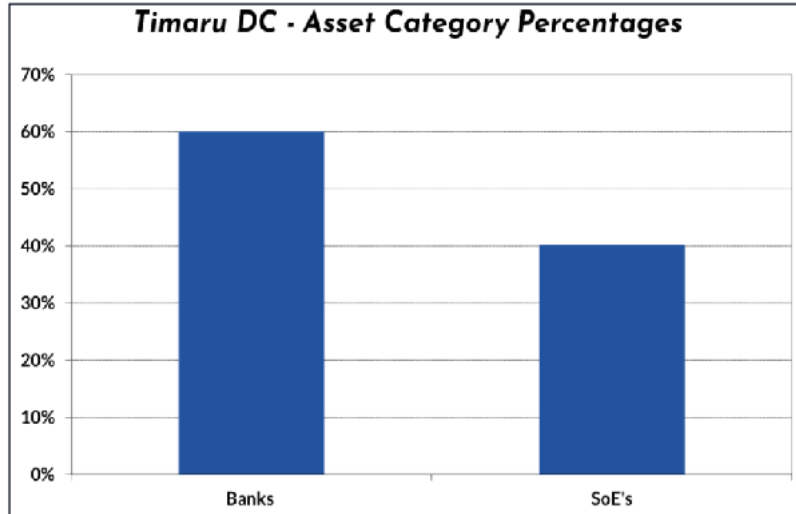
- › During the June quarter, the SFP, which had a duration of 1.73 years, outperformed the benchmark index, which had a duration of 2.28 years.
 - › The weighted average purchase yield of the SFP as at 30 June was 4.06%.
 - › The nominal value of the SFP declined by \$0.50 million to \$2.42 million during the June quarter.
 - › In addition to the SFP, there was \$18.0 million invested in bank Term Deposits ("TD") at the end of June.

Policy Adherence

- › As at 30 June, TDC was compliant with the credit rating criteria in its Investment Policy.
- › The duration of the SFP, at 1.73 years, is compliant with the duration requirement contained in the Investment Policy. Please note that TDC's Investment Policy states that compliance with the duration control limit is not required if the nominal value of the SFP is less than \$5.0 million.
- › In terms of liquidity, all the bonds in the SFP traded regularly on the secondary market during the June quarter. We are confident that the SFP could be sold at short notice if required.
- › As at 30 June, the asset category percentages of the SFP complied with the Investment Policy. These are detailed below and illustrated in the chart on the following page. Note that these percentages exclude the TDs.
 - › Banks 51.65%
 - › State Owned Enterprises 48.35%

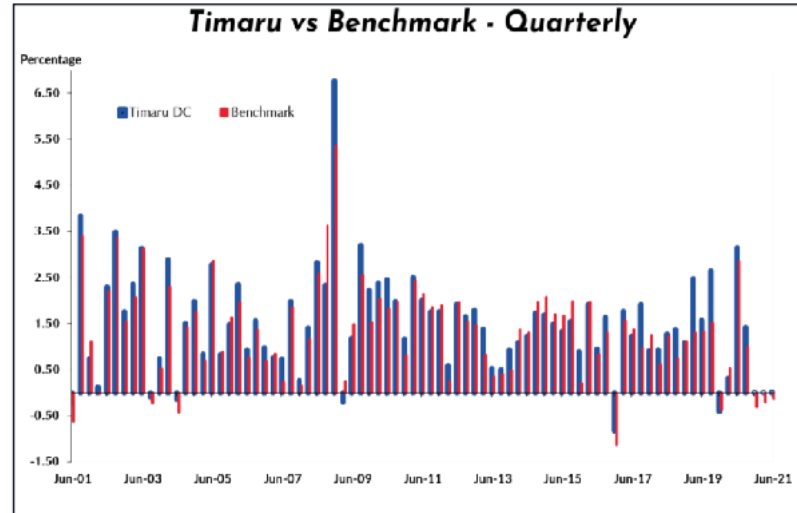
Investment Management

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Current term deposits

Bank	Amount	Term	Start Date	Rate
ANZ	\$5,000,000	180 days	5-Jul-21	0.90%
BNZ	\$2,000,000	181 days	6-Jul-21	0.87%
ANZ	\$3,000,000	210 days	14-Sep-21	0.80%
Westpac	\$5,000,000	185 days	01-Oct-21	1.04%
ASB	\$3,000,000	181 days	04-Oct-21	0.95%
ASB	\$3,000,000	195 days	15-Nov-21	0.95%
Total	\$21,000,000			



Investment Management

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Benchmark											
Security	Maturity Date	Coupon	31-Mar-21 Nominal \$	Yield	Value \$	30-Jun-21 Nominal \$	Coupons 01/04 to 30/06 \$	Yield	Value \$	Effective cash 30/06/2021 \$	
90 Day Bank Bill	30-Jun-19		1,000,000	0.35	999,128	1,000,000		0.33	999,169	999,169	
Fonterra	25-Feb-22	5.90	1,000,000	0.73	1,052,138	1,000,000		0.66	1,054,067	1,054,067	
ANZ/National Bank	1-Sep-22	3.75	1,000,000	0.53	1,048,497	1,000,000		0.61	1,048,913	1,042,550	
Auck Int Airport	9-Nov-22	4.28	1,000,000	1.02	1,068,633	1,000,000	\$21,400	1.02	1,049,914	1,033,368	
Transpower	15-Mar-23	5.44	1,000,000	0.68	1,094,719	1,000,000		0.83	1,093,883	1,102,817	
Westpac	23-Mar-23	3.72	1,000,000	0.74	1,059,223	1,000,000		0.87	1,058,855	1,050,376	
Auckland Council	25-Mar-24	5.81	1,000,000	0.90	1,145,057	1,000,000		1.13	1,140,931	1,174,382	
ASB Bank	19-Aug-24	1.83	1,000,000	1.10	1,026,240	1,000,000		1.33	1,021,934	986,659	
BNZ	29-Jan-25	2.16	1,000,000	1.24	1,037,954	1,000,000		1.43	1,034,453	1,034,453	
LGFA	15-Apr-26	1.50	1,000,000	1.33	1,015,143	1,000,000	\$6,650	1.46	1,004,953	1,011,603	
Housing NZ	5-Oct-26	2.25	1,000,000	1.50	1,050,487	1,000,000	\$7,500	1.58	1,038,996	1,046,496	
			<u>\$11,000,000</u>		<u>\$11,597,219</u>	<u>\$11,000,000</u>	<u>\$35,550</u>		<u>\$11,546,068</u>	<u>\$11,535,940</u>	
Value as at 31/3/2021					\$11,597,219			30/06/2021		11,546,068	
								Coupons		35,550	
								Total		11,581,618	
								Effective change in cash		-\$15,601	
								% change		-0.13%	
								Duration-years		2.28	
Timaru District Council											
Security	Rating	Maturity Date	Coupon	31-Mar-21 \$	Yield	Value \$	30-Jun-21 \$	Coupons 01/04 to 30/06 \$	Yield	Value \$	Effective Cash 30/06/2021 \$
Genesis	BBB+	18-Mar-22	4.14	500,000	0.71	517,189	500,000		0.72	518,059	518,059
Genesis	BBB+	8-Mar-23	5.81	500,000	1.09	546,935	500,000		1.23	547,179	547,179
BNZ	AA-	15-Jun-23	4.10	500,000	0.76	542,475	500,000	10,250	0.95	531,336	541,586
CCB	A	23-Jun-23	4.00	750,000	1.10	805,866	750,000	15,000	1.30	790,046	805,046
Meridian	BBB+	27-Jun-25	4.21	170,000	1.67	189,456	170,000	3,579	1.79	185,840	189,419
BNZ (qtrly)	BBB+	17-Dec-25	2.73	500,000	2.65	502,240		3,412			
				<u>\$2,920,000</u>		<u>\$3,104,161</u>	<u>\$2,420,000</u>	<u>\$32,241</u>		<u>\$2,572,460</u>	<u>\$2,601,289</u>
Value 31/03/2021						\$3,104,161			Value 30/06/2021		2,572,460
									Coupons		32,241
									Adjustments		500,000
											3,104,701
									Effective change in cash		\$540
							Duration-Years	1.73	% change		0.02%





7.2 Venture Timaru Quarterly Report April to June 2021**Author:** Erik Barnes, Acting Group Manager Commercial and Strategy**Authoriser:** Erik Barnes, Acting Group Manager Commercial and Strategy**Recommendation**

That the Venture Timaru report for the period ending 30 June 2021 be received and noted.

Purpose of Report

- 1 To present the Venture Timaru quarterly report for the period ending 30 June 2021.

Assessment of Significance

- 2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a regular report to the Council on progress of Venture Timaru against its Statement of Intent which is considered by Council annually.

Discussion

- 3 Venture Timaru's Quarterly Report for the period ending 30 June 2021 is attached. This is provided by Venture Timaru to Timaru District Council (as shareholder) pursuant to its Statement of Intent.
- 4 The Chief Executive of Venture Timaru will be in attendance to speak to the report.

Attachments

1. **Venture Timaru quarterly report to 30 June 2021 to Timaru District Council**  

MEMORANDUM

FROM: Nigel Davenport
TO: Ashley Harper – Acting Group Manager Commercial & Strategy Timaru District Council
SUBJECT: Venture Timaru Operational Update for the three months to 30 June 2021
DATE: 12th August 2021

Background

Please find attached an update relating to our Economic Development and Visitor Promotion operations for the quarter to 30th June 2021.

Highlights

Refreshed Economic Development Strategy (EDS) and new Destination Management Plan (DMP) – known as “Project Thrive”, we have recently received draft reports which are being reviewed by the VT board prior to formal adoption. Ministry of Business and Innovation, having funded the DMP, are providing their input into this draft report.

PRIORITY - Logistics and freight disruptions – the inconsistent supply of containers and disrupted shipping schedules is continuing to impact our food producers and manufacturers affecting production, scheduled capex/R&M, and cost/freight timings to key markets, especially Australia. Noting any cancelled or deferred CAPEX/R&M due to inability to source componentry/machinery will most likely affect production volumes next season as well.

We are utilising our central government agency contacts to voice our and local industry concerns, associated issues and raise awareness – all acknowledged and endorsed by Infometrics Principal Economist Brad Olsen who is also adding his voice to our approaches.

Ongoing supply chain disruptions will cascade through our local economy with potential reduction in work hours resulting in less take home pay, less consumer spending and potential flight risk of staff on reduced hours looking elsewhere (out of district) for work – something we cannot let happen.

We are actively engaging with our local MP to seek a audience with Minister of Transport Michael Wood and/or other members of the Supply Chain Ministers group. Pleasingly we have recently been invited to add our voice to work being done by the Ministry of Transport on an integrated national freight and logistics strategy and will do so with the coordinated support and input of local industry.

Not surprisingly these supply chain disruptions and the cascading effects remain our most pressing issue.

Some examples of direct feedback received on the inconsistent container supply issue include:

Container supply has become a major issue for the business for our Australian supply. We have had major delays in getting boxes over to Australia which has affected our marketing plan substantially and has also left our customers in Australia with low stock situations. For importing we are struggling to get consistent supply into New Zealand, and we have significant delays in our supply chain bringing in ingredients and packaging materials. As a result we are having to hold higher than normal stocks which has a direct impact on our stock take investment.



We are experiencing issues with shipping container availability and general export freight disruption. The affect is on our financial results (timing issues) and potential out-of-stocks in market.

Enhanced engagement with local industry

- The reforms to vocational education (ROVE) are progressing with all Polytechs and ITO's under the new national entity known as Te Pukenga. As a result of these changes we are actively progressing the positioning of Ara's local campus as a Central South Island satellite training hub. Given the recent success of the Regional Apprenticeship Initiative (administered by VT for Mid & Sth Canty and Nth Otago), which saw 100 new apprentices employed within 5 months (90/100 being in construction), we with local industry are engaging with Ara and BCITO to explore opportunities for local provision of training. This has focused initially on apprentice block courses which are currently being run out of CHCH for the bulk of the South Island. The opportunity to hold some of these in Timaru for Central and lower South Island apprentices is very attractive to industry from a logistics and cost perspective. For example there are presently 29 local painter and decorator apprentices who are scheduled to travel to CHCH for their block courses which can, and we hope will, be provided locally.
- Via the Sustainable is Attainable initiative facilitated by VT with 20+ of our local food processors and manufactures, we are now collectively progressing a variety of waste and energy opportunities utilising the foundation of this industry sector as a base. Some of these opportunities include:
 - o Bio-fuel and bio digesters
 - o Plastic shredders
 - o Protein extraction plants
 - o Blue lab – cleantech facilities.

The established relationships with a wide range of universities and R&*D entities such as University of Canterbury, Lincoln University and AgResearch are proving invaluable as we progress these opportunities.

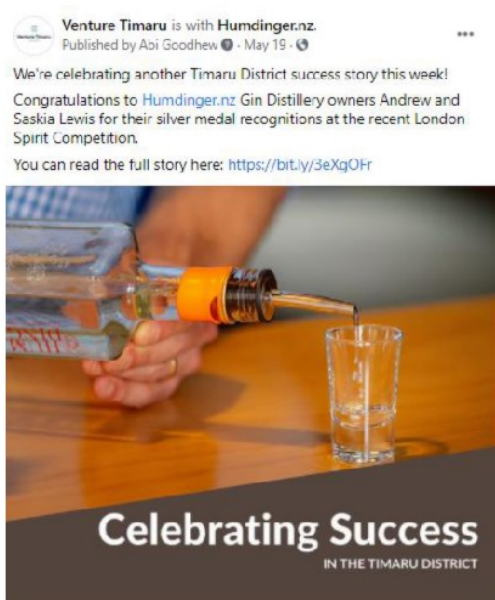
We are also pleased to advise that the Sustainable is Attainable initiative, seen by many as NZ collaboration best practice, will be expanded into the Hawkes Bay in August.

- We have been working closely with BCITO and their partners including TEC, as they've developed an aligned forecasting tool for projects and workforce using Canterbury as their first region of focus. The goal is to display national and regional gaps and surpluses within the construction and infrastructure labour market. The ability to provide and regularly update data on construction activity and associated workforce demand is a hugely valuable resource for councils, providers, employers, and career advisors in a "business as usual" setting. At times of great change and disruption (such as COVID-19), this information is critical to the economy. Creation of this tool relies on a mix of historical data relating to supply and demand, forecast demand data based on identified significant construction and infrastructure projects, and economic forecasting models. The overarching aspiration to identify the specific workforce issues, establish local solutions, and ensure the industry has the Right people, with the Right skills, in the Right place, at the Right time – the tool to be a critical resource for Regional Skills Leadership Groups (VT represents our area on Canterbury's RSLG) as they formulate regional Workforce Development Plans over coming months. Check it the WiP tool at www.wip.org.nz

- We have also recently engaged Plant & Food to undertake an initial assessment of the Timaru District, and appropriate neighboring areas, on suitability for new horticulture and energy cropping opportunities. This will include
 - Land Use Capability (LUC)
 - Slope
 - Growing Degree Days
 - Frost-free period (FFP)

From the overlay of the maps of these four criteria, a map showing where the conditions of all four criteria are met. This intersection map provides the location of areas that are potentially suitable for generic horticultural crops, and generic arable/energy crops and will form the basis for more targeted investigations and feasibility.

- Celebrating Success / Did you know? - we have recently launched two promotional campaigns one on celebrating local successes (taking the approach that “success breeds and attracts success”) and a Did You Know? which is aimed at raising awareness of local business with “fast facts” not commonly known. Both have been extremely well received and will continue in the months ahead, across our social media, LinkedIn, and website platforms:





Venture Timaru
Published by Abi Goodhew · June 10 at 8:54 AM · 🌐

We all know the Timaru District is home to some fantastic local businesses & organisations. But here are six fast facts you may not have known about... [Opuha Water Ltd](#)

1. In the recent May 2021 floods, Lake Opuha rose over 12m in height due to flows from its catchment. The Dam held back over 40 million cubic metres of water from flowing down the Ophi River, significantly reducing the flooding risk in the lower catchment.
2. The Opuha scheme provides reliable irrigation to 16,000 hectares for more than 230 shareholder farmers in the catchment area.
3. The Opuha scheme supplies water to the Timaru District for domestic and industrial use.
4. The Opuha dam 7MW (megawatt) hydro generator produces enough energy in an average year to power 3,800 homes.
5. The Opuha Dam has been in existence since 1990 and created Lake Opuha which provides for a wide range of recreational activities including rowing, kayaking, water skiing and fishing.
6. Opuha Water has a vital role in the long-term prosperity and sustainability of the South Canterbury economy, its community, and the environmental health of the Opuha/Ophi catchment.



Venture Timaru
Published by Abi Goodhew · May 27 · 🌐

We all know the Timaru District is home to some fantastic local businesses & organisations. But here are six fast facts you may not have known about... [Fulton Hogan](#)

1. Fulton Hogan was founded in Dunedin in 1933, and was established in Timaru in 1981 as a result of the takeover of British Pavements.
2. Fulton Hogan supports numerous local community events, including the Central South Island Charity Bike Ride and the Hadlow to Harbour Fun Run.
3. Fulton Hogan has been a principal supporter of the Department of Conservation's Takahé Recovery Program since 2016.
4. Fulton Hogan employs over 7,500 people throughout NZ, Australia and the Pacific. There are 90 people employed in the Timaru District.
5. Fulton Hogan is one of the largest developers of new residential land in the Auckland area.
6. Fulton Hogan is still a privately owned family company – locally, more than 35 staff are active shareholders in the business.



Aged Friendly Strategy for the District is progressing in partnership with SCDHB, TDC and local social agencies utilising resources, adapted to our district, from those districts who have already progressed similar strategies such as Nelson, Waimakariri and Tauranga. Landing page and initial community survey are being finalised for soft launch 25 Aug and then formal Mayoral launch of the project early September.

MyNextMove - partnered with South Canterbury Careers Advisors, 35+ local businesses and Ministry of Education to hold the Pathways Expo at Southern Trust Events Centre in May. Attended by over 750 year 11 students from around the region this was again an outstanding success as we “exposed, educated and excited our youth on their important next move post-secondary school. Some feedback from the day:

Hi Courtney

Thanks for the opportunity to be involved in the pathways expo we were able to pick up a couple of leads for future employees and work experience people. It was also a good training opportunity as I was able to take along one of the newly qualified staff members and show them another side to what we do with engaging in the community.

*Thanks again
James*

*James Forrest
Managing Director Bleeker & Weith*



Good Morning,

I just wanted to say a huge thank you to everyone who contributed to the lead up to the Pathways Expo & to those who helped out yesterday. Things are so much easier when everyone contributes, so I do really appreciate your help.

Most importantly, thank you so much Courtney for all your hard work and enthusiasm. We had such a great mix of businesses & overall it was a very successful event! You are an absolute pleasure to work with and we are so lucky to have you in the role!!

Enjoy the weekend!

Jo

Jo Shaw

South Canterbury/North Otago CATE President



Visitor

- Central Government Funding
 - 2020 \$400K STAPP funding has been fully utilised or allocated as directed by funders MBIE. A portion of the Timaru Trails and ROAM app funding will carry through to the 2021/22 financial year, as will the SC Food Heritage Centre feasibility study funding.
 - 2021 \$700K Tourism Support Reset and Recovery (TSRR) funding. The investment plan for the second round of funding has been submitted with the key focus of this being across Domestic Marketing, Product Development and Capability and implementation of Destination Management Plan. Whilst this funding will be district wide, there is funding proposed specific for Temuka, Geraldine and Pleasant Point and we will engage initially with the respective community boards and then wider communities once MBIE officially approve the funding (since received).
- Key Projects update:
 - Hero videos – The final work on this project is a selection of short edits for use on digital channels. Completed mid-July.
 - Timaru Trails and ROAM.NZ App – Ongoing work. Pleasant Point and Temuka Trails since added and writing of Geraldine Trails is underway. ROAM app work continues, and print advertising is now being scheduled for publication from July.
 - Geraldine Nature and Sculpture Trail – STAPP funding of \$20k has been confirmed to Geraldine .NZ and payment to be made early July subject to agreed T&C's.
 - SC Food Heritage Centre – feasibility project consultants appointed and project underway.

- Marketview Timaru District Visitor Spend

- Canterbury continues to be highest spender. April - \$8.2m, May \$7.4m
- Rest of NZ visitor spend. April \$5.3m, May \$4.2m
- Interestingly the spread of May 2021 Total Visitor Spend of \$12.072m compared to same month in prior years showed:

Visitor Spend within Timaru District						
	May-21		May-20		May-19	
Timaru City	\$ 9,549,035	79%	\$ 7,693,230	81%	\$ 9,571,839	79%
Geraldine	\$ 1,307,543	11%	\$ 955,766	10%	\$ 1,189,284	10%
Rest of Timaru District	\$ 1,216,190	10%	\$ 874,759	9%	\$ 1,300,953	11%
TOTAL	\$ 12,072,768	100%	\$ 9,523,755	100%	\$ 12,062,076	100%

- Events

- quieter winter months however the Matariki Night Market Festival was a huge success – something to be built on and expanded next year.
- Planning well underway for the second year of SCOFF (South Canterbury's Outstanding Food Festival) which will take place Sept 10 – 19 September
- Subject to formal approval of TSRR funding \$700K TDC have approved a Major Events Support Grant \$230K for medium to large events - to be administered by VT. Application to be open twice annually with first round Aug- Sept.

New Business Opportunities

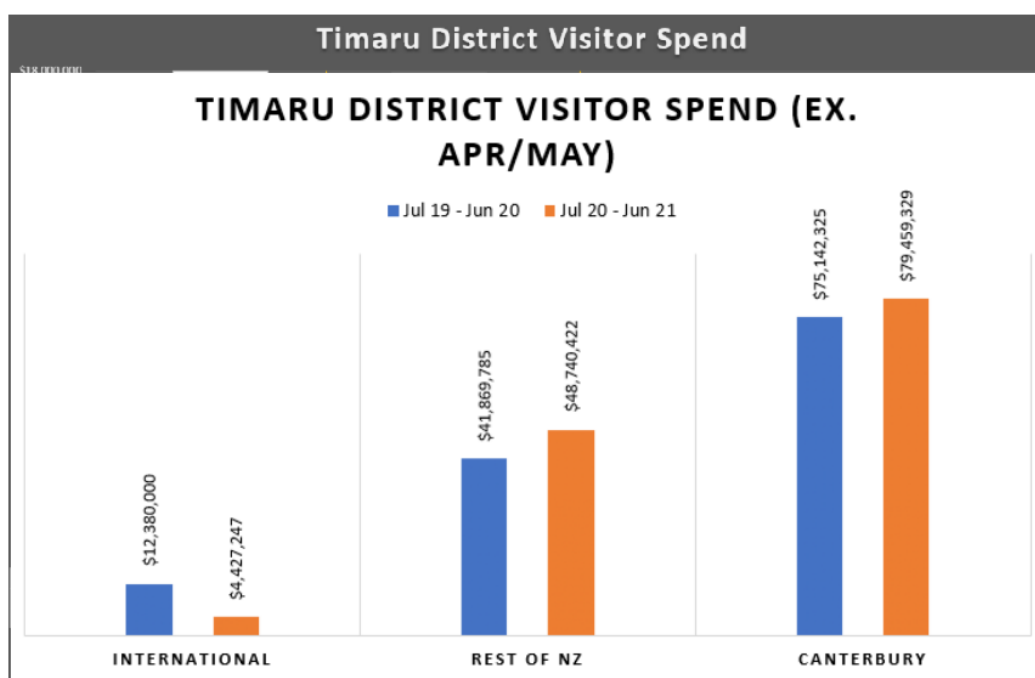
Scott Base Redevelopment – we have been working very closely with Primeport to attract this \$300m + project to Timaru with several discussions and meetings held with the parties to inform on our districts significant capability and capacity to support such a project. We believe the project solution offered by Primeport to be superior to other offerings and we await the final decision – due any day.

Our direct involvement has seen a number of smaller new businesses established stated below however the volume of enquiry of larger new business opportunities continue – albeit some are being adversely affected by ongoing supply chain disruptions.

Given her previous background in formulating bids we are, with Primeport and TDHL, working with TDC Transport Procurement Advisor J McNee to update our business attraction resources to be both more direct and third party focused.



OBJECTIVES	KPI	ACHIEVED
encourage innovation and facilitate the growth of existing business	a minimum of 20 new connections facilitated for existing businesses per month feedback received via Annual Survey of local business and organisations evidencing value added by VT.	Achieved Pending – at date results awaited ex third party provider
assist business to re-deploy, retain, and attract a skilled workforce	quarter on quarter improvement in the district’s unemployment rate	Not achieved – Sept 3.7%, Dec 4.0%, and March 4.2%. Still below NZ 4.7%. with trend in recent months seeing a reducing number of jobseekers. Awaiting June ¼ figures
deliver tourism and visitor attraction services for the District	quarter on quarter improvement in the district’s tourism expenditure	Not achieved – total visitor spend Q1 \$36m, Q2 \$44m, Q3 \$40m and Q4 \$39m. Notably, and as detailed in below graph, comparing 2019/20 year to recent 2020/21 year (normalised by excluding April/May o/a lockdown months) shows both Canterbury and Rest of NZ Visitor spend both well up on prior year by \$7m and \$4.3m, respectively. Totals being 2019/20 visitor spend \$129.3m v 2020/21 Visitor Spend \$132.6m
create an environment to attract and assist new and developing business	a minimum of 4 new and developing business obtained	Not Achieved – VT can claim a max 3 new businesses established o/a our direct involvement across training, roading and retail sectors.



Financials
 Venture Timaru
DRAFT Profit & Loss Statement

1 July 2020 - 31 June 2021

	YTD ACTUAL	FULL YEAR REFORECAST	FULL YEAR BUDGET
INCOME			
Economic Development Grant - TDC	\$ 640,000	\$ 640,000	\$ 640,000
Tourism Grant - TDC	\$ 350,000	\$ 350,000	\$ 350,000
MyNextMove Contract - MSD	\$ 172,908	\$ 145,000	\$ 145,000
Transport & Logistics Funding - Provincial Development Unit	\$ 305,985	\$ 300,000	\$ 300,000
Capability Funding for Special Proj Role - Provincial Development Unit	\$ 39,588	\$ 39,584	\$ 39,584
Reg Apprenticeship Initiative - Provincial Development Unit	\$ 1,203,922		
Events Stimulus Funding - TDC	\$ 150,000	\$ 150,000	\$ 150,000
Stapp Funding	\$ 266,898	\$ 400,000	\$ 400,000
Other Income	\$ 33,288	\$ 20,750	\$ 17,750
TOTAL INCOME	\$ 3,162,589	\$ 2,045,334	\$ 2,042,334
EXPENDITURE			
Economic Development Expenses	\$ 293,009	\$ 293,103	\$ 292,090
Human Resources	\$ 295,044	\$ 336,374	\$ 332,924
Tourism Expenses	\$ 302,173	\$ 350,000	\$ 350,000
MyNextMove Expenses	\$ 168,191	\$ 145,365	\$ 145,000
Transport & Logistics Panel Expenses	\$ 250,507	\$ 300,000	\$ 300,000
Reg Apprenticeship Initiative Expenses	\$ 1,203,922		
Events Stimulus Payments	\$ 150,000	\$ 150,000	\$ 150,000
STAPP Expenses	\$ 266,898	\$ 400,000	\$ 400,000
Special Project ex Reserves	\$ 94,588	\$ 105,312	\$ 71,635
TOTAL EXPENSES	\$ 3,024,332	\$ 2,080,154	\$ 2,041,649
OPERATING SURPLUS/(DEFICIT)	\$ 138,257	-\$ 34,820	\$ 685

Income


- Important to note that as a result of third party contracts obtained (largely ex central government) for the ultimate benefit of our district, VT turnover (and aligned workstreams) has increased markedly in recent years
 - o 2019/20 \$0.873m
 - o 2020/21 \$3.163m
 - o 2021/22 \$3.518m projected
- Noting also that MnM and RAI funding contracts also include funding allocation to VT for partial staffing resources and office cost contributions.
- Key reason for marked increase in income v original budget is us obtaining the RAI contract for Mid Sth Canterbury and North Otago, with \$1.204m unbudgeted income (of contracted \$4.0m) received and distributed in the 2020/21 year.
- TDC Event Stimulus funding received and fully distributed
- STAPP Funding \$400K allocated with \$267K allocated with residual carried forward to 2021/22 year on approval ex MBIE

Expenses

- HR expense below budget and reforecast o/a resourcing funding contained central government contracts for both MnM and RAI.

Draft Surplus \$138K – breakdown

- Economic Development	\$30,235	(o/a resourcing and office cost allocation ex Govt contracts)
- Tourism	\$47,827	(o/a scheduled visitor promotion/campaigns met by STAPP funding)
- MyNextMove (MnM)	\$ 4,717	(Govt funding rec'd in advance to be expensed over ensuing months)
- Transport & Logistics Course	<u>\$55,478</u>	(Govt funding rec'd in advance to be expensed over ensuing months)
	\$138,257	



Sheryl Bradley and 20 others 3 Comments 7 Shares


Like Comment Share

Most Relevant

Write a comment...

Felicity Bruce So many amazing events lately! Timaru is loving it!! Like - Reply - 2w 1

Deborah Clemens Well done Venture Timaru last nights markets/entertainment where great it was awesome to see so many people out and about enjoying themselves you have something special to build on in coming years. Great work and well organised. Like - Reply - 2w 5



X

MEET ME IN THE MIDDLE



A Geraldine escape is all about family fun, scenic tracks, outstanding food, boutique shops, and forest and high country adventures.

It's the perfect midway place to meet your friends and whānau from across the south Island, plus we have direct daily flights from Wellington for our North Island mates.

Plan your escape at welovetimaru.nz



Venture Timaru Tourism is in Temuka, New Zealand. June 10 at 7:33 AM · 🌐

Temuka Pottery, it's been a favourite in NZ households since 1931.

Pop in and stock up next time you're in Temuka.

Or, if you're after some of the original pieces to add to your collection, go fossick in the many second hand stores that line Temuka's main street.

Temuka Pottery Shop / Mendelson Barn
#welovetimaru #temukanz #temukapottery



👍❤️ 62 5 Comments 12 Shares



**WE ARE
TIMARU
DISTRICT**

**&
WE'VE
GOT
JOBS**



TIMARU EATS
TIMARU | GERALDINE | PEEL FOREST
TEMUKA | PLEASANT POINT



EAT



DRINK



SAVOUR



ENJOY

If you're looking for somewhere to **SCOFF** in Timaru District, we've got you sorted. From a quick takeaway to a long lunch, and everything in between.

SCAN ME



vttourism.co.nz

 Venture Timaru Tourism is in Timaru, New Zealand. ...
May 22 at 9:01 AM · 🌐

It's a nice morning for a spot of disc golf. 🌞

We have three courses in Timaru District: at Caroline Bay, West End Park and a brand new 18 hole course in the Temuka Domain.

You can hire discs, or get some from places like Rebel Sport, Action Sports in Timaru and Hammer Hardware in Temuka.

It's a sport the whole whānau can do together, and it's free once you have the discs.

Plus next weekend we've got a round of the NZ Disc Golf Tour here! It's a great spectator sport. Head to Caroline Bay, or Torpee Fields in the Temuka Domain, and see how the pros do it.

Head to our website and search 'disc golf' to learn more about the tournament and our courses: <https://bit.ly/3wL2irj>.

#welovetimaru #nzdiscgolf #timarunz #temukanz



Venture Timaru Tourism
Yesterday at 7:50 AM · 🌐

♥️ Temuka - vintage store heaven, fantastic family walks, cool shops and eateries and home to world famous [Temuka Pottery Shop / Mendelson Barn](#)


Pack your bikes and try out the bike track at Temuka Primary School.

Head along on a Saturday and go to the [Temuka market](#).

Hang out in the Temuka Domain, play disc golf and mini golf, catch air in the skatepark.

The newest vintage store is a destination in its own right. [Green Hayes Cafe & Emporium](#) is in the historic Green Hayes Homestead, and is open Thursday to Saturday between 10am and 4pm.

#welovetimaru #temukanz



Venture Timaru Tourism
April 20 at 8:02 AM · 🌐

♥️ At this time of year the trees in the sculpture garden at the [Aigantighe Art Gallery](#) in Timaru come alive with fluttering monarch butterflies.

You have to see it to understand how much of a spectacle it is. Plus, they have 'Decorate a Plate' workshops over the holidays. Bookings are essential, head to the [Aigantighe Art Gallery Facebook page](#) to reserve your place. And best of all, it's all free.

Open Tuesday to Sunday.

#welovetimaru #timarunz #aigantighe #monarchs



8 Consideration of Urgent Business Items

9 Consideration of Minor Nature Matters