

# KNOW YOUR DISTRICT PRE-ELECTION REPORT 2022



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# KNOW **KEY INFORMATION**

Local body elections are taking place this year.



Find out more about the 2022 local elections, including how to enrol, stand and vote, at [www.timaru.govt.nz/elections](http://www.timaru.govt.nz/elections)

# ABOUT THE PRE-ELECTION REPORT

This Pre-Election Report provides voters and candidates with information about the key issues facing Timaru District Council, its financial position, and the major projects scheduled over the next three years and beyond. The purpose of the report is to promote informed public discussion – for voters and prospective candidates – in the lead up to the local body elections on 8 October this year.

## What it includes

This report provides information on the Council's financial performance and key projects, along with the major issues that could impact on it financially over the next three years. The report also briefly outlines the services Council provides, and some key facts about the Timaru District.

## Why it has been prepared

All Councils are required to prepare a Pre-Election Report. The Local Government Act 2002 sets out what must be included and when it must be made available. The report includes previously published information from the Council's 10-Year Plan (the Long Term Plan), Annual Plans and Annual Reports. As required by law, this document is a report by the Chief Executive and has been prepared independently of the Mayor and Councillors.







## Audit of Information

While the Pre-Election Report has not been audited, most of the financial information in it has been reviewed by independent auditors either as part of previous Annual Reports or the Long Term Plan 2021-2031. Information from the most recent financial year (2021/22) will be audited and available on the Council website when the Annual Report 2021/22 has been adopted by Council by the end of the year.

## WHERE TO FIND OUT MORE

Our website [www.timaru.govt.nz](http://www.timaru.govt.nz) contains more information about the Council.

### It includes the following documents:

-  Timaru District Council Long Term Plan 2021-31
-  Timaru District Council Annual Plan 2022/23
-  Timaru District Council Annual Reports
-  Timaru District Plan
-  Timaru District Council Local Governance Statement – A Guide to your Council
-  Candidates' Information Handbook.



# FOREWORD FROM THE CHIEF EXECUTIVE

Tenā koutou,

Welcome to the Timaru District Council's 2022 Pre-Election Report, which is issued ahead of the local elections this October.

**Our staff can assist with any questions you may have.**

**To contact us:**

Call 03 687 7200

Email [enquiry@timdc.govt.nz](mailto:enquiry@timdc.govt.nz)

Visit our website [www.timaru.govt.nz](http://www.timaru.govt.nz)

The Pre-Election Report provides summary information about key issues facing the District and major projects being undertaken by Council, with the intention to inform voters and those considering standing for election.

This report highlights key information previously published in the Council's Long Term Plan 2021-31, Annual Plans and Annual Reports. It also includes estimated financial information for the year ended 30 June 2022, as final information is not available at the time of publishing.

Our Long Term Plan 2021-31 includes some significant projects – both infrastructure upgrades and work on some key council facilities. These were discussed with the community during the Long Term Plan consultation and we received some clear views from submitters that helped the Council prioritise the projects.

Some of these multi-million dollar projects are already underway, including water supply and sewer services upgrades, as well as work on the CityTown project, Theatre Royal upgrade and Heritage Facility development. There is an outline of the major projects on the following pages.

I thank and commend you for taking an interest in the recent and prospective work of Council. Local government is, put simply, about local communities and local wellbeing. It is at its best when it truly reflects the diversity, aspirations and values of the communities it represents.

For anyone who has an interest in their community, this is an exciting, rewarding and challenging time to be involved in local government.

Significant central government reforms such as Three Waters and resource management changes, and the Future for Local Government review, have the potential to reshape the role of local government.

The incoming Council will have big decisions to take on these issues. Additionally, increasing environmental standards and changing community expectations around sustainability and ongoing adaptation to climate change will continue to positively affect and challenge the work we do.

I encourage you to vote in the upcoming elections and, if you want to represent your community, to consider standing for Council.

Again, thank you for taking an interest in the workings of your Council.

Ngā mihi nui,

Bede Carran  
Chief Executive  
Kaiwhakahaere



# KNOW OUR DISTRICT

## Ngāi Tahu as Mana Whenua of Timaru District

**NGĀI TAHU ARE A TREATY PARTNER OF THE CROWN AND ARE MANA WHENUA OF THE AREA ADMINISTERED BY THE TIMARU DISTRICT COUNCIL.**

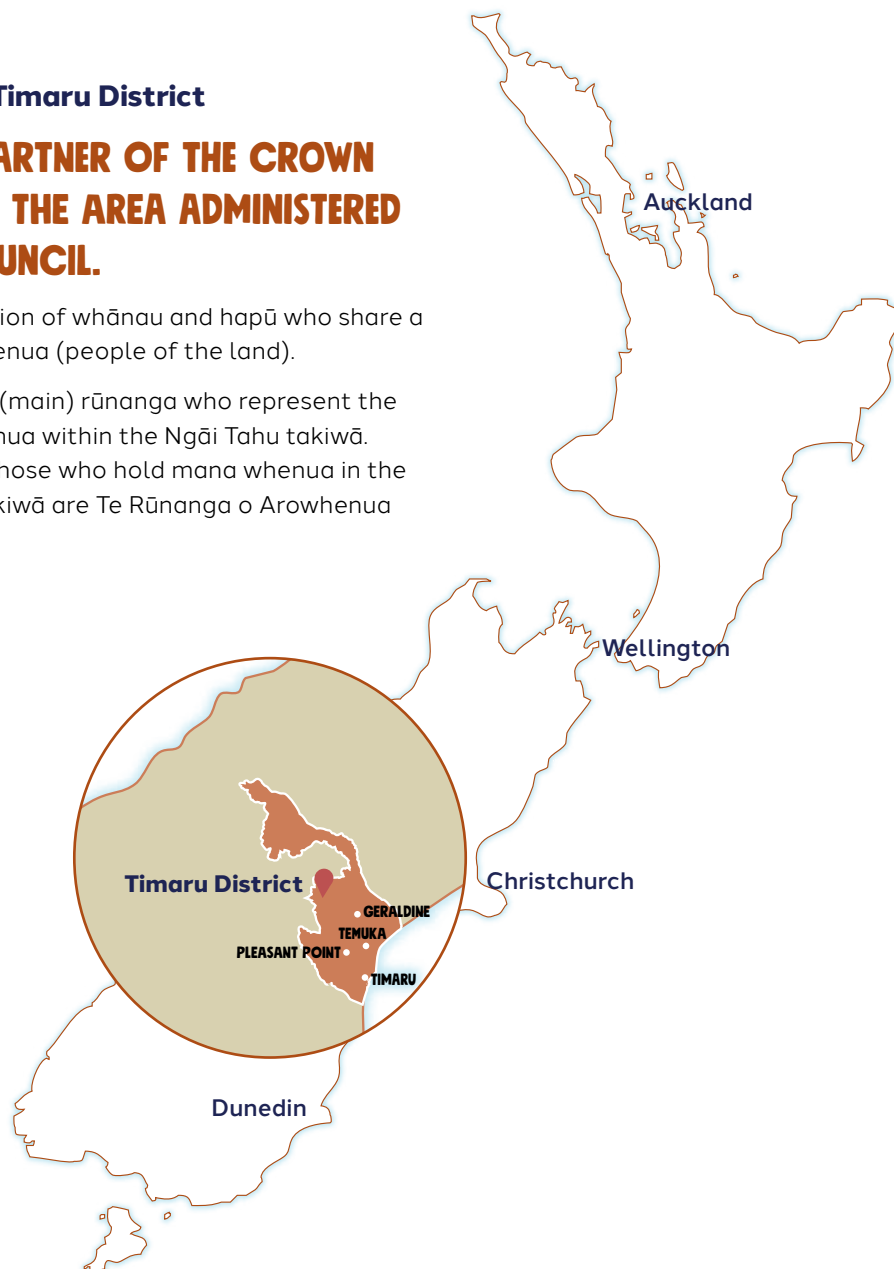
Ngāi Tahu is the collective representation of whānau and hapū who share a common ancestry and are tangata whenua (people of the land).

Ngāi Tahu is comprised of 18 papatipu (main) rūnanga who represent the whānau and hapū who hold mana whenua within the Ngāi Tahu takiwā. The papatipu rūnanga who represent those who hold mana whenua in the Timaru District and their respective takiwā are Te Rūnanga o Arowhenua (Arowhenua).

## Demographics

# 48,400

Estimated resident population of the Timaru District as at 30 June 2021.



## Our Communities

**TIMARU**

POP. **29,600**

**TEMUKA**

POP. **4,120**

**GERALDINE**

POP. **2,310**

**PLEASANT POINT** POP. **1,220**

Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. Te Whatu Ora New Zealand – South Canterbury is the major health provider, with Ara Institute providing tertiary education services.

## Geography and climate

**TIMARU DISTRICT COVERS 2,737 SQUARE KILOMETRES OF SOUTH CANTERBURY.**

Two rivers naturally define its northern and southern boundaries, the Rangitata and Pareora, with the district stretching along the gentle curve of the South Canterbury coastline.

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

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

## Our Economy

The Timaru District economy is strongly influenced by its agricultural heritage. From its birth in pioneering sheep farming, our richly productive agricultural sector has grown to become New Zealand's "food bowl".

Today's farming is heavily influenced by dairy, with horticulture, intensive cropping, meat and wool also playing an important role. Significant manufacturing, processing, engineering and distribution operations contribute to extensive export and domestic supply of a wide range of goods and services.

This provides an array of employment opportunities across all sectors from trades and manufacturing to the professional, service and primary sectors. The Timaru District prides itself on having one of the lowest unemployment rates in New Zealand.

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

## OUR ENVIRONMENT

The diverse landscapes of the Timaru District include rolling downlands, tussock land, coastal plains and wetlands, forest remnants, river gorges and rugged mountain ranges.

The coastal plains to the north and downlands to the south are highly modified for intensive cropping, meat, wool and dairy production. Pasture and exotic woodlots dominate the modified hills and downs from Peel Forest to Cave, with occasional shrub and forest remnants. Limestone outcrops and volcanic sediment add to the diversity of the landforms.

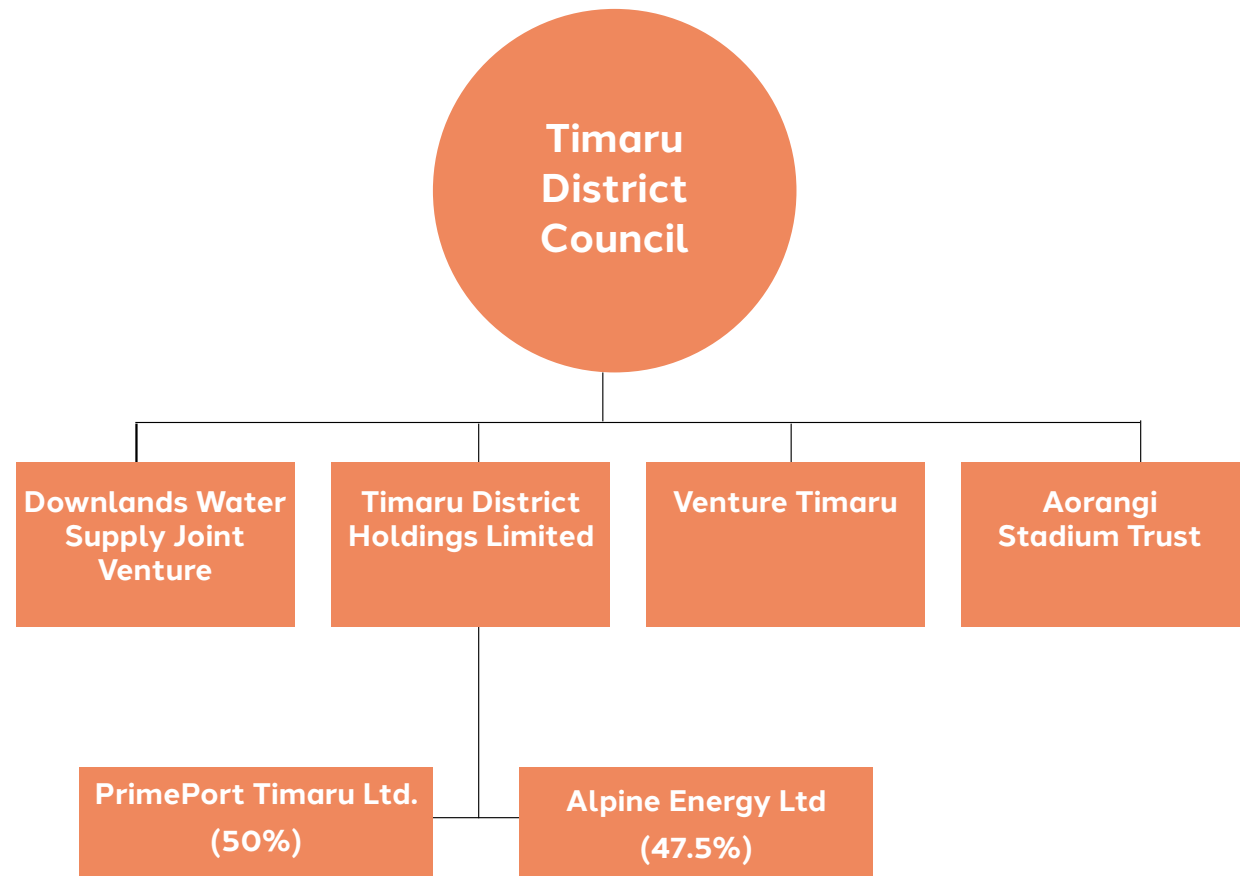
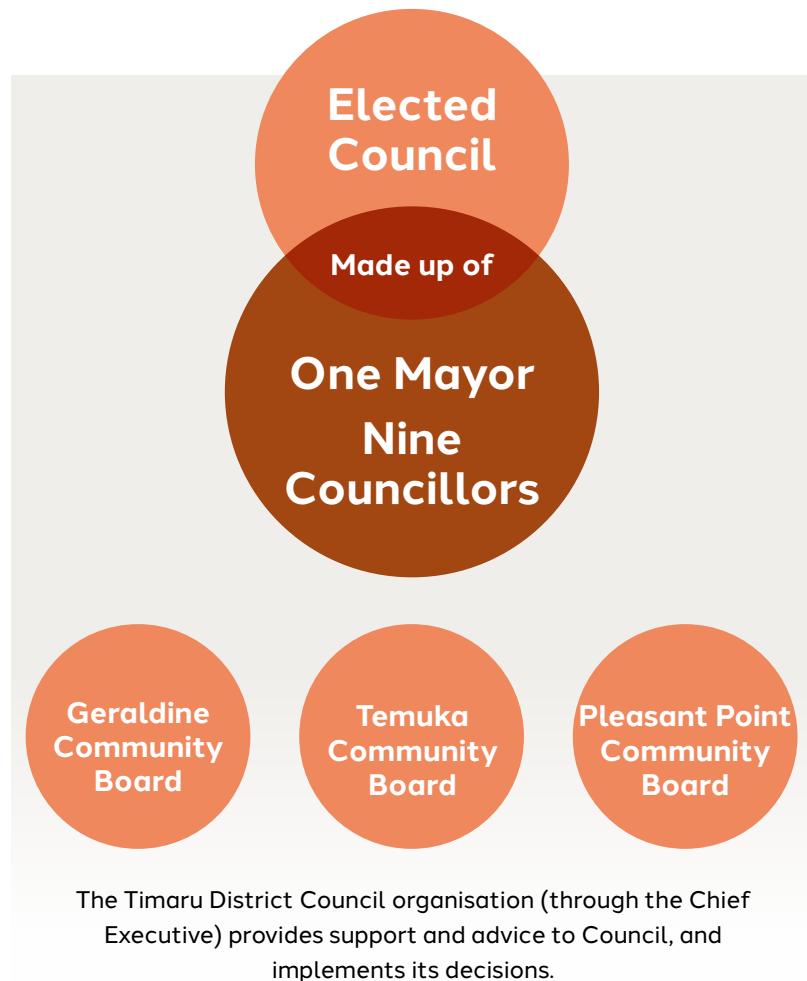


# KNOW OUR COUNCIL

The role of local government is to enable democratic local decision-making and action by, and on behalf of, communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

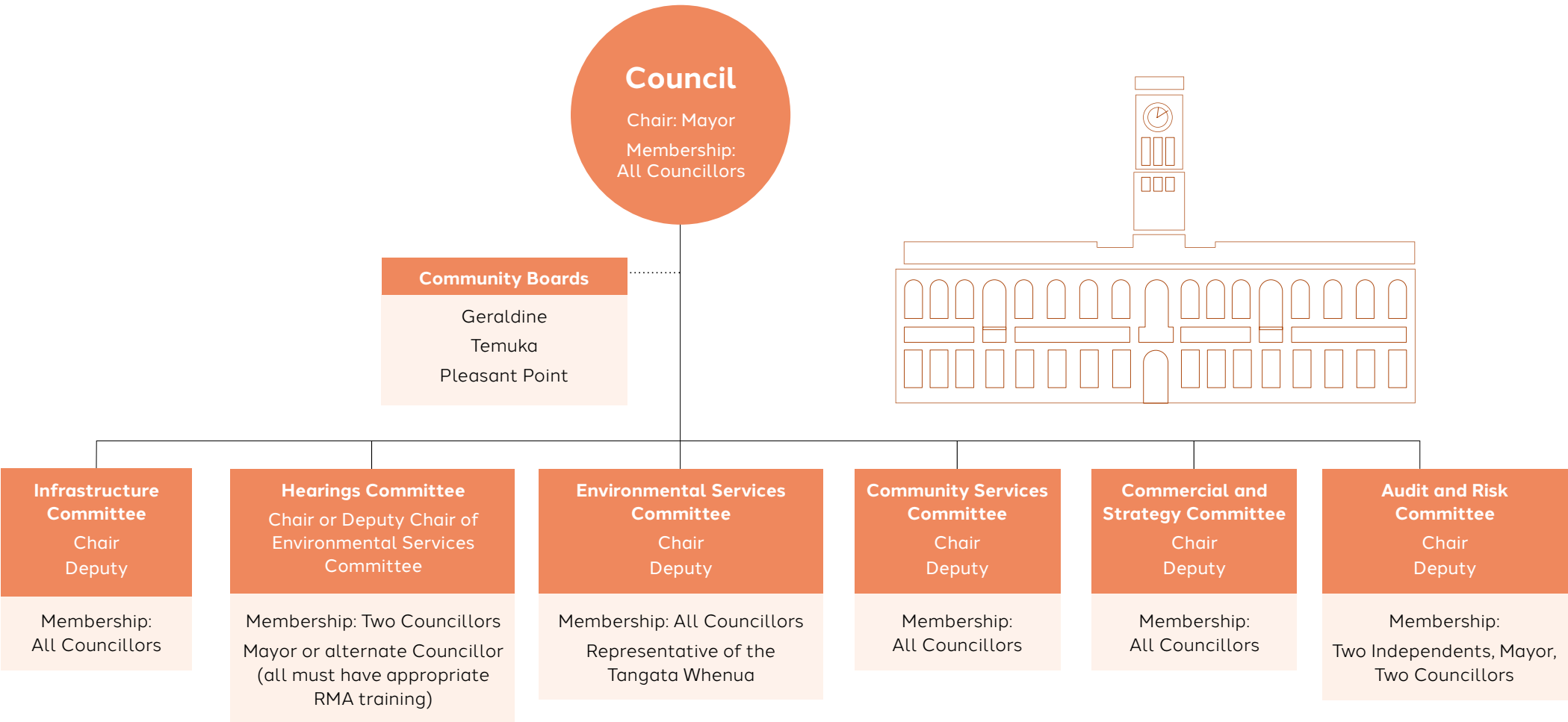
Council provides community services to the Timaru District, from roading, water infrastructure and waste collection to civil defence, libraries and swimming pools. The elected Mayor and Councillors set the vision and strategies for what the community services will look like into the future, and prioritise how resources will be allocated to achieve this.

Council has interests or shareholdings in several entities and businesses.





Council Committees (as at June 2022)



# KNOW **WHAT WE DO**

**30**  
PUBLIC TOILET  
BLOCKS

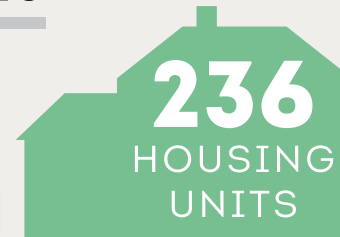
**SAFER**  
COMMUNITIES



**354KM**  
OF SEWER  
PIPES

**4,400+**  
STREETLIGHTS

**1,700KM+**  
of sealed  
and unsealed  
roads



**3**  
RURAL  
OXIDATION  
PONDS

**3**  
LIBRARIES

**ONE**  
ART  
GALLERY

**ONE**  
MUSEUM



Public  
swimming  
pools

**20**  
HALLS &  
THEATRES

**ONE**  
ECO-  
CENTRE

**ONE**  
LANDFILL



**THE CROW'S  
NEST** RECYCLED  
GOODS SHOP

**PLANNING  
FOR THE  
FUTURE**

**297**

Bridges and  
culverts

**312km**  
FOOTPATHS

**ONE**  
AIRPORT



- + Over 615 hectares of parks, reserves, sportsgrounds and gardens
- + 4 refuse transfer stations
- + Manages and enforces requirements of several pieces of legislation, including Local Government Act, Resource Management Act, Building Act, Civil Defence Emergency Management Act
- + Bus shelters, cycleways, traffic lights
- + Over 1,800km of water supply reticulation
- + Leadership for the community
- + Community grants and funding
- + Consents, licences and registration
- + 11 piped water supply systems
- + 146km of piped stormwater drain
- + 59km of off-road walking and cycling tracks
- + 1 sewage treatment plant
- + Landfill and waste diversion processing
- + Water treatment plants and water takes
- + 235 hectares of forestry

# KNOW OUR STRATEGIC DIRECTION

## Vision

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

## Our Values and Role

### Inclusive Leadership

Through inclusive leadership, citizens play an active role in the District, creating shared responsibility and a connected vision for the future.

### Cultural Caretakers

Protecting and regenerating our unique cultural and environmental heritage so that we can retain a strong sense of identity for current and future generations.

### Transition Navigators

Being adaptable to change by embedding the principles of agility and resilience into our approach towards enhancing our community wellbeing outcomes.

## Community Wellbeing Outcomes

### Connected Citizens

#### Goals

Connected Citizens embrace social connection and learning through sharing stories and ideas, and civic engagement.

This Community Wellbeing Outcome seeks to actively support the contribution of citizens in activities that foster inclusion, agency and democracy.

#### Focus Areas

##### 1. Open to Ideas

We will actively support the contribution of citizens in activities to foster inclusion and democracy.

##### 2. Sharing Stories

We will support the growth of local identity, and community pride through sharing stories, learning and documenting local history.

##### 3. Enabling Community

We will enable community ownership of projects, by supporting community groups and initiatives.

##### 4. Foster Iwi Relationships

We will develop collaborative relationships with papatipu runanga.

##### 5. Advocacy and Leadership

We will advocate and encourage citizens to contribute ideas and perspectives in an easily accessible way.

### Enhanced Lifestyle

#### Goals

Enhanced Lifestyle focuses on providing a healthy community environment, that enables affordable access to the range of facilities, opportunities and resources we need to thrive.

This Community Wellbeing Outcome seeks to enhance lifestyle and strengthen equity within our community.

#### Focus Areas

##### 1. Accessible and Active

We will enable an active lifestyle for everyone across the accessibility spectrum.

##### 2. Shared Spaces

We will develop and maintain shared spaces that support community activity, diversity and foster pride.

##### 3. Facilities and Services

We will provide future proofed services and facilities to enhance the community.

##### 4. Affordability

We will strive to ensure affordability and equitability are at the heart of our planning.

##### 5. Health & Wellness

We will create opportunities for all citizens to live within a safe, healthy community, where wellness needs are embraced.



## Sustainable Environment

### Goals

At the heart of our sustainable environment is the practice of kaitiakitanga. It is our role to be guardians of our natural environment.

This Community Wellbeing Outcome seeks to encourage the regeneration of our environment and foster a culture of sustainability.

### Focus Areas

#### 1. Kaitiakitanga

We will foster a strong connection between our people and the environment.

#### 2. Low Carbon and Energy

We will promote and support low-carbon, low-energy practices.

#### 3. Minimise Waste

We will lead and promote waste minimisation.

#### 4. Clean Environment

We will prioritise sustainable land and water use to help regenerate our environment.

#### 5. Encourage Biodiversity

We will support practices, partnerships and policies to protect and regenerate our native flora and fauna.

## Diverse Economy

### Goals

Enabling the conditions for a diverse and prosperous economy that creates local, national and international opportunity for a thriving community.

This Community Wellbeing Outcome seeks to build on our unique local strengths to create a prosperity now and for future generations.

### Focus Areas

#### 1. Sustainable growth

We will support sustainable growth in the right place.

#### 2. New and Niche

We will encourage innovation and new opportunities to further diversify our economy.

#### 3. Leverage Local Strength

We will leverage local strengths to retain and grow local talent.

#### 4. Thriving Business

We will create opportunities for local businesses to thrive through networks & support.

## Resilient Infrastructure

### Goals

Investing in the future through well conceived and planned projects that support the growth and wellbeing of the community and the environment.

This Community Wellbeing Outcome considers the critical transitions we are facing creating a sustainable platform for future generations.

### Focus Areas

#### 1. Invest for Future

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

#### 2. Apply Good Practice

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

#### 3. Responsive Planning

We will prioritise resilience in our planning for future infrastructure.

#### 4. Engage with People

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

# KNOW THE KEY ISSUES

There are some issues facing the District that affect all of us, including the Council. They impact how Council plans for the future and are considered when deciding that direction. They may impact on how the Council delivers services, including cost.

## MEETING ENVIRONMENTAL STANDARDS

**New environmental standards will impact on some Council services over the next ten years, particularly standards relating to stormwater, sewer, water supply and waste minimisation.**

For instance, in recent years Council has had to meet additional requirements regarding carbon emissions and drinking water quality. Delivering services to meet new and evolving environmental standards on behalf of the community creates considerable cost, but it is essential that we take a responsible attitude, prioritise community safety and aim to leave our environment in a better state for our children, and theirs.

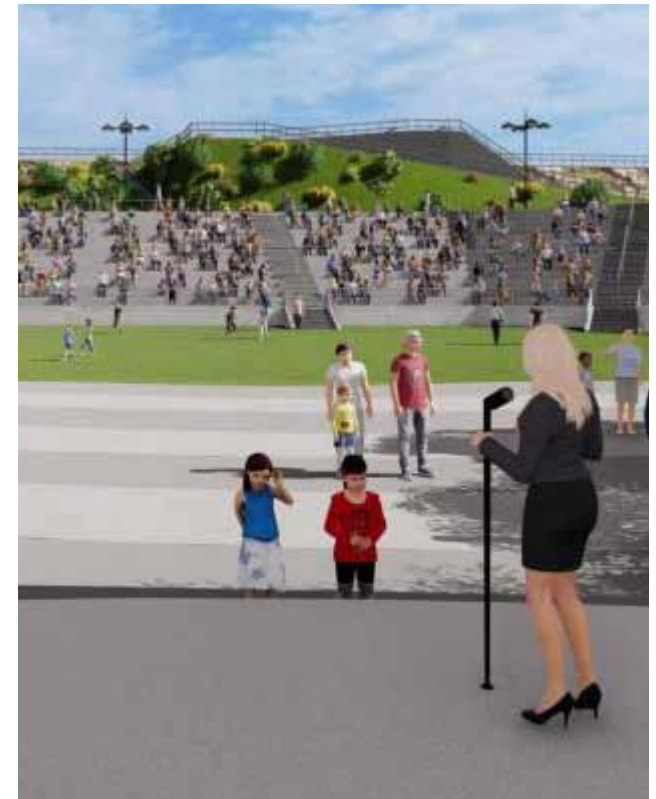
## INCREASING COST PRESSURES WHILE MEETING COMMUNITY NEEDS AND EXPECTATIONS

**Cost increases to items such as labour and contractors, electricity, petrol, raw materials, pipes and pumps impact on the Council, just like cost increases impact on your own household budget.**

Inflation has reached its highest level in 30 years, mainly due to Covid-19 and the war in Ukraine.

For the Council, this occurs within a community expectation of doing more with less or improving our efficiency to ensure more can be achieved with less money. Community expectations can be influenced by numerous drivers such as generational change, legislation, environmental standards, facilities experienced elsewhere and new technology. The increase in expectations is not unique to Timaru District and is a nationwide trend.

The Council is very mindful of the cost of living pressures households are currently facing. We aim to continually balance the affordable provision of services against the needs of our community and continues to build our District's future, while operating within the plethora of rules and legislation that Councils are required to. Cost pressures do impact our budget and can result, over time, in rate increases or changes to the services we deliver.



## GROWTH AND DEMAND

Timaru District projected population increase

**46,296**  
(2018 CENSUS)

**57,155**  
BY 2051

Based on the medium projection, the rate of natural increase will continue to be negative, meaning there are more deaths than births.

This reflects the age makeup of the Timaru District population. Population growth will be increasingly reliant on positive net migration (i.e. people moving to the district exceeding those leaving the district).

Many different growth and demand factors impact on the delivery of Council services, such as demographic changes, fluctuations in the local economy, new industries, and changes in land use.

The average age of a person in Timaru District is projected to increase from 43 years in 2019 to 48 years in 2051.

The fastest growing age group will be the 65 and older category expanding from 10,775 in 2019 to 18,413 in 2051, an increase of nearly 71%.

The working age population is expected to expand slightly, from 28,547 in 2019 to 29,904 in 2051.

Population growth is projected to occur at an average rate of 0.7% annually until 2031.

The number of households in Timaru District is projected to increase from 19,938 in 2019 to 24,703 in 2051.

The number of households will grow faster than population increase as household size (i.e. the number of people living in each household) is expected to decline over time.

Demographic changes and changes in the local economy place different pressures on Council services and infrastructure. To help with forward planning for the district as a whole Council has developed the 'Timaru District 2045 - Growth Management Strategy'.

The Growth Management Strategy (GMS) is a 30 year strategy to manage land use growth and will inform the strategic approach to the supply of zoned land provided through the District Plan Review.

It addresses urban and rural land use growth in the district, including the growth of residential, rural residential, industrial, commercial and recreational activities. The GMS also informs the Long Term Plan, particularly the provision of infrastructure services. Council recently engaged external consultants to examine the strategy and make recommendations for the District Plan review process.

The Council will continue to monitor growth and demand through activity planning, balancing the changing needs of the community and continuing to build the district's future, with the need to keep rates affordable.

\*Sources: Infometrics, 2020; Statistics New Zealand 2018 census

## AGEING INFRASTRUCTURE

A significant amount of our core infrastructure is getting older and will require replacement over the next 50 years.

This includes roads, bridges, footpaths, sewer pipes, and water supply assets, and especially a "bulge" of infrastructure that was constructed around the same time in the 1940s and 1960s.

In the next 10 years over **\$145 MILLION** is planned for building and replacing roading infrastructure, such as reconstruction of roads, renewal and bridge replacements.

Around **\$21 MILLION** is planned on replacing and upgrading old water supply network assets.

Around **\$15 MILLION** is planned to replace sewer network assets.

## EXTERNAL INFLUENCES

External influences impact all of us, including Council activities.

These influences are beyond any of our control and can be unpredictable. These include Covid-19, the war in Ukraine, climate change, flooding (such as the May/ June 2021 Canterbury region event) and other natural disasters, the global economic climate, international commodity and oil prices, and globalisation.

They impact on the District and the delivery of Council services in various ways and must be considered when undertaking planning and delivery. Sometimes, if a project is already underway, an external influence may require the project to be modified.

## GOVERNMENT REFORM AND LEGISLATIVE CHANGE

As a creature of statute, the Council is constantly subject to legislative changes at a national level that impact how services are funded and delivered, or which alter the role of local government.

In particular, the Government is currently undertaking three significant reforms that, collectively, will have the largest impact on local government in over a century. These reforms concern “**Three Waters**”, the **resource management system** and the **Future for Local**

**Government.** Consultation is ongoing but there will likely be changes to how some services are delivered, the system that local government operates within, how decisions are made, by whom, and who local government needs to work with and engage with.

### Three Waters

The “Three Waters” reforms arose following the 2016 drinking water contamination issue in Havelock North. 5,500 residents fell ill, and it is possible that the outbreak contributed to three deaths. The Government’s stated focus is to provide and ensure safe drinking water for all. The Government is proposing to transfer control and any liability of the “Three Waters” (drinking, storm and wastewater) infrastructure from territorial authorities such as Council to one of four national entities on 1 July 2024; this is within the term of the incoming Council.

The Water Services Entities Bill, the first bill to give effect to the proposed changes, has been introduced with submissions closing to the Select Committee in July. This is a significant issue for the current Council. The current Council has opposed the Government’s proposals and is a member of the Communities 4 Local Democracy group.

**Find out more at [threewaters.govt.nz](https://threewaters.govt.nz) and [timaru.govt.nz/services/environment/3-waters-reform](https://timaru.govt.nz/services/environment/3-waters-reform)**

### Resource Management System

The Government is currently advancing legislation to significantly reform the Resource Management framework by replacing the Resource Management Act 1991 with three separate pieces of legislation. These are the Natural and Built Environments Bill, the Spatial Planning Bill, and the Climate Adaptation Bill.

The former will be the main legislation, with the stated aim of protecting and restoring the environment while better enabling development.

The latter two bills concern regional spatial strategies and managed retreat due to the effects of climate change. The impact of these reforms on Council and residents is likely to be significant, though specific details are yet to be finalised. However, it may include mandatory environmental limits relating to freshwater, air, soil and biodiversity, and that councils will be given clearer planning direction to aid standardisation between different regions and provide more certainty to infrastructure providers.

**Find out more at [environment.govt.nz/what-government-is-doing/areas-of-work/rma/resource-management-system-reform](https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/resource-management-system-reform)**

The role of Council in the planning process may change. Any impact could be compounded by the strain that the resource management sector is currently under due to a shortage of skilled staff. The first two bills will be introduced to Parliament in the fourth quarter of this year, and it is likely that the incoming Council will need to consider and respond to these shortly after taking office.

### Future for Local Government

An independent Ministerial review into the Future for Local Government is currently underway, with the purpose to, “identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership.” There is the potential for the role, functions, structure, and funding model of local government to be altered, for example, shifting away from a focus on infrastructure delivery, and instead putting climate change and Treaty partnerships at the heart of what local government does.

The panel has identified five key themes that they are seeking feedback on: Strengthened Local Democracy; Stronger Focus on Wellbeing; Authentic Relationship with Hapū/Iwi/Māori;

Genuine Partnership between Central Government and Local Government, and; More Equitable Funding, and is engaging with every local authority and other stakeholders on these topics. Our councillors and senior managers provided feedback to the panel on 23 March.

The panel will release its final report by June 2023, and the Government will then consider which recommendations to implement. It is likely that the incoming Council will, at some point during its term, need to consider and respond to any proposed changes.

**Find out more at [www.futureforlocalgovernment.govt.nz](https://www.futureforlocalgovernment.govt.nz)**



**Many legislative changes occur across the range of activities Council is involved with including:**

Changes to emergency management systems – primarily through clarifying roles and responsibilities (including those of local authorities) and a strengthened partnership with Māori. This is expected to be completed for example by mid-to-late 2024. Work to strengthen the emergency response workforce is also ongoing.

The passing of the Local Government (Pecuniary Interests Register) Amendment Act.

The Act requires local authorities to maintain a register of financial interests for councillors and members of community and local boards, similar to the register of pecuniary interests for Members of Parliament. Elected members will be required to disclose relevant financial interests via this register for the purposes of transparency and to minimise potential or actual conflicts of interest.

Further climate change-related legislation is also anticipated in the coming years.

## CLIMATE CHANGE

The changing climate affects us all, including through increasing temperatures, the viability of crops, sea level rises and coastal erosion, the frequency and intensity of extreme weather events, and the resilience of vital infrastructure.

While we are currently in the process of gathering more information to inform our Climate Change Strategy, we know that conversations will be needed about managed protection, accommodation and – in some cases – retreat, from the changing climate.

Council owns and maintains significant infrastructure that may be vulnerable to the effects of climate change, such as bridges and pipes. This infrastructure may need to be repaired after a natural disaster, or upgraded in time to become more resilient to climate change – all at a cost.

Additionally, changing government legislation and direction places new requirements and obligations on Council, such as monitoring carbon emissions from our waste minimisation programme.

As a Council, we need to continually evolve as an organisation to deal with the impact of climate change and changing requirements.

# KNOW OUR MAJOR PROJECTS

Here is more detail on the most significant projects that Council has planned over the three year period 2022/23 – 2025/26, and beyond.

## PREPARING FOR THE CHALLENGE OF CLIMATE CHANGE

The 1-in-100 year May 2021 flood event again highlighted the increasing impact of climate change on our District. Council is aware of its responsibility to show leadership on this issue, and committed \$3.6 million over ten years in the 2021-31 Long Term Plan, as an initial step.

A key piece of work is the development of a Climate Change Strategy by 2024, which focuses on adaptation, mitigation, and meaningful engagement with iwi and stakeholders. To date, we have worked with a climate change expert to develop draft principles to guide Council's approach. Additionally, Council is working with businesses and communities on resilience efforts.

## DEVELOPING AORANGI PARK AND THE SOUTHERN TRUST EVENT CENTRE (STEC)

Aorangi Park and STEC are a major sports hub in our region. Recognising that the Park is often at capacity during peak times and that parts of the facility were requiring upgrading and/or replacement, Council committed \$24.7 million over 10 years in the Long Term Plan 2021-31 to fund the redevelopment of the stadium and park. Developments may range from an indoor court extension to creating a multi-purpose clubroom, facilitating safer pedestrian movement, better traffic flow and improving the quality of the football fields.

A development project plan is under way. Construction is scheduled to commence in 2023 and be completed in 2025. The majority of the cost will be funded by debt (paid back over time through rates), though will be partially offset by fundraising and corporate sponsorship.

The work schedule and cost may be impacted by a subsequent assessment which identified that parts of the STEC are earthquake-prone. Different options, including a new stadium, are currently being worked through.

## AIGANTIGHE ART GALLERY REDEVELOPMENT

After nearly 65 years of operation, it is time to redevelop the Aigantighe Art Gallery and ensure that it is fit for purpose for the future.

In March 2017, following the outcomes of a seismic assessment, Council decided to close the Heritage House Gallery to ensure public and staff safety. As part of this project, a wide range of issues were identified with the Gallery extensions. These included a lack of storage capacity and ageing infrastructure.

To inform possible options to address the issues with the extensions, a detailed feasibility study was undertaken and three viable options identified. Following extensive consultation with stakeholders and the community, in 2021, Council, as part of the Long Term Plan 2021-2031 opted for a full redevelopment of the extensions of the Aigantighe Art

Gallery on the current site. The new facility will link to the Heritage House Gallery and sculpture gardens, and require the prior demolition of the 1978 and 1995 extensions.

Council approved \$12.8 million over ten years for earthquake strengthening of the House Gallery and construction of the new facility. The majority of this commitment is additional new expenditure, funded by debt. \$1.9 million has been budgeted in the 2022/23 financial year for earthquake strengthening of the House Gallery, with the work commencing this year and the reopening scheduled for late 2023.

We are currently seeking expressions of interest for the concept design, which will be followed by stakeholder engagement and commencing fundraising activities. Work is planned to commence in 2024/25.





## TIMARU CITYTOWN

Through the \$34.6m capital works funding provided in the Long Term Plan 2021-31, Council has undertaken to enable urban regeneration in the Timaru city centre by creating opportunities and motivation for private investment and community behaviour change. For example, this will be through transport mode shift, residential uptake and increased visitation of the CBD as a destination of choice.

\$4.3 million has been committed to the project in the 2022/23 financial year. In November 2021 Council contracted Isthmus Group Ltd to develop a strategic,

TE HOKINGA  
KI TE NGĀKAU  
RETURN TO

spatial, tactical Master Plan setting forth the key moves and corresponding project suite that would best deliver against stakeholders' aspirations for a thriving, vibrant, sustainable centre.

Working with Te Rūnanga o Arowhenua we are framing this partnership journey as Te Hokinga ki te Ngākau, Return to the Heart.

As part of the design process to scale from stakeholder aspirations to immediate investment priorities, over the next 18-24 months Council is undertaking a range of exploratory and targeted Trials to test and refine

concepts for change with the community before committing large amounts of funding to irreversible physical works.

This programme of community engagement, supported by technical data and modelling, will enable Council to produce two City Centre Master Plan options for community consultation in the Long Term Plan 2024-34.

“Our home (Timaru CityTown) is a place of shelter where we are proud to welcome others and weave new partnerships to build a sustainable and dynamic future.” Timaru CityTown vision



## INFRASTRUCTURE UPGRADES AND MAINTENANCE

One of Council's key functions is to provide the roading, water and waste infrastructure that is so essential to day-to-day life. In doing this, we are continually considering and meeting the challenges of ageing infrastructure, population growth and improving resilience to climate change.

Council committed significant funds in the Long Term Plan 2021-31 in this area. Over ten years, we are planning to invest nearly \$10 million in airport refurbishments and runway upgrades, \$145 million in roading improvements and reseals, \$15 million in sewer network renewals and upgrades, \$25 million in waste minimisation projects, and \$21 million for water supply maintenance and upgrades.

Two large, multi-year projects that are nearing completion are the Te Ana Wai (Downlands) Water Supply Scheme upgrade and the renewal of the Pareora pipeline. The Te Ana Wai project is scheduled to be completed within the next year, while two of the three sections of the Pareora pipeline have now been replaced.





## THEATRE ROYAL AND HERITAGE FACILITY

The redevelopment of the Theatre Royal and creation of a Heritage Facility is now well underway.

The project will see a new centre on site encompassing the Theatre Royal and a new South Canterbury Museum. There will be extended facilities that include an education area, large open atrium function area and meeting spaces. This includes the restoration, expansion and seismic strengthening of the Theatre Royal – a Category 2 historic place –, while retaining its heritage values. Additionally, the newly constructed adjacent Heritage Facility which will be connected via an atrium to the Theatre Royal, will allow for expanded exhibitions given the limited capacity now available at the Museum.

The Government recognised the significance of the project to our region's art and cultural scene in 2020 by contributing \$11.6 million towards the project, with construction to take place over the 2022/23 financial year and completion forecast for 2023/24 financial year.

The development is occurring within a challenging economic context and the construction sector is experiencing ongoing cost pressures and Council will not be immune from these cost pressures.

The procurement of this project has been through a design and build contract that was approved by Council to gain cost and enable time efficiencies. Southbase Construction Ltd, has been selected as the preferred supplier. Due to the complexity of the project a staged approach is being followed to reduce the risk for both Southbase Construction and Council. This has involved initial feasibility investigation, concept design followed by detailed design and build with each stage priced as the project progresses. Council anticipates having a detailed design available by early September 2022.



The overall project is due for completion in the first part of 2024.

# KNOW OUR FINANCIAL STRATEGY

This is a summary of our Financial Strategy. A full copy of our Financial Strategy can be found on pages 104-108 of the Long Term Plan 2021-31.

## Financial strategy

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

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

## Thriving Together

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

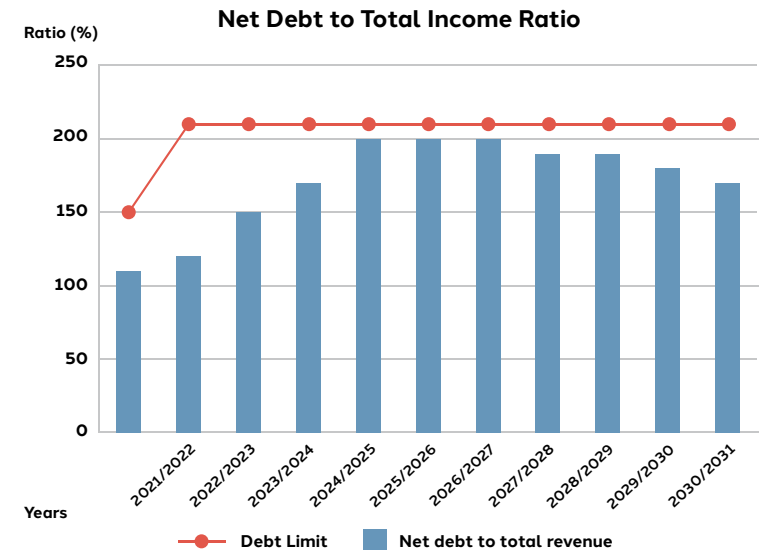
- Meet the social, cultural, environmental and economic wellbeing needs of our communities, now and into the future;
- Maintain current levels of service across the core infrastructure services of roading and footpaths; drinking water; stormwater; sewage; and waste management;
- Provide for the future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

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

- Ageing infrastructure, requiring a large capital renewal programme;
- Increasing operating costs for our activities across the board;
- Increasing regulatory requirements and community expectations;
- The need to maintain infrastructure and services that are resilient to natural disasters and the impacts of climate change;
- Uncertainty around the Government's Three Waters Reform Programme; and
- A reduced dividend from Council's shares (held by TDHL) in Alpine Energy.

## Debt

- Our large capital works programme means that our debt will increase from \$121M to \$283M across the life of the Plan.
- As a result, we have to lift our debt limit from 150% of our normal operating revenue, to 210%.
- These debt limits are supported by Council's strong credit rating.
- By limiting our debt in this way, we are ensuring that there is still capacity to borrow in an unforeseen event (e.g. a significant natural disaster).
- This debt limit will allow headroom for the future interests of the Timaru District and give future Councils the ability to make decisions about what is important to their community.



## A step-change

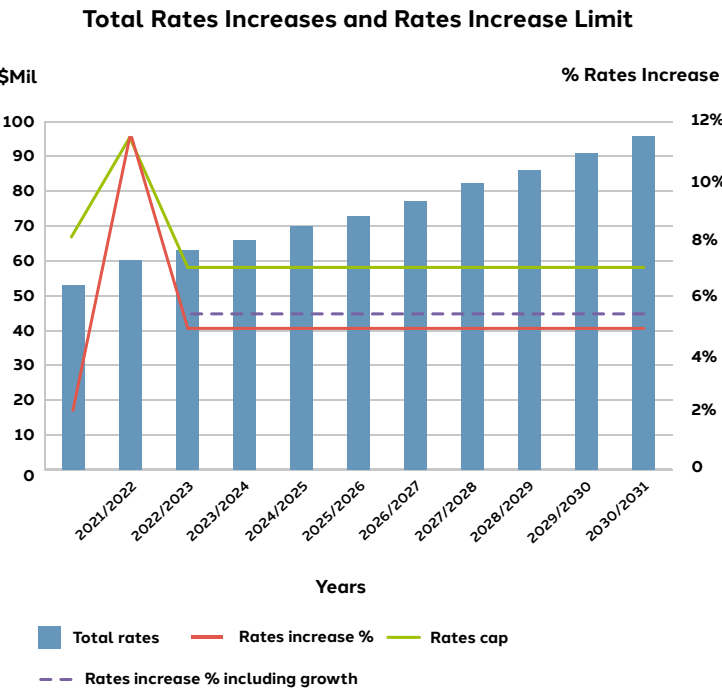
- For the past two LTPs Council has taken a conservative, business as usual approach to the Financial Strategy. This approach has placed Council in a strong financial position with relatively low debt.
- We now recognise that to continue to meet levels of service we have agreed with our community, to improve our community infrastructure and meet other additional demands, we need to increase our debt, and increase our rates revenue.
- We will balance this step change with financial prudence, and ensure fairness between current and future ratepayers.

## The Financial Balancing Act

We need to ensure that operational costs – from paying the power bill, to paying our staff – are covered by operational revenue, such as rates, fees and charges. This is called a ‘Balanced Budget’. If we can’t achieve this, we have to borrow to cover these costs. This means that current ratepayers are not paying the full share, and future ratepayers will have to meet those costs, and the interest. We don’t believe this is fair, prudent, or sustainable if continued across multiple years. While we project an unbalanced budget in 2023/24, the surpluses from previous and following years ensures we maintain a balanced budget across the life of the Plan.

## Rates

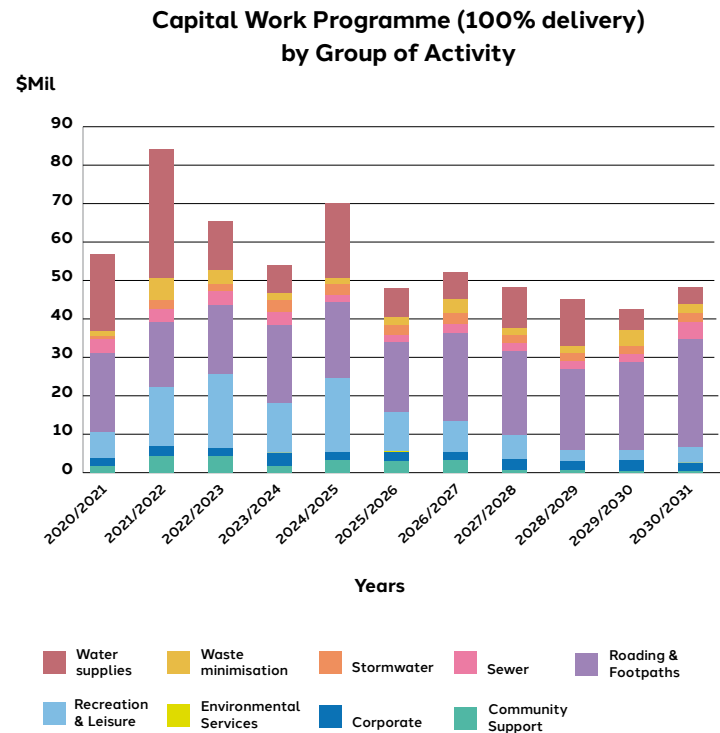
Council has set a rate increase limit of 11.5% in 2021/22 and 7% in the following years. While we don’t plan to reach this limit, and are forecasting that the increase will remain at 4.9% from 2022/23 onwards, it does allow some flexibility if inflation-related costs change across the life of the plan. The graph below shows the total rate increases and the rate increase limit across the ten years.



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

## Capital Spending

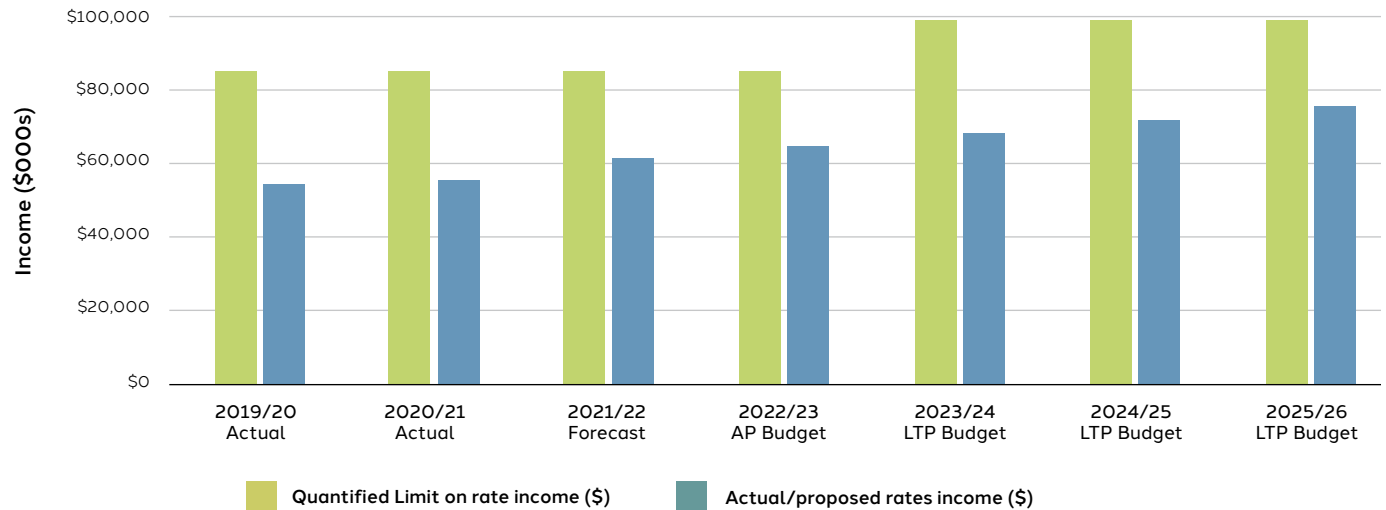
- Council has planned a capital works programme of \$557 million including inflation over the next ten years. This is a significant increase on prior LTPs. The majority of this investment is in core infrastructure renewals, like water and sewer pipes, roads and footpaths, and our landfill, and will help ensure Council can continue to maintain our levels of service.
- This Strategy allows Council the ability to borrow enough to support the upgrades and development of important communities facilities including Aigantighe Art Gallery, the Theatre Royal and South Canterbury Museum, and the Southern Trust Event Centre over the next ten years.
- The graph below shows how our capital expenditure is planned to be spent across our Groups of Activities.



## HOW WE'RE DOING AGAINST OUR FINANCIAL STRATEGY LIMITS

The Financial Strategy includes limits for rates increases and borrowings. As outlined on the previous page, the Financial Strategy included a step change to meet future levels of service for our community, improve our community infrastructure and meet other additional demands. The graphs show how we have tracked against the limits since 2019.

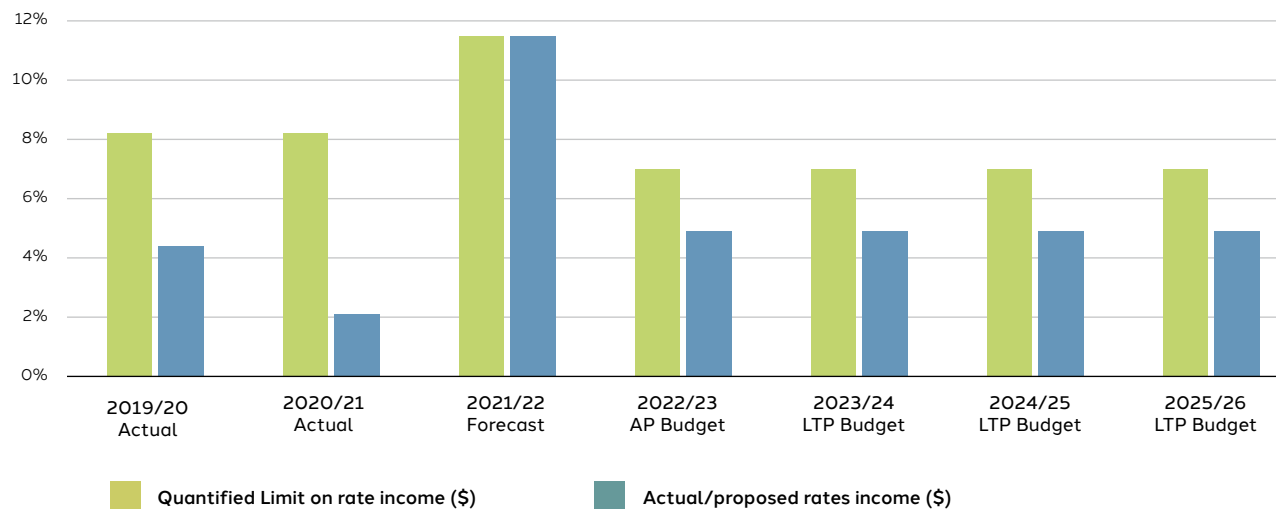
**Income from rates**



### Rates compared with the limits set

The Financial Strategy set an upper limit on rates increases of 11.5% (2021/22) and 7% in the following years. From 2022/23 we have forecast increases to be 4.9%.

**Rates increase**

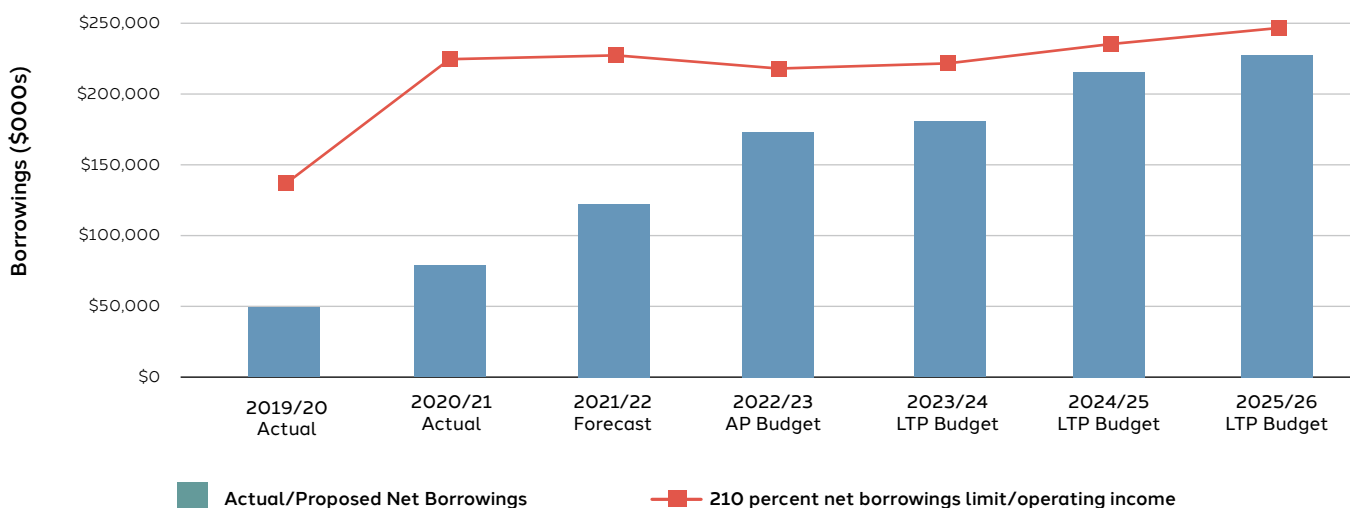




## Borrowings compared with the limits set

The Financial Strategy set an upper limit for net debt of 210% of Total Operating Income. Net debt is projected to remain within that limit for the forecast period. The graph shows our projected net borrowings, compared with the 210% limit (shown by the red line). Currently our net borrowings are \$138.9 million at 31 May 2022, equating to 122% of operating income. Council retained an AA- credit rating at its last review in February by international rating agency Fitch.

**Borrowings**



## How our investments are doing

Council has a number of mechanisms to generate returns which are used to reduce rates and pay for our services.

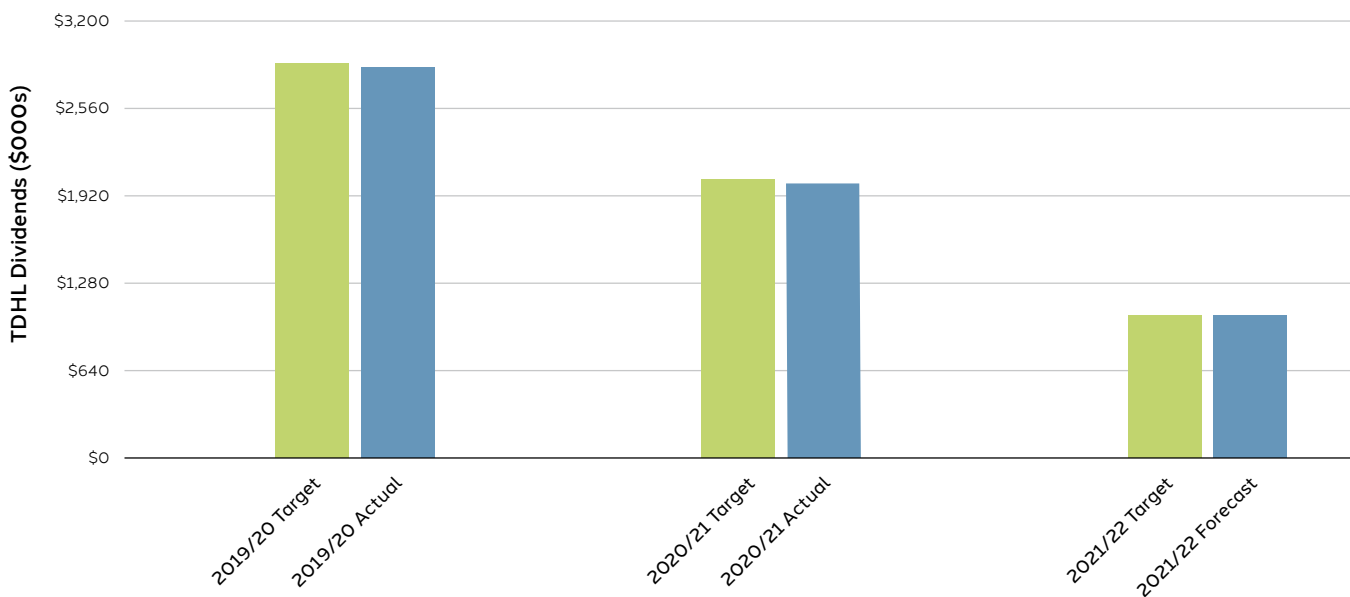
Our main investment is through Timaru District Holdings Limited (TDHL). This includes shareholdings in Alpine Energy Limited (47.5% shareholding) and PrimePort Timaru Limited (50% shareholding), and a portfolio of investment properties.

The graph shows TDHL investment returns compared with target over the last three years.

Other investments we maintain are through term investments and bonds. Our Treasury Policy outlines how we manage these investments. These fluctuate from time to time and, as of June 2022, we hold \$32 million in term deposits with returns ranging from 1% through to 4.57%.

We currently hold bonds of \$2.9 million ranging in returns from 4.1% to 5.61%.

**Investments**



# KNOW THE NUMBERS

## Statement of Financial Position

The Statement of Financial Position outlines what Timaru District Council owns, and what it owes to other parties.

	Actual 2019/20 \$000	Actual 2020/21 \$000	Forecast 2021/22 \$000	AP Budget 2022/23 \$000	LTP Budget 2023/24 \$000	LTP Budget 2024/25 \$000	LTP Budget 2025/26 \$000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	19,238	4,107	4,107	4,107	19,690	19,833	19,985
Trade and other receivables	9,938	14,493	15,505	15,505	10,794	11,064	11,352
Inventories	35	8	8	8	35	35	35
Other financial assets	28,339	21,950	21,950	21,950	28,339	28,339	28,339
<b>Total current assets</b>	<b>57,550</b>	<b>40,558</b>	<b>41,570</b>	<b>41,570</b>	<b>58,858</b>	<b>59,271</b>	<b>59,710</b>
<b>Non-current assets</b>							
Property, Plant and equipment	1,051,971	1,383,805	1,437,714	1,523,183	1,538,257	1,574,549	1,629,394
Intangible assets	3,305	3,802	3,802	3,802	3,337	3,273	3,216
Forestry	1,217	1,420	1,420	1,420	1,266	1,279	1,292
Investment Property	1,628	1,739	1,739	1,739	1,694	1,711	1,728
Investment in CCOs and other similar entities	53,659	53,659	53,659	53,659	53,659	53,659	53,659
Other financial assets	4,691	4,430	4,430	4,430	4,881	4,930	4,980
<b>Total non-current assets</b>	<b>1,116,471</b>	<b>1,448,855</b>	<b>1,502,764</b>	<b>1,588,233</b>	<b>1,603,095</b>	<b>1,639,402</b>	<b>1,694,268</b>
<b>Total assets</b>	<b>1,174,021</b>	<b>1,489,413</b>	<b>1,544,335</b>	<b>1,629,803</b>	<b>1,661,954</b>	<b>1,698,673</b>	<b>1,753,979</b>

	Actual 2019/20 \$000	Actual 2020/21 \$000	Forecast 2021/22 \$000	AP Budget 2022/23 \$000	LTP Budget 2023/24 \$000	LTP Budget 2024/25 \$000	LTP Budget 2025/26 \$000
LIABILITIES							
<b>Current liabilities</b>							
Trade and other payables	15,189	21,861	22,874	22,873	16,497	16,910	17,349
Employee benefit liabilities	2,192	2,045	2,045	2,045	2,192	2,192	2,192
Borrowings	42,602	38,500	0	0	0	0	0
Derivative financial instruments	1,669	1,016	441	441	4,520	4,708	5,111
<b>Total current liabilities</b>	<b>61,652</b>	<b>63,422</b>	<b>25,360</b>	<b>25,359</b>	<b>23,210</b>	<b>23,810</b>	<b>24,653</b>
<b>Non-current liabilities</b>							
Provisions	7,377	5,542	5,542	5,542	7,967	7,779	7,376
Employee benefit liabilities	130	458	458	458	130	130	130
Borrowings	46,882	60,984	142,836	193,712	221,513	256,751	268,848
Derivative financial instruments	3,441	1,891	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>57,830</b>	<b>68,875</b>	<b>148,836</b>	<b>199,712</b>	<b>229,609</b>	<b>264,660</b>	<b>276,354</b>
<b>Total liabilities</b>	<b>119,482</b>	<b>132,297</b>	<b>174,196</b>	<b>225,071</b>	<b>252,819</b>	<b>288,469</b>	<b>301,007</b>
<b>Net assets</b>	<b>1,054,539</b>	<b>1,357,116</b>	<b>1,370,138</b>	<b>1,404,732</b>	<b>1,409,135</b>	<b>1,410,203</b>	<b>1,452,972</b>
EQUITY							
Retained earnings	788,185	800,749	827,641	835,325	816,206	817,813	822,662
Other reserves	37,468	35,593	21,723	14,280	17,847	17,308	16,282
Asset revaluation reserves	228,886	520,774	520,775	555,127	575,082	575,082	614,028
<b>Total equity</b>	<b>1,054,539</b>	<b>1,357,116</b>	<b>1,370,138</b>	<b>1,404,732</b>	<b>1,409,135</b>	<b>1,410,203</b>	<b>1,452,972</b>

## Funding Impact Statement

The Funding Impact Statement outlines the finances that Timaru District Council receives and spends each year.

	Actual 2019/20 \$000	Actual 2020/21 \$000	Forecast 2021/22 \$000	AP Budget 2022/23 \$000	LTP Budget 2023/24 \$000	LTP Budget 2024/25 \$000	LTP Budget 2025/26 \$000
General Rates, Uniform annual general charges, rates penalties	27,962	27,654	35,916	39,868	41,781	45,189	48,224
Targeted Rates	26,460	27,779	25,644	24,896	26,394	26,608	27,391
Subsidies and grants for operating purposes	3,643	9,245	4,678	3,595	3,703	4,769	4,893
Fees and charges	13,817	16,253	16,174	18,129	18,549	19,330	20,153
Interest and dividends from investments	4,920	2,970	2,326	2,026	1,839	1,876	1,915
Local authorities fuel tax, fines, infringement fees and other receipts	4,602	4,659	10,256	4,023	4,109	4,271	4,514
<b>Total Operating Funding</b>	<b>81,404</b>	<b>88,559</b>	<b>94,994</b>	<b>92,537</b>	<b>96,376</b>	<b>102,043</b>	<b>107,090</b>
<b>Applications of operating funding</b>							
Payments to staff and suppliers	62,941	64,881	68,194	72,057	74,471	75,902	76,700
Finance costs	3,516	2,937	2,835	4,407	5,614	6,332	7,336
Other operating funding applications	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>66,457</b>	<b>67,818</b>	<b>71,029</b>	<b>76,464</b>	<b>80,086</b>	<b>82,234</b>	<b>84,036</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>14,947</b>	<b>20,741</b>	<b>23,965</b>	<b>16,073</b>	<b>16,290</b>	<b>19,809</b>	<b>23,055</b>
<b>CAPITAL FUNDING</b>							
<b>Sources of capital funding</b>							
Subsidies and grants for capital expenditure	7,622	9,094	11,279	9,367	7,158	7,887	8,203
Development and financial contributions	197	865	0	0	0	0	0
Increase/(decrease) in debt	5,000	10,000	43,353	50,876	25,165	35,238	12,098
Gross proceeds from the sale of assets	1	389	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>12,820</b>	<b>20,347</b>	<b>54,632</b>	<b>60,243</b>	<b>32,323</b>	<b>43,125</b>	<b>20,300</b>

	Actual 2019/20 \$000	Actual 2020/21 \$000	Forecast 2021/22 \$000	AP Budget 2022/23 \$000	LTP Budget 2023/24 \$000	LTP Budget 2024/25 \$000	LTP Budget 2025/26 \$000
<b>Applications of capital funding</b>							
Capital expenditure							
- to meet additional demand	696	0	3,253	5,892	521	356	366
- to improve the level of service	4,579	1,598	16,644	30,582	24,056	42,114	22,923
- to replace existing assets	26,313	57,355	58,700	39,842	24,037	20,464	20,067
Increase/(decrease) in reserves	(3,322)	2,956	0	0	0	0	0
Increase/(decrease) of investments	(500)	(20,821)	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>27,767</b>	<b>41,088</b>	<b>78,597</b>	<b>76,316</b>	<b>48,613</b>	<b>62,934</b>	<b>43,355</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(14,947)</b>	<b>(20,741)</b>	<b>(23,965)</b>	<b>(16,073)</b>	<b>(16,290)</b>	<b>(19,809)</b>	<b>(23,055)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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