



# AGENDA

## Commercial and Strategy Committee Meeting Tuesday, 16 March 2021

**Date** Tuesday, 16 March 2021

**Time** following the Community Services Committee

**Location** Council Chamber  
Timaru District Council  
King George Place  
Timaru

**File Reference** 1410737

## **Timaru District Council**

**Notice is hereby given that a meeting of the Commercial and Strategy Committee will be held in the Council Chamber, Timaru District Council, King George Place, Timaru, on Tuesday 16 March 2021, at the conclusion of the Community Development Committee meeting.**

### **Commercial and Strategy Committee Members**

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

Quorum – no less than 2 members

### **Local Authorities (Members' Interests) Act 1968**

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

Donna Cross

**Group Manager Commercial and Strategy**

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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 2 February 2021**

**Author:** Jo Doyle, Governance Advisor

#### **Recommendation**

That the Minutes of the Commercial and Strategy Committee Meeting held on 2 February 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 2 February 2021**



# MINUTES

## Commercial and Strategy Committee Meeting Tuesday, 2 February 2021

Ref: 1410737

**Minutes of Timaru District Council  
Commercial and Strategy Committee Meeting  
Held in the Council Chamber, Timaru District Council, King George Place, Timaru  
on Tuesday, 2 February 2021 at 10.03am**

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

**In Attendance:** Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Chief Financial Officer (Azoor Ali), Water Services Stimulus Package Manager (Ashley Harper), Manager of Property Services and Client Representative (Nicole Timney), Museum Director (Philip Howe), Governance Advisor (Jo Doyle)

The Chairperson welcomed the community board members to the meeting.

**1 Apologies**

**Resolution 2021/1**

Moved: Cr Peter Burt

Seconded: Mayor Nigel Bowen

That the apology received from Cr Barbara Gilchrist 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 minor nature matters.

**4 Declaration of Conflicts of Interest**

Mayor Nigel Bowen declared a conflict of interest for item 7.5 Theatre Royal and Heritage Facility Development Return Brief.

**5 Chairperson's Report**

The Chairperson has attended workshops, Timaru District Holdings Limited meetings and Citizenship and Council meetings since the last meeting.



**Resolution 2021/2**

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 24 November 2020****Resolution 2021/3**

Moved: Cr Paddy O'Reilly  
Seconded: Deputy Chairperson Allan Booth

That the Minutes of the Commercial and Strategy Committee Meeting held on 24 November 2020 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 Investments and Borrowing Treasury Report for Quarter Ending 31 December 2020**

The Committee was updated on the status of Council treasury activities as at 31 December 2020. Bancorp are to provide information on loan renewal and a significant reduction is expected on interest rates, and an overall lower associated rate requirement as the bigger loans reach the end of term.

**Resolution 2021/4**

Moved: Mayor Nigel Bowen  
Seconded: Cr Sally Parker

That the Committee note and receive this report.

**Carried**

**7.2 Riskpool 2020 Annual Report**

The Committee was provided a copy of the Riskpool Annual Report for the year ending 30 June 2020.

The Group Manager Commercial and Strategy advised that the entity is in run-off for prior claims or events.

**Resolution 2021/5**

Moved: Mayor Nigel Bowen

Seconded: Cr Richard Lyon

That the Committee note and receive this report.

**Carried**

### **7.3 Civic Financial Services Statement of Intent**

The Committee was provided with the Civic Financial Services Limited Statement of Intent for the year ending 31 December 2021.

Civic Financial Services provide LAPP and the Kiwisaver scheme for staff.

#### **Resolution 2021/6**

Moved: Cr Paddy O'Reilly

Seconded: Cr Gavin Oliver

That the Committee receive and note this report.

**Carried**

### **7.4 Progress Report: Theatre Royal and Heritage Facility Development and Social Housing Ventilation Compliance projects**

The Committee was provided with and update on the progress of the two key property projects: the Theatre Royal and Heritage Facility Development project and the Social Housing Ventilation Compliance project.

The Manager of Property Services and Client Representative advised that chattels are being catalogued in the Theatre Royal and a meeting has been held with Contractors, Architects and the concept design is being undertaken.

Consultants are on site this week, looking at structural works.

#### **Resolution 2021/7**

Moved: Cr Steve Wills

Seconded: Cr Gavin Oliver

That this report be received and noted.

**Carried**

### **7.5 Theatre Royal and Heritage Facility Development Return Brief**

The Mayor withdrew from the table and voting for this item.

This matter was presented by the Manager of Property Services and Client Representative, Jane Rooney from Architectus and the Museum Director. The Committee was provided with the Timaru Theatre Royal & Heritage Facility Return (design) Brief prepared by Architectus following its pre-design work and stakeholder consultation. .

The Architect advised that they have worked with stakeholders and the original consultant to put this brief together. There are a number of items that have come out of stakeholder meetings but that are out of scope, and the heritage status was discussed.

It is important the stakeholders have been listened to, and now the expectations have to be quantified against the budget available.

Concern was expressed that the budget could be exceeded if all out of scope items were included, for example the front façade of the building.

The Architect explained that the Quantity Surveyor will now consider both “in scope” and “out of scope” items taking into account further issues that have been discovered with the older building.

It is expected there will be high level numbers provided to Council by end of February, and on completion of the concept design, and the final decision on any changes or requirements will be made by Council.

### **Resolution 2021/8**

Moved: Deputy Chairperson Allan Booth

Seconded: Cr Stu Piddington

That the Commercial and Strategy Committee ratifies the Design Return Brief prepared by Architectus for the Theatre Royal & Heritage Facility project.

**Carried**

The Mayor resumed his seat at the table.

### **8 Consideration of Urgent Business Items**

There were no items of urgent business.

### **9 Consideration of Minor Nature Matters**

There were no minor nature matters.

### **10 Exclusion of the Public**

#### **Resolution 2021/9**

Moved: Cr Sally Parker

Seconded: Cr Stu Piddington

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

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Plain English Reason</b>
<b>11.1 - Public Excluded Minutes of the Commercial and Strategy</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural	To protect a person's privacy Commercial sensitivity

<p><b>Committee Meeting held on 24 November 2020</b></p>	<p>persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>To enable commercial activities</p>
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**Carried**

**Resolution 2021/10**

Moved: Mayor Nigel Bowen

Seconded: Cr Paddy O'Reilly

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

**Carried**

**11 Public Excluded Reports**

**11.1 Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 24 November 2020**

**12 Readmittance of the Public**

**The Meeting closed at 10.34am.**

.....

**Cr Peter Burt  
Chairperson**

## 7 Reports

### 7.1 Overview of 2020/2021 Capital Work Programme - Dashboard

**Author:** Ashley Harper, Senior Programme Delivery Manager  
Lili Delwaide, Programme Delivery Manager

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

#### Recommendation

1. That this report be received and noted.

#### Purpose of Report

- 1 The purpose of this report is to provide the Committee with an update on the delivery status of the 2020/2021 capital work programme.

#### Assessment of Significance

- 2 This matter is not significant according to the Significance and Engagement policy.

#### Discussion

- 3 The attached dashboard provides an overview of the 2020/2021 capital work programme for Timaru District Council, including the capital expenditure planned on behalf of the Downlands Water Supply Joint Standing Committee (included in the dashboard at 100%).
- 4 Council's annual plan for 2020/21 comprises a capital expenditure programme valued at \$58.9m for Timaru District Council. Additionally, Timaru District Council is undertaking an additional \$25.3m of capital work on behalf of the Downlands Water Supply Joint Standing Committee. The combined total is \$84.2m.
- 5 In August 2020, Timaru District Council also signed a Memorandum of Understanding with the Department of Internal Affairs, which resulted in a 3Waters Stimulus Package of \$6.86m being granted to TDC. This includes both operational and capital projects and is currently underway with most of the expenditure planned for 2021/22.
- 6 The attached dashboard includes an overview of the financials as of end of January. The forecast at year-end is provisional and will be reviewed and updated where necessary for the 8-month report.
- 7 The dashboard also includes an overview of ongoing construction works across the district. This highlights the amount of ongoing work in what is the busy construction season for the year.
- 8 The next issue of the dashboard will be presented to the Commercial and Strategy Standing Committee meeting on April 20, 2021. In addition, the comprehensive eight month capital report is intended to be presented at the next Council meeting on 30 March 2021.

#### Attachments

1. **Overview of 2020/21 Capital Work Programme - Dashboard March 2021** [↓](#) 

## Timaru District Council 2020/2021 Capital Work Programme March 2021

Number of Projects: 140

Total Value: \$84.23m incl. \$58.9m TDC + \$25.3m for Downlands

### Financial Update as of end of January 2021

Activity	Actuals	Annual Budget*	Forecast **
<b>Community Support</b>	<b>412,963</b>	<b>3,670,300</b>	<b>1,680,072</b>
Airport	92,182	838,000	745,845
Cemetery	59,520	1,772,500	115,260
Civil Defence	12,517	58,700	57,867
Social Housing	221,989	886,200	646,200
Public Toilets	26,754	114,900	114,900
<b>Corporate Support</b>	<b>876,644</b>	<b>1,283,300</b>	<b>1,426,215</b>
<b>District Planning and Environmental Services</b>	<b>2,305</b>	<b>5,000</b>	<b>5,000</b>
Animal Control - Capital Expenditure	2,305	5,000	5,000
<b>Other Activities</b>	<b>267,344</b>	<b>888,000</b>	<b>888,000</b>
<b>Recreation &amp; Leisure</b>	<b>2,435,419</b>	<b>11,828,103</b>	<b>6,760,702</b>
Aorangi Stadium	72,438	60,000	60,000
Art Gallery	19,054	648,700	648,700
Fishing Huts, Forestry and Motor Camps	3,500	127,800	127,800
Halls & Community Centres	216,400	1,990,700	804,200
Libraries	202,104	615,600	488,243
Museum	13,645	33,900	4,211
Parks Reserves & Horticulture	299,325	1,750,270	1,278,797
Swimming Pools	991,511	1,401,133	1,348,751
Theatre Royal	417,444	5,200,000	2,000,000
<b>Roading and Footpaths</b>	<b>8,773,019</b>	<b>20,161,000</b>	<b>19,368,019</b>
Parking Facilities	814,518	850,000	853,768
Road/Street Landscapes	159,513	230,000	233,956
Street Lighting	379,066	808,000	808,000
Subsidised Roding	6,729,188	16,600,000	15,806,901
Footpaths	690,734	1,673,000	1,665,394
<b>Sewer</b>	<b>1,654,329</b>	<b>4,020,100</b>	<b>3,907,000</b>
<b>Stormwater</b>	<b>434,105</b>	<b>1,238,000</b>	<b>838,000</b>
Geraldine Stormwater	224,358	337,000	265,000
Rural Stormwater	175	19,000	5,000
Temuka Stormwater	41,670	360,500	175,000
Timaru Stormwater	167,903	521,500	393,000
<b>Waste Minimisation</b>	<b>646,373</b>	<b>399,000</b>	<b>1,329,696</b>
<b>Water Supplies</b>	<b>6,794,686</b>	<b>40,570,000</b>	<b>26,348,000</b>
Downlands Water Supply (100%)	3,109,688	25,268,000	12,310,000
Rangitata/Orari Water	14,866	175,000	180,000
Seadown Water	24,277	404,000	205,000
Te Moana Water	30,025	800,000	645,000
Urban Water	3,515,829	13,922,000	13,008,000
<b>Grand Total</b>	<b>22,297,188</b>	<b>84,067,803</b>	<b>62,550,704</b>
		<b>53,479,870 Highly Feasible</b>	

\* Annual Budget does not include carry-forwards and 3 Waters Stimulus Package

\*\* Provisional forecast to be revised for 8-month report

### Ongoing Construction Works across the District (March 2021)

Contract	Project	Value	% Completion
2419	Road resurfacing	3,000,000	60
2184	Road Maintenance - renewals	2,300,000	50
2447	Road Rehabilitation - Talbot St, Geraldine	457,940	15
2485	Te Ana Wai River Intake Works (out-of-river works)	689,626	25
2444	Orbell Street Watermain and Sewermain Renewal	553,953	25
2338	Te Ana Wai Stage 1 Pipeline + Variation	2,967,086	35
2462	Social Housing Ventilation Compliance	Est. 500,000	60
2303	Saltwater Creek Sewer Renewal	462,273	25
2447	Talbot St Sewer Renewal	666,132	95
2468	Pareora Pipeline Section 1	5,695,381	10
2459	Orari Back Road Seal extension	983,674	30
2456	Fraser Street Stormwater Main Upgrade	74,815	85
2376	Richard Pearse Drive Watermain Renewal	620,002	35
2479	Geraldine / Winchester Roundabout	1,352,374	75
2431	Te Ana Wai Raw Water Reservoir	1,270,872	15
2415	Temuka Treated Water Reservoir	1,043,199.09	75
2184	Parks – Renewal of RDA bridge	\$137,606	15



Fraser Street Stormwater Upgrade - Temuka



Pareora Water Pipeline Section 1



Temuka Treated Water Reservoir – Top view



## 7.2 Progress Report: Theatre Royal and Heritage Facility Development and Social Housing Ventilation Compliance projects

**Author:** Lili Delwaide, Programme Delivery Manager

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

### Recommendation

That this report be received and noted

### Purpose of Report

- 1 The purpose of this report is to inform the Committee on the progress of the two key property projects: the Theatre Royal and Heritage Facility Development project and the Social Housing Ventilation Compliance project

### Assessment of Significance

- 2 This matter is not significant in terms of the Significance and Engagement Policy.

### Discussion

- 3 Progress reports are attached for the Theatre Royal and Heritage Facility Development and for the Social Housing Ventilation Compliance projects.
- 4 The 2020/21 approved budget for the above projects is:
  - 4.1 \$5.2m for the Theatre Royal and Heritage Facility Development project;
  - 4.2 \$740,000 for the Social Housing Ventilation Compliance project.
- 5 The attached progress reports cover all aspects of the project up until the 3 March 2021 except for the financials that are actuals as of 28 February 2021, unless indicated otherwise.
- 6 The progress reports include an overview of the project and their context as well as a detailed update on latest programme and current status.

### Attachments

1. **Theatre Royal and Heritage Facility Development Progress Report March 2021** [!\[\]\(91353dea0600335a09362f69ea4eac2b\_img.jpg\)](#) [!\[\]\(8ac20398c2287d97d8335789f07d6827\_img.jpg\)](#)
2. **Social Housing Ventilation Compliance Progress Report March 2021** [!\[\]\(daca9a4d00e9f19f8f336b2402f4e0ae\_img.jpg\)](#) [!\[\]\(45520d641a7f77c65284f8c2646200ab\_img.jpg\)](#)

# KEY PROJECT

## Theatre Royal and Heritage Facility Development

Progress report – Issue 5 – 16 March 2021



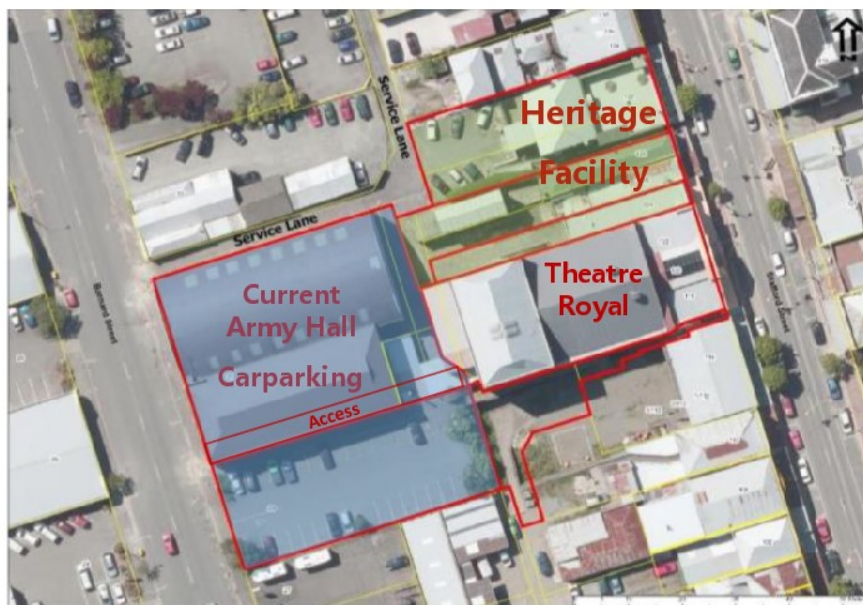
### OVERVIEW

This project combines the upgrade of the Theatre Royal with the development of a new Heritage Facility, key projects under our Long Term Plan.

This project/development will:

- Provide a fit-for-purpose facility for local and touring performing arts and other shows within an exciting heritage theatre, and for the exhibition and education component of the South Canterbury Museum and touring heritage exhibitions. The facility will also be utilised by Aigantighe Art Gallery for touring shows, to complement the Wai-iti Road gallery.
- Improve the vibrancy of the CBD and be a catalyst for the redevelopment of the south end of Stafford Street.
- Address significant deficiencies with current facilities, and create a multi-purpose facility that the community can be proud of.
- Create jobs during and after construction, make Timaru a more dynamic and attractive place to live, work and visit - and deliver improved economic, social, cultural, educational, recreational and entertainment outcomes for our region and community.

The Theatre Royal will benefit from a new back of house, upgraded stage house, new theatrical flying system, upgraded auditorium (new seating and floor) an improved front of house, and improved access. The Heritage Facility will provide exhibition and education space and cover 1335-1400sqm. Synergies between the Theatre and Heritage Centre will be optimised, with shared space, facilities and services between the two.



### PROJECT TEAM

**Project Sponsor:** Donna Cross – **Architect:** Architectus - **Client Representative and Theatre Lead:** Nicole Timney - **Museum Lead:** Philip Howe - **Project Manager:** Rubix

**\$23.8M**

Total 2018-2028 LTP Budget

**\$5.2M**

2020/21 Budget

**Current Status:**  
Procurement and design

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# KEY PROJECT

## Theatre Royal and Heritage Facility Development

Progress report – Issue 4 – 16 March 2021



### PROJECT PROGRESS

- Regular monthly reports have been presented to MBIE highlighting financial information, spend to date and contracts actioned. Reporting on stats of FTE and hours worked is also a focus of the information required by MBIE.
- The architectural team has completed the design brief and pre-design period. Concept Design has begun and options will be available in mid-March for review and discussion.
- Decommissioning works have begun with a full chattels list and removal of all seats from the building.
- Project Steering Group meetings are scheduled monthly. The Theatre Royal and Heritage Facility Elected Member Reference Group, which will sit alongside the Project Steering Group, will now need to meet regularly. The Theatre Royal Heritage Facility Elected Member Reference Group was initially formed to provide guidance on design and fundraising. Key decisions such as approval of the design and appointment of the main contractor are reserved to Council.

### INDICATIVE PROJECT TIMELINE

	2020					2021												2022	2023
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	Jan	September
Pre-design and stakeholder engagement	█	█	█	█	█														
Stage 1 works: complete decommissioning						█	█	█	█	█									
Planning/investigation continues (design team)		█	█	█															
Design		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Tendering– Stage 2 works								█	█	█									
Stage 2 works – construction (Enabling Works)											█	█	█	█	█	█			
Tendering– Stage 3 works														█	█	█	█		
Stage 3 works - construction (Main Construction)																		█	█
Completion																			█

### PROJECT FINANCIALS

The combined total capital cost of the project is \$23.8m.

This project is to be funded by loan, reserves and external funding.

The 2020/21 budget is \$5.2m. The expenditure to January 2021 was \$470,263.92.

### PROJECT RISKS

*(requiring active management)*

**COVID-19** - Alert Levels and restrictions resulting in project delays or increased costs. Watch market and amend procurement process if impact of COVID unavoidable.

**Site Conditions** – Medium risk as we begin ground site works and will carry out PSI and DSI through process.

**Design Requirements exceed plant capacity** – We have a medium risk in early development of shared spaces and review of existing plant.

**Unforeseen existing EQ damage** – Early engagement of structural engineers and NBS review in concept stage, considered low risk.

**Upgrade requiring change to foundations of Theatre** – Early engagement of Structural Engineer to review NBS in concept stage options to avoid material changes in ground levels and foundations.

# KEY PROJECT

## Social Housing Ventilation Compliance

Progress report – Issue 5 – 16 March 2021

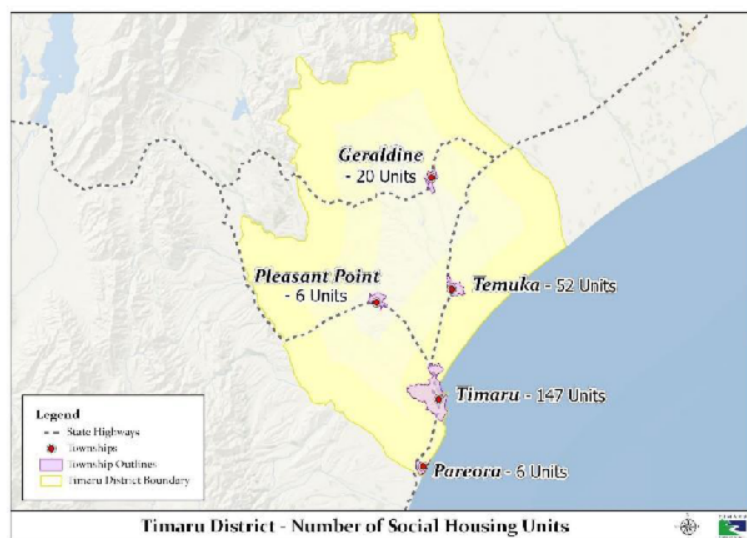


### OVERVIEW

Timaru District Council currently owns and manages 231 social housing units. The Residential Tenancies (Healthy Homes Standards) Regulations 2019 requires all tenanted houses to be ventilated. In this context, the 2020/2021 Annual Plan includes a budget of \$740,000 to install bathroom fans and rangehoods in TDC social housing units. At the end of this project, all 231 social housing units will be equipped with both a bathroom fan and a rangehood.

### PROJECT UPDATE

- The project is well underway with Pleasant Point, half of Temuka and a large part of Timaru completed.
- One contractor has completed two tranches, three contractors will have finished both of their tranches by the end of March unless there is another supply hold up.
- Therefore 90% of the project will be completed by 30 April 2021 with the last 20 flats completed before 30 June 2021.



### PROJECT TIMELINE



### PROJECT TEAM

**Project Sponsor:** Donna Cross **Project Manager:** Phillipa Steans

**\$740k**

Total 2020/21 Annual Plan Budget

**Pleasant Point completed**

**Installation 60% Completed**

### 7.3 Financial Report to end of January 2021

**Author:** Azoora Ali, Chief Financial Officer

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

#### Recommendation

1. That the summary financial results to 31 January 2021 be received and noted.

#### Purpose of Report

- 1 The purpose of this report is to outline progress against Council's 2020/21 Annual Plan financial results.

#### Assessment of Significance

- 2 This matter is considered to be of low significance in terms of Council's Significance and Engagement Policy.

#### Discussion

- 3 The financial results up to the period ending 31 January 2021 are attached. The financial results in the attachments include approved carry forwards in addition to the Annual Plan numbers, therefore now titled "Forecast".
- 4 The variance analysis by activity for the period ending 31 January 2021 are also attached in the document "Council Performance Activity Variance Analysis - January 2021".
- 5 Council achieved an operating surplus of \$1.96Mil for the period ending 31<sup>st</sup> January 2021. This a favourable variance to forecast by \$3.44Mil. This is made up of:
  - 5.1 Total Operating Revenue \$51.72Mil which is \$3.33Mil higher than forecasted revenue and;
  - 5.2 Total operating expenditure of \$49.7Mil (comprising personnel costs, operating costs, finance costs and depreciation costs), which is \$0.1091Mil higher than forecasted operating expenditure to 31 January 2021. An explanation of the key overall council variances are provided below.
- 6 Operating revenue had the following key variances (actual compared to forecast) as follows:
  - 6.1 Subsidies and grants were \$1.85Mil unfavourable variance due to LTNZ subsidies forecasted at \$7.8Mil year to date. Actual subsidy received was \$5.9Mil. Subsidy income is reflective of actual expenditure incurred and favourable variances in both operating and capital expenditure offsets this unfavourable variance.
  - 6.2 Fees and Charges were \$1.87Mil favourable variance due to a number of areas contributing to this favourable variance. Significant variances are as follows and further detail is provided in the Council Performance by Activity analysis:
    - District Planning and Environmental Services favourable variance of \$0.48Mil

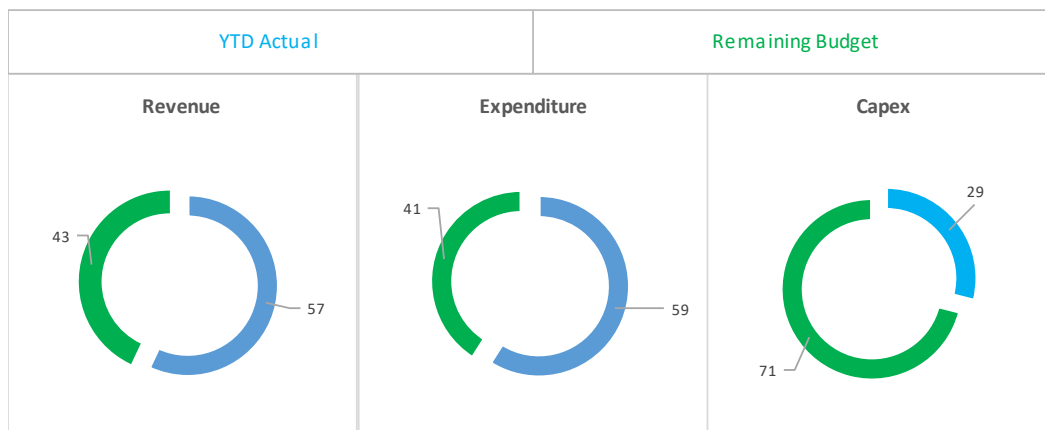
- Waste Minimisation favourable variance of \$1.15Mil
  - Sewer favourable variance of \$0.17Mil
- 6.3 Other Revenue had a \$3.41Mil favourable variance due to an unbudgeted grant of \$3.4Mil received from the Department of Internal Affairs for water stimulus projects. This is the first instalment of a total funding package of \$6.8Mil.
- 6.4 Finance Revenue had a \$0.40Mil unfavourable variance due to interest income received being lower from that forecasted year to date. This is a result of lower interest rates being received on cash investments.
- 7 Operating expenditure had the following key variances (actual compared to forecast) as follows:
- 7.1 Personnel Costs of \$0.79Mil favourable variance due to a number of vacant positions or positions recently been filled within Community Services, Infrastructure Management, Commercial and Strategy and Planning and Environmental Services.
- 7.2 Depreciation Expense of \$2.1Mil unfavourable due to depreciation expenditure being higher than forecast. The forecast was set prior to the 2019-2020 revaluation of three waters from deemed cost to fair value.
- 7.3 Finance Costs of \$0.52Mil favourable due to interest rate costs being lower than forecast. Council currently has a lower average cost of debt from what was forecasted (3.86% compared to 4.00%). A number of activities did not require borrowings where projects were not fully completed in the previous financial year.
- 7.4 Other Expenses of \$0.55Mil favourable variance was made up of a number of areas as highlighted in the Council Performance by Activity Variance Analysis report. The key areas being:
- 7.4.1 Democracy \$1.63 unfavourable
  - 7.4.2 Waste Minimisation \$0.84 favourable
  - 7.4.3 Recreation and Leisure \$0.70 favourable
  - 7.4.4 Roading and Footpaths \$0.78 favourable

## Attachments

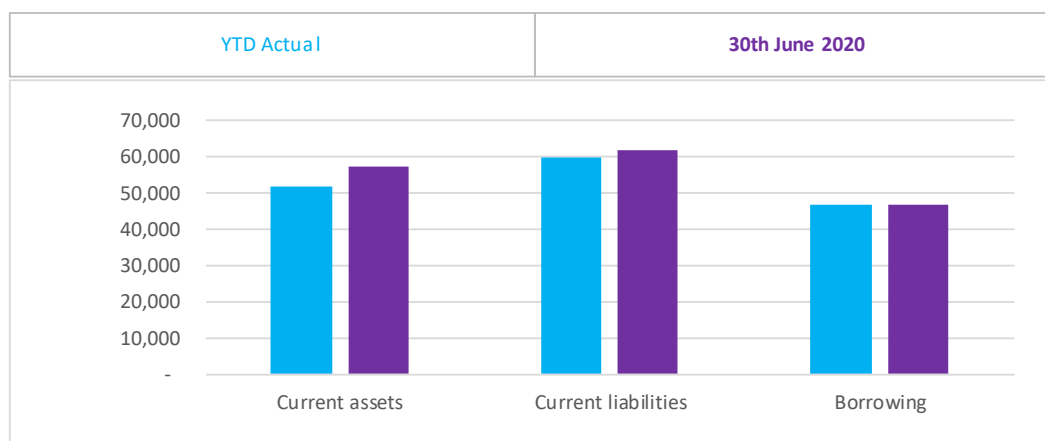
1. **Council Financial Statements January 2021** [!\[\]\(cdf2842d82858164c68c92720a337fb9\_img.jpg\) !\[\]\(3973dad7f2f3eafb2c144deb79d5c822\_img.jpg\)](#)
2. **Council Performance Activity Variance Analysis - January 2021** [!\[\]\(78688513da7a924039ac16e546d7bf8b\_img.jpg\) !\[\]\(508a1136d49b79584e89f03b586dfa9e\_img.jpg\)](#)

### COUNCIL PERFORMANCE as at 31 January 2021

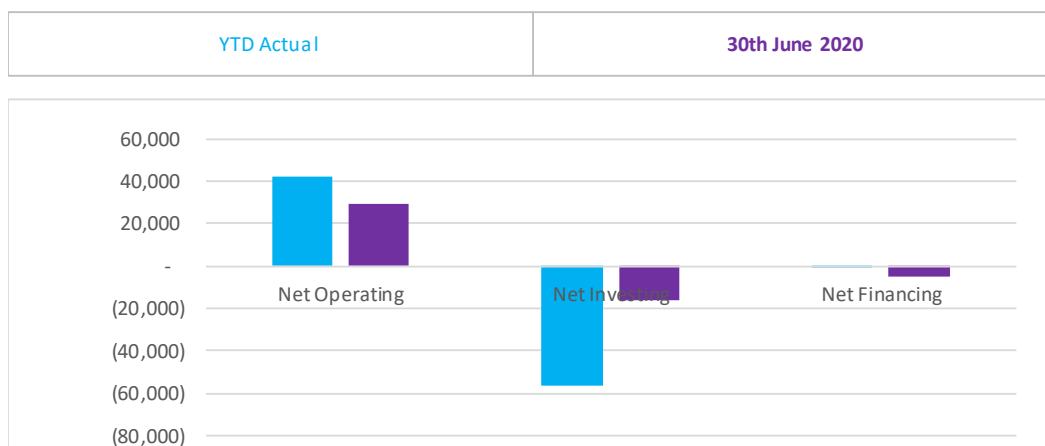
#### YTD-Actual as % of Total Budget






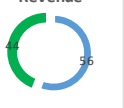


#### Financial Position - Balances

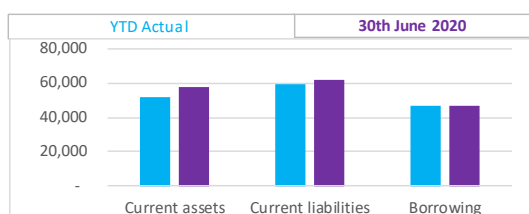


#### Cashflow - Movements



YTD Actual % of FY Budget			COUNCIL PERFORMANCE as at 31 January 2021				
YTD Actual		Remaining Budget					
Revenue	Expenditure	Capex					
							
			Year to Date	Full year	YTD Actual % of		
			Actual	Forecast	Forecast		
			\$000's	\$000's	\$000's		
			Variance				
			\$000's				
<b>Operating Revenue</b>							
Rates revenue			27,098	26,811	287	53,556	51%
Subsidies and grants			6,327	8,176	(1,849)	14,008	45%
Fees & charges	✓		10,766	8,898	1,868	15,259	71%
Other revenue			6,042	2,637	3,405	4,864	124%
Finance revenue	✓		464	865	(401)	1,578	29%
Dividend revenue			1,022	1,000	22	2,041	50%
<b>Total Operating Revenue</b>			<b>51,719</b>	<b>48,387</b>	<b>3,332</b>	<b>91,306</b>	<b>57%</b>
<b>Operating Expenditure</b>							
Personnel costs			11,190	11,977	787	20,882	54%
Depreciation expense			11,516	9,771	(1,745)	16,757	69%
Finance costs			1,312	1,827	515	3,133	42%
Other expenses	✓	✓	25,744	26,296	552	43,254	60%
<b>Total Operating Expenditure</b>			<b>49,762</b>	<b>49,871</b>	<b>109</b>	<b>84,026</b>	<b>59%</b>
<b>Operating Surplus/(Deficit)</b>			<b>1,957</b>	<b>(1,484)</b>	<b>3,441</b>	<b>7,280</b>	
<b>Capital Expenditure</b>							
Community Support			398	2,989	2,591	5,540	7%
Corporate Support			877	768	(109)	2,117	41%
District Planning and Environmental Services			2	3	1	5	40%
Recreation & Leisure			2,435	6,936	4,501	13,683	18%
Roading and Footpaths			8,773	11,906	3,133	22,281	39%
Sewer			1,654	2,010	356	4,020	41%
Stormwater			434	664	230	1,268	34%
Waste Minimisation	✓		646	927	281	1,099	59%
Other Activities			267	518	251	948	28%
Water Supplies	✓		3,685	9,112	5,427	15,820	23%
<b>Total Capital Expenditure</b>			<b>19,171</b>	<b>35,833</b>	<b>16,662</b>	<b>66,781</b>	<b>29%</b>

YTD Actual % of FY Budget			COUNCIL PERFORMANCE - Activity as at 31 January 2021				
YTD Actual		Remaining Budget	Year to Date			Full year	YTD Actual % of
Revenue	Expenditure	Capex	Actual \$000's	Forecast \$000's	Variance \$000's	Forecast \$000's	FY Forecast
							
<b>Operating Revenue</b>							
Democracy			2,430	2,432	(2)	4,863	50%
Corporate Support	▲		3,951	504	3,447	899	439%
Recreation & Leisure			8,499	8,719	(220)	16,725	51%
District Planning and Environmental Services			3,399	2,997	402	5,481	62%
Stormwater			1,181	910	271	1,850	64%
Roading and Footpaths			11,760	13,531	(1,771)	24,608	48%
Waste Minimisation			6,743	5,569	1,174	10,507	64%
Community Support			2,850	2,956	(106)	5,556	51%
Other Activities	▲		(60)	118	(178)	157	-38%
Water Supplies			4,729	4,737	(8)	9,194	51%
Sewer			5,153	4,906	247	9,468	54%
Downlands Water			934	1,009	(75)	1,999	47%
<b>Total Operating Revenue</b>			<b>51,569</b>	<b>48,388</b>	<b>3,181</b>	<b>91,307</b>	<b>56%</b>
<b>Operating Expenditure</b>							
Democracy			4,697	2,821	(1,876)	4,812	98%
Corporate Support	▲		1,813	1,482	(331)	2,092	87%
Engineering			1	-	(1)	-	0%
Recreation & Leisure	▲		9,072	9,724	652	16,459	55%
District Planning and Environmental Services			3,601	4,115	514	7,522	48%
Stormwater			1,563	953	(610)	1,700	92%
Roading and Footpaths			8,157	8,866	709	15,179	54%
Waste Minimisation			4,983	5,838	855	10,007	50%
Community Support	▲		3,838	3,975	137	5,736	67%
Other Activities	▲		1,403	1,457	54	2,449	57%
Water Supplies			5,928	4,854	(1,074)	8,273	72%
Sewer			5,622	5,194	(428)	8,775	64%
Downlands Water			322	600	278	1,020	32%
<b>Total Operating Expenditure</b>			<b>51,000</b>	<b>49,879</b>	<b>(1,121)</b>	<b>84,024</b>	<b>61%</b>
<b>Operating Surplus/(Deficit)</b>			<b>569</b>	<b>(1,491)</b>	<b>2,060</b>	<b>7,283</b>	
<b>Capital Expenditure</b>							
Corporate Support			877	800	(77)	2,117	41%
Recreation & Leisure			2,435	6,936	4,501	13,683	18%
District Planning and Environmental Services			2	3	1	5	40%
Stormwater			434	664	230	1,268	34%
Roading and Footpaths			8,773	11,906	3,133	22,281	39%
Waste Minimisation			646	927	281	1,099	59%
Community Support			398	2,989	2,591	5,540	7%
Other Activities			267	518	251	948	28%
Water Supplies	▲		3,685	9,112	5,427	15,820	23%
Sewer			1,654	2,010	356	4,020	41%
Downlands Water			2,550	12,082	9,532	20,811	12%
<b>Total Capital Expenditure</b>			<b>21,721</b>	<b>47,947</b>	<b>26,226</b>	<b>87,592</b>	<b>25%</b>



## FINANCIAL POSITION as at 31 January 2021

YTD Actual \$000's	30th June 2020 Actual \$000's
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### ASSETS

#### Current assets

Cash and deposits	6,464	19,238
Debtors and other receivables	9,048	9,938
Inventories	87	35
Other financial assets	36,178	28,339

<b>Total current assets</b>	<b>51,777</b>	<b>57,550</b>
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#### Non-current assets

Property plant & equipment	1,087,482	1,051,971
Intangible assets	2,758	3,305
Forestry	1,217	1,217
Investment property	1,628	1,628
Investment in associates	31,260	31,260
Investment in cco's & other similar	22,324	22,399
Other financial assets	4,691	4,691

<b>Total non-current assets</b>	<b>1,151,360</b>	<b>1,116,471</b>
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<b>Total assets</b>	<b>1,203,137</b>	<b>1,174,021</b>
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### LIABILITIES

#### Current liabilities

Trade and other payable	13,191	15,189
Employee benefit liabilities	2,192	2,192
Borrowings	42,602	42,602
Derivative financial instruments	1,669	1,669

<b>Total current liabilities</b>	<b>59,654</b>	<b>61,652</b>
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#### Non-current liabilities

Provisions	7,377	7,377
Employee benefit liabilities	130	130
Non-current borrowing	46,868	46,882
Derivative financial instruments	3,441	3,441

<b>Total non-current liabilities</b>	<b>57,816</b>	<b>57,830</b>
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<b>Total liabilities</b>	<b>117,470</b>	<b>119,482</b>
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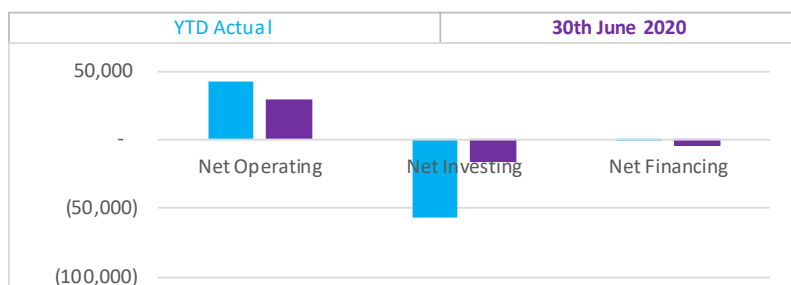
<b>Net Assets</b>	<b>1,085,667</b>	<b>1,054,539</b>
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### EQUITY

Retained earnings	800,768	788,185
Special funds	29,793	24,523
Separate funds	12,945	12,945
Asset revaluation	242,161	228,886

<b>Total equity</b>	<b>1,085,667</b>	<b>1,054,539</b>
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### Statement of Cashflow as at 31 January 2021

	YTD Actual \$000's	30th June 2020 Actual \$000's
<b>OPERATING ACTIVITIES</b>		
Rates	45,361	51,285
Other revenue received	27,070	30,819
Interest received	372	1,862
Dividends received	1,022	3,058
Payments to suppliers and employees	(30,215)	(54,664)
Finance costs	(1,398)	(3,516)
<b>Net operating activities</b>	<b>42,212</b>	<b>28,844</b>
<b>INVESTING ACTIVITIES</b>		
Reduction of term investment	(6,714)	15,484
Proceeds from sale of property, plant and equipment	387	-
Purchase of property, plant and equipment	(49,970)	(31,588)
<b>Net investing activities</b>	<b>(56,297)</b>	<b>(16,104)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown / (repayment) of borrowings	(14)	(5,000)
<b>Net financing activities</b>	<b>(14)</b>	<b>(5,000)</b>
Cash movement	(14,099)	7,740
Opening Balance 1st July	19,238	11,498
<b>Closing Bank Balance</b>	<b>5,139</b>	<b>19,238</b>

## Council Performance Activity Variance Analysis

As at 31 January 2021

*Variances greater than \$100,000 are explained below.*

*F (favourable variance) means that either actual revenue is greater than forecast or actual expenditure is less than forecast.*

*U (unfavourable variance) is when actual revenue is less than forecast or actual expenditure is greater than forecast.*

*Downlands Water is reported at 82% (TDC's shareholding in the scheme) in these financial reports.*

### Operating Revenue

#### **Corporate Support - \$3,447,000 F**

*Reason for variance*

An unbudgeted grant of \$3,430,000 was received from the Department of Internal Affairs for water stimulus projects. This is the first instalment of a total funding package of \$6,860,000.

#### **Recreation and Leisure - \$220,000 U**

*Reason for variance*

Forestry income was forecast to be \$116,620 but no logging of trees has occurred year to date.

Grant income for over 65 and over 80 years admission to the CBay aquatic centre was forecast to be \$54,000 year to date. The journal is prepared at year end and the budget needs to be adjusted to reflect this practice.

#### **District Planning and Environmental Services - \$402,000 F**

*Reason for variance*

Animal Control – fees from registrations have a favourable variance of \$231,224 due to the forecast being evenly spread over twelve months. The majority of registration income is received in the first two months of the financial year.

Building – income from building consents is above the year to date forecast by \$115,727

#### **Stormwater - \$271,000 F**

*Reason for variance*

Income from capital contributions was forecast at \$25,000 year to date. Actual income received is \$295,570.

**Roading and Footpaths - \$1,771,000 U***Reason for variance*

Income from LTNZ subsidies was forecast at \$7,703,731 year to date. Actual subsidy received is \$5,922,798. Subsidy income is reflective of actual expenditure incurred and favourable variances in both operating and capital expenditure offsets this unfavourable variance.

**Waste Minimisation - \$1,174,000 F***Reason for variance*

Income from landfill fees and charges are \$1,148,633 above the year to date forecast as a result of increased tonnage of waste received at the landfill.

**Community Support - \$106,000 U***Reason for variance*

The unfavourable variance is contributed to two main activities – cemetery fees and safer communities grant funding for project turnaround which the Council no longer undertakes.

**Other Activities - \$178,000 U***Reason for variance*

Financial Arrangements - interest received from special funds is lower by \$207,406 from forecasted. This is a result of lower interest rates being received on cash investments.

**Sewer - \$247,000 F***Reason for variance*

Income from user fees and charges is \$165,164 higher than the year to date forecast.

Income from capital contributions is \$79,641 higher than the year to date forecast of \$65,000.

## Operating Expenditure

### Democracy - \$1,876,000 U

#### *Reason for variance*

Payment of the Stimulus funding grants for \$1,773,642 has been made year to date. This is funded from the Stimulus Fund reserve set up as part of this years Annual Plan.

### Corporate Support - \$331,000 U

#### *Reason for variance*

Drainage and Water Management – consultancy costs are \$145,605 more than forecasted year to date.

Infrastructure Management – consultancy costs are \$318,868 more than forecasted year to date. This unfavourable variance is offset by a favourable variance in employee costs of \$126,517.

### Recreation and Leisure - \$652,000 F

#### *Reason for variance*

Parks and Reserves – grounds maintenance was forecast at \$1,890,994 year to date. Actual expenditure incurred is \$1,509,764.

District Libraries – actual expenditure is \$236,235 less than the forecast and is made up of a number of expenditure items, particularly employee costs, subscriptions and building maintenance.

### District Planning and Environmental Services - \$514,000 F

#### *Reason for variance*

District Planning – expenditure on the District Plan Review was forecast at \$902,463 year to date. Actual expenditure incurred is \$448,741.

### Stormwater - \$610,000 U

#### *Reason for variance*

Depreciation expenditure is \$616,329 higher than forecast. The forecast was set prior to the 2019-2020 revaluation of three waters from deemed cost to fair value.

### Roading and Footpaths - \$709,000 F

#### *Reason for variance*

Subsidised roading expenditure is \$597,597 lower than forecast year to date, specifically in the areas of sealed road maintenance, road drainage maintenance, carriageway lighting and street cleaning.

Timaru footpaths are \$113,879 lower than forecast year to date.

**Waste Minimisation - \$855,000 F***Reason for variance*

Carbon credit purchases were forecast at \$699,790 year to date. This is due to timing with the amount to be fully spent on the surrender liability date of 31 May 2021.

The kerbside collection contract was forecast to be \$1,537,634 year to date. Actual expenditure incurred is \$1,249,735.

**Community Support - \$137,000 F***Reason for variance*

Savings in a number of activities makes up this favourable variance. The main contributors are ground maintenance in cemeteries, airport maintenance and emergency costs in Civil Defence.

**Water Supplies - \$1,074,000 U***Reason for variance*

Depreciation expenditure is \$694,426 higher than forecast. The forecast was set prior to the 2019-2020 revaluation of three waters from deemed cost to fair value.

Urban Water – expenditure on reticulation is \$194,595 more than forecast year to date. As well overhead charges are \$353,253 higher than forecast and are a result of higher expenditure incurred within the Water and Drainage Management account and other corporate activities.

**Sewer - \$428,000 U***Reason for variance*

Depreciation expenditure is \$414,402 higher than forecast. The forecast was set prior to the 2019-2020 revaluation of three waters from deemed cost to fair value.

**Downlands Water - \$112,000 U***Reason for variance*

Depreciation expenditure is \$171,060 higher than forecast. The forecast was set prior to the 2019-2020 revaluation of three waters from deemed cost to fair value.

## Capital Expenditure

### Recreation and Leisure - \$4,501,000 F

#### *Reason for variance*

Theatre Royal – expenditure on the Theatre Royal and Heritage Centre upgrade was forecast at \$3,032,120 year to date. Actual expenditure incurred is \$414,444.

Halls and Community Centres – expenditure on the upgrade to the Sound Shell seating was forecast at \$1,158,325 year to date. Actual expenditure incurred is \$185,403.

Aigantighe Art Gallery – expenditure on the building upgrade was forecast at \$355,691 year to date. Actual expenditure is \$174,436.

Parks and Reserves – expenditure on improvements and reseals was forecast at \$827,862. Actual expenditure is \$245,710.

### Stormwater - \$230,000 F

#### *Reason for variance*

Expenditure on upgrades at Temuka was forecast at \$210,210 year to date. Actual expenditure incurred is \$41,670.

Expenditure on upgrades at Timaru was forecast at \$275,750 year to date. Actual expenditure incurred is \$91,305.

### Roading and Footpaths - \$3,133,000 F

#### *Reason for variance*

Expenditure on subsidised roading projects was forecast at \$9,790,602 year to date. Actual costs incurred are \$6,729,188.

### Waste Minimisation - \$281,000 F

#### *Reason for variance*

Other improvements to land and buildings was forecast at \$708,312. Actual costs incurred are \$350,449.

### Community Support - \$2,591,000 F

#### *Reason for variance*

Social Housing – expenditure on healthy home upgrades and refurbishments was forecast at \$1,379,728 year to date. Actual expenditure incurred is \$207,501.

Cemeteries – expenditure on the purchase of land for a new Timaru site was forecast at \$998,851 year to date. Actual expenditure incurred is \$4,167.

Timaru Airport – expenditure on reseals and overlays was forecast at \$408,170 year to date. Actual costs incurred is \$7,845.

**Other Activities - \$251,000 F***Reason for variance*

Earthquake strengthening work on Council property was forecast at \$291,550 year to date. No actual expenditure has been incurred.

**Water Supplies - \$5,427,000 F***Reason for variance*

Seadown Water – expenditure on treatment upgrade and water storage was forecast at \$202,000 year to date. Actual costs incurred are \$20,316.

Te Moana Water – expenditure on reticulation was forecast at \$300,000 year to date. Actual costs incurred are \$17,222.

Urban Water – expenditure on reticulation renewals and the Pareora pipeline renewals were forecast at \$6,167,448 year to date. Actual costs incurred are \$1,645,452.

Expenditure on Temuka / Pleasant Point treated water storage and pumps, Timaru plant renewals and Claremont Plant caustic and chlorine were forecast at \$1,956,304 year to date. Actual costs incurred are \$1,870,377.

**Sewer - \$356,000 F***Reason for variance*

Expenditure on reticulation renewals and upgrades and fixed plan and equipment was forecast at \$2,010,050. Actual costs incurred are \$1,654,329.

**Downlands Water - \$9,532,000 F***Reason for variance*

Expenditure on the Te Ana Wai infiltration gallery, water treatment plant upgrade and raw water storage was forecast at \$6,310,652 year to date. Actual expenditure incurred is \$994,708.

Expenditure on the Springbrook treatment upgrade was forecast at \$71,750. Actual expenditure to date is \$35,197.

Renewals of mains, tanks, intakes, leak detection and jets was forecast at \$5,374,075 year to date. Actual expenditure incurred is \$1,493,762.

## 7.4 TDHL Loan Facility Agreement

**Author:** Donna Cross, Group Manager Commercial and Strategy

**Authoriser:** Bede Carran, Chief Executive

### Recommendation

That the Committee consider amending the terms of the Timaru District Holdings Limited cash advance facility as proposed.

### Purpose of Report

- 1 For the Committee to consider amending the terms of the Timaru District Holdings Limited (TDHL) cash advance facility.

### Assessment of Significance

- 2 The matter is deemed to have low significance under Council's Significance and Engagement Policy.

### Background

- 3 TDHL has held a cash advance facility agreement with Timaru District Council since 1997.
- 4 The limit of the facility is "*\$45,052,014 or such greater or lesser amount as the Council and the Borrower may agree from time to time.*" A total of \$22,180,000 is currently drawn down.
- 5 Historically, this had been classified by TDHL as a non-current liability as Council has not called on the loan, nor has Council signalled that there is any intention to do so.
- 6 The 2019/2020 audit of TDHL by Audit NZ determined that because under the terms of the Agreement, the advance can be called on by Council with a 90 day notice period, that the loan should be classified as a currently liability.
- 7 Although this does not have a material effect on the TDHL financial statements, it does distort the working capital and may have future consequences on finance covenants or arrangements.
- 8 TDHL has requested the loan agreement be amended and have provided the attached variation to the loan agreement.
- 9 The purpose of this report is for the Committee to consider amending the terms of the Agreement such that the expiry period be 366 days, therefore enabling the facility to be classified as a non-current liability.

### Discussion

- 10 The proposed amendments are marked-up in the attached agreement.
- 11 The "Advance Period" capacity is proposed to be removed.
- 12 The "Expiry Date" has been amended to be 366 days as opposed to 90 days. This results in Council having the annual opportunity to call on the facility if it so chooses. The loan will be treated as a non-current liability by TDHL and a non-current asset by Timaru District Council.



- 13 As this change affects the liquidity of the debt, the Committee may wish to revisit the limit on the on-demand aspect of the loan. Officers will be in a position to provide further advice on this at the 16 March meeting.
- 14 Other minor amendments are proposed including updating the contact details and address for notices and method for notices (removing facsimile). The attached version is a 'marked up' version and both parties hold a signed copies of the agreement.
- 15 Other amendments are consequential.

#### **Options and Preferred Option**

- 16 Do nothing – this will result in the facility remaining a current liability for TDHL.
- 17 Amend as proposed – preferred option. This will allow the facility to be reclassified as a non-current liability for TDHL.

#### **Consultation**

- 18 Audit NZ have reviewed the proposed changes and confirmed that they will result in the facility being reclassified as a non-current liability for TDHL.

#### **Relevant Legislation, Council Policy and Plans**

- 19 Not applicable.

#### **Financial and Funding Implications**

- 20 Not applicable.

#### **Attachments**

- 1. **Cash Advance Facility Agreement - TDC & TDHL**

**Dated**

2021

VARIED AND RESTATED WITH EFFECT  
FROM ~~12 SEPTEMBER 2002~~ [x] MONTH 2021

**NZ\$ CASH ADVANCE FACILITY  
AGREEMENT**

Borrower

**TIMARU DISTRICT HOLDINGS LIMITED**

Council

**TIMARU DISTRICT COUNCIL**

**BUDDLE FINDLAY**

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**DATED**

20022021

**PARTIES**

- (1) **TIMARU DISTRICT HOLDINGS LIMITED** at Timaru (the "Borrower")
- (2) **TIMARU DISTRICT COUNCIL** at Timaru (the "Council")

**BACKGROUND**

A. The parties are party to a NZ\$ Cash Advance Facility Agreement dated \_\_\_\_\_11  
December 1997 (the "**Existing Agreement**")

B. The parties ~~have~~ agreed to vary and restate the Existing Agreement ~~as at~~ on 12 September 2002.

A.C. The parties have now agreed to further vary and restate the Existing Agreement as set out in Part 2 of this Agreement.

**IT IS AGREED****PART 1 – VARIATION AND REINSTATEMENT OF EXISTING AGREEMENT****1. VARIATION AND RESTATEMENT**

- 1.1 **Variation and Restatement:** The parties agree that ~~with effect from 12 September 2002~~, the Existing Agreement shall be varied by the deletion of all of the provisions contained therein and the substitution therefor of the provisions contained in Part 2 of this Agreement.
- 1.2 **Continuing Liability:** Notwithstanding any other provisions of this Deed, the parties agree that from the date hereof, the liability of all parties is preserved in respect of any breach of any provision under the Existing Agreement (and any consequential breach of any other Transaction Document as defined therein) which arose prior to the date hereof (whether or not any party was aware of such breach prior to that date). All corresponding indemnity or other obligations in respect of any such breach are likewise preserved.
- 1.3 **Payment Obligations:** Where any party is obliged to make a payment under the Transaction Documents in respect of a period which straddles the date hereof, the payment shall be calculated so that the part period before the date hereof shall be calculated under the Existing Agreement and the part period from the date hereof shall be calculated under the Existing Agreement as defined herein.

## PART 2

## 2. INTERPRETATION

2.1 **Definitions:** In this Agreement, unless the context requires otherwise:

- (a) **"Advance"** means a cash advance by the Borrower under the Facility or, as the context requires, the outstanding balance thereof from time to time;
- (b) **"Advance Date"** means the day on which an Advance is made or to be made available to the Borrower;
- ~~(c) "Advance Period" means, in relation to an Advance, the period from its Advance Date to its Maturity Date as specified in the Drawdown Notice pertaining to the Advance, being a period of between 1 and 365 days (or such other period as may be agreed by the Council) provided that:~~
- ~~(i) an Advance Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day;~~
- ~~(ii) if an Advance Period would extend beyond the Expiry Date it shall be shortened so that it ends on the Expiry Date;~~
- ~~(d)~~(c) **"Agreement"** means this Agreement and the schedules;
- ~~(e)~~(d) **"Availability Period"** means the period commencing on 11 December 1997 and ending on ~~such date which is 90 days after notice of termination is given by the Council to the Borrower~~the Expiry Date;
- ~~(f)~~(e) **"Business Day"** means a day (other than a Saturday or a Sunday) on which registered banks are open for normal banking business in Timaru;
- ~~(g)~~(f) **"Drawdown Notice"** means a notice given by the Borrower to the Council substantially in the form set out in Schedule 1;
- ~~(h)~~(g) **"Event of Default"** means any of the events specified in clause 10.1;
- ~~(i)~~(h) **"Expiry Date"** means a date agreed which is ~~90-366~~ days after notice by the Council to the Borrower seeking repayment of the Outstanding Amount or such later date as may from time to time be agreed pursuant to clause ~~2-33.2~~;
- ~~(j)~~(i) **"Facility"** means the cash advance facility made available to the Borrower pursuant to this Agreement under which the Council may make Advances up to a maximum amount of the Facility Amount to the Borrower;
- ~~(k)~~(j) **"Facility Limit"** means NZ\$45,052,014.00 or such greater or lesser amount as the Council and the Borrower may agree from time to time;
- ~~(l)~~(k) **"Group"** means at any time the Borrower and its subsidiaries and includes any member of that Group;

- (m)(l) **"Interest Payment Date"** means, in relation to an Interest Period, the last day of that Interest Period;
- (n)(m) **"Interest Period"** means, an initial period commencing on 11 December 1997 and expiring on 31 December 1997 and thereafter each consecutive period of 3 months expiring on the last days of March, June, September and December (or the nearest business day thereto) in each year during the continuance of the facility;
- (e)(n) **"Interest Rate"** means the interest rate agreed between the Council and the Borrower from time to time;
- (p)(o) **"NZ Dollars"** and **"NZ\$"** means the lawful currency of New Zealand;
- (q)(p) **"NZ GAAP"** means generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993;
- (r)(q) **"Outstanding Amount"** means, on any date, the amount of the Facility outstanding on such date;
- (s)(r) **"Outstanding Moneys"** means, on any date, the Outstanding Amount, interest (including default interest), fees and other costs and expenses and all other moneys owing by the Borrower to the Council under the Transaction Documents on such date;
- (t)(s) **"Potential Event of Default"** means any event or circumstance which, with the giving of any notice, the passing of time and/or the fulfilment of any other requirement, could become an Event of Default;
- (u)(t) **"Transaction Documents"** means this Agreement and any other agreements which the parties agree will be a Transaction Document for the purposes of this Agreement (and when referred to in relation to any particular person, means every Transaction Document to which that person is party or by which it is bound).

2.2 **Interpretation:** In this Agreement, unless the context requires otherwise:

- (a) an **"agreement"** includes a contract, document, deed, licence, franchise, undertaking, certificate, instrument or other arrangement (in each case whether oral or written);
- (b) **"borrowed money"** means all indebtedness for or in respect of money borrowed or raised (whether or not for cash consideration) by whatever means (including acceptances, deposits, discounting, factoring, finance leasing, hire purchase, sale and repurchase/leaseback and any form of "off-balance sheet" financing) or for the deferred purchase price of assets or services (other than for goods and services obtained on normal commercial terms in the ordinary course of trading) and includes:
- (i) all amounts raised by the issuance of redeemable preference shares; and
  - (ii) any amounts actually or contingently payable under or in respect of any swap, foreign exchange contract, hedging or other derivative or risk management transaction or product if such transaction or product is or was to be terminated or a settlement amount is or was to become payable at the relevant time;

- (c) a "**consent**" includes an approval, authorisation, exemption, filing, licence, clearance, order, permit, recording or registration (and references to obtaining consents shall be construed accordingly);
- (d) a "**directive**" includes any present or future order, regulation, request, requirement or notification by whatever means (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of persons to whom the directive is addressed);
- (e) the "**dissolution**" of a person includes the winding-up, liquidation, removal from the register or Bankruptcy of that person or an equivalent or analogous procedure under the law of any relevant jurisdiction;
- (f) "**environmental law**" includes any law which relates in any way to (a) the environment, (b) the safety, health or use of land, water, buildings or any other property or (c) substances or activities which may affect or otherwise harm the environment or be hazardous, and shall include but not be limited to the Resource Management Act 1991 and the Building Act 1991;
- (g) "**governmental agency**" includes any state or government and any governmental, semi-governmental, judicial, statutory, monetary, accounting or regulatory entity, authority, body or agency or any person charged with the administration of any law or directive;
- (h) "**guarantee**" includes any indemnity, letter of credit, suretyship, third party security or any other obligation (whatever called and of whatever nature):
- (i) to pay, purchase, provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets, rights or services or otherwise) for the payment or performance of; or
- (ii) otherwise to be responsible or assume liability for or in respect of, any indebtedness or obligation of another person;
- (i) "**indebtedness**" includes any obligation (whether present or future, actual or contingent, secured or unsecured and whether incurred alone, severally, jointly or jointly and severally, as principal surety or otherwise) relating to the payment or repayment of money;
- (j) something having a "**material adverse effect**" on a person is a reference to it having a material adverse effect (a) on its financial condition or business (and/or, as applicable, on the consolidated financial condition or business of the group of companies of which it forms part) or (b) on its ability to perform its obligations under any Transaction Document or, as the context may require, (c) on the Council's ability to recover any amount payable by the Borrower under the Transaction Documents or to enforce performance of that person's obligations under the Transaction Documents (and "**material adverse change**" shall be construed accordingly);
- (k) "**person**" includes any individual, firm, company, corporation, association of persons (corporate or not), trust or governmental agency (in each case whether or not having separate legal personality);

- (l) **"security"** includes any mortgage, charge (whether fixed or floating), encumbrance, lien, pledge, hypothecation, financial lease, deferred purchase, sale and repurchase, sale and leaseback, title retention or any other arrangement (however described) which in effect is, or has the commercial effect of, a security, but does not include any of the foregoing which arises in the ordinary course of business solely by operation of law;
- (m) **"subsidiary"** of any person means:
  - (i) any subsidiary of such person within the meaning given to that term in sections 5 and 6 of the Companies Act 1993; or
  - (ii) any "in substance subsidiary" of that person as defined by NZGAAP; and
- (n) **"tax"** includes any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called (including any interest, penalties, fines and charges in respect of taxes) imposed, levied, collected, withheld or assessed by any governmental agency, on whomsoever imposed, levied, collected, withheld or assessed.

2.3 **Miscellaneous:** In this Agreement, unless the context requires otherwise:

- (a) references to **clauses** and **schedules** are clauses of and schedules to this Agreement;
- (b) **derivatives** of any defined word or term shall have a corresponding meaning;
- (c) the **headings** to clauses shall be ignored in construing this Agreement;
- (d) the word **including** and other similar words do not imply any limitation;
- (e) any **party** to this Agreement or any other agreement includes its successors and permitted assignees and transferees;
- (f) the **plural** includes the **singular** and vice versa;
- (g) a **statute** includes that statute as amended from time to time and any regulations, orders in council and other instruments issued or made under that statute from time to time; and
- (h) a reference to a **time of the day** is to New Zealand time.

### 3. THE FACILITY

3.1 **Facility:** Upon and subject to the terms and conditions of this Agreement, the Council agrees to make available to the Borrower a revolving committed cash advance facility in an amount not exceeding the Facility Amount.

3.2 **Extension:** The parties may agree to extend this Facility for such period or periods as the parties may agree.



#### 4. FEES

- 4.1 No establishment or other facility fees shall be payable by the Borrower to the Council for utilisation of the Facility.

#### 5. CONDITIONS PRECEDENT

- 5.1 The Facility shall not be available unless and until the Council has received (in form and substance satisfactory to the Council) the following:
- (a) **Director's Resolution:** A certificate of a director of the Borrower certifying that all resolutions necessary to enter into this Agreement have been duly passed.
  - (b) **General:** such other agreements and information as the Council may, by notice to the Borrower, reasonably require.

#### 6. INTEREST

- 6.1 **Payment:** The Borrower shall pay interest to the Council on each Interest Payment Date on the amount of each Advance for the relevant ~~Advance-Interest~~ Period throughout the term of the Facility at the rate agreed between the Council and the Borrower from time to time. Interest shall be calculated on the basis of actual days elapsed including the first day of the Interest Period, excluding the Interest Payment Date, and a 365 day year.
- 6.2 **Provision Applicable to all Interest Periods:** If any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall, unless the parties agree otherwise, be extended to the next succeeding day which is a Business Day.

#### 7. REPAYMENT, PREPAYMENT AND CANCELLATION

- 7.1 **Repayment:** The Borrower shall repay each Advance on ~~its~~~~the~~ Expiry Date.
- 7.2 **Revolving Facility:** The Borrower may, subject to the terms of this Agreement, re-borrow any amount repaid pursuant to Clause ~~7.57-1~~.
- 7.3 **Expiry:** The Borrower shall in any event repay the Outstanding Moneys at the expiry of the Availability Period.
- 7.4 **Application:** Without prejudice to the Borrower's obligations hereunder, where an Advance is to be made by the Council on any day on which the Borrower is required to repay any other Advance then the amount of the Advance to be made by the Council may be applied by the Council towards satisfaction of the Borrower's obligations to the Council with respect to the Advance to be repaid.
- 7.5 **Prepayment:** The Borrower may prepay the whole of any Advance (or any part thereof) upon giving to the Council not less than 5 Business Days' prior notice in writing, which notice will be irrevocable. Any prepayment pursuant to this clause shall be accompanied by:
- (a) **Interest:** accrued interest on the amount prepaid;

- (b) **Other Sum:** any other sum in respect of the amount prepaid then due under any provision of this Agreement; and
  - (c) **Break Costs:** where such prepayment occurs other than on the last day of an Interest Period or during a period where a fixed interest rate applies ("Fixed Interest Period"), such net funding break costs as may be incurred by the Council.
- 7.6 **Re-drawing:** Any amount ~~repaid in accordance with clause 7.1 or~~ prepaid in accordance with clause 7.5 shall be available to be re-drawn as an Advance in accordance with this Agreement.
- 7.7 **Cancellation:** The Borrower may at any time upon giving not less than 5 Business Days' prior written notice (which notice shall be irrevocable) to the Council cancel all or any part of the Facility Amount in multiples of NZ\$500,000 or such other amount as the Council shall agree of the undrawn part of the Facility Amount. A notice under this clause 7.7 may be given in conjunction with a notice under clause 7.5. Any amount cancelled under this clause shall not be available to be redrawn.

## 8. REPRESENTATIONS AND WARRANTIES

- 8.1 **Representations and Warranties:** The Borrower represents and warrants to the Council that:
- (a) **Status:** it is a company duly incorporated and validly existing under the laws of New Zealand with indefinite corporate existence, capable of suing and being sued and has the power and authority to own its assets and to carry on its business as presently conducted;
  - (b) **Power and Corporate Authority:** it has power, and all necessary corporate action (including passing all resolutions) has been taken to authorise it to enter into, execute and deliver, exercise its rights and perform its obligations under the Transaction Documents;
  - (c) **Binding Obligations:** its obligations under the Transaction Documents are legal, valid and binding and enforceable against it;
  - (d) **No Contravention:** its entry into, exercise of its rights and performance of its obligations under, the Transaction Documents do not and will not violate or contravene any applicable law or its constitutive documents nor cause any limit on its powers or the powers of its directors to be exceeded;
  - (e) **Consents:** all action, conditions and things (including the obtaining of consents and other requirements) required to be taken, fulfilled and done to ensure:
    - (i) that it is able to lawfully enter into, exercise its rights and perform its obligations under, the Transaction Documents;
    - (ii) that those obligations are legal, valid, binding and enforceable against it; and
    - (iii) that the Transaction Documents are admissible in evidence in the courts of New Zealand,have been taken, fulfilled and done and are in full force and effect;

- (f) **No Default:** it is not in default under any agreement to which it is party or which is binding on it or any of its assets;
- (g) **No Litigation:** no litigation, claim, arbitration or administrative proceeding before or of any court, arbitrator, tribunal or governmental agency or dispute with any governmental agency is current, pending or (to the best of its knowledge and belief) threatened against it;
- (h) **No Security:** it is, and will at all times be, the sole legal and beneficial owner of all its assets and no security exists over any of its assets (except as otherwise expressly permitted in or required by any Transaction Document and other than any security which arises by statute);
- (i) **No Dissolution:**
- (i) save for the voluntary liquidation of any member of the Group in circumstances where the relevant assets are retained within the Group or the amalgamation of two or more members of the Group, in each case as part of the solvent re-organisation of the Group, no order has been made, resolution passed or legal proceedings issued (other than a vexatious or frivolous proceeding) and no corporate action has been taken, notice given or other step taken or (to the best of its knowledge and belief) threatened against it or any member of the Group for the dissolution or re-organisation of, or for the appointment of a receiver, manager, inspector, trustee, statutory manager or other similar person in respect of, it or any member of the Group or the whole or any part of their respective assets; and
  - (ii) it has not made nor does it intend to make any assignment, arrangement or composition for the benefit of its creditors generally nor has any moratorium been agreed or declared in respect of or affecting all or any material part of its indebtedness;
- (j) **Execution will not Create Security:** the execution and delivery of the Transaction Documents and the exercise of its rights and performance of its obligations under the Transaction Documents do not and will not result in the existence of nor oblige it to create any security over all or any of its present or future assets nor will it result in the acceleration of any obligation or cause an Event of Default (however described) under any agreement to which it is a party or which is binding on it or its assets;
- (k) **Accounts:** its most recent consolidated financial statements, whether in respect of a half-year period or full-year period, were (subject to the notes thereto) prepared in accordance with the requirements of the Financial Reporting Act 1993 and NZ GAAP (audited in the case of financial statements for a full-year period) and give a true and fair view of the results of its operations for the period to which they relate and its financial position as at the end of such period, and there has been no material adverse change in its financial condition since that date;
- (l) **Full Disclosure:** all information provided to the Council in connection with the Transaction Documents was, at the time it was provided, true, complete and accurate in all material respects and not misleading and it is not aware of any material facts or circumstances that

have not been disclosed and which would, if disclosed, materially adversely affect the decision of a person considering whether or not to provide finance to it ;

- (m) **No Event of Default:** no Event of Default or Potential Event of Default has occurred and is continuing or will occur as a result of making the Facility available;
- (n) **No Material Adverse Change:** no event or circumstance has occurred since the date of its most recent accounts which has had a material adverse effect on it or the Group taken as a whole; and
- (o) **Solvency:** it is able to pay its debts as they become due in the normal course of business; and
- (p) **Subsidiaries:** it has no subsidiaries other than those subsidiaries previously disclosed in writing to the Council.
- (q) **Repetition:** The representations and warranties contained in clause 8.1 will be deemed to be repeated by the Borrower on each day during the Availability Period by reference to the facts and circumstances then existing.
- (r) **Reliance:** The Borrower acknowledges that the Council has or will have relied on the representations and warranties contained in clause 8.1 in executing this Agreement and making all or any part of the Facility available.

## 9. COVENANTS

9.1 **General Covenants:** The Borrower covenants with the Council that it will and will procure that each member of the Group will:

- (a) **Comply with Laws:** duly and promptly comply with all laws applicable to it;
- (b) **General Consents:** maintain in full effect and comply with all consents which may be necessary or desirable to enable it to perform and comply with its obligations under, or for the validity or enforceability of, the Transaction Documents;
- (c) **Notify Event of Default:** notify the Council of the occurrence of any Event of Default or any Potential Event of Default immediately upon becoming aware of it (giving full details of it and of any steps taken or to be taken as a result);
- (d) **Legal Proceedings:** promptly deliver to the Council details of any current pending or threatened litigation, claim, arbitration or administrative proceeding which, had it been current or pending or threatened as at the date of this Agreement, would have rendered the warranty in clause 8.1(g) incorrect;

9.2 **Negative Covenants:** The Borrower covenants with the Council that (except with the prior written consent of the Council) neither it nor any member of the Group will seek to:

- (a) **Negative Pledge:** create or permit to subsist any security over the whole or any part of its assets other than any security which has been previously agreed to by the Council;

- (b) **Provide Accommodation:** lend or otherwise provide any other financial accommodation to, give any guarantee or like instrument in respect of, or otherwise assume any indebtedness of, any person;
- (c) **Change of Business:** make any material change in the nature or scope of its business as presently conducted;
- (d) **Disposals:** either by one transaction or a series of transactions, whether related or not and whether at one time or over a period of time, dispose of all or any material part of its assets (disregarding any disposals made in the ordinary course of business on normal commercial terms and at arm's-length);
- (e) **Environmental Consents:** (without limiting clause 9.2(a) and (c)) surrender or otherwise dispose of, grant security over, apply for the change or cancellation of any condition of or otherwise deal with any consent or requirement as described in clause 9.1(b);
- (f) **Dividends/Distributions:** make any distribution (as defined in section 2(1) of the Companies Act 1993) except in favour of any other member of the Group;
- (g) **Shares:** acquire its own shares, or exercise any option to redeem its shares.

9.3 **Financial Information:** The Borrower covenants with the Council that it will:

- (a) **Financial and Other Information:** deliver to the Council:
  - (i) as soon as they become available, and in any event within **120** days after the last day of each financial year, the audited financial statements of the Borrower (on an individual basis) and the Group (on a consolidated basis) as at the end of and for that financial year, together with a true and complete copy of the auditors' report thereon;
  - (ii) as soon as they become available, and in any event within **90** days after the last day of each financial half-year, the unaudited financial statements of the Borrower (on an individual basis) and the Group (on a consolidated basis) at the end of and for that financial half-year; and
  - (iii) promptly upon any request from time to time by the Council, any other information relating to the business, affairs, financial condition or operations of the Borrower and the Group as the Council may reasonably request;
- (b) **Accounting Standards:** ensure that it keeps proper accounting records which are regularly audited and that each financial statement provided to the Council under clause 9.3(a) shall:
  - (i) be prepared, reported on and approved in accordance with the requirements of the Financial Reporting Act 1993 and NZ GAAP;
  - (ii) together with the notes to the accounts, give a true and fair view, in accordance with such practice, of the financial position of the Borrower and, as applicable, the Group and the results of their operations as at the date, and for the period, to which they relate; and

- (iii) together with those notes, disclose or reserve against all liabilities (contingent or otherwise) of the Borrower and each member of the Group as at that date and all unrealised or anticipated losses from any commitment entered into and which existed on that date.

## 10. DEFAULT

10.1 **Default:** An Event of Default shall have occurred if at any time and for any reason, whether or not within the control of any party, any of the following events occurs:

- (a) **Non-Payment:**
  - (i) any amount of, or in respect of, principal or interest payable by the Borrower under any Transaction Document is not paid to the Council at the time and in the manner specified in that Transaction Document (unless the Borrower satisfies the Council that non-payment is due solely to an administrative or technical error beyond the control of the Borrower and payment is subsequently made within two Business Days of the normal due date); or
  - (ii) any other sum payable under any Transaction Document is not paid by the Borrower within 5 Business Days after the due date for payment of such sum;
- (b) **Breach of Certain Covenants:** the Borrower fails to perform or comply with any of its obligations under clause 9.2;
- (c) **Other Breaches:** the Borrower fails to perform or comply with any other obligation under any Transaction Document and that failure is incapable of remedy or, if capable of remedy, is not remedied within 10 days after first becoming aware of that failure;
- (d) **Misrepresentation:** any representation, warranty or statement made or deemed to have been made by or on behalf of the Borrower in or in any certificate, statement, notice or other agreement in connection with or delivered pursuant to any Transaction Document is or proves to have been untrue, inaccurate or incorrect, in any material respect, when made or repeated or deemed to have been made or repeated;
- (e) **Dissolution:** save for the voluntary liquidation of a member of the Group in circumstances where the relevant assets are retained within the Group or the amalgamation of two or more members of the Group, in each case as part of the solvent re-organisation of the Group, an order is made, a resolution is passed, any legal proceeding is issued (other than a vexatious or frivolous proceeding) or any corporate action is taken, notice is given or other step is taken for the dissolution or reorganisation of the Borrower or any member of the Group;
- (f) **Receiver:** either:
  - (i) an encumbrancer takes possession of the whole or any material part of the assets of the Borrower or any member of the Group; or
  - (ii) a receiver, manager, inspector, trustee or other similar person is appointed or any application is made for such appointment in respect of any member of the Group the

whole or any material part of their respective assets and the application is not withdrawn or, as the case may be, the appointment is not discharged within **14** days of being made or appointed;

- (g) **Distress or Execution:** any distress, attachment, execution, judgment or other legal process (in respect of an amount in excess of NZ\$**100,000.00** or its equivalent) is levied, issued, enforced or obtained on or against any of the assets of the Borrower or any member of the Group and is not discharged, satisfied or stayed within **14** days or contested in good faith by the taking of proper proceedings;
- (h) **Insolvency:** the Borrower or any member of the Group:
- (i) is insolvent or unable to pay its indebtedness as it falls due (or is deemed or presumed to be so under any law);
  - (ii) suspends, stops or threatens to suspend or stop payment of a material part of its indebtedness;
  - (iii) commences negotiations or takes any proceedings with a view to the general deferral, readjustment or rescheduling of its indebtedness or a material part of its indebtedness; or
  - (iv) makes, or proposes to make, any assignment, arrangement or composition for the benefit of its creditors generally or a moratorium is agreed or declared in respect of or affecting all or any material part of its indebtedness;
- (i) **Statutory Management:**
- (i) the Borrower or any member of the Group is declared at risk pursuant to the Corporations (Investigation and Management) Act 1989;
  - (ii) the Borrower or any associated person (as that term is defined in the Corporations (Investigation and Management) Act 1989) becomes subject to a recommendation made by the Securities Commission to the Minister of Justice or, as the case may be, the Minister of Finance supporting the appointment of a statutory manager pursuant to that act; or
  - (iii) a statutory manager is appointed over all or any of the assets of the Borrower or any member of the Group, or any step is taken (other than as referred to in clause 10.1(i)(ii)) with a view to the appointment of such a statutory manager, in either case under the Corporations (Investigation and Management) Act 1989;
- (j) **Invalidity:** it is or will become unlawful for the Borrower to perform any of its obligations under any Transaction Document or any Transaction Document becomes or is claimed to be invalid or unenforceable in whole or in part;
- (k) **Consent:** any consent of whatever nature necessary in connection with any Transaction Document is revoked, cancelled, withdrawn or modified in a manner unacceptable to the Council or otherwise ceases to be in full force and effect or any condition in or relating to such consent is not complied with;

- (l) **Cease Business:** (except with the prior written consent of the Council) the Borrower or any member of the Group ceases or threatens to cease to carry on all or any material part of its business;
  - (m) **Analogous Events:** any event occurs which, under the law of any relevant jurisdiction, has an analogous or substantially similar effect to any event mentioned in clauses 10.1(e), (f), (g), (h) and (i);
  - (n) **Unable to Perform:** any circumstances arise which give reasonable grounds in the opinion of the Council for the belief that the Borrower may not (or may be unable to) perform or comply with its obligations under this Agreement;
- 10.2 **Acceleration:** At the time of or at any time after the occurrence of an Event of Default and without prejudice to any other remedies the Council may have, the Council may by notice to the Borrower do all or any of the following:
- (a) **Cancel Facility:** cancel the Facility with immediate effect;
  - (b) **Accelerate Outstanding Moneys:** declare all or any part of the Outstanding Moneys to be immediately due and payable, whereupon the Outstanding Moneys will become so due and payable; or
  - (c) **Exercise Rights:** exercise all or any of its rights under any Transaction Document and at law.
- 10.3 **Automatic Cancellation/Acceleration:** Notwithstanding anything contained in clauses 10.1 and 10.2, if the event described in clause 10.1(i)(ii) occurs, without being obliged to give any notice whatsoever:
- (a) **Automatic Cancellation:** the Facility will be automatically cancelled, whereupon all of the Outstanding Moneys shall become immediately due and payable; and
  - (b) **Immediate Exercise:** the Council may immediately exercise its rights under the Transaction Documents and at law.

## 11. PAYMENTS

- 11.1 **Currency of Account:** the NZ Dollar is the currency of account and payment for each amount at any time due under any Transaction Document.
- 11.2 **Payments:** Each payment to the Council under any Transaction Document is to be made at the time specified in the relevant Transaction Document or if no time is specified during normal Banking hours, in each such case on the due date, in cleared funds and to the Council account which the Council specifies from time to time, by notice to the Borrower.
- 11.3 **Business Days:** If any payment is due to be made under any Transaction Document on a day which is not a Business Day, that payment shall be made on the next succeeding Business Day unless the result of such extension would be to carry the payment over into another calendar



month, in which case the payment shall be made on the preceding Business Day and in each case any interest will be adjusted accordingly.

11.4 **Payments to Be Free and Clear:** All sums payable by the Borrower under the Transaction Documents shall be paid:

- (a) **No Restriction:** free and clear of any restriction or condition;
- (b) **No Withholding:** free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax; and
- (c) **No Set-off:** without any deduction or withholding (except to the extent required by law) on account of any other amount, whether by way of set-off or otherwise.

11.5 **Reinstatement:** If any payment to the Council under any Transaction Document is avoided by law, the Borrower's obligation to have made such payment will be deemed not to have been affected or discharged and the Borrower shall on demand indemnify the Council against any costs, claim, loss, expense or liability (together with any taxes thereon) sustained or incurred by the Council as a result of it being required for any reason (including any dissolution law) to refund all or part of any amount received or recovered by it in respect of such payment and in any event pay to the Council on demand the amount so refunded by it. The Council and the Borrower will, in any such case, be deemed to be restored to the position in which each would have been, and will be entitled to exercise the rights they respectively would have had, if that payment had not been made.

## 12. CHANGE IN CIRCUMSTANCES

12.1 **Illegality:** If, at any time and for any reason, the Council determines that it is or will become unlawful or contrary to any directive for the Council to make available, fund or continue to provide all or any part of the Facility or to exercise any of its rights or carry out any of its obligations under any Transaction Document, the Council will not be obliged to make or continue to provide the Facility. In any such case the Council may by notice to the Borrower cancel the Facility with immediate effect and the Borrower shall, on such date as the Council may have specified, repay all or, if permitted, part of the Outstanding Moneys.

12.2 **Increased Costs:** If as a direct or indirect result of the introduction of any law or directive or any change to any law or directive or in its interpretation by a court or any governmental agency (including, in each such case, but without limitation, any law or directive relating to taxes) all or any of the following occur:

- (a) **Cost Increased:** the cost to the Council of making available, funding or continuing to provide the Facility or performing any of its other obligations or exercising any of its rights under any Transaction Document is increased (other than by reason of a change in the tax on overall net income of the Council);
- (b) **Return Reduced:** any sum received or receivable by, or the effective return to, the Council under any Transaction Document is reduced (except on account of tax on overall net income of the Council); or

- (c) **Payment Required:** the Council makes any payment (except on account of tax on overall net income of the Council) or foregoes any return on or calculated by reference to the amount of any sum received or receivable by it under any Transaction Document,

(including, in each such case, but without limitation, any diminished yield to the Council arising from any imposition of, or increase or other change in, any capital adequacy, risk weighting, reserve asset, balance sheet or other requirement or ratio), then and in any such case:

- (i) the Council will use its reasonable endeavours to notify the Borrower upon becoming aware of any such event; and
- (ii) the Borrower shall indemnify and keep indemnified the Council against that increased cost, reduction, payment or foregone return and shall from time to time on demand pay to the Council the amount certified by the Council to be necessary to so indemnify it.

12.3 **Market Disruption:** In the circumstances described below, the Council may in its discretion at any time (in addition to its rights under clause 12.2) by notice to the Borrower suspend or (subject to clause 12.4) terminate, in whole or in part and for such period and upon such terms and conditions as the Council may reasonably determine, its obligations in respect of the Facility and may require payment of the Outstanding Moneys on the date specified by the Council. The circumstances referred to above are if, in the reasonable opinion of the Council, such action is necessary as a result of any change in national or international monetary, financial, political or economic conditions (including, without limitation, central bank requirements) or currency exchange rates or exchange controls or in the overall availability of funds in the market which has materially adversely affected or would be likely to so affect the ability of the Council to make, fund or continue to provide all or any of the Facility or to exercise its rights or perform its obligations under any Transaction Document.

12.4 **Negotiation:** Without affecting the Borrower's obligations to make any payments under clause 12.2 or 12.3, if notice is given to the Borrower under clause 12.2 or 12.3, the Borrower and the Council will, if the Borrower shall so request, for a period of 30 days (or such longer period as the Council may agree) discuss in good faith whether there are any mutually satisfactory alternative means by which the Facility might be made or continued (not involving the Council in any increased cost or liability or reduced return) which would avoid or minimise the circumstances giving rise to such a notice.

12.5 **Force Majeure:** The Council will not be liable for any failure to perform or comply with its obligations under the Transaction Documents resulting directly or indirectly from any action or inaction of any governmental agency, any strike or other labour disturbance or any other cause whatever (including any previously referred to in this clause 12) which is beyond its control.

### 13. TAXES

#### 13.1 **Gross-Up:** If:

- (a) **Borrower:** the Borrower is required by law to make any deduction or withholding from any amount paid or payable by it under any Transaction Document; or
- (b) **Council:** the Council is required by law to make any payment, on account of tax (other than tax on overall net income of the Council) or otherwise, on or in relation to any amount received or receivable by it under any Transaction Document,

then the amount payable by the Borrower in respect of which such deduction, withholding or payment is required to be made will be increased to the extent necessary to ensure that, after the making of such deduction, withholding or payment, the Council receives and retains (free from any liability in respect of any such deduction, withholding or payment) a net amount equal to the amount which it would have received and so retained had no such deduction, withholding or payment been made.

13.2 **Punctual Payment:** The Borrower will pay any amount referred to in clause 13.1(a) to the relevant taxation or other authority before the date on which penalties attach thereto.

13.3 **Tax Receipts:** Within 30 days (or such further period as the Council may allow) after such deduction, withholding or payment is required to be made, the Borrower shall deliver to the Council a receipt issued by the applicable taxing or other authority or other evidence satisfactory to the Council showing that such deduction, withholding or payment has been made.

13.4 **Negotiation:** Without affecting the Borrower's obligations to make any payments under clause 13.1, if any such payment is required to be made, the Borrower and the Council will for a period of 30 days (or such longer period as the Council may agree) discuss in good faith, whether there are any mutually satisfactory alternative means by which the Facility might be made or continued (not involving the Council in any increased cost or liability or reduced return) which would avoid or minimise the circumstances giving rise to such a payment.

13.5 **Certificate of Exemption:** The Council confirms that it is the holder of a certificate of exemption issued pursuant to section NF 9 of the Income Tax Act 1994 and agrees that during the term of this Agreement it will use reasonable endeavours to maintain such a certificate. No sum payable by the Borrower under this Agreement shall be increased pursuant to clause 13.1 in respect of any deduction or withholding of tax to the extent that such deduction or withholding of tax is required on account of New Zealand resident withholding tax imposed under Part NF of the Income Tax Act 1994 unless the sum is payable to the Council under this Agreement after the Council has sent to the Borrower a notice that the Council has lost its entitlement to hold a certificate of exemption for the purposes of section NF 9 of the Income Tax Act 1994.

13.6 **Tax Credit:** If and to the extent that the Council subsequently actually receives and is able to identify (in the normal course of its business and operations and without being under any obligation to do so) any tax credit or refund in respect of any deduction or withholding in respect of which any additional amounts have been paid by the Borrower pursuant to this clause, the Council will, but only if and to the extent that in the Council's sole opinion it is appropriate to do so, account to the

Borrower for the amount of such tax credit or refund. Nothing in this clause imposes any obligation whatever on the Council to disclose any information about its own tax affairs and the Council may arrange such affairs however it thinks fit.

#### 14. INDEMNITIES

14.1 **General Indemnities:** The Borrower will, on demand from time to time by the Council, indemnify and hold the Council harmless against all costs, losses, expenses, claims, actions, suits, judgments, damages, penalties, obligations or liabilities (including loss of profit and costs and losses incurred in liquidating or redeploying deposits or other funds acquired or arranged in connection with the Facility or any part thereof) (all "**costs**") sustained or incurred by the Council directly or indirectly as a result of:

- (a) **Advance Not Provided:** all or any part of any Advance not being advanced on the requested Advance Date (other than by reason of the negligence or wilful default of the Council);
- (b) **Payment Other than on Due Date:** any amount payable by the Borrower (including at its election) under any Transaction Document not being paid when due (whether by prepayment, acceleration or otherwise) but, so far as is appropriate, credit shall be given for any default interest paid under clause 15;
- (c) **Prepayment:** all or any part of any Advance being repaid or becoming repayable before the due date; and/or
- (d) **Event of Default:** the occurrence or continuance of any other Event of Default,

by payment to the Council of the amount certified by the Council to be required to compensate it for all such costs.

14.2 **Independent Obligations:** Each of the indemnities contained in this Agreement constitutes a separate and independent obligation from the other obligations in this Agreement giving rise to an independent cause of action irrespective of any time, credit or other indulgence on the part of the Council or any other matter.

#### 15. DEFAULT INTEREST

15.1 **Default Interest:** The Borrower shall pay interest on any amount payable by it to the Council under any Transaction Document which the Council does not receive when due. Default interest is to be calculated on any such overdue amount from its due date to the date of actual receipt by the Council (both before and after judgment) calculated by reference to Interest Periods of such duration as the Council may from time to time select, each of which (other than the first, which shall start on the due date of the unpaid amount) shall start on the last day of the preceding Interest Period. The rate of default interest in respect of each such Interest Period will be calculated as at the commencement of that Interest Period and will be the Interest Rate payable in respect of such amount together with a margin of 2% in respect of that overdue amount.

15.2 **Payment of Default Interest:** Default interest will be due and payable, without the need for demand, on the last day of each Interest Period selected in accordance with clause 15.1 and if not paid shall compound as from the last day of each such period.

## 16. SET-OFF

16.1 **Set-Off Rights:** The Borrower irrevocably authorises the Council to apply (without any prior notice or demand) any credit balance (whether or not due and payable) to which the Borrower is entitled in any account (in any currency) of the Borrower with the Council (at any of its offices or branches) in satisfaction of any indebtedness due and payable by the Borrower to the Council but unpaid.

16.2 **Contingent Liabilities:** If, at any time after the occurrence of an Event of Default and while it is continuing, any amount is contingently due or an amount due is not quantified, the Council may retain and withhold repayment of any such credit balance of the Borrower with the Council and the payment of interest or other moneys in relation thereto pending such amount becoming due and/or quantified. The Council may set-off (without prior notice or demand) against such credit balance, the maximum liability which may at any time be or becoming owing by the Borrower to the Council.

16.3 **Council's Rights:** For the foregoing purposes, the Council is not obliged to exercise its rights under this clause 16 which are without prejudice and in addition to any other rights of the Council under any Transaction Document and any right of set-off, combination of accounts, liens or other right to which the Council may at any time be entitled (whether by operation of law, contract or otherwise).

16.4 **Deemed Set-Off:** If the event described in clause 10.1(a) occurs any set-off effected by the Council under this clause 16 will be deemed to have been effected automatically upon the occurrence of such an event.

16.5 **No Security:** The Council's rights under this clause 16 are contractual rights affecting the terms on which any relevant credit balance of the Borrower with the Council is held and the creation of such rights does not constitute the creation of any security over any such credit balance.

## 17. EVIDENCE OF DEBT

17.1 **Maintain Account:** The Council will maintain, in accordance with its usual practice, an account evidencing the amounts from time to time lent by and owing to it under the Facilities.

17.2 **Certificate:** A certificate of the Council as to:

- (a) **Amounts:** any amount, interest rate or exchange rate payable under any Transaction Document or any entry made in any account maintained by the Council will (in the absence of manifest error) be prima facie evidence of such amount, rate or entry; or
- (b) **Other Facts:** any other fact relating to the Facility or any Transaction Document which might reasonably be expected to be within the Council's knowledge, will be prima facie evidence of such fact,

in each case for all purposes including any legal action or proceedings.

**18. NOTICES**

18.1 **Method:** Each notice, agreement and other communication (each a "**communication**") to be given, delivered or made under this Agreement is to be in writing but may be sent by personal delivery, post (by airmail if to another country) or facsimile.

18.2 **Addresses:** Each communication under this Agreement is to be sent to the address of the relevant party set out below or to any other address from time to time designated for that purpose by at least five Business Days' prior notice to the others. The initial address details of the parties are:

**The Council:** P O Box 522  
Timaru

Attention: Chief Financial Officer

**The Borrower:** P O Box 178  
Timaru

Attention: General Manager

18.3 **Receipt:** A communication under this Agreement will only be effective:

- (a) **Delivery:** in the case of personal delivery, when delivered;
- (b) **By Post:** if posted or delivered to a document exchange, five working days, in the place of receipt, after posting (by airmail if to another country) or delivery to the document exchange;

provided that any communication received or deemed received after 5 pm or on a day which is not a working day in the place to which it is delivered, posted or sent shall be deemed not to have been received until the next working day in that place.

**19. COSTS AND EXPENSES**

19.1 **All Costs:** Whether or not any Advance is made available, the Borrower shall pay:

- (a) **Establishment Costs:** on demand, all costs and expenses of whatever nature and any taxes thereon incurred by the Council in or in connection with the negotiation, preparation, execution and (as applicable) registration of this Agreement and any other Transaction Documents and/or any amendment of, supplement to or waiver in respect of any Transaction Document; and
- (b) **Enforcement Costs:** on demand, all costs and expenses of whatever nature and any taxes thereon incurred by the Council in or in connection with enforcing or protecting or endeavouring to enforce or protect, any rights under any Transaction Document and/or any amendment of, supplement to or waiver in respect of any Transaction Document.

- 19.2 **Stamp and Other Taxes:** Whether or not any Advance is made available, the Borrower shall pay all stamp, registration and other documentary taxes (including any goods and services or similar tax) to which the Transaction Documents, or any payment made or to be made under any Transaction Document, is or at any time may be subject and will indemnify and hold the Council harmless against all costs directly or indirectly resulting from any failure to pay or any delay in paying any such taxes.

## 20. BENEFIT OF AGREEMENT

- 20.1 **Borrower May Not Assign:** The Borrower may not assign or transfer all or any of its rights and obligations under or in relation to the Transaction Documents.
- 20.2 **Council May Assign:** The Council may at any time assign all or any of its rights under or in relation to any Transaction Document to any person. Any such transfer will become effective as against all parties to the relevant Transaction Documents when the transferee has provided an undertaking (which is addressed to such other parties) stating that it agrees to be bound by the relevant Transaction Documents and to perform the obligations transferred to it.
- 20.3 **Same Rights:** Any assignee or transferee of the Council in accordance with this clause will have the same rights (and, as applicable, obligations) against the Borrower (or a proportion of such rights or obligations in the case of a partial assignment or transfer) as it would have had if it had been a party to the relevant Transaction Documents.
- 20.4 **Disclosure of Information:** The Borrower irrevocably authorises the Council to disclose to any potential assignee or transferee of its rights and obligations under the Transaction Documents, or to any other person with whom the Council is contemplating entering into contractual relations in connection therewith or to whom such disclosure is, in the reasonable opinion of the Council, necessary or desirable, such financial and other information about the Borrower and each member of the Group and their respective financial condition as the Council shall consider appropriate.
- 20.5 **No Increased Costs:** If (other than at the request of the Borrower) the Council assigns or transfers its rights or obligations under this Agreement, the Borrower will not be required to pay any net increase in the aggregate amount payable under this Agreement which is a direct consequence of that assignment or transfer and of which the Council or its assignee or transferee was, or ought reasonably to have been, aware on the date of that assignment or transfer.

## 21. MISCELLANEOUS

- 21.1 **Time of Essence:** Time is of the essence in respect of all dates and times for performance by the Borrower of its obligations under the Transaction Documents.
- 21.2 **Amendments, Waivers and Consents:** Any provision of this Agreement may be amended only by agreement in writing between each of the parties to this Agreement. Any waiver may be given at any time but only if the Council agrees in writing. Any consent under any provision of this Agreement must also be in writing. Any such waiver or consent may be given subject to any conditions thought fit by the person giving it and shall be effective only in the instance and for the purpose for which it was given.

- 21.3 **No Implied Waivers:** A failure to exercise or delay in exercising any right under any Transaction Document will not operate as a waiver of that right, nor will any single or partial exercise of any right preclude any other or further exercise of that right or the exercise of any other right.
- 21.4 **Rights Cumulative:** The rights provided in the Transaction Documents are cumulative and not exclusive of any rights provided under any other agreement or by law.
- 21.5 **Partial Invalidity:** The illegality, invalidity or unenforceability at any time of any provision of a Transaction Document under any law, will not affect the legality, validity or enforceability of the remaining provisions of the Transaction Documents nor the legality, validity or enforceability of that provision under any other law.
- 21.6 **Survival of Covenants:** The payment and indemnity obligations of the Borrower under this Agreement will survive the termination of the Facility and payment of all other indebtedness under the Transaction Documents.
- 21.7 **Counterparts:** This Agreement may be signed in counterparts, each of which when taken together will constitute one and the same instrument. Each party may enter into this Agreement by signing any such counterpart copy.
- 21.8 **Facsimile Signature:** The parties may sign a counterpart copy of this Agreement by photocopying a facsimile of this Agreement and signing that photocopy. The transmission by facsimile by a party to the other of a counterpart copy of this Agreement signed by that party shall be deemed proof of signature of the original and the signed facsimile so transmitted shall be deemed an original.

## 22. GOVERNING LAW

- 22.1 **Governing Law:** This Agreement is governed by and shall be construed in accordance with New Zealand law.
- 22.2 **Jurisdiction:** Any legal action or proceeding arising out of or in connection with this Agreement may be brought in the courts of New Zealand or any other jurisdiction where any assets of the Borrower may be situated. By its execution of this Agreement, the Borrower :
- (a) **Non-exclusive Jurisdiction:** accepts, for itself and in respect of its assets, generally and unconditionally, the non-exclusive jurisdiction of such courts;
  - (b) **No Immunity:** irrevocably waives any rights of immunity which it or its assets may have at any time;
  - (c) **No Objection:** irrevocably waives any objection it may have at any time to any action or proceeding in any such court on the grounds of venue or inconvenient forum; and
  - (d) **Service of Process:** consents to service of process in any manner permitted by law.



**EXECUTION**

**SIGNED** for and on behalf of )  
**TIMARU DISTRICT HOLDINGS** )  
**LIMITED** )  
in the presence of )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Authorised  
Signatory

\_\_\_\_\_  
Witness signature

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Occupation

Note: If two directors sign, no witness is necessary. If a director and authorised signatory sign, both signatures are to be witnessed. If the director and authorised signatory are not signing together, a separate witness will be necessary for each signature.

**THE COMMON SEAL** of )  
**TIMARU DISTRICT COUNCIL** )  
was hereunto affixed by and in the )  
presence of )

\_\_\_\_\_

Mayor/Councillor

\_\_\_\_\_

Chief Executive

**SCHEDULE 1****Drawdown Notice**

**TO:** Timaru District Council  
2 King George Place  
Timaru

**NZ\$ Cash Advance Facility Agreement dated**

**2002 ("the Agreement")**

1. Terms defined in the Agreement have the meaning given to them in the Agreement when used herein.
2. The Borrower requests an Advance of [ ] New Zealand Dollars. The Advance Date is to be [ ]. ~~The Expiry Date is to be [ ]~~.

**TIMARU DISTRICT HOLDINGS LIMITED**

Per:

.....  
(Authorised Signatory)

**7.5 Timaru District Holdings Ltd six month report to December 2020****Author:** Donna Cross, Group Manager Commercial and Strategy**Authoriser:** Donna Cross, Group Manager Commercial and Strategy**Recommendation**

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

**Purpose of Report**

- 1 To present to the Timaru District Holdings Limited (TDHL) six month report for the period ending 31 December 2020.



**Assessment of Significance**

- 2 This matter is not deemed significant under the Council's Significance and Engagement Policy.

**Discussion**

- 3 TDHL's six month report for the period ending 31 December 2020 is attached. This is provided by TDHL to Timaru District Council (as shareholder) pursuant to its Statement of Intent.
- 4 The General Manager of TDHL will be in attendance to speak to the report.

**Attachments**

1. **Timaru District Holdings Limited 6 month report to 31 December 2020**  

## TIMARU DISTRICT HOLDINGS LIMITED

PO Box 178  
Timaru 7940

23 February 2021

The Chief Executive  
Timaru District Council  
PO Box 522  
Timaru 7940

via email at [bede.carran@timdc.govt.nz](mailto:bede.carran@timdc.govt.nz)

Dear Bede

### **Timaru District Holdings Limited – Half Year Report for period 1 July to 31 December 2020**

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

#### **Financial Performance**

##### Summary

- The Timaru District Holdings Limited financial statements for the half year ending 31 December 2020 are attached for your information.
- The half year surplus of \$2,377,715 is above budget of \$916,225. As with the quarterly result, the difference is a result of the budget anticipating a zero dividend from Alpine, whereas two dividends of \$235,570 have now been received.
- The outlook for the full year surplus has been reforecast and is now anticipated to be in the order \$3.7M excluding property revaluation and share of Associate surpluses.
- The investment properties continue to perform solidly and are supported by favourable recent rent review and lease negotiations.

##### Dividends

- TDHL paid cash dividends to Council on 30 September 2020 and 30 November 2020 totalling \$1M. The total dividend of \$2 million for the 2020/21 financial year is budgeted and anticipated to be paid.

**Debt repayment**

- A repayment of \$900,000 on the external debt facility was made in November 2020.

**Governance**

## Timaru District Holdings Limited

- 2021/2022 Statement of Intent supplied to Council 23 February 2021.
- A program of workshops and discussion sessions with Councils are being arranged for the first half of 2021.

## PrimePort Timaru Limited

- TDHL continue to receive regular reporting from PrimePort.
- An increased level of engagement with the PrimePort Board is being planned for 2021, as well as engagement with fellow shareholder Port of Tauranga.

## Alpine Energy Limited

- A series of workshops and briefs will be held by Alpine in the 2021 year as well as the shareholder engagement.

**Property**

- Work on rent reviews, tenant management and lease renewals is ongoing to ensure the portfolio is kept optimised and current. Several new lessee have recently been secured.
- The Showgrounds Agreement for Sale and Purchase went unconditional on December 2020 and settled in early February 2021.

**Risk Management**

- The Board is currently refreshing the TDHL risk management framework with the objective of enhancing business decision making.
- This will be informed by engaging with stakeholders in a discussion on risk appetite, the ability of TDHL to effectively manage risks and established best practice.

Yours sincerely



Ian Fitzgerald  
Chairperson

## Profit and Loss

Timaru District Holdings Limited  
For the 6 month ended 31 December 2020

Account	YTD Actuals	YTD Budget	Prior YTD Actual	Revised Full Year Forecast	Full Year Budget	Full Year FY20 Actuals
<b>Trading Income</b>						
<b>Property Operations</b>						
Total Revenue	1,515,030	1,356,984	1,479,866	2,872,014	2,713,968	2,687,667
Total Expenses	421,334	369,000	489,102	756,334	728,000	657,909
Total Property Operations	1,093,696	987,984	990,764	2,115,680	1,985,968	2,029,758
Total Trading Income	1,093,696	987,984	990,764	2,115,680	1,985,968	2,029,758
<b>Gross Profit</b>	<b>1,530,758</b>	<b>814,484</b>	<b>990,764</b>	<b>3,022,666</b>	<b>1,638,968</b>	<b>2,029,758</b>
<b>Holding Company Operations</b>						
Total Revenue	1,325,883	680,531	1,800,889	1,800,023	711,336	5,599,577
Total Operating Expenses	204,874	148,092	94,927	471,640	322,084	295,514
Total Holding Company Operations	1,121,010	532,439	1,705,962	1,328,384	389,252	5,304,063
<b>Finance Costs</b>						
Total Finance Costs	274,053	430,698	640,914	584,718	855,063	1,006,126
<b>Operating Surplus Before Taxation</b>	<b>2,377,715</b>	<b>916,225</b>	<b>2,055,812</b>	<b>3,766,332</b>	<b>1,173,157</b>	<b>6,327,695</b>

## Movements in Equity

Timaru District Holdings Limited  
For the 6 months ended 31 December 2020

Account	Jul-Dec 2020
<b>Equity</b>	
Opening Balance	122,695,970
Current Year Earnings	2,377,715
Equity Dividends Paid - Ordinary Shareholder Dividend	(1,000,000)
<b>Total Equity</b>	<b>124,073,685</b>

## Statement of Cash Flows

Timaru District Holdings Limited  
For the 6 months ended 31 December 2020

Account	Jul-Dec 2020
<b>Operating Activities</b>	
Total Cash from operations	5,424,595
Cash disbursed to operating	
Total Cash disbursed to costs	1,479,109
<b>Net Cash Flows from Operating Activities</b>	<b>3,945,486</b>
<b>Financing Activities</b>	
Repayment of long-term loans	(900,000)
Dividends Paid to Shareholders	(1,000,000)
<b>Net Cash Flows from Financing Activities</b>	<b>(1,900,000)</b>
<b>Net Cash Flows</b>	<b>2,045,486</b>
<b>Cash and Cash Equivalents</b>	
Cash and cash equivalents at beginning of period	2,667,648
Cash and cash equivalents at end of period	4,713,134
<b>Net change in cash for period</b>	<b>2,045,486</b>

## Balance Sheet

Timaru District Holdings Limited  
As at 31 December 2020

Account	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
<b>Bank</b>		
BNZ 00 Account	687,561	(2,556,543)
BNZ 23 Account	2,525,573	3,039,000
BNZ - Term Deposits	1,500,000	1,500,000
<b>Total Bank</b>	<b>4,713,134</b>	<b>1,982,457</b>
<b>Current Assets</b>		
Accounts Receivable	275,786	282,162
<b>Total Current Assets</b>	<b>275,786</b>	<b>282,162</b>
<b>Non-current Assets</b>		
Investment Properties - Buildings & Other Structures	4,204,000	4,180,000
Investment Properties - Other Assets	43,278,000	41,310,000
Investments - Alpine	75,115,000	70,650,156
Investments - Primeport	30,290,000	28,598,750
<b>Total Non-current Assets</b>	<b>152,887,000</b>	<b>144,738,906</b>
<b>Total Assets</b>	<b>157,875,920</b>	<b>147,003,525</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	57,377	47,970
Accrued Interest	120,000	0
Intercompany Payable - TDC	918,211	664,896
GST Payable (Receivable)	26,908	27,070
Derivative Financial Instruments - Short Term Provisions	0	292,906
Taxation	(874)	0
<b>Total Current Liabilities</b>	<b>1,121,621</b>	<b>1,032,842</b>
<b>Non-current Liabilities</b>		
Derivative Financial Instruments - Long Term Provisions	0	146,453
Development Loan No 1 2002 - Non Current Loan Principal	10,500,000	11,900,000
Intercompany Loan	22,180,613	22,180,613
<b>Total Non-current Liabilities</b>	<b>32,680,613</b>	<b>34,227,066</b>
<b>Total Liabilities</b>	<b>33,802,235</b>	<b>35,259,908</b>
<b>Net Assets</b>	<b>124,073,685</b>	<b>111,743,617</b>
<b>Equity</b>		
Retained Earnings	93,073,500	80,743,431
Shares	31,000,186	31,000,186
<b>Total Equity</b>	<b>124,073,685</b>	<b>111,743,617</b>

## 7.6 Timaru District Holdings Ltd draft Statement of Intent

**Author:** Donna Cross, Group Manager Commercial and Strategy

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

### Recommendation

That:

- (a) the draft statement of intent for Timaru District Holdings Limited be received;
- (b) the Committee determine any feedback to be provided to TDHL.

### Purpose of Report

- 1 To provide the Committee with a copy of Timaru District Holdings Limited (TDHL) draft statement of intent for 2021/22 to 2023/24, and obtain feedback to be provided to TDHL.

### Assessment of Significance

- 2 The assessment of significance under Council's significance and engagement policy is low.

### Background

- 3 TDHL is a Council Controlled Organisation (CCO), owned by Timaru District Council.
- 4 The Local Government Act 2002 (the Act) requires a CCO to have a statement of intent. The statement of intent must comply with the requirements of the Act.
- 5 A CCO needs to provide its draft statement of intent to its shareholder(s) by 1 March. Council, as soon as practicable after receiving the statement of intent, must respond/provide feedback to the CCO (it must either agree to statement of intent, or take all practicable steps to require it to be modified). The CCO must consider shareholder comments by 1 May, and deliver its final statement of intent by 30 June. Shareholders may extend deadlines by up to 1 month.
- 6 In the statement of intent, a CCO is able to publicly state its activities/intentions for the year and objectives to which they contribute. The process for the development of the statement of intent provides an opportunity for Council, as shareholder, to influence the direction of the CCO, and the statement of intent provides a basis for accountability of directors to Council (as shareholder).
- 7 TDHL has provided its draft statement of intent which is **attached**. With a financial year ending 30 June, for TDHL, the statement of intent relates to the year commencing 1 July 2021, and two succeeding years.
- 8 It is noted that strategic workshops between Council and TDHL are currently taking place. It is intended that the Statement of Intent will be reviewed and updated again following these workshops. A Statement of Intent is able to be updated after 1 July if Timaru District Council requires or the parties agree to do so.

### Attachments

1. **Timaru District Holdings Limited - Draft Statement of Intent for 2021/22 - 2023/24**  



## **Timaru District Holdings Limited Statement of Intent 2021/22**

### **1 Preamble**

Timaru District Holdings Limited (TDHL) is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002.

This Statement of Intent sets out the overall intentions and objectives for TDHL for the period 1 July 2021 to 30 June 2022 and the two succeeding financial years. It has been prepared after taking into account the letter of expectations provided by Council.

TDHL was incorporated on 29 October 1997 with the intent to manage the commercial assets and investments of Timaru District Council. In particular, this related to the Council's shareholding in PrimePort Timaru Limited and Alpine Energy Limited.

In 2014, the Board took the opportunity after consultation with its shareholder to sell half its shares in PrimePort Timaru Limited to the Port of Tauranga Limit. This was done with the intention of securing the long-term future of the port by becoming a domestic port base for a larger port operation. The funds from the sale of PrimePort shares enabled TDHL to purchase a substantial commercial property portfolio based around the port area.

TDHL's intention is to be a long-term holder of its investment in Alpine Energy, PrimePort and Port properties, all of which benefit the community. Alpine Energy owns and manages infrastructure to provide secure reliable electricity supply in South Canterbury. PrimePort owns and operates the port, cargo and marine services and facilities supporting and enabling the growth of our local economy. The port properties owned by TDHL provide premises, on a commercial basis, for businesses that support the operation of the Port or provide ancillary services.

TDHL's intention is also to be profitable, to enable reinvestment in the business, deliver a return on investment to Council, and repay debt.

Since its inception the company has consistently paid a dividend to its Shareholder while also minimising debt levels.

## 2 Operating Environment

The prevalent operating environment for 2021/22 includes:

- a. COVID-19 – navigating the adverse economic, commercial and social impacts of COVID-19.

In relation to COVID-19, TDHL will continue to monitor the potential impact of COVID-19 on its commercial activities including lease arrangements. TDHL's own programme of work continues and through this TDHL contributes to local economic activity, with a significant portion of its expenditure spent within the district.

- b. TDHL review – with the new Board structure in place, working to refresh the strategic direction and new framework for engagement with Council.

## 2 Objectives of The Company

Pursuant to Section 59 of the Local Government Act 2002, as a Council Controlled Organisation, the principal objectives of TDHL are to:

- a. achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b. be a good employer; and
- c. exhibit a sense of social, environmental and cultural responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d. conduct its affairs in accordance with sound business practice.

### **Purpose and Mission Statement**

The purpose of TDHL is to hold and manage the commercial assets and investments of Timaru District Council.

It seeks to be a successful and growing business increasing the value of the Company and its return to its shareholder, while taking into account the special needs of the shareholder.

### **General objectives are: -**

- a. To maximise the returns from, and the value of, the subsidiary and associate and joint venture trading companies to the Council, as the shareholder in TDHL.
- b. To ensure insofar as it is reasonably and lawfully able, that the Statements of Intent of each of TDHL's subsidiaries and associates reflects the policies and objectives of the Council and TDHL in the area of activity or operation of that subsidiary or associate.
- c. To monitor the activities of the companies, comprising the group, to ensure that the respective Statements of Intent are adhered to.

- d. To keep the TDC informed of matters of substance affecting the group.
- e. To ensure that regular reporting of results from the subsidiaries and associates to TDHL occurs to the holding company.
- f. To provide feedback on Statements of Intent, for each of TDHL's subsidiaries and associates through which the performance (including the financial performance) will be monitored, and to confer with each company on their long term strategic direction.
- g. To undertake asset purchases, partner with external parties, or assist future developments that contribute to the economic development of the district.
- h. To obtain a commercial return and build long term strategic value from the port property portfolio, but to have regard to the broader port economy including working in conjunction with PrimePort to ensure operations contribute to the port business as far as practicable.
- i. To ensure activities around TDHL's property portfolio mitigate risk to the Company and its Shareholders.

DRAFT

**Specific Objectives and performance targets for 2021/22 are:**

Objective	Performance Target
To engage with Council to ensure TDHL contributes to Council's Strategic Framework	<p>Hold at least one strategic direction workshop with Council in early 2021.</p> <p>Specifically reconsider TDHL's strategic direction following the workshop.</p> <p>Present and discuss with Council any refreshed strategic direction which may include a revised Sol.</p>
<p>Effectively and prudently manage TDHL's property assets, obtaining a satisfactory return on investment on commercial properties</p> <p>Property held for non-financial reasons shall achieve good community outcomes over the medium term.</p>	<p>To achieve a return on investment of 7% or greater on the leasable port property portfolio held for investment purposes.</p> <p>Annual review of property held for non-financial reasons and related strategy. Community outcomes to be defined and monitored.</p> <p>Ensure that all lease renewals are completed in a timely manner.</p>
To continue debt reduction and shareholder distributions subject to no major investments being undertaken and available cashflow.	<p>The current intention is to maintain \$3m of reserves, provide a dividend to Timaru District Council as indicated below, with any remaining surplus to be used for debt reduction.</p> <p>The above is subject to the solvency test and no new major investments being undertaken.</p>

Additional financial performance targets are included below.

#### 4 Nature and Scope Of Activities To Be Undertaken

TDHL's business is that of an investor for the benefit of the district and to provide a commercial return to the Council. Its investment portfolio includes:

- a. Shareholding in local companies providing significant economic and community benefits; specifically Alpine Energy Ltd – 47.5% shareholding, PrimePort Timaru Ltd – 50.0% shareholding.

Activities to be undertaken regarding TDHL's investment in Alpine Energy and PrimePort, in addition to the above objectives, include:

- Acting as a diligent, constructive and inquiring Shareholder
- Commenting on their statement of intent.

- b. Property investments providing portfolio of investment properties including:

- Properties located in the vicinity of PrimePort Timaru that are targeted for leasing to port related operations to achieve an overall set rate of return; and
- Other properties such as the "Showgrounds" site on State Highway 1 and Stafford Street South.

Activities to be undertaken regarding TDHL's property investments, in addition to the above objectives, include:

- Ensuring appropriate leases are in place and lessees are compliant with the terms of those leases,
- Having appropriate insurance in place,
- Having appropriate asset management plans in place that comply with TDHL's obligations as a Lessor under the Health and Safety at Work Act.

TDHL, may undertake development of properties that will benefit the district or the company. TDHL will inform the shareholder prior to committing or undertaking property development (this does not apply to the improvement or development of its port properties).

#### 5 Governance

The TDHL Board meets monthly and receives regular reporting in relation to its financials and property portfolio.

TDHL monitors the performance of associate companies Alpine Energy Ltd, and PrimePort Timaru Ltd through:

- monitoring each company's compliance with their Statement of Intent (as per 2.6 above);
- regular monthly reporting on performance and against budget;
- regular reports on the property portfolio; and

- the AGM between each company and shareholders, as well as additional shareholder and Board to Board meetings on an as needed basis.

Board succession and development planning for the TDHL Board (in conjunction with Council) and its associate companies (where TDHL has a right to appoint directors) will be managed on an ongoing basis.

#### **6 Ratio of Consolidated Shareholders' Funds To Total Assets**

This ratio shows the proportion of total assets financed by shareholders funds. TDHL will ensure that the ratio of Shareholders Funds to Total Assets remains above 25.00%.

For the purposes of this ratio shareholders' funds are defined as the paid-up capital plus any tax paid profits earned and less any dividends distributed to shareholders. They include undistributed profits, which have been accumulated to equity.

Total assets are defined as the sum of all current, fixed and investment assets of the group.

#### **7 Statement of Accounting Policies**

TDHL is registered under the Companies Act 1993. The Company's accounting policies comply with the legal requirements of the Companies Act 1993.

The financial statements are prepared in accordance with the Financial Reporting Act 1993, section 69 of the Local Government Act 2002 and generally accepted accounting practices.

Details of the current accounting policies and their application are available in the most recent annual report.

#### **8 Performance Targets (Parent)**

The performance targets are based on the financial forecasts and the associated assumptions.

For the 2021/22 year, TDHL expects to have a gross income of \$2.6m excluding valuations and share of associate surpluses and to pay an ordinary dividend of \$1m. The dividend is forecast to remain at \$1m for subsequent years.

Performance Targets					
	2019/2020	2020/21	2021/22	2022/23	2023/24
	Actuals	Projected	Budget	Budget	Budget
<b>EBITDA (excluding revaluations)</b>	<b>\$ 7,333,820</b>	<b>\$ 4,369,054</b>	<b>\$ 3,115,300</b>	<b>\$ 3,361,060</b>	<b>\$ 2,517,085</b>
Net Profit After Tax to S/H funds (ROE)	5.0%	2.9%	2%	2%	1.5%
Net tangible assets per share	\$ 3.96	\$ 4.02	\$ 4.07	\$ 4.13	\$ 4.16
Earnings per fully paid share	\$ 0.20	\$ 0.12	\$ 0.08	\$ 0.10	\$ 0.07
Dividends per fully paid share	\$ 0.09	\$ 0.06	\$ 0.03	\$ 0.03	\$ 0.03
Shareholder funds to total assets	78%	82%	83%	84%	85%

## 9 Financial Forecasts

The financial forecasts are based on estimated revenue flows and estimated capital structures. The forecasts are based on the current operating environment and are subject to no major investments being undertaken.

Summary					
Gross Profit from Property	\$ 2,029,758	\$ 2,115,138	\$ 2,209,104	\$ 2,279,288	\$ 2,433,300
Other Revenue	\$ 5,599,576	\$ 1,800,566	\$ 1,548,280	\$ 1,548,280	\$ 606,000
<b>Total Gross Profit</b>	<b>\$ 7,629,334</b>	<b>\$ 4,840,691</b>	<b>\$ 3,619,444</b>	<b>\$ 3,876,896</b>	<b>\$ 3,041,273</b>
Expenses	\$ 295,514	\$ 471,637	\$ 504,144	\$ 515,836	\$ 524,188
Interest	\$ 1,250,027	\$ 780,176	\$ 495,649	\$ 408,567	\$ 396,900
<b>Net Profit excluding Revaluations and Share of Associate Surplus</b>	<b>\$ 6,083,793</b>	<b>\$ 3,588,878</b>	<b>\$ 2,619,651</b>	<b>\$ 2,952,493</b>	<b>\$ 2,120,185</b>

<b>Total Equity</b>	<b>\$ 122,695,970</b>	<b>\$ 124,610,572</b>	<b>\$ 126,230,224</b>	<b>\$ 128,055,051</b>	<b>\$ 129,090,728</b>
Current Assets					
<b>Bank</b>	<b>\$ 2,667,648</b>	<b>\$ 3,406,883</b>	<b>\$ 3,515,203</b>	<b>\$ 4,408,555</b>	<b>\$ 5,330,980</b>
Other Current Assets	\$ 2,006,717	\$ 178,025	\$ 181,926	\$ 186,022	\$ 190,323
Total Current Assets	\$ 4,674,365	\$ 3,584,908	\$ 3,697,129	\$ 4,594,577	\$ 5,521,303
Current Liabilities	\$ 1,284,781	\$ 1,251,788	\$ 1,244,357	\$ 1,251,045	\$ 1,267,485
<b>Working Capital</b>	<b>\$ 3,389,584</b>	<b>\$ 2,333,120</b>	<b>\$ 2,452,772</b>	<b>\$ 3,343,532</b>	<b>\$ 4,253,818</b>
Total Non-Current Assets	\$ 152,886,999	\$ 147,958,065	\$ 147,958,065	\$ 147,392,132	\$ 147,017,523
Total Non-Current Liabilities	\$ 33,580,613	\$ 25,680,613	\$ 24,180,613	\$ 22,680,613	\$ 22,180,613
<b>Net Assets</b>	<b>\$ 122,695,970</b>	<b>\$ 124,610,572</b>	<b>\$ 126,230,224</b>	<b>\$ 128,055,051</b>	<b>\$ 129,090,728</b>

## 10 Financial Projections

It is forecast that term debt within the company be repaid in each of the years. External debt will continue to be repaid over the three year period of this SOI. This is assuming that alternative investment opportunities necessitating funds are not required.

The Board has a policy of retaining \$3 million in cash reserves. Funds in excess of this will be prioritised for shareholder dividends and debt repayment as per the company's objectives. This has been incorporated into the forecasts.

## 11 Reporting To Shareholder

The following information will be available to the Council based on an annual balance date of 30 June.

Information	Quarterly	Half Yearly	Annually	
	Within 2 months of the end of quarter	Within 2 months of the first six months	(unaudited) within 2 months of the end of financial year	(audited) within 3 months of the end of financial year
Statement of Revenue and Expense Statement of Comprehensive Revenue and Expense disclosing actual revenue and expenditure including a comparison of actual against budget	✓	✓	✓	✓
Statement of Changes in Equity	✓	✓	✓	✓
Statement of Financial Position	✓	✓	✓	✓
Cashflow Statement	✓	✓	✓	✓
Commentary A commentary on the results for the quarter, together with a report on the outlook for the following quarter with reference to any significant factors that are likely to effect performance, including an estimated forecast of the financial results for the year based on that outlook	✓	✓	✓	✓
Notice of dividends Notice of and the reasons for any material changes to the dividend payments	✓	✓	✓	✓
Risk management <ul style="list-style-type: none"> <li>• Overview of business risks and risk management processes</li> <li>• TDHL's approach to managing its current investments (including the opportunities and risks with TDHL's investments)</li> <li>• The actions that will be taken to maximise opportunities and mitigate risks</li> </ul>		✓	✓	✓
Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend				✓
Auditors report On the above statements and the measurement of performance in relation to objectives				✓
Statement of Intent (Draft)				1 March
Statement of Intent (Final)				30 June

**Periodic workshops:** Strategic or targeted workshops will be offered to Council as needed to improve Council's understanding of TDHL's business to workshop matters of mutual interest or concern, and to discuss TDHL's performance and direction. Workshops are intended to be held three times a year in addition to the AGM.

**No surprises:** TDHL will use its reasonable endeavours to operate on a no surprises basis, particularly on matters where there is political, financial or other risk.



**12 Dividend Policy**

The company will distribute a dividend of no more than 100% of the tax paid profit.

It is the intention of TDHL to pay out interim dividends as cashflows allow.

Dividends are to be disclosed along with the dividend payout policies, where applicable. Where there are material changes to the dividend payments notice of this and the reasons for it should be disclosed in its reporting to Council.

**13 Procedures For Acquisition Of Other Interests**

The company will only purchase an interest in another business or invest in the shares of another company or organisation on the basis set out in its constitution.

**14 Activities For Which Compensation Is Sought From Any Local Authority**

It is not anticipated that the Company will seek compensation from any local authority otherwise than in the context of normal commercial contractual relationships.

**15 Estimate Of Commercial Value Of The Shareholders investment**

The commercial value of the shareholders' investment in Timaru District Holdings Limited is considered by the directors to be no less than the shareholders' funds of the company as shown in the Statement of Financial Position. This will be considered annually when the Statement of Intent is completed.

The shares held in Alpine Energy Limited were independently valued between \$92.4 and \$99.7 million as at 31 March 2020 whereas the cost and recorded value of these shares is \$68 million. A review of this valuation, along with a valuation of PrimePort Timaru Limited, will be undertaken periodically.

The shares held in PrimePort Timaru Limited are recorded at fair value. No independent valuation has been completed at this time.

The investment properties portfolio is revalued annually, at 30 June 2020 the portfolio had a valuation of \$47.48 million.

**16 Capital expenditure and asset management intentions:**

TDHL will update Timaru District Council on its capital expenditure and asset management intentions as part of its periodic reporting and workshops.

**17 Other**

Land: Activities on TDHL's land will have appropriate consents and leases in place, and TDHL will use all reasonable endeavours to ensure lessees comply with their leases and consent conditions.

**7.7 Venture Timaru - Six Month Report to 31 December 2020****Author:** Donna Cross, Group Manager Commercial and Strategy**Authoriser:** Donna Cross, Group Manager Commercial and Strategy**Recommendation**

That the Venture Timaru report for the period ending 31 December 2020 be received and noted.

**Purpose of Report**

- 1 To present to the Venture Timaru six month report for the period ending 31 December 2020.

**Assessment of Significance**

- 2 This matter is not deemed significant under the Council's Significance and Engagement Policy.

**Discussion**

- 3 Venture Timaru's six month report for the period ending 31 December 2020 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 6 month report Jul - Dec 2020 to TDC**



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## MEMORANDUM

FROM: Nigel Davenport  
TO: Donna Cross – Group Manager Commercial & Strategy Timaru District Council  
SUBJECT: Venture Timaru Operational Update for the six months to December 2020  
DATE: 28<sup>th</sup> February 2021

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### Background

Please find attached an update including some of the highlights and issues relating to our Economic Development and Visitor Promotion operations for the six-month period to December 2020.

### Highlights

**Regional Apprenticeship Initiative** – being appointed by the Government to act as the third-party administrator for Mid & South Canterbury & North Otago for this initiative, we are to progressively receive \$4.0m to support up to 100 new apprentices across the priority sectors of primary, construction, engineering, manufacturing, and wood processing. Noting the economic benefit of this support as it is released into our local economies is conservatively estimated at \$14m. As at the end of December we had approved 55 of our 100 allocated spaces but as at date of this report that figure had risen to 77 – this being representative of the extensive engagement we have had with our local priority sectors but also, as importantly, the value to our local businesses of this targeted government support. We anticipate having fully allocated the 100 spaces by early mid-March which will be approx. 5 months from date applications opened.

Importantly this support also includes pastoral care and business support training, and we are facilitating a variety of local providers to deliver this to the apprentices and businesses.

**Refreshed Economic Development Strategy (EDS) and new Destination Management Plan (DMP)** – known as “Project Thrive”, this is underway and is scheduled for completion late May/early June. Martin Jenkins have been appointed to complete this work which will encapsulate individual EDS and DMP’s into an overarching document that will inform our workplan in terms of priorities and opportunities for the next 8-10 years. The process to complete this work encompasses extensive stakeholder engagement across our business sectors and wider community. A selection of some of the consistent themes/priorities evident in the initial stakeholder engagement include:

- Workforce attraction still the main challenge for local business and industry
- Port and Airport are key strategic assets that need to be enhanced and leveraged more as “enablers of growth”.
- Central location of the District is a huge asset that can be further leveraged – opportunity to define the Timaru experience.
- the City Hub Strategy currently being developed is great but a real need to implement asap. This should also include an aligned plan for the Caroline Bay area,
- district has held up well but global freight and logistics delays, increased costs and inconsistency of service/supply are of critical concern.
- having a coordinated and varied events programme for visitor attraction
- Need to work with iwi and private sector to bring forward new assets within for example cruise sector, 4\* hotel, food destination restaurants, cultural experiences...



Our well-established Tourism and Visitor Advisory Group, representative of key operators across this sector, will be an integral part of stakeholder engagement for the DMP.

**Enhanced engagement with local industry** – the Sustainable is Attainable initiative we facilitate with 22+ of our local food processors and manufacturers continues to evolve and gain nationwide attention. A variety of immediate short- and long-term projects associated with sustainable waste management opportunities (protein extraction, value add, circular economy etc...) are being progressed with a variety of academic institutions, research entities and the private sector. As an example, these projects include pyrolysis processes to extract fuel ex plastics, soil conditioners, protein extraction from food waste, sustainable energy etc.

The Transport and Logistics Course (overseen by a local industry group, part funded by Provincial Development Unit grant \$600K and facilitated by us) commenced its 5<sup>th</sup> intake of students Feb 9<sup>th</sup> and continues to deliver new workers into this sector with enhanced skills, knowledge, and a Class 4 licence well on the way to class 5.

**Promotion of our District** – existing Visitor Grant funding has been significantly enhanced by receipt of targeted central government funding via Strategic Asset Protection Programme (STAPP, Regional Events Fund (REF) and Domestic Events Fund (DEF). This all being supplemented by TDC Events Stimulus Fund Grants. This has enabled us to both support existing, and develop new events whilst at the same time progress new product offerings and enhance relationships with neighbouring territorial authorities.

Various visitor attraction campaigns and events have taken place and are currently underway/proposed – refer visual examples later in this report.

Leading into our traditionally busy spring/summer harvest and processing period we have also launched a “We’ve Got Jobs” campaign targeted at workers across the South Island and lower North Island. This will be enhanced in Q1 2021 with a refreshed We love Timaru workforce attraction campaign into Auckland, Wellington etc...

Via funding received from STAPP we are in Q1 developing a range of new “Hero” Videos to promote our district and look forward to sharing these once complete.

**New Business Opportunities** - At various stages of progression, these opportunities are across education, energy, waste, processing, tourism, distribution & logistics sectors. The value of TDC’s “ease of doing business” (as highlighted in our survey undertaken annually in May), coupled with proactive local stakeholders’ keen to progress and assist new and exciting opportunities cannot be underestimated. We will, as these parties permit us to communicate these opportunities in more detail as many remain at commercially sensitive stages of progression.

We are also working closely with the Timaru Airport Manager to progress a number of opportunities to enhance this important district asset.

**Canterbury Regional Skills Leadership Group** - Representing our district and lower Canterbury sub-region, this group is tasked with developing a workforce development plan which as a priority foundation will be fully informed by industries current and future workforce needs. The established relationships we have across business and industry will ensure a strong voice is heard from our district and sub-region.



OBJECTIVES	KPI	ACHIEVED
<b>encourage innovation and facilitate the growth of existing business</b>	a minimum of 20 new connections facilitated for existing businesses per month	Yes – a variety of intro’s made e.g., local orchards to national recruitment platform, proposed new business to professional consultants, 2 x event organisers to 12 local suppliers, HR consultant to local businesses.
<b>assist business to re-deploy, retain, and attract a skilled workforce</b>	quarter on quarter improvement in the district’s unemployment rate	No – June 3.3%, Sept 3.7%, and Dec 4.0%. Still below NZ 4.6%. with trend in recent months seeing a reducing number of jobseekers By way of comparison our districts jobseekers Jan 20 were 537, peaking Aug 20 at 944 and as at Dec 20 783
<b>deliver tourism and visitor attraction services for the District</b>	quarter on quarter improvement in the district’s tourism expenditure	Yes – June ¼ impacted by lockdown with <b>\$30m</b> visitor spend. Sept ¼ buoyed by busy School Holidays rose to <b>\$36m</b> and Dec ¼ to <b>\$44m</b>
<b>create an environment to attract and assist new and developing business</b>	a minimum of 10 new and developing business opportunities identified and engaged per quarter	Yes – as detailed above with various promising discussions ongoing.

#### Issues

These remain as reported in our last report to Oct 2020:

- Supply Chain disruptions – as a Central South Island area known to annually produce enough food and beverage to feed approx. 40m people, our most critical challenge currently is getting our product to the market. Global supply chain disruptions has seen imported containers of goods and products become increasingly disrupted with volumes and regularity becoming very inconsistent - exacerbated by well publicised delays at Auckland Port. This has seen the volume of containers, both standard and refrigerated, available to export our own goods and products (in our case the food/beverage & other products we produce locally) become significantly affected. Local business and industry advise us with approx. 3-4 months remaining in the peak processing season we are already seeing dry and refrigerated storage space across the east coast of NZ critically nearing capacity.  
The government have recently instructed some of the larger shipping companies to get containers to the South Island, but we have yet to see this eventuate. We are obviously maintaining a close watch as this unfolds and are where possible advocating to central government the importance not only to us but NZ inc of restoring much needed container volumes asap. For example, a local coolstore operation advises they need 100 containers next week but can only access 30 and the space, in which the 100 containers of product to be packed currently resides, is already committed. This situation is being experienced and is amplified many times over by other local producers and manufacturers.  
We are also advocating with Port of Tauranga and others the need for a unbranded white coastal shipping provider into Timaru to provide much needed certainty of service to local producers – those who are existing customers of Primeport but also those who are geographically closer to Primeport yet are shipping their containers ex Port Chalmers or Lyttleton port.
- Attracting a skilled workforce – pre covid & for the past 5-6 years this has been the biggest challenge facing our local economy and this has intensified in recent months as significant shortages have become evident nationally as we head into the traditionally busy spring and summer harvest & processing periods. We continue to facilitate regular communication with local business, recruiters, and MSD to ensure collaborations and connections are made to alleviate workforce pressures as best we can. We have also undertaken a targeted “We’ve Got Jobs” campaign across the South Island and wider North Island highlighting the variety of both seasonal and permanent jobs on offer here in Timaru District and South Canterbury. Q1 2021 will see a refreshed We love Timaru workforce attraction campaign launched into metropolitans e.g., Auckland and Wellington.

- Heated Housing and tight Rental Markets – although we have some of the most affordable housing in NZ (see data later in this report) it is the new house and land packages in the \$500-850K range where we are struggling to compete with near neighbours Selwyn and Ashburton Districts. It is this segment of the market that is attractive to young families looking at the middle management and professional roles needing to be filled in the District. These include sectors such as health, education, accounting, solicitors, engineers, processing, and manufacturing etc... We are progressing, as a priority, identification of opportunities to address this challenge with council, local developers and enabling third party investors.

### Financials

#### AORAKI DEVELOPMENT Profit & Loss Statement

1 July 2020 - 31 December 2020

	YTD ACTUAL	YTD BUDGET	FULL YEAR BUDGET
<b>INCOME</b>			
Economic Development Grant - TDC	\$ 320,000	\$ 320,000	\$ 640,000
Tourism Grant - TDC	\$ 175,002	\$ 175,002	\$ 350,000
MyNextMove Contract - MSD	\$ 82,498	\$ 72,498	\$ 145,000
Transport & Logistics Funding - Provincial Development Unit	\$ 150,000	\$ 150,000	\$ 300,000
Capability Funding for Special Proj Role - Provincial Development Unit	\$ 25,002	\$ 25,002	\$ 39,584
Reg Apprenticeship Initiative - Provincial Development Unit	\$ 347,706	\$ 347,706	\$ -
Events Stimulus Funding - TDC	\$ 150,000	\$ 150,000	\$ 150,000
Stapp Funding	\$ 117,264	\$ 209,500	\$ 400,000
Other Income	\$ 10,370	\$ 8,875	\$ 17,750
<b>TOTAL INCOME</b>	<b>\$ 1,377,842</b>	<b>\$ 1,458,583</b>	<b>\$ 2,042,334</b>
<b>EXPENDITURE</b>			
Economic Development Expenses	\$ 144,406	\$ 170,073	\$ 363,725
Human Resources	\$ 148,290	\$ 154,207	\$ 332,924
Tourism Expenses	\$ 131,856	\$ 166,740	\$ 350,000
MyNextMove Expenses	\$ 57,159	\$ 60,469	\$ 145,000
Transport & Logistics Panel Expenses	\$ 94,871	\$ 183,072	\$ 300,000
Reg Apprenticeship Initiative Expenses	\$ 347,706	\$ 347,706	\$ -
Events Stimulus Payments	\$ 117,140	\$ 150,000	\$ 150,000
STAPP Expenses	\$ 117,264	\$ 209,500	\$ 400,000
<b>TOTAL EXPENSES</b>	<b>\$ 1,158,692</b>	<b>\$ 1,441,767</b>	<b>\$ 2,041,649</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ 219,150</b>	<b>\$ 16,816</b>	<b>\$ 1,200</b>

Our YTD financials evidence the diverse income streams in addition not our operational TDC funding that we have successfully obtained from central government agencies such as MSD and the Provincial Development Unit. These relate to specific projects benefiting our local economy and community.



It is important to note most of these central government contracts fund us in advance for work to be completed which in turn contributes to our YTD surplus of \$219K v our originally budgeted position YTD of \$17K – a variance of \$202K.

Of this YTD surplus variance of \$202K we advise:

- \$88K - PDU Funded Transport & Logistics Course - to be expensed over coming months as further student intakes commence and associated course related expenses are incurred.
- \$13K - MyNextMove – to be expensed over coming months on planned Youth Transition Events such as Girlboss (March) and South Canterbury Pathways Expo (May)
- \$33K - TDC Events Stimulus Fund payments to approved recipients – scheduled to be paid out Q1 2021 in line with the timing of the events.
- \$33K – Economic Development operations – largely o/a timing and to be expensed across residual 2020/21 year on planned workforce attraction campaigns and associated new/update of video and hard copy collateral. HR costs approx. \$6K below budget YTD o/a delay in replacing our Special Projects Coordinator who oversees such projects as Aged Workforce Strategy and Sustainable is Attainable for example.
- \$35K – Tourism and Visitor operations –some planned activities and expenses have been able to be funded ex central government support. This has however enabled us to enhance other planned T&V activities including events promotion and visitor attraction campaigns, with more planned in the residual of the 2020/21 year and beyond.

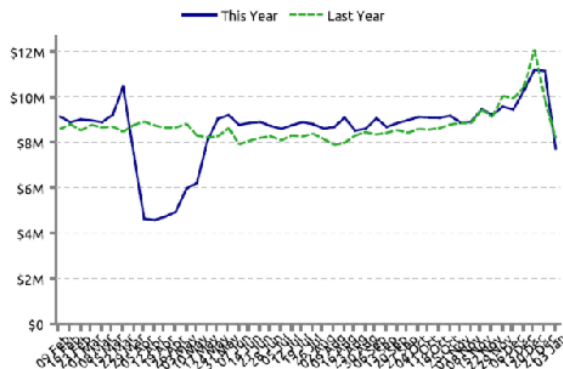
In summary, our now diversified income streams coupled with the welcomed foresight of Council to fully integrate our districts Economic Development and Tourism operations is enabling us to significantly enhance targeted and aligned actions in both areas.

As a small team with multiple active networks across our district, throughout our wider region and nationwide - we are better placed and informed to act quickly in a nimble and more coordinated way.

**REPORTING – Key Data Metrics:**

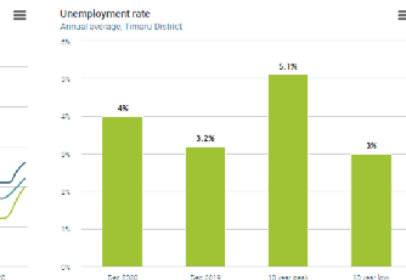
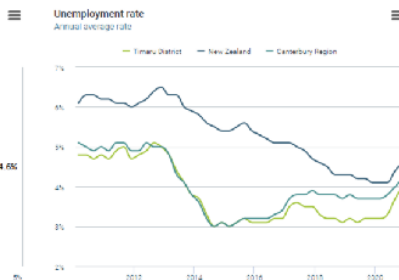
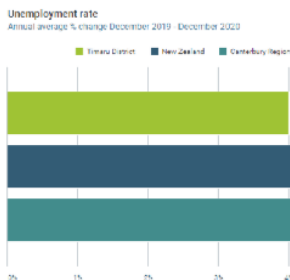
Timaru District  
Week ending 3 January 2021

**1. WEEKLY VALUE OF SPENDING**

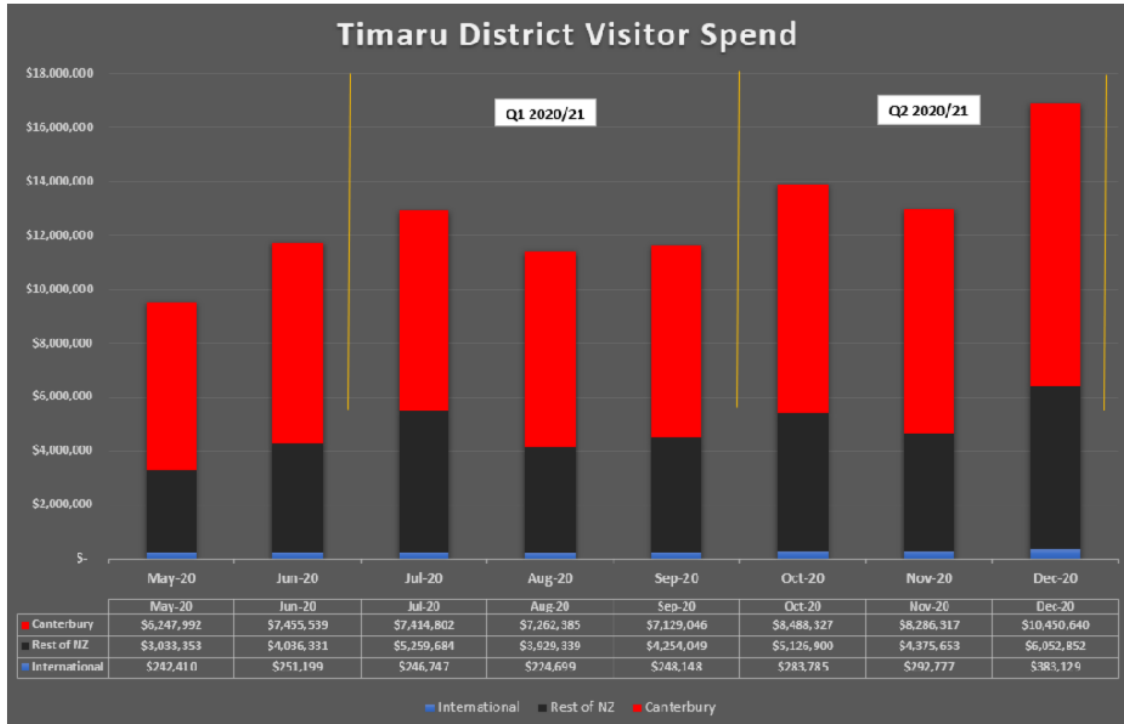


**6. WEEKLY SPEND AND TRANSACTION CHANGES**

Week Ending	SWLY		Cumulative	
	\$	#	\$	#
20-Sep	+3.6%	+1.8%	-2.9%	-11.4%
27-Sep	+6.6%	+5.5%	-2.7%	-10.9%
04-Oct	+6.1%	+3.4%	-2.4%	-10.5%
11-Oct	+6.2%	+4.9%	-2.2%	-10.1%
18-Oct	+5.3%	+5.6%	-2.0%	-9.6%
25-Oct	+4.3%	+2.6%	-1.8%	-9.3%
01-Nov	+0.3%	-0.6%	-1.7%	-9.1%
08-Nov	+0.7%	-1.2%	-1.7%	-8.9%
15-Nov	+0.2%	+1.1%	-1.6%	-8.6%
22-Nov	+1.0%	-0.8%	-1.6%	-8.4%
29-Nov	-4.8%	-5.2%	-1.6%	-8.3%
06-Dec	-5.0%	-6.3%	-1.7%	-8.3%
13-Dec	-1.4%	-2.8%	-1.7%	-8.1%
20-Dec	-7.4%	-6.2%	-1.9%	-8.1%
27-Dec	+13.0%	+6.6%	-1.5%	-7.8%
03-Jan	-5.8%	-3.4%	-1.6%	-7.7%









	Population	House price	Income	Median multiple				
				Jan-21	Dec-20	Nov-20	Jan-20	Jan-19
New Zealand	5,101,000	730,000	\$95,540	7.64	7.81	7.83	6.56	6.05
Whangarei	89,700	650,000	\$93,726	6.94	7.06	6.32	5.52	5.90
Auckland metro	1,657,000	1,000,000	\$100,000	10.00	10.27	10.34	8.91	8.46
- North Shore	225,800	1,255,000	\$106,008	11.84	11.63	11.64	10.64	9.12
- Waitakere	204,500	942,000	\$98,172	9.60	9.70	9.27	8.66	8.03
- Central	444,100	1,105,000	\$103,396	10.69	12.31	12.14	9.18	8.86
- Manukau	368,500	935,000	\$93,209	10.03	9.41	9.92	8.97	8.79
Hamilton	165,400	695,000	\$92,617	7.50	7.90	7.50	6.69	6.59
Tauranga	131,500	854,000	\$90,459	9.44	9.14	9.27	8.04	7.75
Rotorua	71,700	600,000	\$92,347	6.50	5.86	6.16	5.43	4.91
Gisborne	48,500	470,000	\$83,444	5.63	7.08	6.38	4.91	4.21
Napier	79,900	770,000	\$86,889	8.86	8.14	7.80	6.98	6.27
Hastings	62,000	557,000	\$86,620	6.43	7.89	8.17	6.33	5.13
New Plymouth	80,700	600,000	\$87,207	6.88	6.82	6.68	5.29	5.30
Whanganui	44,500	485,000	\$83,123	5.83	4.94	5.34	4.24	3.61
Palmerston North	87,300	650,000	\$92,563	7.02	6.70	6.61	5.78	4.61
Wellington metro	487,700	792,000	\$103,005	7.69	7.87	7.70	6.16	5.74
- Kapiti Coast	52,700	860,000	\$90,129	9.54	9.18	8.69	6.70	6.46
- Porirua	56,100	730,000	\$98,627	7.40	8.64	8.15	8.38	6.56
- Upper Hutt	43,200	\$549,150	\$100,172	5.48	5.47	5.45	5.31	5.13
- Lower Hutt	104,700	800,000	\$101,202	7.90	7.67	7.63	6.07	5.21
- Wairarapa	40,800	550,000	\$73,413	7.49	7.92	7.11	6.14	4.15
- Wellington City	212,700	885,000	\$114,593	7.72	8.32	8.59	6.77	6.47
Nelson	51,400	712,500	\$87,823	8.11	7.70	7.66	6.97	6.76
Christchurch	381,500	520,000	\$93,681	5.55	5.88	5.84	5.14	4.91
Timaru	47,100	426,000	\$87,523	4.87	4.41	4.60	3.86	4.18
Dunedin	128,800	618,000	\$82,650	7.48	7.14	7.19	6.79	5.22
Queenstown-Lakes	37,100	975,000	\$74,654	13.06	14.30	14.58	14.40	13.28
Invercargill	54,800	385,000	\$86,599	4.45	4.36	4.64	4.09	3.37

This widely used "Housing Affordability Median Multiplier" sourced from Interest.co.nz is calculated by dividing the median household income into the median house price. The higher the multiple the more unaffordable housing is.

As seen, we compare favourably to just about all other reported areas of NZ, however the challenge for us, as stated, is the mix of housing (and for that matter rental stock) that is available on the market at any given time.

The <\$400-500K and >\$850K segments of the market are in general terms catered for, but we crucially need new stock in the \$500-850K segment which means urgently enabling new residential subdivisions.

**Escape to Timaru**

For an urban escape with great shopping, fantastic eateries, and coastal walks minus the big crowds - **escape to Timaru.**

**weLOvetimaru.nz**



**MOVIES IN THE GARDENS 2021**

ENJOY A FREE FAMILY EVENT  
**SAT 30 JAN 2021**  
**TIMARU BOTANIC GARDENS**  
(Just off the boardwalk) Queen Street, Timaru

Starts 5pm with music from The Grove and food stalls. Bring a picnic, as there's food stalls and enjoy!

**TWO MOVIES:**  
5PM PETER RABBIT  
8PM HUNT FOR THE WILDERPEOPLE

Gold coin donation for A&P NZ

**TIMARU TRAILS**

Explore Timaru's fascinating history, art scene and walking tracks in a whole new way.

From scenic coastal tracks with slipwrecks and ancient trees, to uncovering the tales of the Timaru cemetery, discovering our heritage sites and public art in our CBD.

Download the free app from the App Store and Google Play and hit the trails.

**DOWNLOAD Timaru Trails APP**

APP STORE | GOOGLE PLAY

**VENTURE TIMARU**

**TIMARU EVENTS CALENDAR**

TIMARU | GERALDINE | TEMUKA | PLEASANT POINT | PEEL FOREST

FOLLOW US: FACEBOOK /weLOvetimaru | INSTAGRAM /venture\_timaru | TWITTER /timaru

**6 SUMMER HOLIDAY**  
activities to get you out enjoying Timaru District

**MOVIES IN THE GARDENS**  
ENJOY A FREE FAMILY EVENT  
**SAT 30 JAN 2021**  
TIMARU BOTANIC GARDENS

**MINI GOLF**  
2021 CHAMP

- 1. SUNSATIONAL 2021 CHALLENGE**  
Grab a Bingo card, complete challenges, and win cool prizes. The card challenge runs from January 9 - 11. Prizes include a shopping trolley and vouchers. Registration card to collect from District pools, Alpacas, restaurants and the Aquapark Art Gallery. [www.summertime.co.nz](https://www.summertime.co.nz)
- 2. ROCK POOLS AND FOSSILS**  
Join in one our free expeditions with the South Canterbury Museum. Explore the rock pools at Waiwhaka on Thursday 14 Jan and on Tuesday 19 Jan at a local beach in Dunce Crossing. Both expeditions are free, children under 10 must be accompanied by an adult. [www.southcanterbury.govt.nz](https://www.southcanterbury.govt.nz)
- 3. MOVIES IN THE GARDENS**  
There are two movies showing, there will be food stalls and more from The Grove. Bring a picnic, combine your bag and enjoy.  
Movies Open Peter Rabbit, Open Road for the Wilderpeople  
Food free to bring a gold coin donation for A&P NZ.
- 4. BECOME A MINI GOLF CHAMP**  
From the South Canterbury Mini Golf Champ and special summer prizes at our mini golf courses.  
Registration close on January 20. There are two activities: Junior (10 to 15 years) and Open (16+). Tickets \$10 in advance, limited to 50 tickets. [scmings@kangaroo.co.nz](mailto:scmings@kangaroo.co.nz)
- 5. SWING AT THE NEW DRIVING RANGE**  
Recently opened in Glen Duff Centre, 15th driving range is fantastic. Practice your swing to improve your game, or just have a fun swing.  
A bucket of 25 balls is \$5.50 or \$3 for 50 balls and \$8 for 100 balls. Club hire is \$5. Open 7 days. [petrolpops.co.nz](http://petrolpops.co.nz)
- 6. HIT THE ROAD**  
Have you tried out the new Sinterham Uxua Like Skills Park at Coedles Bay?  
It's near the playground and it's so much fun. Bring bikes, rollers and scooters along and be the only ones on the bike sign post roads.

**TIMARU DISTRICT OFFICIAL EVENTS CALENDAR**  
TIMARU | GERALDINE | TEMUKA | PLEASANT POINT | PEEL FOREST

FOLLOW US: FACEBOOK /weLOvetimaru | INSTAGRAM /venture\_timaru | TWITTER /timaru

**TIMARU**

**Venture Timaru**  
Published by Kate O'Connell • November 17, 2020

Timaru District was buzzing last weekend with fantastic events and markets supported by Timaru District Council's stimulus fund, that we administered on their behalf.

Well done to all the event organisers, and everyone involved in bringing these events to life.

**TIMARU ARTISAN FARMERS MARKET**

**SOUTH ISLAND JAPFEST**  
FRIDAY 13 NOVEMBER  
LEVELS RACEWAY

**NOW OPEN TO ALL DOGS AND ALL ROCIARIES**  
ENTER ONLINE

## 8 REASONS to get out and enjoy the weekend in Timaru District

The more inspiration head to [venturetimaru.co.nz](http://venturetimaru.co.nz)

- 1 Rose Festival**  
It's 1 day of fabulous events celebrating the market day on Sunday at Caroline Bay. Pop down before or after the Christmas Parade.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 2 Blooming Amazing**  
Featuring amazing gardens from Jerry O'Brien. Doors open at 10am for a complimentary building opening ribbon cut and tea. The show starts at 1pm.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 3 Garden Party @ Jakar Gardens**  
Pack a picnic for a day at Jakar Gardens. Workshops and family entertainment from 10am - 4pm. Tickets \$5 for the gate, kids free with an adult.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 4 Markets**  
Shop direct from the makers and growers.  
Timaru Antiques & Family Entertainment | Saturday 8.00am - 12.30pm | Landing Services and George Street  
Timaru Markets | Saturday 8.00am - 1.00pm | Timon Square, King Street  
Geraldine Craft & Produce | Saturday 9.00am - 12.30pm October to April | St. Mary's Church car park  
Geraldine Farmers Market | Saturday, Sunday and Public Holidays | 8.30am - 1.30pm | Cow Street  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 5 Saturday Live**  
Head into Timaru on Saturday morning for live entertainment and the chance to shop and win prizes.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 6 Tickets on Sale**  
Make sure you lock your tickets for the next event at Caroline Bay on Saturday on March 20 2021.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 7 Christmas Parades**  
We're excited for the parade on Friday night, and Timaru's on Sunday.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)
- 8 Live Music**  
Spice up your Friday. Saturday and Sunday live weekend, plus a whole lot more. Based on live streams.  
[venturetimaru.co.nz](http://venturetimaru.co.nz)

Timaru District official **EVENTS CALENDAR**  
TIMARU | GERALDINE | TEMUKA | PLEASANT POINT | REEL FOREST

FOLLOW US:  
FACEBOOK | PINTEREST | INSTAGRAM | TWITTER



Venture Timaru  
Published by Di Hay | November 3, 2020

Lots of great reasons to head to Timaru CBD this Saturday



**Timaru CBD Group**  
November 3, 2020

Get ready for Saturday LIVE in the Timaru CBD this weekend. 7 November, 10am - 12.30pm. Live music from *Bring on the Chops* and your chance to support our amazing... See More

Venture Timaru  
Published by Kate O'Connell | January 13, 2021

**TICKETS ARE ON SALE!**

The Highlanders and Crusaders will descend on Temuka to lace up their boots for the 6th annual Farmlands Cup match on February 12.

Get your tickets here: <https://bit.ly/2Kaban4>

**FARMLANDS CUP 2021**  
TEMUKA RUGBY CLUB, 12 FEBRUARY

**TICKETS ON SALE NOW!**  
[TICKETEK.CO.NZ](http://TICKETEK.CO.NZ)

HYUNDAI | CAT | infar | GIB | Smiths | adidas | MONTEITH'S | Mobil



**Venture Timaru**  
 Published by Nigel Davenport · January 20 ·

Venture Timaru, along with Fulton Hogan, are thrilled to be bringing The Good Oil Tactix to Timaru for two matches on March 12 and 13!

The pre-season matches will be against their netballing neighbours the Southern Steel, and will be held at The Southern Trust Event Centre.

These will be fantastic matches to watch! ... See More



**Venture Timaru Tourism**  
 January 8 ·

Got plans for the weekend?

The Temuka market kicks off for 2021 on Saturday.

While you're out that way...

- Wine and dine at local favourite Austin92 Restaurant.
- Hang out in the domain, play mini golf, try out the new disc golf course, go for a swim.
- Go shopping, check out the cool second hand stores. Have you been to the new Green Hayes Cafe & Emporium? It's a cool pop-up vintage shop at Green Hayes historic homestead, 45 Milford Clandeboye Rd.
- Walk the tracks.
- Check out Opihi River mouth.

Get more Temuka inspiration here <http://bit.ly/398H1gl>

#welovetimaru #temukanz



**Venture Timaru Tourism**  
 December 13, 2020 ·

We love the Edwardian streetscape in our little seaside city of Timaru.

Timaru's main street is frozen in time due to the 'great fire of 1868'. So many different colours and architectural styles.

#welovetimaru #timarunz



**THE BANDQUET**

13 MARCH, 2021  
 CAROLINE BAY, TIMARU

FEATURING  
 NZ SINGER / SONGWRITER  
**MITCH JAMES**

"Bright Blue Skies", "Sunday Morning", "No Fixed Address", "How Do" and "I"

6+ HOURS OF NZ MUSIC  
 JASON KERRISON, KAYLEE BELL, SWEET MIA KIDS, CITY LIMITS, THE INCROWD

30+ DRINK VENDORS  
 15+ FOOD VENDORS  
 KIDTOPIAN WORLD

TICKETS ON SALE NOW

## 7.8 Venture Timaru Draft Statement of Intent

**Author:** Donna Cross, Group Manager Commercial and Strategy

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

### Recommendation

That:

1. The draft Statement of Intent for Venture Timaru Limited be received;
2. The Committee determine any feedback to be provided to Venture Timaru.

### Purpose of Report

- 1 To provide the Committee with a copy of Venture Timaru's draft statement of intent for 2021/22 to 2023/24, and obtain feedback to be provided to Venture Timaru.

### Assessment of Significance

- 2 The assessment of significance under Council's significance and engagement policy is low.

### Discussion

- 3 Venture Timaru is a Council Controlled Organisation (CCO), owned by Timaru District Council.
- 4 The Local Government Act 2002 (the Act) requires a CCO to have a statement of intent. The statement of intent must comply with the requirements of the Act.
- 5 A CCO needs to provide its draft statement of intent to its shareholder(s) by 1 March. Council, as soon as practicable after receiving the statement of intent, must respond/provide feedback to the CCO (it must either agree to statement of intent, or take all practicable steps to require it to be modified). The CCO must consider shareholder comments by 1 May, and deliver its final statement of intent by 30 June. Shareholders may extend deadlines by up to 1 month.
- 6 In the statement of intent, a CCO is able to publicly state its activities/intentions for the year and objectives to which they contribute. The process for the development of the statement of intent provides an opportunity for Council, as shareholder, to influence the direction of the CCO, and the statement of intent provides a basis for accountability of directors to Council (as shareholder).
- 7 Venture Timaru has provided its draft statement of intent which is **attached**. With a financial year ending 30 June, for Venture Timaru, the statement of intent relates to the year commencing 1 July 2021, and two succeeding years.
- 8 The draft Statement of Intent includes a request for events funding, as outlined in the **attached** memo. Related to this Venture Timaru's proposed policy for events support is also **attached**. Officers will provide advice on the funding implications of this request at the meeting.

### Attachments

1. **Venture Timaru draft statement of intent 2021/22 to 2034/24** [!\[\]\(a88007b249b36c75dcbde101f514cec3\_img.jpg\)](#) 
2. **Venture Timaru Events Support Grant Memo February 2021** [!\[\]\(01f5879e654468630e790d983a473ee0\_img.jpg\)](#) 
3. **Venture Timaru Draft Event Support Policy**



**STATEMENT OF INTENT**

**2021/22      2022/23      2023/24**

2 Sefton Street East | PO Box 560 | Timaru 7940 | New Zealand  
p: 64 3 687 2682 | e: [enquiry@venturetimaru.nz](mailto:enquiry@venturetimaru.nz)  
1





Venture Timaru is the Economic and Tourism Agency for the Timaru District whose vision is”

***“Attract, grow, and retain people and businesses that contribute to a thriving Timaru District economy”***

We submit this draft 2021/22 pending completion of an updated and refreshed Economic Development Strategy and a new Destination Management Plan both of which are currently underway and scheduled for completion by May/June 2021. This project which includes extensive district wide stakeholder engagement will not only help inform our final 2021/22 Statement of Intent for adoption by Council by 30 June 2021, but also our priorities and work plans for the next 6-8 years. It is intended both the Economic Development Strategy and the Destination Management Plan will be “living documents” which will be subject to review and updating on a regular basis going forward.

This Statement of Intent includes:

- A brief overview of the local economy and current issues
- A request for the establishment of a new Events Support Grant
- Anticipated 2021/22 Objectives and associated areas for action
- Key Monitoring, Performance and Success Indicators
- Required financial and governance information and funding request.

The Timaru District is widely regarded to have been “buffered” from the immediate impacts of the COVID-19 global pandemic when compared to many other parts of New Zealand, and in many cases this assessment is well founded.

Our substantially diverse industry sector base has seen >65% of our workforce deemed essential versus a national average of 40%. Our backbone industries in the primary, food processing and manufacturing, transport & logistics and trades sectors, as our largest employers are also seen as the industries that will lead our recovery through the covid pandemic. Within the Mid and South Canterbury area we are estimated to produce enough food and beverage for >40m people per an num.

Notwithstanding, there are however a few challenges facing us presently which are likely to intensify in the immediate future. These include:

**Workforce Attraction** – the ability of our widely diverse local business and industry to attract and retain the skilled workforce was challenge even before COVID-19 – with this intensifying further in recent times. Important to note that whilst anticipated our non-metropolitan “safe haven” location may have been attractive to new workers in some cases this has been an obstacle as business has reported some parties see the move away from existing friend and family networks as being “isolating” should there be another COVID-19 event.

**Housing** – our numerous and ongoing interactions with business and industry in supporting them to attract and retain their workforce, has highlighted the need for our district to at any given time have a variety of housing and rental stock available that is attractive to new workers and their families. It is noted that we fall short of our near neighbours in Mid Canterbury and Selwyn Districts in providing new affordable house and land packages in the \$500 - \$850K price range. It is important we collectively address this by being bold and innovative in both our decision making and private/public collaborations.



**Logistics** – as an import/export country the effects of global supply chain disruptions are becoming very evident locally. Increased global freight costs, delays, intermittent shipping schedules, port disruptions etc... have been contributing to significant challenges to us not only sourcing our consumer goods and supplies needed by industries, but also the volume of containers we need to get our product out to the wider world.

This is a significant issue which we consider will continue to ebb and flow over months to come, with some estimates that we will not get back to even near pre COVID 19 global logistics for at least 12-18 months. Locally our discussions with Primeport and key industry and logistics players have highlighted a prioritised need and opportunity to progress the establishment of a coastal shipping network. This would not only bring much needed surety of service/accessibility to our importers and exporters but would also provide substantial opportunity to grow trade through our local port and reduce overall emissions.

As detailed within this Statement of Intent the above issues will be prioritised workstreams for Venture Timaru in the year ahead.

**Events Support Grant**

As detailed, we are not seeking an increase in either our Economic or Tourism Operational Grants beyond that provided in the 2020/21 year. We are however seeking a new **Events Support Grant of \$150,000**, the proposed background and criteria for which to be tabled and agreed separately with Council.

Vision	Attract, grow, and retain people and businesses that contribute to a thriving Timaru District economy					
Objectives	Maintain & attract a skilled workforce	Encourage new opportunities and facilitate business growth	Attract & assist new businesses to the District	Make the case for investment in key infrastructure that support a thriving district economy	Facilitate destination promotion and event development	Adopt a collaborative partnership approach to delivery and impact
<p><b>Areas for Action</b></p>	<ul style="list-style-type: none"> <li>- Support talent attraction through delivery of an extensive and ongoing workforce attraction initiative</li> <li>- Support youth transitions and employment through delivery of My Next Move</li> <li>- Engage with the Interim Regional Skills Leadership Group to ensure needs to Timaru District's learners and businesses are considered.</li> <li>- Support education and employment outcomes through the delivery of the Regional Apprenticeship Initiative</li> <li>- Progress the District Aged Workforce project in partnership with Council and SCDHB.</li> </ul>	<ul style="list-style-type: none"> <li>- Identify and promote new opportunities for sustainable and inclusive economic development within Timaru District.</li> <li>- Facilitate industry and sector engagement through facilitating Business Connection Groups</li> <li>- Connect businesses to new opportunities and help businesses navigate their way through council and government processes</li> </ul>	<ul style="list-style-type: none"> <li>- Promote Timaru District as a central location for key industries and sectors.</li> <li>- Facilitate the provision of industrial land and promote Timaru as a logistics and distribution hub for the South Island.</li> <li>- Encourage a business friendly and responsive Council.</li> <li>- Act as the voice of industry to Council and Central Government</li> </ul>	<ul style="list-style-type: none"> <li>- Identify the need for growth enabling infrastructure and ensure the economic benefits for planned infrastructure investment are delivered.</li> <li>- Encourage a master planned approach to the development of new &amp; existing infrastructure, including a strategic approach to the future development of Caroline Bay and neighbouring CBD areas.</li> <li>- Explore opportunities for new waste management and sustainable energy infrastructure including opportunities for the development of a circular economy for the Timaru District</li> </ul>	<ul style="list-style-type: none"> <li>- Implement a new district-wide destination management approach.</li> <li>- Develop an authentic and integrated destination brand and identity for Timaru District.</li> <li>- Grow and attract events to the District and promote the case for investment in new destination infrastructure e.g., 4 star hotel.</li> <li>- Collaborate with surrounding districts to define the wider, and more cohesive South Canterbury offer and sustainably grow visitor numbers and spending across the District</li> </ul>	<ul style="list-style-type: none"> <li>- Partner with TDC and TDHL to support a thriving District economy.</li> <li>- Assist TDC to deliver the economic and lifestyle benefits of the City Hub development</li> <li>- Support TDC Long Term Plan and Growth Management Strategy objectives.</li> <li>- Encourage and support TDC and community aspirations for adaptation, resilience, and sustainability</li> <li>- Maintain and leverage strategic partnerships with iwi, government, and private sector to support above outcomes</li> </ul>
<p><b>Strategic Projects</b></p>	<p><b>Enable and promote Timaru as a Central South Island distribution and logistics hub</b></p>		<p><b>Development of an authentic and integrated Timaru District brand and identity</b></p>		<p><b>Encourage a cross sector master plan approach to the development of Caroline Bay</b></p>	



**Key Monitoring, Performance and Success Indicators**

<b>Monitoring Indicators</b>	There are a number of key indicators that, although not directly influenced by the work of Venture Timaru, are important to monitor, report, and proactively take action on, as appropriate, in the event of any deteriorating trends			
	<b>GDP Contribution</b> Timaru District v NZ	<b>Unemployment Rate</b> Timaru District v NZ	<b>Housing Affordability</b> Timaru v like areas	<b>Consumer &amp; Visitor Spend</b> trends v same period last year
<b>Performance Indicators</b>	Value of Venture Timaru interactions with local businesses  Net promotor score evidencing year on year improvement	Value of Venture Timaru work to shareholder  Net promotor score evidencing year on year improvement	Value of Venture Timaru work to wider stakeholders e.g., central government contract providers.  Net promotor score evidencing year on year improvement	Ease of doing business in the Timaru District.  Year on year improvement
<b>Success Indicators</b>	Successes will be captured and reported within Venture Timaru quarterly and annual reports to Timaru District Council			

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**In developing and enhancing Venture Timaru's (VT) strategies consultation and reference has been made to Timaru District Councils (TDC) long term plan, growth management strategy and revised vision, values, and community wellbeing outcomes.**

**New Zealand Government Economic Plan for a productive, sustainable, and inclusive economy.**

New Zealanders value a strong economy that provides decent jobs, higher incomes, and opportunities for current and future generations. Equally, we understand that the health and wellbeing of our people, the protection and enhancement of our environment, and the strength of our communities allow us to achieve our potential.

To deliver on these national values, our economy must be productive, sustainable, and inclusive. It requires us to tackle the long-term challenges the New Zealand economy is facing.

The Government's Economic Plan identifies eight key shifts and policy action the economy needs to transition to more productive, sustainable, and inclusive growth. It is an integral part of delivering wellbeing for all New Zealanders.

The shifts we are tackling will not take place overnight, and the Government cannot do this on its own. It is essential the Government partner with business, workers, communities, and iwi to ensure people and businesses can adapt to new working environments and respond confidently.

New Zealand has a unique opportunity to build on our strengths and use these to lead the world on standing up to the economic challenges of the next 30 years, turning issues like climate change and the technological revolution into economic opportunities.

**The Board of Venture Timaru Limited trading as Venture Timaru (VT)** seeks to govern the organisation in a way that is both aligned to central and local government plans and objectives and achieves the objectives stated and communicates with the Council in a timely and effective manner. Given the nature of the activities and the accepted role of similar organisations throughout the country, the performance is not measured in strictly commercial terms such as profit, share value or rates of return.

**1. PERFORMANCE AND OTHER MEASUREMENTS**

Performance shall be assessed against key Monitoring, Performance and Success Indicators via the Supply of a quarterly (and annual) report to the Timaru District Council including financial position. Other Performance measures include:

Financial - VT will prudently manage all financial matters, operating within its means predicated by the level of income and reserves received and held. Measured by financial performance v budget and adherence to all financial and reserves policies.

Good Employer - VT is committed and obligated to being a better than good employer of existing and future staff. Our well established policies and procedures clearly evidence the importance we place on the health, wellbeing, and ongoing development of our staff. Measured against staff retention rate, development opportunities and annual performance evaluations.

**2. GOVERNANCE STATEMENT:**

Venture Timaru Limited was incorporated and adopted a constitution on 23rd June 2010. Venture Timaru Limited Board Charter was adopted on 7th November 2016.

**Structure, Function and Obligations of the Board**

a. The Role of the Board:

- Ensuring VT meets its objectives as defined in this Statement of Intent.
- Ensuring VT complies with all its lawful obligations.
- Ensuring the Council is kept well informed on all relevant issues and that there are no "surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that is not the preserve of the Chief Executive and day-to-day administration.
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance, and setting remuneration).
- Ensuring sound financial management of VT.



- b. Composition of the Board:
- The Council, after consultation with the Board, will be responsible for appointing Directors to the Board.

#### Guidance and Resources Provided to Board Members

- a. Resources available to Board members to carry out their duties:  
Sound financial management and systems that provide reports to the Board as follows:
- Statement of financial performance for the preceding month and year to date.
  - Chief Executive's monthly and quarterly reports addressing issues related to VT's performance against objectives (financial and non-financial).
- b. The Board will ensure that relevant training opportunities are made available.
- c. Code of Conduct:
- All Board members will be required to comply with the New Zealand Institute of Directors' "Code of Practice for Directors".
  - All Board members will apply their best endeavours to ensure VT achieves its objectives defined within this Statement of Intent.
  - All Board members will ensure VT complies with the requirements of its constitution and this Statement of Intent.

#### Significant Policies in Place for Accountability

- a. The Board shall ensure VT complies with the reporting requirements outlined in Section 3 and 7 of this document.
- b. Risk Management Policies:
- The Board shall ensure that appropriate insurance is maintained on all insurable risks of VT, and in particular public liability insurance.
  - The Board shall ensure that VT has systems in place to achieve compliance with the Health and Safety at Work Act 2015 and subsequent amendments.
- c. Remuneration:
- The Council will set total remuneration for the Board.
- d. Reserves Policy (SOI)
- The Reserves Policy ensures the board has funds set aside for risk mitigation.
  - The Primary Objectives underlying the Reserves Policies for are:
    - To ensure that VT is operated in a prudent manner
    - To recognise that many streams of work and expenditure items are committed to and incurred for longer periods than the annual funding approved by the Timaru District Council (TDC) with multiyear projects.
    - To ensure that money is available, as required, to meet the needs of VT and its key stakeholders.
    - To recognise that VT generates income over and above the funding from the TDC and also spends the majority of that income on related economic development activities for the benefit of the district with a breakeven or close to breakeven annual budget
    - Reserves to be held are set at 3-4 months' trading / cash flow to be on hand
- e. Ratio of Accumulated Funds to Total Assets
- This ratio shows the proportion of total assets financed by equity
  - The Board will ensure that the ratio of Equity to Total Assets remains above 60%
  - For the purpose of this ratio, equity is as per the financial statements of VT
  - Total assets are defined as the total of current and non-current assets

### 3. ACCOUNTING POLICIES

#### Summary of Significant Accounting Policies

- a. Reporting Entity
- Venture Timaru Limited ('VT') is a company incorporated and domiciled in New Zealand
  - VT is a CCO (as defined under section 6 of the Local Government Act 2002) based in Timaru and is a subsidiary 100% owned by the Timaru District Council.

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- The financial statements of VT are for the year end 30 June. The financial statements are authorised for issue by the directors.
- b. Statement of Compliance
- The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
  - The financial statements are prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) – PBE SF-A(PS).
  - All transactions are reported using the accrual basis of accounting.
  - The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of VT is New Zealand dollars.
- c. Revenue
- Revenue is measured at the fair value of the consideration received.
  - Contributions received from the Timaru District Council are VT's primary source of funding.
  - Contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contribution are not met. No such obligation is attached to the council contributions received.
- d. Interest revenue is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.
- e. Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.
- f. Goods and Services Tax (GST): The financial statements have been prepared with income and expenditure items exclusive of GST. In the Statement of Financial Position, Accounts Receivable and Accounts Payable are both inclusive of GST. All other assets are shown exclusive of GST.
- g. Cash and Cash Equivalents includes cash on hand, deposits held at call with banks, other short – term highly liquid investment with original maturities of three months or less, and bank overdrafts
- h. Accounts Receivable are valued at their estimated net realisable value. Bad debts are written off during the period in which they are identified.
- i. Creditors and other payables are measured at the fair value of the consideration paid.
- j. Fixed Assets are recorded at cost less accumulated depreciation. VT has three classes of Fixed Assets, Computer Equipment, Furniture and Fittings & Office Equipment.
- k. Depreciation is calculated to allocate the cost or valuation of assets over their estimated useful lives, at the following rates:
- |                             |    |        |
|-----------------------------|----|--------|
| Computer Equipment          | DV | 50%    |
| Fittings & Office Equipment | DV | 20-67% |
| Furniture and Fittings      | DV | 10-25% |
- l. Leases: VT leases certain office equipment, office space and a motor vehicle.
- 4. DIVIDEND POLICY**  
VT is a non-profit organisation that does not generate income or dividend for the Timaru District Council.
- 5. INFORMATION TO BE PROVIDED**  
The following information will be made available to the Council by VT:
- a. By **1 March**, each year a DRAFT BUDGET for the following financial year together with a request for any changes requested to the Council's financial contribution to VT's activities.
  - b. By **1 March**, each year a draft STATEMENT OF INTENT, then consider any Council comments on it and deliver a final Statement of Intent by **30 June**.
  - c. QUARTERLY REPORTS (September, December, March & June) covering an abbreviated Statement of Financial Performance and Statement of Financial Position, performance indicators, commentary on activities, and other such information as the Directors consider necessary to enable an informed assessment of VT's performance during the period in question. Due dates as prescribed by section 66 of the Local Government Act 2002



- d. Within three months after the end of the financial year (i.e., **by 30 September**), VT shall deliver to the Council an ANNUAL REPORT which fulfils the requirements of Section 67 of the Local Government Act 2002, and audited financial statements in respect of the financial year, containing the following information as a minimum:
- A Directors' Report including a summary of the financial results and a comparison of performance in relation to the objectives.
  - A Statement of Financial Performance disclosing revenue and expenditure and comparative figures from previous annual reports.
  - A Statement of Financial Position at the end of the year.
  - An Auditor's Report on the above statements and the measure of performance in relation to objectives.
  - The Chairman's Annual Report shall be made available for inspection at Council offices.
  - Any other matters that the Council and VT agree shall be disclosed as appropriate.

**6. PROCEDURE TO BE FOLLOWED WITH PURCHASE OF SHARES IN OTHER COMPANY OR ORGANISATION**

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any Company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the Council for approval.

**7. COMPENSATION FROM LOCAL AUTHORITIES**

VT is not requesting an increase in funding of Development and Visitor Operational Grants for the 2021/22 year.

However, we are as detailed earlier in these advises seeking the establishment of a new Event Support Grant to enhance the support of existing and new medium to large events that bring vibrancy along with social and economic benefits to the District.

Noting that Operational Grants and proposed Event Support Grant for 2022/23 and beyond are subject to annual application.

Proposed funding levels are aligned to VT maintaining the high-quality economic development and visitor service levels and the skills needed within the organisation to deliver the variety of services and projects.

	2020/21 Approved		2021/22	2022/23	2023/24
\$ 640,000		<b>DEVELOPMENT OPERATIONAL GRANT</b>	\$ 640,000	\$ 678,000	\$ 692,000
\$ 350,000		<b>VISITOR OPERATIONAL GRANT</b>	\$ 350,000	\$ 357,000	\$ 364,000
		<b>EVENTS SUPPORT GRANT (New)</b>	\$ 150,000	\$ 153,000	\$ 156,000
<b>\$ 990,000</b>		<b>TOTAL FUNDS</b>	<b>\$ 1,140,000</b>	<b>\$ 1,188,000</b>	<b>\$ 1,212,000</b>

**8. BOARD'S ESTIMATE VT VALUE**

The Directors estimate that the balance of funds in the Annual Report will represent the value of VT. The Directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

Approved by VT on 1<sup>st</sup> March 2021

Approved by the Council on

.....  
for Venture Timaru Ltd - Mark Rogers Chairman

.....  
for Timaru District Council





FINANCIAL FORECASTS			
	2021/22	2022/23	2023/24
<b>INCOME STATEMENT</b>			
Regional Development Grant TDC	\$ 640,000	\$ 678,000	\$ 692,000
Regional Visitor Grant TDC	\$ 350,000	\$ 357,000	\$ 364,000
Regional Events Support Grant TDC	\$ 150,000	\$ 153,000	\$ 156,000
MyNextMove MSD Contract Youth Initiative	\$ 145,000	\$ 145,000	\$ 145,000
Provincial Development Unit Grant - Capability & Capacity	\$ 25,000	\$ -	\$ -
Provincial Development Unit Grant - SC Transport & Logistics Panel	\$ 150,000	\$ -	\$ -
Provincial Development Unit Grant - Regional Apprenticeship Initiative	\$ 1,250,000	\$ 1,250,000	\$ 1,000,000
Other income			
<b>Total Income</b>	<b>\$ 2,710,000</b>	<b>\$ 2,583,000</b>	<b>\$ 2,357,000</b>
Human Resources	\$ 343,101	\$ 349,963	\$ 356,962
Expenses	\$ 321,349	\$ 327,775	\$ 334,330
Regional Visitor Expense	\$ 350,000	\$ 357,000	\$ 364,000
Events Support	\$ 150,000	\$ 153,000	\$ 156,000
MyNextMove MSD Contract Youth Initiative	\$ 145,000	\$ 145,000	\$ 145,000
Provincial Development Unit Grant - SC Transport & Logistics Panel	\$ 150,000	\$ -	\$ -
Provincial Development Unit Grant - Regional Apprenticeship Initiative	\$ 1,250,000	\$ 1,250,000	\$ 1,000,000
<b>Total Expenses</b>	<b>\$ 2,709,450</b>	<b>\$ 2,582,738</b>	<b>\$ 2,356,292</b>
<b>Operating Profit (Loss)</b>	<b>\$ 550</b>	<b>\$ 262</b>	<b>\$ 708</b>



## MEMORANDUM

FROM: Chair and Chief Executive Venture Timaru  
TO: Timaru District Council Mayor and Councillors  
SUBJECT: Request for an Events Support Grant  
DATE: 1<sup>st</sup> March 2021

---

### Background

As a Council Controlled Entity, Venture Timaru is required to submit our Statement of Intent (in draft format) by 1<sup>st</sup> March outlining our priorities and objectives for the ensuing year commencing 1<sup>st</sup> June.

Included in the Statement of Intent is our request for Operational Grant Funding to undertake our role as the Timaru District Economic Development Agency and Regional Tourism Organisation.

We are not seeking an increase in either our Economic or Tourism Operational Grants beyond that provided in the 2020/21 year. We are however seeking your consideration of an Events Support Grant of \$150,000, the proposed criteria for which is contained within this memo and attached draft Events Support Policy for your consideration.

### Overview and rationale

Events play an important role in supporting the vitality of the district. In addition to the well-established role that events can play in supporting Timaru's destination offering, events can also be used to enhance the economic vitality of the district and can reinforce wider economic development objectives, including talent, business, and investment attraction. There is an opportunity for events to be used as a lever for the wider economic development and destination management outcomes that are being pursued by Venture Timaru on behalf of Timaru District Council.

Venture Timaru, via our existing Tourism and Visitor Advisory Board (encompassing representatives across hospitality, accommodation, visitor operators, sport, event coordinators, iwi, facilities etc...), has an established proactive network which is invaluable in, not only ensuring a cohesive event offering but also, information gathering on upcoming events both existing and new.

With this established and collaborative network coupled with our extensive knowledge of existing and new event opportunities, we are able to act quickly to ensure the valued events support and assistance is assessed, approved, and directed in a timely manner to ultimately make for a successful event.

We believe this has been no better evidenced by our efficient and successful management and distribution of, now fully allocated funds, within the TDC Events Stimulus Fund 2020 and the Government's Domestic Events Fund, Regional Events Fund and Strategic Tourism Assets Protection Programme. This support has seen:

- the growth of existing community activities such as Farmers Markets and Christmas Parades,
- the enhancement of existing events such as Geraldine Festival, Festival of Roses, Soap Box Derby etc.,
- the development and commencement of new events such as SCOFF, Movies in the Gardens, Bandquet, Crusaders v Highlanders etc...



### Proposed Criteria

We attach a more detailed DRAFT Events Support Policy which provides full clarity and transparency on the proposed due process and accountability and welcome your input on this.

The Events Support Grant, initially \$150,000, is subject to annual application to TDC via SOI, and is to

- provide financial support to existing and new medium to large events that provide both economic and wider social benefits to our district.
- be fully contestable with 2 x application rounds per annum being 1 Feb and 1 Aug.
- fund events support within a minimum \$10,000 and maximum \$50,000 range.
- be managed by Venture Timaru with application approval to be undertaken by the board of Venture Timaru in accordance with new Event Support Policies to be adopted.

All applications/recipients must:

- demonstrate economic and social benefits to our district communities and be targeted to attract visitors from the wider region and beyond whilst ensuring high levels of community engagement.
- provide both a pre- and post-economic impact assessment via Venture Timaru's Infometrics Events Calculator
- acknowledge and promote the support received from Venture Timaru and Timaru District Council via logo placements, written and verbal acknowledgments etc...

### Summary

The establishment of such a fund mirrors in many respects other areas who readily acknowledge the substantial economic and social value and benefits that a range of ongoing events brings to a local area and community.

Events are an integral part of our role as the designated Regional Tourism Operator and Economic Development Agency and we see the establishment and management of this proposed Events Support Grant as a natural fit with our organisation.

We have the established structure & track record, industry & community networks, and wider regional and national relationships to efficiently assess, approve, and distribute Event Support to ensure best possible outcomes for our community efficiently and prudently.

Thank you for your consideration.

Mark Rogers  
Chairperson

Nigel Davenport  
Chief Executive



## Event Support Policy

### Purpose and scope

1. The purpose of this Policy is to provide guidelines and criteria for Venture Timaru to allocate the Events Support Grant provided by Timaru District Council.
2. This Policy seeks to ensure best value for Timaru District Council's investment in event support, provided to and fully administered by Venture Timaru, by providing easy to understand, fair and transparent decision-making criteria.
3. The Event Support Policy is primarily aligned to Council's mission to help build communities where people, place and business prosper within a healthy, adaptable, and regenerative environment.

### Principles

4. The Events Support Grant is one part of a mix of core Venture Timaru initiatives to generate, nurture and stage a portfolio of events within the Timaru District to the benefit of visitors and residents of the Timaru and wider New Zealand. The events strategies pursued by Venture Timaru are best described as follows:
  - a. Promotion of Timaru District as a business and event visitor destination of note.
  - b. Timaru District Council's capital and operating investment in a wide range of infrastructure and event facilities and supporting services.
  - c. Commercial event fixtures attracted through Venture Timaru business development activity that are fully self-funded.
  - d. Council Community Funding (administered by Timaru District Council).
  - e. The Events Support Grant (administered by Venture Timaru).

Underpinning this is Venture Timaru's focus on embracing growth, promoting the Timaru District, and delivering best in business outcomes.

### Policy

5. The application of the Event Support Grant will focus on medium to larger event opportunities where exposure will reach well beyond the Timaru District, delivering maximum coverage; and where it will attract significant numbers of visitors from outside the Timaru District and the wider South Canterbury region, and great community participation.
6. All application assessments will be considered, by the board of Venture Timaru, both collectively (with other applications) and independently upon their respective merit in order to ensure a balanced portfolio of event categories (types) and year-round weighting. There will be three primary categories considered:
  - a. **Emerging** events that are new and warrant a kick start sponsorship investment as they are seen to have significant long-term growth potential for the Timaru District.

Draft Events Support Policy 1.21 as at 22 Feb 2021



- b. **Cornerstone** long-standing events that have proven performance in delivering high profile for the Timaru District, add to the districts value proposition and where Venture Timaru's ongoing support will drive incremental visitation and expansion opportunity.
  - c. **Significant** one-off events that present an opportunity to deliver substantial benefits to the Timaru District by way of profile, increased visitation, and new business opportunities (economic outcome).
7. Principal criteria and guidance for sponsorship assessment include:
- a. Aligned with the Venture Timaru and Timaru District Council's vision, profile, and broader strategies.
  - b. Quantified/proven exposure benefits and distinctiveness for Timaru District regionally and nationally, across business at large.
  - c. Evidence of target audience/attendance at district, regional and national levels.
  - d. Generation of overnight visitation to the city.
  - e. Significant number of anticipated participants and future growth potential.
  - f. Utilisation of Timaru District facilities and assets.
  - g. Quality of organisational capability.
  - h. Strong leverage opportunities and community support.
  - i. Existing interests and relationships that may give rise to a potential conflict of interest.
  - j. Demonstrate economic and social benefits to the Timaru District communities.

#### **Monitoring and implementation**

##### **Event sponsorship application requirements**

- 8. Applications will be open for a 4 week period twice annually from 1 February and 1 August.
- 9. Applicants will be funded to a minimum of \$10,000 and a maximum of \$50,000 gst inclusive.
- 10. Applicants must accept Venture Timaru decisions as final. Once approved, under terms of the sponsorship payment schedule, applicants may receive up to 90% in advance.
- 11. Applications will not be accepted to any past sponsored event organiser who has failed to supply a post event report to Venture Timaru.

##### **Monitoring and performance requirements**

- 12. Successful applicants must adhere to information requests and event milestone reporting up until the event itself and post evaluation reporting as prescribed by Venture Timaru through this policy and the deliberations of board of Venture Timaru.
- 13. Successful applicants must acknowledge and promote the Event Support received from Venture Timaru and Timaru District Council via logo placements, written and verbal acknowledgments etc...
- 14. Successful applicants will present a final report on events outcomes and achievements against stated objectives within two months of the event with this to include in all cases a pre and post economic impact report using the Infometrics Events Calculator template.

Draft Events Support Policy 1.21 as at 22 Feb 2021



15. Upon receipt of the post-event report, Venture Timaru will release the balance of the support retained, to be no more than 10%, to the event organiser.
16. The management and board of Venture Timaru will be responsible for the allocation of the Event Support Grant within the terms prescribed by this Policy.
17. Any decision by the board of Venture Timaru to approve any funding in excess of the annually allocated Event Support Grant will be at their sole discretion.

#### **Fund allocation process**

18. Venture Timaru will administer the application process, liaise with all applicants and successful event organisers receiving support.
19. The management and staff of Venture Timaru will supply to the board of Venture Timaru all required and appropriate information along with their assessment and recommendation for each application
20. The board of Venture Timaru will assess all applications both collectively and individually in order to ensure a balanced approach to all approvals is maintained.

#### **Financial accountability**

21. Upon advice to the applicant that funding is approved, they will be required to reconfirm that financial information presented with their application is unchanged or otherwise and confirm that sufficient other funding sources for the event have been secured before payment by Venture Timaru will be made.

#### **Transparency of information**

22. Information about supported parties will be available to the public on request and Venture Timaru will maintain a register of supported parties but not the details of the support agreement itself.
23. Regular financial and performance audits will be conducted in relation to support arrangements.

#### **Conflict of interest and personal benefits**

24. The staff, management and board of Venture Timaru must not benefit as a result of support provided and must not take, or seek to take, improper advantage of their position in order to obtain benefits for themselves, their family or any other person or organisation.
25. Venture Timaru will not enter into support arrangements if they deem the organisation to be in conflict with Venture Timaru and/or Timaru District Councils business or core values.
26. Any support arrangement Venture Timaru undertakes must not compromise Venture Timaru or Timaru District Councils reputation, public image, probity, or its ability to fulfil its legal functions and duties.

Draft Events Support Policy 1.21 as at 22 Feb 2021



27. Any support arrangement must not impose or imply conditions that would limit or be perceived to limit Venture Timaru or Timaru District Councils abilities to carry out their functions fully and impartially.
28. Conflicts arising from personal relationships or financial arrangements of staff, management and the board of Venture Timaru involved in event support assessment, approval, administration, or application, will be managed in accordance with the conflict of interest provision of Venture Timaru's Code of Conduct.

**Authority**

29. The final authority over any support arrangement ultimately rests with the board of Venture Timaru and it retains discretion not to accept a support application from any organisation for any reason.
30. When an application is not accepted the Chief Executive or Operations Manager of Venture Timaru will report that decision to the board of Venture Timaru

DRAFT

Draft Events Support Policy 1.21 as at 22 Feb 2021

**7.9 Aorangi Stadium Trust Half Year Report 31 December 2020****Author:** Bede Carran, Chief Executive**Authoriser:** Bede Carran, Chief Executive**Recommendation**

That the Committee receive and note the report.

**Purpose of Report**

- 1 To provide the Committee with an update of the Financial Performance of the Aorangi Stadium Trust.

**Assessment of Significance**

- 2 The assessment of significance is low.

**Background**

- 3 Aorangi Stadium Trust is a Council Controlled Organisation under the Local Government Act 2002.
- 4 The Trust is required to provide an update to the Commercial and Strategy Committee on its financial performance over the first six months of the year.
- 5 The half year report from the Trust with covering letter is attached.

**Attachments**

1. **Aorangi Stadium Trust Statement of Financial Performance**  



## AORANGI STADIUM TRUST

1 March 2021

Chief Executive  
Timaru District Council  
Timaru

Dear Bede

Please find below and **enclosed** on behalf of Aorangi Stadium Trust, the half year report for the period ending 31 December 2020.

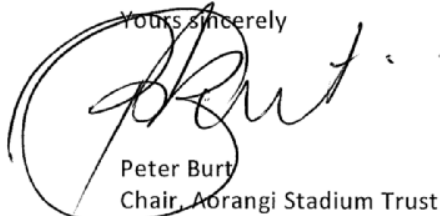
1. The accounts are enclosed and discussed as follows:

- The Trust has an operating deficit of \$36k for the first six months of the year ended 31 December 2020. This includes insurance costs of \$39k which are offset by the accrual of the service charge payment (currently treated as a "grant") from TDC. Accruals have also been made for the annual general grant made by TDC of \$52k and for the depreciation for 6 months of \$86k is estimated based on 6 months of the 2020 year's full year depreciation (\$174k). Substantially lower interest rates are impacting on interest received.
- The net value of fixed assets continues to fall due to depreciation.
- Cash continues to be in a strong position, particularly as potentially significant outlays for repairs and maintenance have yet to be made.
- Over the second half of the year TDC will pay the grant and insurance related service charge which will improve the cash position further. However projected maintenance costs related to landlord obligations pertaining to 2020 and 2021 are in the order of \$34.3k.

2. In terms of non-financial performance, the Trust reports as follows:

- A comprehensive building survey has been obtained to inform the long term (10 year) maintenance plan and activity/asset management plan;
- Liaison with the tenant has been ongoing including in relation to the building survey. It is noted that Timaru District Council (TDC) is proposing a redevelopment of Aorangi Park in its Long Term Plan, being a proposal for discussion between the Trust and TDC;
- There are no issues of non-compliance with the lease terms in place between the Trust and TDC by either party;
- There are no issues of non-compliance by the Trust with its obligations under the Health and Safety at Work Act.

Yours sincerely



Peter Burt  
Chair, Aorangi Stadium Trust

**Aorangi Stadium Trust: Statement of Financial Performance  
for the 6 months to 31 December 2020**

	Note	Current Year to Date  Actual \$	Current Year  Budget (adjusted) \$	Prior Year  Actual \$
<b>Revenue</b>				
<i>Donations, fundraising and other similar revenue</i>				
General funding from local government	1	91,160	92,000	90,117
<i>Interest, dividends and other investment revenue</i>				
Interest		329	4,000	2,292
<b>Total revenue</b>		<b>91,489</b>	<b>96,000</b>	<b>92,409</b>
<b>Expenses</b>				
<i>Costs related to providing goods or services</i>				
Administration and overhead costs		953	5,000	5,534
Insurance		39,190	40,000	38,117
Repairs & maintenance		1,321	2,000	1,117
<i>Other expenses</i>				
Depreciation		86,420	174,000	172,839
<b>Total expenses</b>		<b>127,884</b>	<b>221,000</b>	<b>217,607</b>
<b>Surplus/(deficit) for the period</b>		<b>-36,395</b>	<b>-125,000</b>	<b>-125,198</b>

**Aorangi Stadium Trust: Statement of Financial Position  
as at 31 December 2020**

	Note	Current Year to Date  Actual \$	Current Year Budget (adjusted) \$	Prior Year  Actual \$
<b>Assets</b>				
<b>Current Assets</b>				
Bank and cash				
Current account		9,131	89,544	9,210
Savings account		304,000	250,000	298,065
Debtors & prepayments				
GST receivable				70
Prepayments				52,004
Other receivables		91,160	27,765	1,000
<b>Total current assets</b>		<b>404,291</b>	<b>367,309</b>	<b>360,349</b>
<b>Non-current assets</b>				
Property, plant & equipment				
	2	580,363	533,851	666,783
<b>Total non-current assets</b>		<b>580,363</b>	<b>533,851</b>	<b>666,783</b>
<b>Total assets</b>		<b>984,654</b>	<b>901,160</b>	<b>1,027,132</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors & accrued expenses				
	3	-111	5,000	5,972
<b>Total current liabilities</b>		<b>-111</b>	<b>5,000</b>	<b>5,972</b>
<b>Total liabilities</b>		<b>-111</b>	<b>5,000</b>	<b>5,972</b>
<b>Total assets less total liabilities (net assets)</b>		<b>984,765</b>	<b>896,160</b>	<b>1,021,160</b>
<b>Accumulated funds</b>				
Capital contributed by owners/members				
	5	3,050,631	3,050,631	3,050,631
Accumulated surpluses/(deficits)				
	5	-2,314,149	-2,376,954	-2,225,754
Reserves				
	5	248,283	222,483	196,283
<b>Total accumulated funds</b>		<b>984,765</b>	<b>896,160</b>	<b>1,021,160</b>

**Aorangi Stadium Trust: Statement of Cash Flows  
for the 6 months to 31 December 2020**

	Current Year to Date  Actual \$	Current Year Budget (adjusted) \$	Prior Year  Actual \$
<b>Cash flows from operating activities</b>			
<b><u>Cash was received from:</u></b>			
Donations, fundraising and other similar receipts (external)			
Interest, dividends and other investment receipts	329	4,000	2,288
Other revenue (incl. grants from TDC)	0	92,000	72,526
Net GST	11,712	-16,731	-7,870
<b><u>Cash was applied to:</u></b>			
Payments to suppliers and employees	6,185	47,000	43,641
<b>Net cash flows from operating activities</b>	<b>5,856</b>	<b>32,269</b>	<b>23,303</b>
<b>Net increase/(decrease) in cash</b>	<b>5,856</b>	<b>32,269</b>	<b>23,303</b>
Opening cash	307,275	307,275	283,972
Closing cash	<u>313,131</u>	<u>339,544</u>	<u>307,275</u>
<b>This is represented by:</b>			
Bank current account and deposits	<u>313,131</u>	<u>339,544</u>	<u>307,275</u>

**Aorangi Stadium Trust: Notes to the Accounts  
as at December 2020**

<b>Note 1: Analysis of Revenue</b>	<b>Current Year to Date</b>	<b>Prior Year (Full Year)</b>
	\$	\$
General grant from TDC	52,000	52,000
Grant from TDC to cover the annual insurance payment treated as Other Revenue ("Insurance Reimbursement") moved to Grants Income.	39,160	38,117
<b>Total grants</b>	<b>91,160</b>	<b>90,117</b>

**Note 2: Property, Plant & Equipment**

*Current Year to Date*

Asset Class	Opening carrying value	Purchases	Sales/ disposals	Depreciation/ impairment expense	Closing carrying value
Buildings	666,783			-86,420	580,363
<b>Total</b>	<b>666,783</b>	<b>0</b>	<b>0</b>	<b>-86,420</b>	<b>580,363</b>

*Prior Year (Full Year)*

Asset Class	Opening carrying value	Purchases	Sales/ disposals	Depreciation/ impairment expense	Closing carrying value
Buildings	839,622			-172,839	666,783
<b>Total</b>	<b>839,622</b>	<b>0</b>	<b>0</b>	<b>-172,839</b>	<b>666,783</b>

**Note 3: Accumulated Funds**

*Current Year to Date*

Description	Capital contributed by owners or members	Accumulated surpluses or deficits	Reserves	Total
Opening balance	3,050,631	-2,225,754	196,283	1,021,160
Surplus/(deficit)		-36,395		-36,395
Transfer to reserves		-52,000	52,000	0
Transfer from reserves		1,321	-1,321	0
Closing balance	3,050,631	-2,314,149	248,283	984,765

*Prior Year (Full Year)*

Description	Capital contributed by owners or members	Accumulated surpluses or deficits	Reserves	Total
Opening balance	3,050,631	-2,047,392	143,119	1,146,358
Surplus/(deficit)		-125,198		-125,198
Transfer to reserves		-54,280	54,280	0
Transfer from reserves		1,116	-1,116	0
Closing balance	3,050,631	-2,225,754	196,283	1,021,160

**Breakdown of reserves**

Name	Nature and purpose	Actual Year to date	Actual Last year (full year)
<b>Maintenance reserve</b>	To fund the maintenance of the Stadium		
Opening balance		196,283	143,119
Transfer to reserve			54,280
Transfer from reserve			-1,116
Closing balance		196,283	196,283

### 7.10 Aorangi Stadium Trust 2021/22 Draft Statement of Intent

**Author:** Bede Carran, Chief Executive

**Authoriser:** Bede Carran, Chief Executive

#### Recommendation

1. That the draft statement of intent for Aorangi Stadium Trust be received and feedback provided.

#### Purpose of Report

- 1 To provide the Committee with a copy of Aorangi Stadium Trust's draft statement of intent for 2021/22 to 2022/23.

#### Assessment of Significance

- 2 The assessment of significance under Council's significance and engagement policy is low.

#### Background

- 3 Aorangi Stadium Trust is a Council Controlled Organisation (CCO), of Timaru District Council under the Local Government Act 2002.
- 4 The Local Government Act 2002 (the Act) requires a CCO to have a statement of intent. The statement of intent must comply with the requirements of the Act.
- 5 Each CCO of Timaru District Council needs to provide its draft statement of intent to it Timaru District Council by 1 March. Council, as soon as practicable after receiving the statement of intent, must respond/provide feedback to the CCO (it must either agree to statement of intent, or take all practicable steps to require it to be modified). The CCO must consider Council's comments by 1 May, and deliver its final statement of intent by 30 June. Council may extend deadlines by up to 1 month.
- 6 In the statement of intent, a CCO is able to publicly state its activities/intentions for the year and objectives to which they contribute. The process for the development of the statement of intent provides an opportunity for Council, to influence the direction of the CCO.
- 7 The Aorangi Stadium Trust has provided its draft statement of intent which is **attached**. With its financial year ending 30 June the statement of intent relates to the year commencing 1 July 2021, and two succeeding years.

#### Attachments

1. **Aorangi Stadium Trust Draft Statement of Intent**  

## AORANGI STADIUM TRUST

1 March 2021

Chief Executive  
Timaru District Council  
Timaru

Dear Bede

Please find **enclosed** on behalf of Aorangi Stadium Trust the draft statement of intent for 2021/22 and the two subsequent years, for Council's feedback.

The Trustees look forward to receiving Council's feedback on the draft statement of intent in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Burt', is enclosed within a hand-drawn circle.

Peter Burt  
Chair, Aorangi Stadium Trust



**Aorangi Stadium Trust**

**Draft Statement Of Intent**

**2021/22**

**Aorangi Stadium Trust  
Statement of Intent  
2021/22**

**1 Preamble**

Aorangi Stadium Trust is a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002.

This Statement of Intent sets out the overall intentions and objectives for Aorangi Stadium Trust for the period 1 July 2021 to 30 June 2022 and the two succeeding financial years.

Aorangi Stadium Trust contracts its administration from the Timaru District Council and as such does not have staff employed. The Stadium is leased to Timaru District Council who operate the facility.

**2 Objectives Of The Trust**

The purpose of the Trust is to continue development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru for the use of the public.

**General objectives are:**

- a. To promote the development and ongoing maintenance of the Aorangi Sports Stadium on the Morgans Road Recreation Reserve and for that purpose to enter into satisfactory arrangements with the owner of the land, Timaru District Council.
- b. To support and promote facilities for indoor and outdoor sport or any other recreational pursuit.
- c. To acquire any real or personal property for the purpose of the Trust to extend the buildings and to develop land for the general purposes of the Trust.
- d. To promote and encourage community activities and to assist sports bodies, community organisations and organisations devoted to the welfare of youth in the region of South Canterbury.

**3 Nature And Scope Of Activities To Be Undertaken**

Aorangi Stadium Trust owns the Stadium and Events centre located at Aorangi Park, Timaru. The facility, known as the Southern Trust Events Centre, is leased to the Timaru District Council, who manages and operates the facility. Many of the objectives of the Trust have now been delegated to Timaru District Council.

The Trust is responsible for the major maintenance and building renewals as landlord of the building.

**4 Governance**

Aorangi Stadium Trust oversees the building maintenance to ensure the facility is well maintained. Day to day operation of the building is undertaken by Timaru District Council.

**5 Ratio of Consolidated Shareholders' Funds To Total Assets**

- a. This ratio shows the proportion of total assets financed by equity.
- b. The Trust will ensure that the ratio of Equity to Total Assets remains above 90.00%.
- c. For the purposes of this ratio Equity is as per the financial statements for the Trust
- d. Total assets are defined as the sum of all current and fixed assets of the Trust.

**5 Statement Of Accounting Policies**

Aorangi Stadium Trust is a registered charity (registration number: CC22027).

Details of the current accounting policies and their application are contained in Appendix A.

**6 Performance Targets**

- a. Significant maintenance projects are completed on time and on budget.
- b. Regular liaison occurs with the tenant, Timaru District Council, on at least a bi-annual basis to ensure that the facility and the associated arrangements are operating to the satisfaction of both parties.

**7 Financial Forecasts**

The financial forecasts are based on estimated revenue flows and estimated capital structures.

See Appendix B.

**8 Reporting To Shareholders**

The following information will be available to shareholders based on an annual balance date of 30 June.

**a. Draft Statement of Intent**

By the March 1 annually, the Trustees shall (for so long as the Trust remains a Council Controlled Organisation), deliver to the Council a draft Statement of Intent for the following financial year which fulfils the requirements of Section 64 of the Local Government Act 2002.

**b. Completed Statement of Intent**

By June 30 annually the Trustees shall deliver to the Council the final Statement of Intent for the following financial year which fulfils the requirements of Section 64 of the Local Government Act 2002.

**c. Half Yearly Report**

Within two months following the first half of each financial year, the Trustees shall deliver to the shareholders an unaudited report containing the following information as a minimum in respect of the half year under review:

- i. A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures
- ii. A Statement of Financial Position
- iii. A commentary on the results for the first six months, together with a report on the outlook for the second six months.

**d. Annual Report**

- i. Within three months after the end of each financial year, the Trustees shall deliver to the Council, and make available to the public, an annual report and audited financial statements of that financial year, containing the following information as a minimum: -
  - A Trustees' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives;

- A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures;
- A Statement of Financial Position;
- A Statement of Cashflows;
- An Auditor's report on the above statements and the measurement of performance in relation to objectives.

**9 Distribution Policy**

The Trust is a non-profit organisation and does not generate income or dividends for the Timaru District Council.

**10 Procedures For Acquisition Of Other Interests**

The Trust will only purchase an interest in another business or invest in the shares of another company or organisation with the prior approval of the Timaru District Council.

**11 Activities For Which Compensation Is Sought From Any Local Authority**

It is anticipated that the Trust will continue to seek compensation from Timaru District Council relating to funding long term maintenance items for the stadium and reimbursement of insurance costs in terms of the lease agreement.

**12 Estimate Of Commercial Value Of The Shareholders Investment**

The Trustees estimate that the balance of funds in the annual accounts will represent the value of Aorangi Stadium Trust. The Trustees will advise Timaru District Council if they believe the value to differ materially from this state.

**13 Review of the Trust, Ownership and Funding Arrangements**

The Trustees propose a review of the Trust, ownership and funding arrangements in relation to the building, to be carried out by Timaru District Council and the Trust during Years 1-3 of the Timaru District Council 2021-31 Long Term Plan.

## Appendix A

### Statement Of Accounting Policies

#### Basis of Preparation

Aorangi Stadium Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal or less than \$2,000,000. All transaction in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

#### Good and Services Tax (GST)

All amounts are recorded exclusive of GST, except for debtors and creditors which are stated inclusive of GST.

#### Income Tax

Aorangi Stadium Trust has charitable status therefore no income tax is payable.

#### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

#### Changes In Accounting Policies

There have been no changes in accounting policies during the financial year (prior year: Nil).

## Appendix B

### Financial Forecasts

<u>Aorangi Stadium Trust</u>					
Budget (uninflated)	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Budget*	Budget	Budget	Budget
<b>Income</b>					
Grants - Other: TDC	52,000	52,000	54,000	54,000	54,000
Grants - Insurance reimbursement: TDC	38,117	40,000	40,000	40,000	40,000
Interest	2,292	4,000	1,500	1,500	1,500
Other Income					
	92,409	96,000	95,500	95,500	95,500
<b>Expenditure</b>					
Insurance	38,117	40,000	40,000	40,000	40,000
Repairs & maintenance	1,116	2,000	194,450	67,800	90,950
Accounting fee: TDC	1,000	1,000	5,000	5,000	5,000
Audit fees	5,000	2,500	5,000	5,000	5,000
Other	-465	1,500	1,500	1,500	1,500
	44,768	47,000	245,950	119,300	142,450
Depreciation	172,839	174,000	174,000	174,000	174,000
Net Surplus/(Deficit)	-125,198	-125,000	-324,450	-197,800	-220,950
<b>Assets</b>					
Bank	9,210	89,544	7,171	10,936	7,937
Investments	298,065	250,000	181,923	157,123	113,173
Other current assets	53,074	27,765	27,765	25,000	25,000
	360,349	367,309	216,859	193,059	146,110
Land and Buildings	666,783	533,851	359,851	185,851	11,851
Total assets	1,027,132	901,160	576,710	378,910	157,961
<b>Liabilities</b>					
Creditors	5,972	5,000	5,000	5,000	5,001
Total Liabilities	5,972	5,000	5,000	5,000	5,001
Net assets	1,021,160	896,160	571,710	373,910	152,960

<b>Equity</b>					
	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631
Capital					
Accumulated surpluses/deficits b/fwd	2,047,392	2,225,754	2,376,954	2,560,954	2,744,954
Current year surplus/deficit	-125,198	-125,000	-324,450	-197,800	-220,950
Transfers to/from reserves	-53,164	-26,200	140,450	13,800	36,950
Accumulated surpluses/deficits c/fwd	2,225,754	2,376,954	2,560,954	2,744,954	2,928,954
Maintenance reserve b/fwd	143,119	196,283	222,483	82,033	68,233
Transfers to reserve	54,280	52,000	54,000	54,000	54,000
Transfers from reserve	-1,116	-25,800	-194,450	-67,800	-90,950
Maintenance reserve c/fwd	196,283	222,483	82,033	68,233	31,283
<b>Total equity</b>	<b>1,021,160</b>	<b>896,160</b>	<b>571,710</b>	<b>373,910</b>	<b>152,960</b>

Equity to Total Assets ratio (90% target) 99.4% 99.4% 99.1% 9.87% 96.8%

#### Aorangi Stadium Trust

Capex	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
<u>Likely landlord responsibility</u>				
External common areas (estimated landlord responsibility)		58,300	48,900	74,800
Building Services		136,150	18,900	16,150
<u>Previously included in budget</u>				
Specified in prior budget: Lighting/Misc	2,000			
Specified in prior budget: Floor coverings (not included in expenses budget; assumed to be capex)	23,800			
<b>Total</b>	<b>25,800</b>	<b>194,450</b>	<b>67,800</b>	<b>90,950</b>
External likely landlord obligations for 2020/21 additional to previous budget total	42,500			
<b>Revised budget based on Babbage report</b>	<b>68,300</b>	<b>194,450</b>	<b>67,800</b>	<b>90,950</b>

<b>2021 revised budget based on Babbage report expenditure identified for 2020 &amp; 2021</b>	
2020	29,750
2021	38,550
<b>Total</b>	<b>68,300</b>
Less previous budget per 2021 (total)	-25,800
<b>Net additional required</b>	<b>42,500</b>



*\* 2020/21 budget financial position adjusted for  
2019/20 closing balance actuals, depreciation and cash.*

**8 Consideration of Urgent Business Items**

**9 Consideration of Minor Nature Matters**

**10 Exclusion of the Public**

<b>Recommendation</b>		
That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:		
<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Plain English Reason</b>
<b>11.1 - Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 2 February 2021</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect a person's privacy  To enable commercial activities
<b>11.2 - Hospice South Canterbury - Consideration to amendment of Financial Support</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy

**11 Public Excluded Reports**

**11.1 Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 2 February 2021**

**11.2 Hospice South Canterbury - Consideration to amendment of Financial Support**

**12      Readmittance of the Public**