



AGENDA

Strategic Planning Committee Meeting Tuesday, 11 August 2026

Date Tuesday, 11 August 2026

Time 2:00 pm

Location Council Chambers
Timaru District Council
King George Place
Timaru

File Reference 1861056

Timaru District Council

Notice is hereby given that a meeting of the Strategic Planning Committee will be held in the Council Chambers, Timaru District Council, King George Place, Timaru, on Tuesday 11 August 2026, at 2:00 pm.

Strategic Planning Committee Members

Cllrs Michelle Pye, Stacey Scott, Graeme Wilson, Philip Harper, Stu Piddington and Mayor Nigel Bowen

Quorum – no less than 3 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.

Nigel Trainor
Chief Executive

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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 Confirmation of Minutes

5.1 Minutes of the Strategic Planning Committee Meeting held on 9 June 2026

Author: Jessica Kavanaugh, Democracy Services Lead

Recommendation

That the Minutes of the Strategic Planning Committee Meeting held on 9 June 2026 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 Strategic Planning Committee Meeting held on 9 June 2026**



MINUTES

Strategic Planning Committee Meeting Tuesday, 9 June 2026

Ref: 1861056

**Minutes of Timaru District Council
Strategic Planning Committee Meeting
Held in the Council Chambers, Timaru District Council, King George Place, Timaru
on Tuesday, 9 June 2026 at 2:00 pm**

Present: Mayor Nigel Bowen, Michelle Pye (Chairperson), Stacey Scott, Graeme Wilson, Philip Harper, Stu Piddington

In Attendance: **Councillors:** Peter Burt, Chris Thomas

Officers: Stephen Doran (Acting Chief Executive/General Manager Corporate), Andrea Rankin (Chief Financial Officer), Suzy Ratahi (General Manager Land Transport), Mike Wrigley (General Manager Recreation Facilities), Steph Forde (Strategic and Corporate Planner), Maddison Gourlay (Marketing and Communications Advisor), Meghan Taylor (Acting Democracy Services Lead)

1 Apologies

No apologies were received.

2 Identification of Items of Urgent Business

No items of urgent business were received.

3 Identification of Matters of a Minor Nature

No matters of a minor nature were raised.

4 Declaration of Conflicts of Interest

No conflicts of interest were declared.

5 Confirmation of Minutes

5.1 Minutes of the Strategic Planning Committee Meeting held on 12 May 2026

Resolution 2026/18

Moved: Cllr Graeme Wilson

Seconded: Mayor Nigel Bowen

That the Minutes of the Strategic Planning Committee Meeting held on 12 May 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

6 Reports

6.1 Actions Register Update

The purpose of this report is to provide the Strategic Planning Committee with an update on the status of the action requests raised by Councillors at previous Committee meetings.

Resolution 2026/19

Moved: Cllr Philip Harper

Seconded: Cllr Stacey Scott

That the Strategic Planning Committee receives and notes the updates to the Actions Register.

Carried

6.2 Financial Strategy Development and Significant Forecasting Assumptions for Long Term Plan 2027-37

The Corporate and Strategic Planner spoke to the report to seek the Strategic Planning Committee's endorsement, in principle, of the proposed financial strategy financial limits for the Long Term Plan (LTP) 2027–37, and to seek feedback on the significant forecasting assumptions that will underpin the entire LTP. It was noted that the assumptions may need to be reviewed as progress is made throughout the LTP process.

Financial Strategy

Discussion included the proposed debt limits and the impact of the separation of Water to the Joint Water Organisation on the Council's financial position. The Chief Financial Officer advised that the debt-to-revenue measures may require review once the implications of water services reform are fully modelled.

Clarification was sought of debt servicing. The Chief Financial Officer advised that this is where Council will be able to service the interest on Council's debt, relevant to Council's revenue and how many times Council could pay its interest off. The Strategic and Corporate Planner advised that it is one of the disclosure benchmarks, set out in prudence regulations.

Council's self-imposed 250% debt cap and the implications of breaching this level was raised. The Chief Financial Officer advised that there would be no implications unless the Local Government Funding Agency 280% debt cap was breached.

Significant Forecasting Assumptions for Long Term Plan 2027-37

The Strategic and Corporate Planner spoke to the Significant Forecasting Assumptions, noting these had been reviewed and workshopped with the Senior Leadership Team.

Local Government Reform in relation to budgets, assumptions, LTP preparations and shared service arrangements was discussed, the Corporate and Strategic Planner advised that the budget will be prepared on Council as it is now, excluding Water and that there should be further information and clarity from Central Government in October.

Several significant forecasting assumptions were discussed, including water services reform and division of water assets, staffing levels and growth, cost savings and efficiencies and capital programme delivery and improved budgeting and programme phasing. The Strategic and Corporate Planner advised that if budgeting and phasing is correct, 100% delivery is achievable.

The need for analysis on the delivery percentage was raised. It was requested that further analysis of capital delivery and project timing be brought back to the Committee.

The Chief Financial Officer provided clarification on the depreciation funding process. The Acting Chief Executive advised that improved budgeting and phasing would provide a more accurate reflection of expected delivery.

Further discussion was held regarding depreciation funding, investment properties, asset valuations, and the transparency of funding depreciation costs. Officers agreed to undertake further work on the implications of depreciation funding and the treatment of investment properties as part of the LTP development process.

Members provided additional feedback on the proposed assumptions and requested that further refinement occur as more information becomes available throughout the LTP development process.

Several proposed assumptions were raised for feedback and discussion, including natural hazard and emergency events, inflation vs (Business and Economic Research Limited (BERL) figures, shared service arrangements, one Joint Water Service Organisation assumption, levels of service in relation to risk statements, increase in community expectations, resource consent requirements, climate change, ongoing pandemics, disruptive technology, interest rates and concerns with borrowing costs and associated increase to rates, emissions trading scheme relating to forestry, revaluation of assets and 100 percent depreciation funding noting this needed to be addressed in the LTP.

The Chief Financial Officer advised that interest rate forecasts were based on Local Government Funding Agency assumptions and noted that actual borrowing costs had recently been lower than budgeted. The Chief Financial Officer also clarified that forestry activities could not be used to offset waste emissions for carbon credit purposes.

The Chief Financial Officer raised the treatment of investment properties and the associated costs and depreciation and noted that a further exercise was required to assess the investment properties and their capital value and what the depreciation impact is.

Resolution 2026/20

Moved: Cllr Stacey Scott

Seconded: Mayor Nigel Bowen

That the Strategic Planning Committee:

1. Receive and consider the Financial Strategy Development and Significant Forecasting Assumptions report;
2. Endorse, in principle, the limits set out in paragraph 16 for the development of the financial strategy; and
3. Consider and provide feedback to officers on the significant forecasting assumptions in Attachment 1.

Carried

7 Consideration of Urgent Business Items

No items of urgent business were received.

8 Consideration of Minor Nature Matters

No matters of a minor nature were raised.

The meeting closed at 2.48pm.

.....
Clr Michelle Pye
Chairperson

6 Reports

6.1 Actions Register Update

Author: Jessica Kavanaugh, Democracy Services Lead

Authoriser: Stephen Doran, Acting Chief Executive

Recommendation

That the Strategic Planning Committee receives and notes the updates to the Actions Register.

Purpose of Report

- 1 The purpose of this report is to provide the Strategic Planning Committee with an update on the status of the action requests raised by Councillors at previous Committee meetings.

Assessment of Significance

- 2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as there is no impact on the service provision, no decision to transfer ownership or control of a strategic asset to or from Council, and no deviation from the Long Term Plan.

Discussion

- 3 The actions register is a record of actions requested by Councillors. It includes a status and comments section to update the Strategic Planning Committee on the progress of each item.
- 4 There is currently one items on the actions register.
- 5 One item is marked as ongoing.
- 6 No items are marked as completed, and are proposed to be marked as removed at the next meeting.
- 7 No items are marked as removed and will be taken off the list at the next meeting.

Attachments

1. Strategic Planning Committee Actions Required [↓](#) 

Information Requested from Councillors (Strategic Planning Committee)

Key ■ = Completed, for removal ■ = 60+ Days ■ = 90+ Days ■ = Removed

Information Requested	Capital Delivery and Project Timing Analysis				
Date Raised:	09 June 2026			Status:	In Progress
Issue Owner:	Chief Financial Officer	Due Date:		Completed Date:	
Background: The need for analysis on the delivery percentage was raised. It was requested that further analysis of capital delivery and project timing be brought back to the Committee.					
August 2026 Update: Work has started, this can be expected at the September meeting.					

#1808483

6.2 South Canterbury's contribution to the NZ Economy

Author: Selina Kunac, Transport Strategy Advisor
Susannah Ratahi, General Manager Land Transport

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Strategic Planning Committee:

1. receives the Benje Patterson report: "The Contribution of South Canterbury's Primary Industry and Energy to New Zealand" (May 2026);
2. notes that the report's findings will be integrated into demand analysis used to inform roading asset management planning, prioritisation and investment decisions.

Purpose of Report

- 1 The purpose of this report is to present to the Strategic Planning Committee the report "The Contribution of South Canterbury's Primary Industries and Energy to New Zealand", prepared by Benje Patterson (People & Places) on behalf of Timaru District Council and Venture Timaru in May 2026.
- 2 The report (in updating similar previously commissioned reports) provides a rigorous, evidence-based assessment of South Canterbury's economic significance to New Zealand through its primary sector exports, energy generation, and transport infrastructure – and the extent to which that contribution should be more readily recognised through commensurate central government investment and policy-setting support.
- 3 The report (in updating similar previously commissioned reports) provides a rigorous, evidence-based assessment of South Canterbury's economic significance to New Zealand through its primary sector exports, energy generation, and transport infrastructure – and the extent to which that contribution should more readily-recognised via commensurate central government investment and policy setting support.

Assessment of Significance

- 4 This report has been assessed as being of low significance in terms of Timaru District Council's Significance and Engagement Policy. No decisions relating to Strategic Assets, Levels of Service, or additional funding are sought. This is a receiving report only.

Discussion

- 5 South Canterbury's economic performance is nationally significant, outperforming what might be expected given the region's population size.
- 6 The region contains approximately **5% of New Zealand's land area** and just **1.2% of the national population** (approximately 63,500 residents), yet its contribution to the New Zealand economy – through primary sector exports and energy generation in particular – is far greater than these population or land area ratios would suggest.

- 7 Key findings from the report include:
- 8 South Canterbury generated an estimated \$3.8 billion in food and fibre exports in 2025, representing **6.2% of New Zealand's total food and fibre exports** – from a region with only 1.2% of the national population. The region's export strengths include:
- (1) 20.5% of national arable exports,
 - (2) 10.0% of dairy exports,
 - (3) 9.7% of seafood and aquaculture exports, and
 - (4) 4.4% of meat and wool exports.
- 9 Food and fibre exports comprise an estimated 97% of all goods exports from South Canterbury, underlining the region's deep dependence on reliable infrastructure for primary sector and associated sector supply chains.
- 10 South Canterbury holds 1,741MW of installed electricity generation capacity – equivalent to approximately **16% of New Zealand's national generation capacity** – against a local electricity demand of only 231MW. This gives the region a **generation-to-demand ratio of 7.5x**, making it one of New Zealand's most significant net electricity exporters.
- 11 A further **2,712MW of new generation projects** are in the Transpower pipeline across 10 projects, which – if delivered – would increase South Canterbury's generation capacity by 156%, further cementing the region's role in New Zealand's energy future.
- 12 Despite this national economic and energy significance, **NZTA roading expenditure** in South Canterbury was just \$43.7 million in 2025 – **representing only 0.7% of nationwide NZTA roading spend**, against the region's **5.1% share of the State Highway network**.

Strategic value and use of the report

- 13 This report is a timely and important advocacy tool for South Canterbury, with several distinct strategic applications:

Direct communication to Central Government

- 14 In the current election year, this report provides the Mayors, elected members, and Venture Timaru with compelling, independently verified evidence to take directly to Ministers, MPs, and central government agencies.
- 15 The data makes a clear and quantified case that South Canterbury's contribution to New Zealand Inc. – in exports, energy, and infrastructure load – is not being appropriately recognised or matched through investment decisions, funding allocations or aligned and supportive policy settings.
- 16 The report is a credible basis for formal and informal central government engagement on roading investment, energy policy, primary sector support, and regional economic equity.

Support for Head Start Amalgamation Discussions

- 17 The report has been scoped to cover the South Canterbury sub-region. Should it be of value to wider partners, the methodology is designed to be readily extended to incorporate data from other territorial authorities within the "Head Start: The Contribution of South Canterbury's Primary Industries and Energy to New Zealand" footprint currently under negotiations.

- 18 This would provide a consolidated evidence base that could meaningfully support ongoing amalgamation discussions and strengthen the case for our existing sub-region, or new proposed unitary authority's, collective economic identity and infrastructure requirements.

Elected Member Advocacy

- 19 The findings equip the Mayors and elected members with clear, citable data for use in local, regional, and national advocacy discussions – whether in meetings with Ministers, media engagements, Local Government New Zealand forums, or community conversations.
- 20 The headline statistics – 6.2% of food and fibre exports, 16% of national electricity generation, and only 0.7% of NZTA roading spend – offer a compelling and accessible narrative about the gap between contribution and investment.

Ongoing Economic Development Positioning

- 21 Nigel Davenport, Chief Executive Venture Timaru, will work closely with the Mayor to ensure the report will be used in a fully collaborative and coordinated way in investor engagement, stakeholder briefings, and strategic communications as a cornerstone reference document for the region's economic narrative.
- 22 This report informs a wider, ongoing programme of joint advocacy being led by the Mayor and the Venture Timaru Chief Executive on behalf of South Canterbury, directed at securing a level of central government recognition, funding and policy support that is commensurate with the region's economic and infrastructure contribution. Further activity under this wider advocacy programme will be progressed over the coming months, with updates to be reported back to Council through the appropriate governance channels.

Asset management and Investment Planning

- 23 The contents of the report are a useful input into demand analysis used to inform roading asset management planning, prioritisation and investment decisions. For example, economic activity is an indicator of freight demand, which places direct pressure on the performance and investment needs across the road network. Officers will embed the findings of the report where relevant into asset management plans and consider the significance of economic contribution when prioritising routes for forward investment. This is consistent with the expectations of Government via the Government Policy Statement on Land Transport and the priorities of the National Land Transport Fund.

Attachments

1. **The Contribution of South Canterbury's Primary Industries and Energy to New Zealand** [!\[\]\(3168ddc4389f6b417dd71f084513be9c_img.jpg\)](#) [!\[\]\(17332056424eb04f01463711418ba65a_img.jpg\)](#)



May 2026

The contribution of South Canterbury's primary industries and energy to New Zealand



Prepared for: Venture Timaru

Prepared by: Benje Patterson
Benje Patterson | People & Places
www.benjepatterson.co.nz
May 2026

Version history

Report issued 29 May 2026

Minor update 5 June 2026

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The contribution of South Canterbury's primary industries and energy to New Zealand

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The contribution of South Canterbury's primary industries and energy to New Zealand

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2. Executive Summary

This report highlights the key contribution of food and fibre exports from South Canterbury to the New Zealand economy and South Canterbury's important role within the energy sector. The report also highlights the importance of transport infrastructure in supporting key industries, but shows that South Canterbury receives low levels of NZTA expenditure towards its roading network.

Figure 1 – Map of South Canterbury



Primary sector exports are consistent with the Ministry for Primary Industries' (MPI) definition of food and fibre exports¹. The food and fibre sector captures not just value derived from primary production in agriculture, forestry, and fishing, but it also includes the value chain created by processing of these outputs into food or fibre products suitable for wholesaling or distribution to the final consumer².

2.1. Key findings

- South Canterbury is a nationally significant food and fibre exporter, with estimated exports of \$3.8 billion in 2025, representing 6.2% of New Zealand's total food and fibre exports.
- The region's key food and fibre exports include 10.0% of national dairy exports, 20.5% of arable exports, 9.7% of seafood and aquaculture exports, and 4.4% of meat and wool exports.
- Food and fibre exports dominate South Canterbury's goods export base, accounting for an estimated 97.0% of all goods exports from the region, underlining the importance of reliable infrastructure for primary sector supply chains.
- South Canterbury also plays a pivotal role in New Zealand's electricity system, with 1,741MW of generation capacity equivalent to around 16% of New Zealand's installed electricity generation capacity.
- The region generates far more electricity than it consumes, with a generation-to-demand ratio of 7.5, meaning South Canterbury is a major net supplier of electricity to the rest of New Zealand.
- South Canterbury's future role in the electricity system is set to grow, with 10 proposed generation projects in the Transpower pipeline totalling 2,712MW.
- Despite this national economic and energy significance, NZTA roading expenditure in South Canterbury was only \$43.7 million in 2025, equivalent to just 0.7% of nationwide NZTA roading expenditure.
- This investment share appears low relative to South Canterbury's role in New Zealand's export and electricity systems, particularly given the region's 6.2% share of food and fibre exports, 16% share of installed electricity generation capacity, and 5.1% share of the State Highway network.

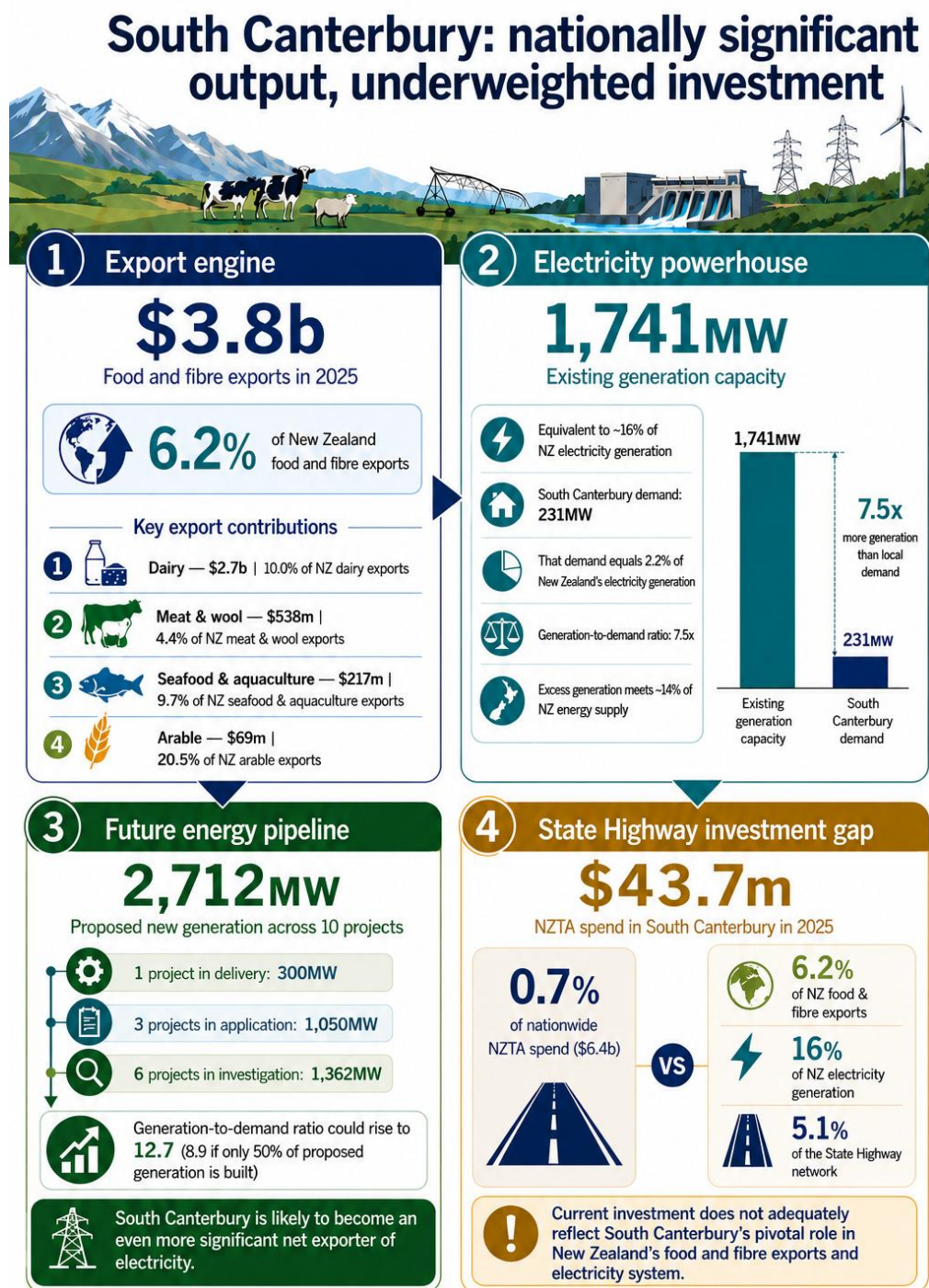
¹ A modelling approach has been taken to estimate South Canterbury's exports. The model has taken New Zealand food and fibre exports by sector from MPI's Situation and Outlook for Primary Industries dataset and apportioned these to South Canterbury using industry employment data for each territorial authority from Statistics NZ, as well as evidence from the agricultural census. The implicit assumption is that South Canterbury's food and fibre sector has a similar propensity to export their outputs as the national economy.

² See: Dalziel, Paul, Caroline Saunders and John Saunders (2018). The New Zealand Food and Fibre Sector: A Situational Analysis. Client report prepared for the Primary Sector Council. Lincoln University.

The contribution of South Canterbury's primary industries and energy to New Zealand

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Figure 2



The contribution of South Canterbury's primary industries and energy to New Zealand

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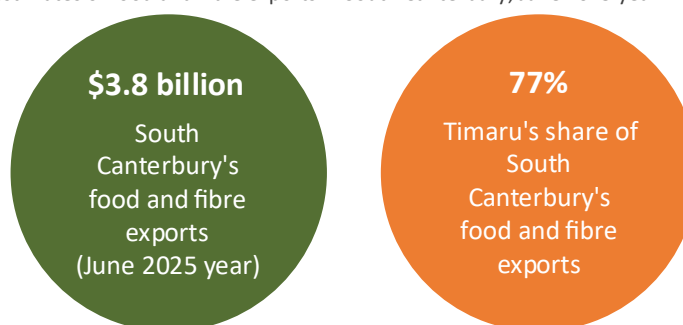
3. Valuing South Canterbury's food and fibre exports

This section values exports of food and fibre products and other exports from South Canterbury.

3.1. Current value of food and fibre exports

The total value of food and fibre exports from South Canterbury was estimated to be \$3.8 billion in 2025, with 77% (\$2.9 billion) of these exports being from Timaru District where most of the sub-region's food and fibre processing capacity is located.

Figure 3 – Author estimates of food and fibre exports in South Canterbury, June 2025 year



These food and fibre exports are distributed between the following sub-parts of the sector:

- Most of South Canterbury's food and fibre exports are dairy (\$2.7 billion), followed by meat and wool (\$538 million), and seafood and aquaculture exports (\$217 million).
- Horticulture and processed food exports contribute \$99 million and \$83 million respectively to the total. These categories include products that span the exports of major food brands such as Barkers, McCains, DB Heineken, and Juice Products.
- Exports of arable crops of grains, grass seeds, and vegetable seeds add a further \$69 million to the South Canterbury total.

Table 1

Food and fibre sector export revenue for Timaru and South Canterbury June 2025 year, \$ million, author estimates from Statistics NZ and MPI data		
	Timaru	South Canterbury
Dairy	\$1,980m	\$2,725m
Meat & wool	\$512m	\$538m
Seafood and aquaculture	\$151m	\$217m
Horticulture	\$99m	\$99m
Processed food and other	\$73m	\$83m
Arable	\$46m	\$69m
Forestry	\$27m	\$31m
Total food and fibre export value	\$2,888m	\$3,762m

Exports from South Canterbury are similar to their 2024 level (\$3.9 billion), with a sharp increase in dairy (up from \$2.6 billion in 2024) and seafood and aquaculture exports (up from \$199 million in 2024), offsetting a decline in meat & wool exports (down from \$762 million in 2024). The meat and wool export decline is largely due to reduced meat manufacturing capacity in South Canterbury due to meat exporters consolidating their processing footprints. Statistics New Zealand's Business Demography data shows that meat manufacturing employment in Timaru halved from 2020 to 2025 (down 52%).

The contribution of South Canterbury's primary industries and energy to New Zealand

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3.2. Comparisons against New Zealand

The following table highlights how food and fibre exports from Timaru and South Canterbury sit against total food and fibre exports from New Zealand³.

Table 2

Food and fibre sector export revenue for Timaru and South Canterbury against New Zealand <i>June 2025 year, \$ million, author estimates from Statistics NZ and MPI data</i>			
	Timaru	South Canterbury	New Zealand
Dairy	\$1,980m	\$2,725m	\$27,151m
Meat & wool	\$512m	\$538m	\$12,360m
Seafood and aquaculture	\$151m	\$217m	\$2,224m
Horticulture	\$99m	\$99m	\$8,802m
Processed food and other	\$73m	\$83m	\$3,338m
Arable	\$46m	\$69m	\$338m
Forestry	\$27m	\$31m	\$6,170m
Total food and fibre export value	\$2,888m	\$3,762m	\$60,383m

As a proportion of New Zealand's total food and fibre exports, South Canterbury accounts for 6.2% of all food and fibre exports.

South Canterbury's exports have the heaviest representation in the following sub-parts of the sector:

- Arable exports (20% of NZ total)
- Dairy (10%)
- Seafood and aquaculture (9.7%)
- Meat and wool (4.4%).

Table 3

Timaru and South Canterbury's share of New Zealand food and fibre exports <i>June 2025 year, exports as % of NZ total, author estimates from Statistics NZ and MPI data</i>		
	Timaru	South Canterbury
Dairy	7.3%	10.0%
Meat & wool	4.1%	4.4%
Seafood and aquaculture	6.8%	9.7%
Horticulture	1.1%	1.1%
Processed food and other	2.2%	2.5%
Arable	13.7%	20.5%
Forestry	0.4%	0.5%
Total food and fibre export value	4.8%	6.2%

South Canterbury's share of New Zealand's food and fibre exports is slightly below the 7.3% estimate from 2024. The decline is primarily due to reduced meat manufacturing capacity, as well as the region not having such extensive horticultural crops as some places, such as kiwifruit and pipfruit which have recently experienced sharp growth.

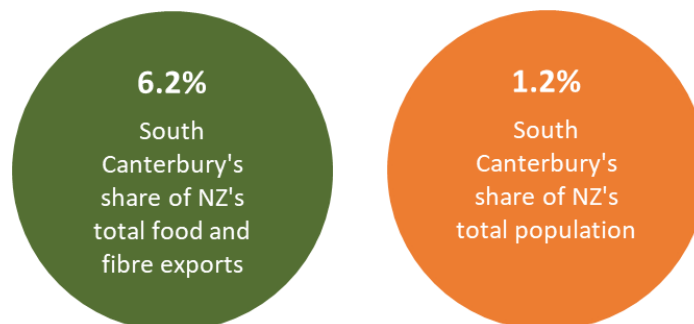
³ New Zealand food and fibre export values contained in the table match those published by MPI in its Situation and Outlook for Primary Industries (2025) report.

The contribution of South Canterbury's primary industries and energy to New Zealand

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South Canterbury's food and fibre sector makes a disproportionately large contribution to New Zealand's total food and fibre exports, particularly when one considers the region's relatively small population. Of New Zealand's population of 5.3 million (2025 estimate), just 0.9% (49,500 people) lived in Timaru, with 1.2% (63,500 people) of New Zealand's population residing across all of South Canterbury.

Figure 4 – Author estimates of South Canterbury's food and fibre exports & population as % of NZ (2025)



3.3. Comparing food and fibre exports against other exports

Food and fibre exports comprise the majority of all goods exports from South Canterbury. It is estimated that other goods exports, including machinery, equipment and other manufactured exports, totalled about \$118 million in 2025, which was equivalent to just 3.0% of all exports from South Canterbury.

Table 4

Food and fibre sector export revenue against other exports for Timaru and South Canterbury June 2025 year, \$ million, author estimates from Statistics NZ and MPI data		
	Timaru	South Canterbury
Food and fibre sector exports	\$2,888m	\$3,762m
Other exports	\$108m	\$118m
Total exports	\$2,996m	\$3,880m
<i>Food and fibre exports as % of total</i>	96.4%	97.0%

3.4. Food and fibre growth trends

Food and fibre exports have grown rapidly over recent years. Over the five years to 2025, the value of food and fibre exports from South Canterbury climbed 18% from an estimated \$3.2 billion in 2020 to \$3.8 billion in 2025.

By comparison, other exports from South Canterbury (which include machinery, equipment and other manufactured goods) grew by 14% from \$103 million to \$118 million over the same period.

Table 5

Growth in food and fibre sector export revenue for Timaru and South Canterbury June 2025 compared to June 2020 year, \$ million, author estimates from Statistics NZ and MPI data						
	Timaru			South Canterbury		
	2020	2025	% change	2020	2025	% change
Total food and fibre exports	\$2,599m	\$2,888m	11.1%	\$3,199m	\$3,762m	17.6%
Other	\$98m	\$108m	10.7%	\$103m	\$118m	14.5%
Total exports	\$2,697m	\$2,996m	11.1%	\$3,302m	\$3,880m	17.5%

The contribution of South Canterbury's primary industries and energy to New Zealand

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4. South Canterbury's contribution to energy generation

This section outlines the pivotal role played by South Canterbury in electricity generation in New Zealand.

4.1. Overview of energy generation in South Canterbury

The Canterbury Energy Inventory 2025⁴ identified 1,741MW of installed generation capacity in South Canterbury. The energy generated in South Canterbury is equivalent to about 16% of New Zealand's installed energy generation capacity⁵.

Much of the South Canterbury energy generation falls in Mackenzie District, or on hydro schemes along the Waitaki River which forms the border between Waitaki District and Mackenzie and Waimate Districts.

South Canterbury is a relatively small user of electricity, with demand across South Canterbury estimated to be 231MW. This means that electricity demand in South Canterbury is equivalent to just 2.2% of New Zealand's installed energy generation capacity.

South Canterbury's generation-to-demand ratio is 7.5, which means that South Canterbury has 7.5 times more installed generation capacity than its estimated electricity demand – with the remaining generation capacity available to the rest of New Zealand to support economic activity elsewhere.

Figure 5

South Canterbury electricity at a glance



In net capacity terms, South Canterbury's generation capacity exceeds local demand by an amount equivalent to around 14% of New Zealand's installed electricity generation capacity.

⁴ Available here: <https://canterburymayors.org.nz/wp-content/uploads/COR12169-Canterbury-Energy-Inventory-Report-A4-Sept25-web.pdf>

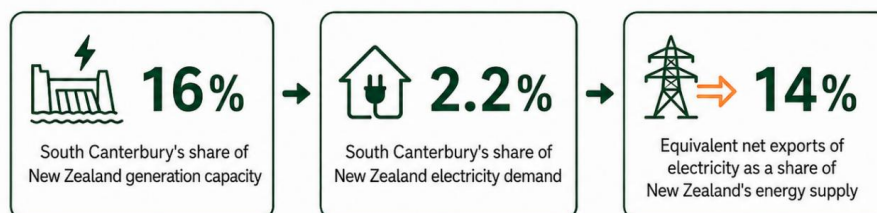
⁵ Source: MBIE's Electricity data tables 2025, installed generation capacity to 2024, <https://www.mbie.govt.nz/assets/Data-Files/Energy/nz-energy-quarterly-and-energy-in-nz/electricity-dec-2025-q4.xlsx>

The contribution of South Canterbury's primary industries and energy to New Zealand

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Figure 6

South Canterbury's national energy contribution



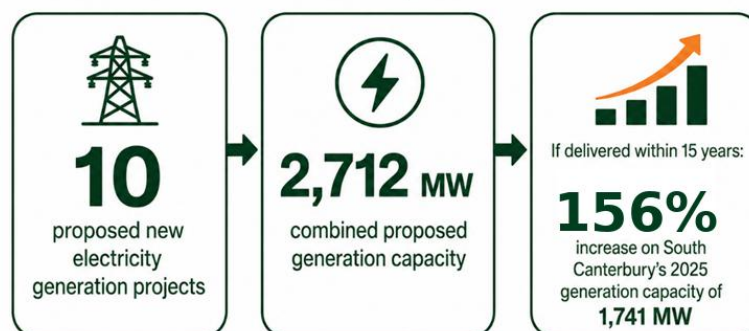
4.2. New generation pipeline

As at May 2026, there were 10 proposed new electricity generation projects in South Canterbury in the Transpower project list⁶, with a combined additional generation capacity of 2,712MW. If all this generation capacity were delivered within the next 15 years, it would increase South Canterbury's generation capacity by around 156%, taking total capacity to about 4,453MW.

Figure 7

Proposed new generation projects in South Canterbury

As at May 2026



Of these projects, 1,050 MW (across 3 projects) was in the application phase, 1,362 MW (6 projects) was in the investigation phase, while 300 MW (1 project) was in the delivery phase.

If forecast growth trends in energy demand in South Canterbury over the next 15 years (2.8%pa growth⁷) were to occur then that would mean that South Canterbury's generation-to-demand ratio would rise to 12.7, while even if only 50% of new generation capacity were built the ratio would climb to 8.9. These compare against South Canterbury's current generation-to-demand ratio of 7.5, which means that the region is likely to become an even more significant net exporter of electricity to the rest of New Zealand in future.

⁶ Available here:

https://static.transpower.co.nz/public/uncontrolled_docs/Generation%20and%20energy%20storage%20connection%20pipeline.xlsx?VersionId=af4CGyZlKXfw.kcxm71I5wDJ2JKl8pDf

⁷ Source: Canterbury Energy Inventory 2025

The contribution of South Canterbury's primary industries and energy to New Zealand

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5. Role of transport infrastructure in supporting industry

Transport infrastructure provides a critical enablement role to South Canterbury's key primary sector exports and its energy sector. Not only is reliable transportation necessary for farmers to access key inputs into their farming systems and to facilitate the flow of export goods to market, but energy infrastructure development also relies on the safe delivery of heavy and specialist energy componentry.

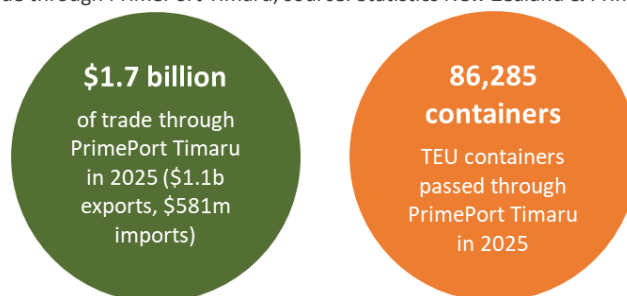
5.1. Role of PrimePort Timaru in supporting industry

PrimePort Timaru plays an important role in supporting trade in South Canterbury and other parts of the South Island. Given large projected growth in freight demand across the South Island, further increases in the port's capacity can help support the resilience and efficiency of the freight system.

Statistics New Zealand data shows that \$1.7 billion of traded goods passed through PrimePort Timaru in the June 2025 year. PrimePort Timaru data highlights that trade through the port was responsible for 86,285 shipping container movements in 2025.

Of goods traded through the port in 2025, \$1.1 billion were exports listing PrimePort Timaru as their final New Zealand port before shipment overseas, with a further \$581 million of imports passing through the Port. On top of this estimate, there are some goods which are moved from Timaru to other New Zealand ports using road, rail, and coastal shipping, and so are ultimately listed under another port for export.

Figure 8 – Value of trade through PrimePort Timaru, source: Statistics New Zealand & PrimePort Timaru



The capacity provided by PrimePort Timaru ensures there is resilience to the Canterbury freight system. There is only one other export port in Canterbury, Lyttelton, which handled approximately \$7.6 billion of exports (and \$6.3 billion of imports) in the June 2025 year.

5.2. Role of the State Highway network in supporting industry

South Canterbury's roading network also plays an important enabling role to the region's key primary sector exports and its energy sector.

The South Canterbury state highway maintenance contract area, which also includes Ashburton District, covers about 570km of State Highways. There are 11,201km of State Highways across New Zealand⁸, meaning that the South Canterbury contract area has a 5.1% share of the network.

⁸ Source: Government Policy Statement on land transport 2024-34, <https://www.nzta.govt.nz/assets/resources/state-highway-investment-proposal-2024-34/state-highway-investment-proposal-2024-34.pdf>

The contribution of South Canterbury's primary industries and energy to New Zealand

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South Canterbury's key export industries are heavy users of roads. Information provided by Fonterra to Venture Timaru shows that Fonterra's trucks drove 15.6 million vehicle kilometres in the year ended July 2025 across both State Highways and local roads, up from 15.4 million kilometres five years earlier in the July 2020 year, across both State Highway.

The South Canterbury State Highway maintenance contract area has the equivalent to about 5.7 metres of State Highway for each resident⁹, compared to a nationwide average of 2.1 metres per capita.

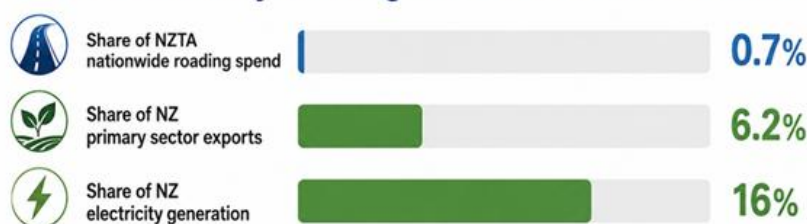
Information provided to Timaru District Council by NZTA showed that approximately \$43.7 million was spent by NZTA across South Canterbury in the June 2025 year. Although spending has risen significantly over recent years, up from just \$17.2 million in 2022, it remains substantially below both South Canterbury's share of the State Highway network and the region's contribution to New Zealand's economic activity.

The Government Policy Statement on land transport 2024-34 highlighted the government's intended spending by NZTA in the June 2025 year was \$6.4 billion. This means that NZTA's spending of \$43.7 million on roading in South Canterbury represented just 0.7% of nationwide expenditure.

South Canterbury's 0.7% share of NZTA nationwide spending is extremely low when you consider this report's estimate that the region contributes to 6.2% of New Zealand's primary sector exports and 16% of the country's electricity generation.

Figure 9

South Canterbury: Funding Share vs Economic Contribution



Underinvestment in South Canterbury's State Highways matters because transport infrastructure underpins economic resilience, productivity, and regional equity. Canterbury's businesses, farmers, and communities need reliable transport networks to prosper now and into the future. Without proportional investment, South Canterbury is delivering nationally significant economic output with second-tier infrastructure support. Funding must reflect economic contribution and transport demand. Equitable transport planning will lift productivity and support stronger economic growth for New Zealand.

⁹ South Canterbury State Highway maintenance contract technically includes both South Canterbury (as defined in this report) and Ashburton District as it spans from the Rakaia River and SH77 at Rakaia Gorge in the north to the Waitaki River in the south, including inland alpine routes to Twizel and Aoraki/Mt Cook. South Canterbury and Ashburton has a combined 100,900 residents, while South Canterbury alone has 63,500.

The contribution of South Canterbury's primary industries and energy to New Zealand

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6. Concluding remarks

South Canterbury makes a nationally significant contribution to New Zealand's food and fibre export economy and electricity system. The region's food and fibre exports were estimated at \$3.8 billion in 2025, representing 6.2% of New Zealand's total food and fibre exports, with particularly strong contributions across dairy, arable, seafood and aquaculture, and meat and wool. These exports are supported by a network of farms, processors, freight operators, and port infrastructure that connect South Canterbury's productive base to national and international markets.

The region is also pivotal to New Zealand's electricity system. South Canterbury has 1,741MW of existing generation capacity, equivalent to around 16% of national electricity generation capacity, while local demand is only 231MW. This means the region generates far more electricity than it consumes and is a major net supplier of electricity to the rest of the country. With a further 2,712MW of proposed new generation in the Transpower pipeline, South Canterbury's role in supporting national energy resilience and future electricity demand is likely to become even more important.

South Canterbury's roads are not just local infrastructure; they are part of the backbone that enables nationally significant exports and electricity generation. Current funding levels for the region's roads, which account for 5.1% of New Zealand's State Highway network but just 0.7% of NZTA's annual spend, do not adequately reflect the scale of South Canterbury's contribution to New Zealand's economy and energy system. If the region is expected to keep delivering for the country, then roading investment needs to be more closely aligned with its economic role, transport demands, and future growth potential. A better aligned approach to transport funding would not only support South Canterbury, but also strengthen productivity, resilience, and growth for New Zealand as a whole.

6.3 Long Term Plan 2027-37 - Significant Forecasting Assumptions Update**Author:** Stephen Doran, General Manager Corporate**Authoriser:** Nigel Trainor, Chief Executive**Recommendation**

That the Strategic Planning Committee:

1. Receive the Long Term Plan 2027-37 – Significant Forecasting Assumptions Update report; and
2. Discuss and provide feedback to officers on the Significant Forecasting Assumptions Working Draft as detailed in Attachment 1.

Purpose of Report

- 1 The purpose of this report is to provide the Strategic Planning Committee with an update on the development of the Significant Forecasting Assumptions (SFA) for the Long Term Plan 2027-37 (LTP), and to seek feedback from the Committee on the draft assumptions detailed in Attachment 1.

Assessment of Significance

- 2 The report, and attachment, are assessed as being of low significance when considering Council's Significance and Engagement Policy as the SFA are still in development and officers are seeking feedback rather than any final decisions.
- 3 As the LTP development progresses, including finalising the SFA, officers will assess and adjust the level of significance as required.

Discussion

- 4 Attachment 1 *LTP 2027-37 Draft Significant Forecasting Assumptions* is a collation of the work to date by officers and reflects feedback received through workshops with Council and is structured with the adopted 2024-34 SFA followed by the draft 2027-37 SFA.
- 5 Note that this is a working draft and is subject to change in line with committee feedback and any subsequent information that comes to council.
- 6 There are a number of assumptions that are reliant on some external dependencies to complete, these will be added as they become available.

Assumption	Expected date	Dependencies
1.1 Population Growth	Late August 2026	Growth projections programme report
1.2 Demographic Change	Late August 2026	Growth projections programme report
1.3 Household Change	Late August 2026	Growth projections programme report
2.1 Council Political Structure	Mid-August 2026	Head Start Consultation and Proposal submission
2.2b TDHL	October 2026	Letter of Expectation process not yet commenced

2.2c VT	October 2026	Letter of Expectation process not yet commenced
Assumption	Expected date	Dependencies
2.2d CSI Water	October 2026	Letter of Expectation process not yet commenced
2.5 Staffing Levels & Accommodation	October 2025	Accommodation requirements Dependent on agreements made with CSI water.
3.1 Stormwater	September 2026	Final management details to be considered with CSI water.
3.3a Simplifying Local Government	Mid-August 2026	Head Start Consultation and Proposal submission
3.3b Resource Management Reform	September	Natural Environment and Planning Bills parliamentary process
3.3c System Improvements	August	Awaiting parliamentary process – may adjust to an SFA on new regulations if detail released
3.5 Major Disruptive Events	TBC	This is a new/replacement assumption, working on a data source.
3.6 Natural Hazards & Emergency Events	TBC	This is a new/replacement assumption, working on a data source.
3.7 Technology and Innovation	August	This is subject to change as is a rapidly evolving area.
4.1 Inflation	August	BERL Report
4.3 Return on Investments	October	Awaiting further information
4.4 Funding Sources	September	Planning Bill progression (Development Levies) and decision on Rates and Revenue Review
4.7 Ratings Base	Late August 2026	Growth projections programme report

Attachments

1. Significant Forecasting Assumptions Working Draft [↓](#)

DRAFT SIGNIFICANT FORECASTING ASSUMPTIONS – WORKING DRAFT

Consider the below when populating this document.

LGA 2002, Sch 10, Cl 17**17 Significant forecasting assumptions**

A long-term plan must clearly identify—

- (a) all the significant forecasting assumptions and risks underlying the financial estimates:
- (b) without limiting the generality of paragraph (a), the following assumptions on which the financial estimates are based:
 - (i) the assumptions of the local authority concerning the life cycle of significant assets; and
 - (ii) the assumptions of the local authority concerning sources of funds for the future replacement of significant assets:
- (c) in any case where significant forecasting assumptions involve a high level of uncertainty,
 - (i) the fact of that uncertainty; and
 - (ii) an estimate of the potential effects of that uncertainty on the financial estimates provided.

POPULATION & GROWTH ASSUMPTIONS**2024: 1.1 Population Growth****2024: Source of Base Information**

Stats NZ & Infometrics

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2024: Assumption: Timaru's population is projected to increase to 49,700 by 2033, reaching 51,600 in 2053 (0.2% average annual increase).

Population growth has been slow in the Timaru District with an increase of 5,000 people over the past 27 years. After peaking at 1.6% in 2016, it has slowed significantly from 2021-23 due to COVID-19 impacts, resulting in zero growth for 2022 calendar year, but rising to 0.8% YoY to Sept 2023. As immigration picks up, population growth is projected to resume but will likely be at a slower rate than previous projections. A lower rate of growth is projected in the 2040s as employment growth wanes, reaching an estimated population of 51,600 in 2053.

Population projections do not represent forecasts but indicate what the future size and structure will be if the underlying assumptions regarding births, deaths and migration prevail.

In recent years the 'natural' population increase has been negative, with the number of deaths exceeding births. This reflects the age makeup of the Timaru District population. Growth will be reliant on net migration, which was at 0.00% in 2021-22 (attributed to the effects of Covid-19 with closed international borders) but did increase to 0.8% in 2022-23.

Based on medium population projections from Stats NZ (2018 Census data updated in December 2022)

2024: Risk Statement

Population change across the district occurs at a higher or lower rate than expected or shows no change at all.

2024: Consequence of variation to assumption

A significant and consistent decline in population may adversely affect the ability of the Council to set rates at a level that is affordable to the community. A stable population with no significant or consistent growth may impact on future service provisions, requiring Council to consider changes in service levels to maintain affordable rates for the existing population. A significant and consistent rise in population may adversely affect the ability of Council to deliver some services to existing service levels.

2024: Approach to mitigation of risk

Council will continue to monitor population change in the District. Generally, small increases in population can be managed within the existing level of service. Declines in population will not necessarily result in a lower number of ratepayers as the number of people per household is declining.

Where growth requires additional infrastructure (e.g. subdivisions), Council can currently require financial contributions for this work.

Costs over this amount may result in additional Council expenditure which is likely to be funded out of debt.

POPULATION & GROWTH ASSUMPTIONS

2027: 1.1 Population Growth

2027: Source of Base Information

Rationale Model

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: Timaru’s population is projected to increase to 49,700 by 2033, reaching 51,600 in 2053 (0.2% average annual increase).

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

POPULATION & GROWTH ASSUMPTIONS

2024: 1.2 Demographic Change

2024: Source of Base Information

Stats NZ & Infometrics

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2024: Assumption: The District’s population will age significantly and become more ethnically diverse over the next thirty years.

Timaru District has a higher than average aging population compared to all of New Zealand, showing a projected increase of close to 30% of seniors aged 65+yrs. The consecutive decrease of younger people, particularly those in the workforce from ages 15-39, has implications for delayed retirements and burdens on aged care services, including housing stock, health care, and pensions. Ethnic diversity will increase with the largest projections for Asian peoples; however increases of ethnic populations will not change their minority status, as 85% of the population in 2053 is projected to be European or Other. Based on medium population projections from Stats NZ (2018 Census data updated in December 2022).

2024: Risk Statement

Demographic changes across the district occur at a higher or lower rate than expected.

2024: Consequence of variation to assumption

Changes to projected demographics may place pressure on some Council services due to increased demand over time, leading to provision of a lower levels of service. It could also lead to a mismatch of service levels to the community expectations. As the population ages, this may lead to increasing affordability issues due to increasing numbers of residents on fixed incomes.

2024: Approach to mitigation of risk

Council will continue to monitor demographic change in the District and adapt or redirect service levels and activity provision to meet needs where possible within reasonable costs. It will consult with targeted groups on service levels where necessary. Council’s Ageing Together Strategy will provide frameworks to alter services to suit the changing demographic profile of the community. Options exist where affordability issues may arise including rates postponement.

POPULATION & GROWTH ASSUMPTIONS

2027: 1.2 Demographic Change – TBC: Growth Projections programme

2027: Source of Base Information

Rationale Model

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: The District’s population will age significantly and become more ethnically diverse over the next thirty years.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

POPULATION & GROWTH ASSUMPTIONS

2024: 1.3 Household Change

2024: Source of Base Information

Stats NZ & Infometrics

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Low

2024: Assumption: The number of households in the district is projected to increase from 21,000 in 2023 to 23,800 in 2043. The average household size will decrease from 2.34 individuals per household in 2023 to 2.30 in 2043.

Timaru District household change has historically been characterised by steady growth of households, with pockets of stronger growth in urban centres in Timaru, Geraldine, Temuka, and Pleasant Point. Household size is declining due to a combination of factors including an aging population, increasing life expectancy and societal trends including couples having fewer children. Household projections do not represent forecasts but indicate what future households will be if the underlying assumptions prevail.

Based on medium population projections from Stats NZ (2018 Census data updated in December 2022).

2024: Risk Statement

Household change across the district occurs at a higher or lower rate than expected.

2024: Consequence of variation to assumption

A slower rate of household growth may mean some activities have overinvested in infrastructure resulting in over-capacity. A higher rate of growth in households may mean some activities have underinvested in infrastructure and services resulting in having a lack of capacity for the community.

2024: Approach to mitigation of risk

Council will continue to monitor household change in the District. Existing infrastructure is being managed to address specific growth factors associated with an activity (e.g. traffic demand) which may be generated from an increase in households. Where growth requires additional infrastructure (e.g. subdivisions), Council can currently require financial contributions for this work.

POPULATION & GROWTH ASSUMPTIONS

2027: 1.3 Household Change: TBC: Growth Projections programme

2027: Source of Base Information

Rationale Model

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: The number of households in the district is projected to increase from 21,000 in 2023 to 23,800 in 2043. The average household size will decrease from 2.34 individuals per household in 2023 to 2.30 in 2043.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

POPULATION & GROWTH ASSUMPTIONS**2024: 1.4 Economic, Industry & Employment Growth****2024: Source of Base Information**

Infometrics, Venture Timaru, Dot Loves Data

Confidence Level	Risk Level	Uncertainty Level
Low	Moderate	High

2024: Assumption: Economic growth will continue to stay strong in Timaru District, driven by local industry and contributing to the District's low unemployment levels.

Economic projections are highly uncertain due to the extenuating global and national factors that have impact on the local economy. Government regulations can, and do, change with changes in governments and these have trickle down effects in areas like Timaru that rely heavily on the primary sector for its GDP and employment.

In 2022, Timaru's GDP growth was greater than the NZ national figures, up 5.8% from the previous year. Unemployment figures were lower than the national average, with a 14.3% drop in 2023 from the previous year to a low of 3.4% on the job seeker support.

Disparity exists in the disproportionate number of Māori and Pasifika on either the means-tested benefit or single parent support, which shows no sign of reduction over time.

It is projected that employment in the healthcare, education, training, and social assistance sectors will grow over the next thirty years. This reflects the shift from other industries that adopts more technology to replace manual labour, which will require education and training to upskill into new career pathways, and the projected growth in the health industry with an aging population.

Based on projections from Infometrics 2020 Timaru Report, Venture Timaru's Economic Development Strategy 2021, and Dot Loves Data Community Compass Quarterly Report for Timaru District (March 2023)

2024: Risk Statement

Economic, Industry and Employment growth is lower or higher than forecast due to external factors, such as a slower or quicker than predicted global recovery from the global recession (lingering Covid-19 supply chain issues which have been exacerbated by the Russian invasion of Ukraine), or other limitations to accessing the global market affecting export demand for primary produce, and limiting overseas migration which the primary sector relies upon for workers.

2024: Consequence of variation to assumption

Changes to projected growth may impact on the demand for certain Council services (e.g. water supply, sewer, waste). This may impact on the cost of the service or provision of over/under capacity (depending on the nature of the change).

2024: Approach to mitigation of risk

Council continues to support employment growth and address disparities through the Mayoral Taskforce for Jobs initiative. Ongoing monitoring of the economic climate of the Timaru District to help position Council to support any changes to the industry profile. Council supporting local industry through the Business Improvement District initiative for Central Timaru businesses.

POPULATION & GROWTH ASSUMPTIONS**2027: 1.4 Economic, Industry & Employment Growth****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: Economic growth will continue to stay strong in Timaru District, driven by local industry and contributing to the District's low unemployment levels.

Economic activity within the Timaru District is expected to remain resilient over the long term, supported by the district's diverse economy, strategic location, primary industries, manufacturing, logistics and continued industrial investment.

Council assumes that future economic growth will increasingly depend on the efficient use of existing industrial land and infrastructure, rather than simply expanding the industrial footprint. Through integrated spatial planning, strategic utility planning and coordinated infrastructure investment, Council will be better positioned to support sustainable industrial and commercial development, improve investment certainty, and maximise the value of existing infrastructure.

The development of strategic industrial areas, including the efficient provision and utilisation of transport, water, wastewater and trade waste infrastructure, is expected to support higher-value land uses while ensuring finite serviced industrial land is used effectively.

2027: Risk Statement

Economic, industry and employment growth may be higher or lower than forecast due to national and international economic conditions, government policy changes, labour availability, export markets, commodity prices, climate events, infrastructure funding, and private sector investment decisions.

Growth may also occur in different locations or at different rates than anticipated. If Council's spatial planning, infrastructure investment, funding settings or regulatory framework do not respond effectively to changing investment patterns, opportunities for economic development may be delayed, existing infrastructure may be used inefficiently, investment certainty may be reduced, and the cost of servicing future growth may increase.

2027: Consequence of variation to assumption

Lower than anticipated economic growth may reduce development activity, rating growth and demand for some Council services.

Higher than anticipated growth, or growth occurring in different locations than forecast, may accelerate demand for transport, water, wastewater, stormwater, trade waste, solid waste, parks and community infrastructure, requiring investment to occur earlier than planned.

Inefficient utilisation of serviced industrial land may reduce the long-term value achieved from existing infrastructure investment, increase the cost of servicing future development, and limit opportunities for industries requiring specialised infrastructure such as trade waste and utility services

2027: Approach to mitigation of risk

Draft: Implement strategic utility planning through the Council's corridor manager function to support the drafting and implementation of the spatial planning, co-ordinated infrastructure investment, and clear funding settings to support industrial investment in the District's industrial areas

Council will support sustainable economic growth through integrated spatial planning, strategic utility planning and coordinated infrastructure investment.

Through the development of a district-wide spatial planning framework, supported by Council's corridor management function, Council will improve the coordination of transport, water, wastewater, stormwater, trade waste and other utility infrastructure to provide greater certainty for developers, infrastructure providers and investors.

Council will continue to review planning, funding and pricing mechanisms to encourage the efficient use of serviced industrial land, optimise the utilisation of strategic infrastructure, and support long-term financial sustainability.

Council will continue to work collaboratively with Venture Timaru, Timaru District Holdings Limited, utility providers, iwi, central government agencies and the private sector to identify growth opportunities, remove unnecessary infrastructure constraints, and support investment that aligns with the district's long-term strategic objectives.

Growth assumptions and infrastructure priorities will continue to be reviewed through future Annual Plans, Long Term Plans, Infrastructure Strategies and other significant strategic planning exercises.

COUNCIL OPERATIONAL ASSUMPTIONS

2024: 2.1 Council Political Structure

2024: Source of Base Information
Future for Local Government Review

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2024: Assumption: The outcome of the Representation Review in 2023 will result in no significant changes to the Council’s political structure and there will not be any amalgamation with other councils within the next ten years.

Representation Reviews are required every six years and Timaru has shown to have adequate representation for its population in previous reviews. Due to the lack of population growth, It is unlikely that there will be any need to adjust the representation numbers. With the low Māori population in the District (~10%), it is not thought that the threshold to establish a Māori Ward is feasible for this Representation Review.

The Future for Local Government Review outlines 17 recommendations including adopting a four-year election term, lowering the thresholds for Māori wards, appointing Māori representation onto councils, and changing voting systems to lower the voting age to 16 and adopting the universal STV system for all councils. However, amalgamation is not amongst the recommendations, and it is unlikely this will be pushed by any government for this LTP period. Based on the Review into the Future for Local Government Report (2023) He piki tūranga, he piki kotuku.

2024: Risk Statement
Changes in the political structure are made either through amalgamation with other councils, legislative changes to the LGA, the community votes for changes through the Representation Review, or a Māori Ward is established.

2024: Consequence of variation to assumption
Changes in the political structure could either be minor or major depending on the nature of the changes. For example, an amalgamation will have a significant impact on the delivery of Council services.

2024: Approach to mitigation of risk
Any changes in political structure will occur through either the Representation Review processes, or formal processes driven either by the community, Council, or central government. Council will monitor the community and legislative sentiment regarding changes to political structure.

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.1 Council Political Structure: TBC Final Headstart Proposal / Decision

2027: Source of Base Information

Head Start Proposal

Confidence Level	Risk Level	Uncertainty Level
High	High	Hif

2027: Assumption: The outcome of the Representation Review in 2023 will result in no significant changes to the Council’s political structure and there will not be any amalgamation with other councils within the next ten years.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

Comment: Any future amalgamation or move toward unitary authority arrangements could have implications for Civil Defence Emergency Management (CDEM), particularly if Environment Canterbury’s current regional coordination role were removed or substantially changed. While emergency management functions are expected to remain within local government, a change in structure may affect access to specialist regional advice, regional hazard knowledge, flood and river management expertise, lifeline utility coordination, and the support currently provided through the Canterbury CDEM Group. This may require councils to develop or retain additional in-house capability, shared specialist resource, or new regional coordination arrangements to ensure CDEM planning, readiness, response and recovery functions remain effective.

COUNCIL OPERATIONAL ASSUMPTIONS**2024: 2.2 Joint or Shared Service Arrangements/CCOs****2024: Source of Base Information**

Statement updated to reflect current status & Parliament

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2024: Assumption: Existing joint arrangements or shared service arrangements or Council Controlled Organisations (CCOs) are expected to remain and new joint arrangements, shared service arrangements or CCOs are likely to happen over the life of this LTP.

The findings of the Coalition Government's Working Advisory Group (WAG) for the Local Water Done Well Policy may result in joint/shared service arrangements for drinking water, waste water, and/or stormwater services. Should legislation be passed to empower councils to voluntarily establish joint entities (such as CCOs) that enables better borrowing capacity for core water infrastructure, it is possible this could be seriously considered as an option for Timaru to join with neighbouring councils. Based on current legislation and the Local Water Done Well Policy.

2024: Risk Statement

New joint arrangements are proposed due to circumstances beyond the Council's control or existing arrangements become no longer tenable.

2024: Consequence of variation to assumption

Additional costs may be created as the result of the failure of an existing arrangement, or the desire or need for a new arrangement. Efficiencies may be made through shared services and CCOs.

2024: Approach to mitigation of risk

Joint arrangements or shared service arrangements or CCO creation are undertaken following analysis of the potential benefits and costs and any proposed changes are subject to robust analysis. Council will have a robust performance management system in place for all joint or shared service or CCO arrangements. Where government legislation is involved, this will be monitored for any impacts on joint or shared service arrangements.

Under Section 17A of the Local Government Act 2002, Councils are required to review the cost-effectiveness of current arrangements including governance, funding and delivery of activities every six years. The full review for water services due in 2023 has been deferred until 2024/25 due to resource constraints and lack of capacity.

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.2a Joint or Shared Service Arrangements: TBC: Final Headstart Decision / Proposal

2027: Source of Base Information
List in email from Elliot + WO Ops model

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: Existing joint arrangements or shared service arrangements are expected to remain and new joint arrangements, shared service arrangements are likely to happen over the life of this LTP.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.2b CCTO – TDHL – TBC: Based on Letter of Expectations

2027: Source of Base Information

TDHL LoE/SOI

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.2c CCO – VT - TBC: Based on Letter of Expectations

2027: Source of Base Information

VT LoE/SOI

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.2d CSI Water- TBC: Based on Letter of Expectations

2027: Source of Base Information

WO SOE

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

Could include the shared service arrangement assumption about short term back office functions, whatever is put in the constitution for repayment of establishment costs, loan/ repayment of asset transfer etc, shareholding etc.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

2024: 2.3 Levels of Service

2024: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: The services levels will likely change for some activities to reflect value for money to ratepayers, with rating adjustments made accordingly to enable the delivery of those services at those levels.

Service level increases may be initiated from increased community expectations or demand, or there may be a need to reduce levels of service within the district due to affordability issues, or significant service level changes may be required as a result of government legislation, regional or district policy. The way that services are provided or delivered may change and this may subsequently have a significant effect on service levels.
Based on Council discussions and community feedback.

2024: Risk Statement

Changed service levels are demanded by the community or required by the government on local authorities in one or more areas of activity, which may also be driven by focusing on the value for money in some services. Levels of service may decrease due to the impacts of climate change, where the cost of maintaining the level is prohibitive, or due to physical changes the service is no longer possible.

2024: Consequence of variation to assumption

Service levels continue to rise without consideration of value for money, which increases rates and need for additional resources.

2024: Approach to mitigation of risk

The Council regularly monitors existing service provision within its operations and reviews and sets levels of service through activity management planning and corporate planning processes.

Service levels may change due to technology enhancements.

Minor changes may be made to service levels where budget, contracts and resources allow. These will generally occur within existing budgets.

Significant changes in service levels will be confirmed with the community via consultation. These may require increases to fees or rates, depending on how the service involved is funded, or by reducing the levels of service to stay within current budget limits.

COUNCIL OPERATIONAL ASSUMPTIONS**2027: 2.3 Levels of Service****2027: Source of Base Information**

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2027: Assumption:

Council will continue to maintain the adopted levels of service wherever practicable throughout the Long Term Plan period. However, increasing infrastructure costs, inflation, ageing assets, climate change, and growing legislative and regulatory requirements mean that maintaining existing levels of service will require continued investment.

Council recognises that opportunities to achieve significant efficiency gains through organisational change and productivity improvements are becoming increasingly limited. Future decisions will therefore increasingly involve balancing affordability with community expectations, rather than assuming existing levels of service can continue to be delivered for less.

During the Long Term Plan period, Council will continue to strengthen the way levels of service are defined, measured and reported across its activities. This will improve understanding of the relationship between customer outcomes, asset performance, service delivery and cost, enabling more informed decision-making in future planning cycles.

Where significant changes to adopted levels of service are proposed, these will be considered through Council's Long Term Plan or Annual Plan processes, with appropriate community engagement.

2027: Risk Statement

If The cost of maintaining existing levels of service may increase faster than Council's available funding due to inflation, ageing infrastructure, climate change, legislative change and increasing community expectations. Without a clear understanding of the relationship between service levels, customer outcomes and cost, Council may be unable to make well-informed decisions regarding affordability, investment priorities and long-term financial sustainability.

2027: Consequence of variation to assumption

If the cost of maintaining adopted levels of service exceeds available funding, Council may need to reprioritise expenditure, defer renewal or maintenance programmes, identify additional funding sources, or review adopted levels of service through future planning processes.

Failure to progressively improve the definition and measurement of levels of service may also reduce Council's ability to clearly demonstrate the impact of investment decisions on customer outcomes and asset performance.

2027: Approach to mitigation of risk

Council will continue to:

- review adopted levels of service through Activity Management Plans, Annual Plans and Long Term Plans;
- use asset management planning, customer feedback, legislative requirements and financial information to inform service level decisions;
- progressively improve the definition, measurement and reporting of levels of service across all activities;
- strengthen the link between levels of service, customer outcomes, asset performance and cost to support future decision-making; and
- undertake community consultation where significant changes to adopted levels of service are proposed.

COUNCIL OPERATIONAL ASSUMPTIONS

2024: 2.4 Resource Consents

2024: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
High	High	Low

2024: Assumption: The conditions of new and renewed resource consents required by Council during the period of this plan will be more rigorous and will likely take longer to obtain.

Resource consents due for renewal can be found within the relevant Activity Management Plans for individual activities. National Policy Statements and National Environmental Standards have increased the work required to process consents, and compounded with staff attraction and retention issues, has resulted in a backlog of consents and significant delays in processing.

With legislation changes on the horizon from the Coalition Government around RMA, the professional development requirements to stay abreast of new processes and legislative changes will put further pressure on planning professionals and could impact consent processing times and increase costs.

2024: Risk Statement

A resource consent is not obtained or renewed or conditions imposed are unacceptable.

2024: Consequence of variation to assumption

The non-granting or non-renewal of a major resource consent for a Council activity would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting of resource consents may delay project benefits or increase Council's risk.

2024: Approach to mitigation of risk

Appropriate planning for resource consent applications/renewals should ensure that they are obtained. All project planning will include planning and a risk assessment of resource consenting. Council will maintain the resource consent database.

Monitoring compliance with existing resource consent conditions will provide a record of compliance for future processes and renewals. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.4 Resource Consents – TBC

2027: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
LOW	HIGH	HIGH

2027: Assumption:

Draft: The Coalition Government repealed the Natural and Built Environment Act and Spatial Planning Act in 2023 and is developing replacement legislation — the Planning Bill and the Natural Environment Bill.

There is significant uncertainty and constant change in the legislative framework mean that whilst consenting is intended to become less rigorous, the time taken to adapt to a new system and the associated costs will result in Council needing to undertake a more rigorous planning process and wait through additional periods of uncertainty. This is emphasized by the Government having extended the duration of existing resource consents whilst the legislative change occurs. The outcome of this is key Council infrastructure and the consenting requirement for Council to operate this infrastructure is uncertain, resulting in the need to invest in both consenting and reform processes. Additionally, the ability of the industry to adapt to changes will also result in the existing industry that supports consenting needing to adapt, resulting in pressure points within the system around availability and the ability to provide necessary levels of service.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

COUNCIL OPERATIONAL ASSUMPTIONS

2024: 2.5 Staffing Levels & Accommodation

2024: Source of Base Information

New Assumption

Confidence Level	Risk Level	Uncertainty Level
High	High	Moderate

2024: Assumption: Staff numbers will increase to more FTEs being needed by the end of 2033/34, associated with changing local government responsibilities, economic growth, and increasing customer expectations.

Timaru District Council has experienced challenges with recruitment and retention in a tight labour market during times of low unemployment within the District. This has resulted in Council contracting external support as necessary to ensure statutory deadlines are met and key milestones on capital and operational projects are achieved; however Timaru has fewer staff and consultants than neighbouring councils or councils of a similar size throughout the country.

With the current growth in staff numbers due to increased responsibilities and legislative standards to be met, pressures on accommodating staff are evident and space is at a premium with a high number of vacancies in positions. Council’s current office buildings are not adequate to meet the need for existing staff to operate productively and the future growth in staff numbers. No budget provision has been made for a substantial change for the current building footprint for the King George Place facilities, with earthquake strengthening required for the South Block building.

With the uncertainty about the long-term future of the Three Waters portfolio being out of Council, it cannot be assumed that the office space pressures will be alleviated by the relocation of the Three Waters units. If Council continues to offer hybrid working-from-home arrangements, space pressures can be managed but it is not likely this can be sustained indefinitely as more staff are needed for future requirements.

2024: Risk Statement

Staffing requirements grow to a lesser extent or more slowly, because of efficiencies, improved information technology, or changes to Council’s functions; alternatively, the staffing requirements grow to a greater extent or more rapidly than assumed.

2024: Consequence of variation to assumption

If the staffing level remains as is currently with several vacancies and the staffing numbers grow slowly, earthquake strengthening, and potential expansion/refurbishment of the South Block could occur to expand available office space. If staffing levels increase more rapidly, there will be an urgent need to supplement existing capacity through additional office accommodation. This may have to be funded either through increased rates or borrowing for capital expenditure to earthquake strengthen and refurbish South Block or defer another capital works project to accommodate this need.

2024: Approach to mitigation of risk

Council will continue to monitor the office space allocation and allow for flexible working arrangements to relieve pressures of needing desk space.

A workforce planning assessment to help determine the staffing and space needs, with a timeline, will be conducted in 2024/25 to better inform future civic office needs.

COUNCIL OPERATIONAL ASSUMPTIONS

2027: 2.5 Staffing Levels & Accommodation – TBC: Arrangements with CSI Water

2027: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

COUNCIL OPERATIONAL ASSUMPTIONS**2024: 2.6 Strategic & Significant Assets****2024: Source of Base Information**

Activity Management Plans (AMPs)

Confidence Level	Risk Level	Uncertainty Level
Moderate/High	Low	Low

2024: Assumption: Council will retain its involvement in the management of strategic and significant assets (as listed in the Significance and Engagement Policy), including the Three Waters assets post-July 2026. Council will maintain various reserve funds for cash-funded depreciation of assets, addressing extreme weather events damage, and will borrow if there is a shortfall in the total funding required for asset renewals, upgrades, or replacements.

The management of assets will include maintaining the asset information to ensure it is reliable and accurately reflects the condition and performance of those assets. It is assumed no assets will fail but will require ongoing renewal and upgrades before being replaced at the end of their economic life, save for damage from extreme weather events.

Council has moved to a fair value measure for its revaluation system of property, plant, and equipment assets. Useful lives of significant assets are detailed in Asset Management Plans which provide information to support the replacements and renewal of Council infrastructure. Useful lives used in the calculation of depreciation are stated in the Council's Accounting Policies under depreciation.

Significant Assets refer to key infrastructure assets such as sewer, water supply, stormwater, waste minimisation, roading and key community facilities.

2024: Risk Statement

Significant assets fail sooner or later than estimated or are not adequately covered for the replacement cost during revaluation, or there is a change made in legislation around the ownership of assets (such as water assets).

2024: Consequence of variation to assumption

A major change in the useful life of a significant asset or a flawed revaluation may have significant financial and community repercussions, including increasing the cost of repairing or replacing the asset to current or improved service levels and the loss of use of the asset for the period it is out of action. If a new entity was established to look after existing Council water assets, such as a CCO, there is likely to be a loss of control of data and information.

2024: Approach to mitigation of risk

Asset life is based on the estimates of engineers and valuers. These are regularly reviewed through asset monitoring and testing and many are subject to regular "fair value" revaluations. Annual revaluations are undertaken for investment properties and forestry assets.

Where an asset wears out earlier than anticipated, mitigation may also involve reprioritisation of the capital work programme. Negative impacts are likely to be at least partially offset by some assets lasting longer than estimated.

Council will continue to invest in and gather good quality asset data. Where there is potential for failure of an asset, intensive data work should be funded. Council will continue to operate a risk management system across all its activities and is planning on its water assets remaining in its control.

COUNCIL OPERATIONAL ASSUMPTIONS**2027: 2.6 Strategic & Significant Assets****2027: Source of Base Information**

Asset Management Plans

Confidence Level	Risk Level	Uncertainty Level
Moderate/High	Medium	Medium

2027: Assumption: Council will retain its involvement in the management of strategic and significant assets (as listed in the Significance and Engagement Policy). Council will maintain various reserve funds for cash-funded depreciation of assets, damage arising from significant events, and will borrow if there is a shortfall in the total funding required for asset renewals, upgrades, or replacements.

Council will retain ownership and management responsibility for its strategic and significant assets, as identified in the Significance and Engagement Policy.

Council will maintain reserve funds for cash-funded depreciation and damage arising from significant events in accordance with its Financial Strategy. Depreciation funding is intended to be the primary source of funding for asset renewals. Where renewal funding requirements exceed available funding, Council may consider a range of funding options, including reprioritisation of expenditure, additional revenue or borrowing, in accordance with its Revenue and Financing Policy and Financial Strategy.

Council assumes that strategic and significant assets will continue to be managed using risk-based asset management practices supported by Asset Management Plans, lifecycle planning and ongoing investment in asset information.

Council recognises that the maturity of asset management varies across its activities. While some infrastructure activities have well-developed asset information and lifecycle planning, other portfolios will continue to improve asset inventories, valuations, condition information and long-term asset management over the life of this Long Term Plan.

Investment decisions will continue to be based on the best available information and prioritised according to risk, criticality, levels of service, statutory obligations and whole-of-life value.

2027: Risk Statement

Asset condition, remaining useful life, replacement values or service performance may differ from current assumptions due to ageing assets, changing demand, inflation, natural hazards, legislative change or incomplete asset information. Where asset information is less mature, there is an increased risk that future renewal requirements or funding needs may differ from current forecasts.

2027: Consequence of variation to assumption

If strategic assets deteriorate more quickly than anticipated, require higher levels of investment, or replacement costs increase beyond current assumptions, Council may need to reprioritise capital programmes, increase renewal investment, adjust borrowing requirements, review funding sources or consider changes to levels of service.

Improvements in asset information, valuations or condition assessments during the LTP period may also result in changes to future depreciation, renewal programmes and long-term funding requirements.

2027: Approach to mitigation of risk

Council will continue to improve asset management maturity across all activities by:

- maintaining and regularly reviewing Asset Management Plans;
- improving asset inventories, valuations, condition assessments and lifecycle information;
- undertaking regular asset monitoring and valuation programmes;
- prioritising renewal investment using risk-based decision making;
- maintaining appropriate reserve funds and reviewing long-term funding requirements through the Annual Plan and Long Term Plan processes; and
- continuing to strengthen asset management systems, data quality and organisational capability to support evidence-based investment decisions.

EXTERNAL ASSUMPTIONS

2024: 3.1 Three Waters Service Models (Local Water Done Well)

2024: Source of Base Information

Local Water Done Well Policy

Confidence Level	Risk Level	Uncertainty Level
Moderate/Low	Moderate	Moderate

2024: Assumption: Timaru’s Three Waters assets ownership and management will remain within Council’s control for the life of this LTP.

The changes made to legislation over the past few years has been tumultuous for long-term planning over Water Services within councils; however, the repeal of the previous government’s acts has resulted in Timaru’s plan to keep all three water activities within its LTP to be prudent. Currently the Coalition Government has established a Local Water Done Well Working Advisory Group to help implement its policy for local authorities to explore different ways to deliver water services that will meet the higher standards, including joint service delivery arrangements or establishing CCOs. Timaru is well positioned to retain full ownership and management of its water assets, establish its own CCO to manage it on its behalf, or to consider shared service models with neighbouring councils either through joint arrangements or a jointly-owned CCO.

2024: Risk Statement

Legislation changes are passed under urgency in Parliament that Council must implement immediately.

2024: Consequence of variation to assumption

Legislative changes require a set service delivery method for water services that does not serve the Timaru community’s best interests. If a reform goes ahead that removes the control of these assets from Council, it will have a significant impact on the services that are provided and therefore potentially the funding available.

2024: Approach to mitigation of risk

We are planning for the future of water services assets in this Long-Term Plan under the assumption that we will continue to own and operate them, albeit with higher standards of both water quality and reduction in environmental impact, and asset management practices. We will continue to monitor proposed changes as they develop.

EXTERNAL ASSUMPTIONS

2027: 3.1 Stormwater – TBC: Depending on CSI Water Arrangements

2027: Source of Base Information

New Assumption.

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

EXTERNAL ASSUMPTIONS

2024: 3.2 Forecast Costs

2024: Source of Base Information

New Assumption

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Low

2024: Assumption: Forecast costs for the capital programme will be close to those actually incurred, noting that the significant variations is heightened by a combination of the size of the proposed programme, the programme including several relatively large projects which the Council has very limited recent experience with, and a competitive contracting market. The Council will adjust its capital programme so there is no impact on rates and borrowings.

2024: Risk Statement

Market volatility may affect prices received as part of tendering processes for future work.

2024: Consequence of variation to assumption

Significant cost increases for major projects may undermine the viability of those projects and affect overall council capital delivery.

2024: Approach to mitigation of risk

Ensuring that our project forecasts are based on solid experience and knowledge based data, or in the absence of this that a proper independent QS process is followed on major projects with a high level of uncertainty.

EXTERNAL ASSUMPTIONS**2027: 3.2 Forecast Capital Costs****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2027: Assumption:

The character of the capital programme is expected to shift materially for 2027–37. The constrained financial environment created by the rates cap means the programme will be predominantly renewals-focused rather than enhancement driven. Large unfamiliar projects of the kind that elevated cost risk in 2024–34 are unlikely to feature significantly. Renewals programmes are generally better understood, better costed from experience, and carry lower forecast variance. Contracting market uncertainty remains but is less acute for renewals than for novel large builds. Overall cost forecast risk reduces compared to 2024–34.

Council assumes that forecast capital costs represent the best estimate available at the time the Long Term Plan is prepared.

The 2027–37 capital programme is expected to be predominantly focused on the renewal and replacement of existing assets, reflecting Council's financial strategy and the need to maintain existing levels of service within a constrained financial environment. Renewal programmes generally provide greater cost certainty than large or complex growth projects because they are informed by previous delivery experience and established construction methodologies.

Forecast confidence will vary across activity areas depending on the maturity of asset information, project development and market conditions. Council will actively review and prioritise the capital programme throughout the Long Term Plan period to respond to changes in project costs, delivery capacity and funding availability while maintaining long-term financial sustainability.

2027: Risk Statement

Market volatility may affect prices received as part of tendering processes for future work.

Construction cost inflation, market capacity, supply chain constraints, changes in project scope, and improvements in asset information may result in actual capital costs differing from those forecast.

2027: Consequence of variation to assumption

Significant cost increases for major projects may undermine the viability of those projects and affect overall council capital delivery.

If actual costs are materially higher than forecast, Council may need to rephase projects, adjust project scope, reprioritise the capital programme, or review funding and borrowing requirements in accordance with the Financial Strategy. This may affect the timing of planned capital investment and the delivery of some projects.**2027: Approach to mitigation of risk**

Ensuring that our project forecasts are based on solid experience and knowledge based data, or in the absence of this that a proper independent QS process is followed on major projects with a high level of uncertainty.

Council will reduce this risk by:

- preparing robust project cost estimates using current market information;
- progressively improving asset information and project definition before committing to delivery;
- regularly reviewing the capital programme to ensure projects remain affordable, deliverable and aligned with Council priorities.

EXTERNAL ASSUMPTIONS

2024: 3.3 Legislative Requirements on Council

2024: Source of Base Information
Parliament, Taituarā Guidance for Local Government Series

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: The dynamic landscape around legislative changes will have implications for the potential increase in responsibilities of Council to implement and manage these changes.

The new Coalition Government has a 100-day plan that signals changes (and reversal of planned changes) to legislation. These changes may have a significant impact on Council’s day-to-day work, so agility and adaptability is paramount. We also facing more pressure to comply with increasing standards. The costs of meeting these changes can be significant, such as the upgrades to our drinking water treatment plants that are required to meet health standards or health and safety regulations that require immediate implementation.

Changes made to the Waste Minimisation Act require additional commitment from Council to allocate almost six times the total of Waste Levy Funds for Waste Minimisation initiatives for the Timaru District. Climate Change legislation is requiring stricter reporting requirements on Council’s carbon footprint and how it is reducing this to meet New Zealand’s commitment to meet its carbon reduction targets, and new Building Act and Building Code legislation strengthen safety requirements. Based on reform legislation currently passed by Parliament and Taituarā’s Guidance for Local Government Series.

2024: Risk Statement
Legislation changes passed by either under urgency in Parliament that Council must implement immediately.

2024: Consequence of variation to assumption
Council will need to adjust quickly to new requirements by either hiring additional resource or contracting support services in order to meet legislative requirements.

2024: Approach to mitigation of risk
Where legislation requires review of our processes or staffing, we will seek to achieve the most efficient and cost-effective way forward. However, if we are required to provide additional services or increased levels of service, this may require increases to rates or user fees.
We will submit on legislation where appropriate to encourage reduced or improved impacts on our operations and value for money for ratepayers. We will also continue to participate in the planning, development, revision, implementation, monitoring and reporting related to regional strategies and policies and to represent the district’s interests and contribution to the region.
Any changes in political structure will occur via the representation review processes or through formal processes driven either by the community, Council, or central government.

EXTERNAL ASSUMPTIONS**2027: 3.3a Simplifying Local Government: TBC: Dependent on Headstart Decision and any legislative changes.****2027: Source of Base Information**

Head Start, Parliament

Confidence Level	Risk Level	Uncertainty Level
Low	High	High

2027: Assumption:**2027: Risk Statement****2027: Consequence of variation to assumption****2027: Approach to mitigation of risk**

Comment: The legislative impact of Simplifying Local Government should be considered alongside the new Emergency Management Bill. Local government reform may change council structures, create unitary authorities, alter regional council functions, and affect how regional services are governed and delivered. At the same time, the Emergency Management Bill is expected to replace the Civil Defence Emergency Management Act 2002 and provide clearer responsibilities at national, regional and local levels, higher minimum standards for emergency management, stronger community and iwi engagement requirements, and clearer planning and role-holder obligations. Together, these reforms could materially affect Council's statutory responsibilities, resourcing, governance arrangements, regional coordination, emergency management capability, and transition planning over the 2027–37 LTP period. The assumption should recognise that legislative change may require Council to review roles, delegations, plans, shared service arrangements, specialist capability, funding, and participation in regional emergency management structures as the final reform settings become clearer.

EXTERNAL ASSUMPTIONS

2027: 3.3b Resource Management Reform – TBC Dependent on Natural Environment and Planning bills parliamentary process.

2027: Source of Base Information
Parliament

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

Draft: The Coalition Government repealed the Natural and Built Environment Act and Spatial Planning Act in 2023 and is developing replacement legislation — the Planning Bill and the Natural Environment Bill. Until enacted, the existing RMA framework applies and once enacted a transition period will occur. The direction of reform signals some simplification, but the practical effect on Council's planning functions and compliance costs is uncertain until the bills pass. As a starting point it is assumed that the changes will result in the need for Council to develop a new planning framework that aligns with national direction, this will include contributing at a regional level and then applying both the regional and national direction at a local level. The assumption that the RM environment will require ongoing Council response remains valid; the nature of that response may shift depending on final bill content.

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

EXTERNAL ASSUMPTIONS

2027: 3.3c System Improvements Amendment Bill TBC: At Committee of the house stage, no date set.

2027: Source of Base Information

Parliament

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

EXTERNAL ASSUMPTIONS**2027: 3.3d Rates Capping****2027: Source of Base Information**

Parliament

Confidence Level	Risk Level	Uncertainty Level
Moderate	High	Moderate

2027: Assumption:

The rates cap is the single most consequential financial constraint for the 2027–37 LTP. A ≤4% per annum limit creates a materially tighter financial environment than the previous plan, directly affecting the affordability of the capital programme, levels of service, and debt management. All financial assumptions and the Financial Strategy have been framed within this limit. The enabling legislation has not yet been passed — the cap is currently a government policy direction. If the legislation does not proceed or the cap changes, the Financial Strategy would require revisiting.

2027: Risk Statement

Should guided rates cap of ≤4% be changed the plan will need to be robust enough to meet this.

2027: Consequence of variation to assumption

Council will need to adjust quickly to new requirements to meet legislative requirements.

2027: Approach to mitigation of risk

A robust enough plan to be able to pivot depending on final rates capping guidance.

EXTERNAL ASSUMPTIONS**2024: 3.4 Climate Change****2024: Source of Base Information**

NIWA Climate Change Projections, IPCC Assessment, Meteo

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: There will be an increase of extreme weather events that will challenge traditional expectations and responses; hence Council is integrating the risks of climate change and mitigating actions in all its relevant activities and infrastructure management.

Timaru's climate is becoming warmer, with record high temperatures in autumn 2023, an average 1.5°C increase in July, and projections showing further warming expected. There is also an increase in heavy rainfall events.

This climate change makes Timaru susceptible to infrastructure damage like bridges, roads and utilities being impacted during extreme weather. Coastal areas, farmland and infrastructure face threats from rising sea levels and increased coastal flooding.

Some communities may struggle to adapt due to limited land availability for retreat and financial constraints like higher energy and insurance costs.

The agricultural sector may need to transition as traditional crops become less viable and pest control needs increase, though new opportunities could emerge.

Recent floods have damaged bridges, roads and exposed landfill waste near rivers. Coastal erosion also threatens old landfills near the shoreline.

With Timaru's coastal location, sea level rise severely threatens residents and the port, jeopardizing major local industries.

Based on NIWA Climate Change Projections for NZ (IPCC Assessment), Meteo.com Timaru Climate Change information.

2024: Risk Statement

Climate change impacts on Council critical infrastructure, public utilities, and core services across the district at a higher and more severe rate than expected.

2024: Consequence of variation to assumption

A higher rate of climate change effects may mean Council has underinvested in infrastructure protection, so facilities and core assets are not able to withstand higher temperatures and/or severe weather events. Poor planning for business continuity, or not taking the threats of climate change seriously, could result in disrupted services that creates a lack of capacity for the community, with vulnerable people more at risk of suffering the consequences.

2024: Approach to mitigation of risk

Council has in-house climate change resource to track data and measure the council's carbon footprint, with the goal of reducing greenhouse gas emissions. Council aims to protect communities through asset management, CDEM planning, and district planning that accounts for extreme weather events.

Emergency planning focuses on developing community response plans across the district. There are fewer risks to critical infrastructure from sea level rise since most assets are not coastal, aside from Redruth Landfill. River mouth communities have evacuation plans for flooding.

The district plan considers increased coastal hazards and localized climate risks, including improving stormwater infrastructure in flood-prone areas. The council adopted a Climate Change Response Policy and is developing an action plan. It funded a Climate Change Strategy to coordinate a multi-agency approach to reducing climate risks and meeting emission reduction targets.

All council divisions have evaluated climate risks and mitigation for their planning over the LTP period, and will work to incorporate climate change mitigation into daily operations.

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EXTERNAL ASSUMPTIONS

2027: 3.4 Climate Change

2027: Source of Base Information

NIWA Climate Projections for New Zealand, Ministry for the Environment guidance, Canterbury Climate Partnership Plan (2024–2027)

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2027: Assumption:

Climate change will continue to influence the frequency of weather events and long-term climate pressures affecting the Timaru District over the Long-Term Plan period. Council assumes weather events induced by climate change will continue to test infrastructure resilience, service delivery, asset management, financial planning and community wellbeing.

2027: Risk Statement

Climate change presents an ongoing strategic risk to Council's ability to provide safe, reliable and cost-effective infrastructure and services. Increasing exposure to flooding, coastal hazards, drought, intense rainfall and other natural hazards may increase asset damage, operational disruption, maintenance costs and long-term financial pressures. The timing, scale and severity of future climate impacts remain uncertain; however, Council considers climate change to be a material consideration in long-term planning and infrastructure investment decisions.

2027: Consequence of variation to assumption

If climate change impacts occur more rapidly or with greater severity than assumed, Council may experience increased infrastructure damage, higher maintenance and renewal costs, greater service disruption, increased insurance and recovery costs, and reduced resilience of critical assets. Conversely, if climate impacts are less severe or occur more slowly than anticipated, infrastructure investment and adaptation measures may be implemented earlier than necessary, although many resilience investments are expected to provide broader operational and community benefits regardless of climate outcomes.

2027: Approach to mitigation of riskCouncil will continue to integrate climate change considerations into strategic planning, infrastructure investment and operational decision-making through its Climate Change Response Policy, Long-Term Plan, Infrastructure Strategy, Asset Management Plans and Significant Forecasting Assumptions. Climate-related risks will continue to be identified and managed through Council's existing risk management processes, supported by the latest available national and regional climate science.

Council will continue to improve understanding of organisational greenhouse gas emissions through annual carbon inventories, incorporate climate considerations into project and infrastructure planning where appropriate, and work collaboratively with regional partners to strengthen resilience to climate-related hazards. Significant infrastructure investment decisions will consider the potential implications of future climate conditions alongside service, financial and community outcomes.

comment: Source data should be updated to the latest NIWA projections and MfE guidance and relevant regional climate assessments, including the Canterbury Regional Climate Change Risk Assessment and Canterbury Climate Partnership Plan available at the time of drafting

Comment: Ongoing climate change is expected to contribute to more frequent and/or more severe weather events over the 2027–37 LTP period, including flooding, intense rainfall, drought, coastal hazards and other disruptive natural hazard events. This is likely to increase expectations on Council's level of response and recovery, including emergency coordination, public information, welfare support, infrastructure repair, clean-up, community recovery, and support for affected residents and businesses. The assumption should recognise that climate-related events may place increasing pressure on operational capacity, emergency management capability, recovery funding, staff wellbeing, contractor availability, and the ability to maintain normal levels of service while responding to and recovering from significant events.

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EXTERNAL ASSUMPTIONS

2024: 3.5 Pandemics

2024: Source of Base Information
World Health Organisation R&D Blueprint for Epidemics

Confidence Level	Risk Level	Uncertainty Level
High	High	Low

2024: Assumption: Viral and bacterial outbreaks creating global pandemics will occur again.
The World Health Organisation (WHO) has identified the nine viruses and bacteria with pandemic potential that it is advising governments and organisations to prepare for in future. These include the Nipah virus, Crimean—Congo haemorrhagic fever, Lassa fever, Rift Valley fever, Zika, Ebola & Marburg viruses, MERS, SARS, and allowing for future genetic mutations the WHO highlights potential for an as-yet unknown disease to become a pandemic that it calls Disease X. New Zealand’s experience with the Covid-19 pandemic was an effective but costly response that saw the mortality rate far below other developed countries, including island nations. The high vaccination rate helped to limit the spread and reduce the mortality rate, but showed the flaws in the public health system. The WHO recommend the bolstering of the public health system by the governments for all countries, and for organisations to have adequate planning to accommodate future pandemics with regards to workforce pressures, vaccinations, and business continuity measures in place as much as practicable should universal lockdowns occur in future. Based on World Health Organisation R&D Blueprint for Epidemics, 2022.

2024: Risk Statement
Pandemics occur more frequently and interrupt business operations and wider society through preventative measures to contain spread.

2024: Consequence of variation to assumption
International lockdowns and immigration freezes impact adversely on Council’s resourcing (for staff and materials due to supply chain issues), plus sickness and quarantines impact on Council’s ability to deliver services. Demand for service levels change and could create more logistical mechanisms to help contain disease spread which creates more demand on staff resources. Lockdowns and business closures could increase unemployment which could impact on ratepayer’s ability to pay their rates, creating financial downturns and further impacting on Council’s ability to maintain service delivery.

2024: Approach to mitigation of risk
Council will continue to work on its pandemic planning and business continuity planning, and maintain monitoring global trends and health updates as necessary.

EXTERNAL ASSUMPTIONS

2027: 3.5 Major Disruptive Events – This is a new assumption, working on base information source

2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

Note from previous document: The COVID-19 experience demonstrated that the risk is not pandemic-specific — any large-scale disruptive event can materially affect Council's ability to operate. The broadened assumption covers: pandemic or significant public health emergency; major cyber incident affecting Council systems or critical infrastructure; significant civil emergency or national security event; and major economic or supply chain shock affecting Council's operational or capital delivery capacity.

The distinction from 3.6 is deliberate: 3.5 covers human/systemic disruption; 3.6 covers physical/natural hazard events

EXTERNAL ASSUMPTIONS**2024: 3.6 Natural Hazards & Emergency Events****2024: Source of Base Information**

Ministry of Civil Defence & Emergency Management

Confidence Level	Risk Level	Uncertainty Level
High	High	Moderate

2024: Assumption: Natural hazards such as flooding, erosion, drought and other extreme weather events will be regular occurrences and make up a large part of civil defence emergencies throughout New Zealand, and particularly for Timaru's braided rivers and river mouth communities.

Timaru District is prone to natural hazards due to its proximity to the Alpine Fault (a 75% probability in next 50 years) and being located on the Canterbury Plains which has always been susceptible to flooding and erosion. Communities are becoming more challenged by regular events directly impacting their own wellbeing or by witnessing extended whanau being displaced or impacted by the economic realities of increased insurance costs or other fiscal requirements.

Emergency Management's role is increasing with the need to support other agencies in coordination during complex events. Flooding events in the past few years have had impacts on the District's infrastructure programme, requiring repairs and replacement of critical infrastructure as well as support for displaced residents who have had to be evacuated from their homes.

As these events can occur suddenly without warning, Council has had to provide for emergency funding and interrupt its normal service delivery programme on many occasions to respond to the immediate and urgent needs of the community, compromising the likelihood of being able to deliver levels of service for normal activities. Additionally, staff wellbeing for personnel undertaking EOC duties on top of normal workloads in high stress response situations is a critical aspect that impacts on service delivery.

Based on information from Ministry of Civil Defence and Emergency Management and CDEM Canterbury.

2024: Risk Statement

Emergency events due to natural hazards or pandemics could occur more frequently and more severely than expected.

2024: Consequence of variation to assumption

Council is unable to respond adequately to the increased needs of its community during emergency events from flooding, erosion, drought, earthquakes, tsunamis, or pandemics and cannot complete its planned work programme or sustain levels of service to the community without additional support from central government.

2024: Approach to mitigation of risk

Council will continue to protect the community through its asset management, CDEM, and district planning activities. The vulnerability of any infrastructure to coastal erosion or inundation is taken into account in all asset planning and replacement, and coastal communities have evacuation plans in place to help in times of flooding.

Community resilience and facilities will continue to be strengthened by education and strategic improvements. Council also monitors the geological science updates from GNS (i.e. Project AF8) and is an active member of the Canterbury CDEM Group.

The Local Authority Protection Programme Disaster Fund Trust (LAPP) which Council belongs to provides a level of assurance in addition to Council's insurance cover that emergency works and infrastructure repairs (except for roads) will be done as necessary. Council would also expect in extreme emergencies under declaration that central government support would be provided.

EXTERNAL ASSUMPTIONS

2027: 3.6 Natural Hazards & Emergency Events TBC: This is working on a source of base information

2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

Comment: The assumption should recognise the increasing rate and complexity of natural hazard and emergency events, including more frequent severe weather, flooding, drought, coastal hazards and other disruptive events affecting communities and infrastructure. These events are also expected to drive increasing recovery costs, including emergency works, infrastructure repair, welfare support, clean-up, community recovery, staff resourcing, contractor availability, and potential impacts on Council’s planned work programme and normal levels of service. The new Emergency Management Bill may also introduce new rules, standards, role-holder expectations and reporting requirements, with increased accountability on territorial authorities to demonstrate effective readiness, response and recovery capability. This may require Council to review emergency management resourcing, plans, delegations, training, community engagement, recovery arrangements, and funding assumptions as the new legislative settings become clearer.

EXTERNAL ASSUMPTIONS**2024: 3.7 Disruptive Technology (4th Industrial Revolution)****2024: Source of Base Information**

National Cyber Security Centre (Te Tira Tiaki)

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: Technology will continue to improve and develop at a pace faster than the public sector can keep up with, presenting challenges for cybersecurity and data integrity.

Technology is progressing at a rate that is faster than local government's ability to adapt, and in the Fourth Industrial Revolution the technological advances are replacing cognition instead of replacing physical labour as in previous times. Some technologies such as Artificial Intelligence (AI) like ChatGPT, Virtual Reality (VR), or cybersecurity attacks may disrupt Council's processes if not adequately safeguarded against. Tools such as ChatGPT or VR have legitimate uses to enhance or streamline some communication tactics, but without clear protocols of how and when they can be used, they may misrepresent information to or about the Council as there are no security measures to ensure accuracy or truthfulness in these technologies at present time.

Cybersecurity attacks are becoming more sophisticated and diverse; they can potentially cost millions (on average they cost \$16m per year of financial loss nationally) and shut down core systems which can affect Council's levels of service. The Russian invasion of Ukraine presents the most significant threat to New Zealand is through an indirect malicious cyberattack that affects a critical supply chain. New Zealand has also been the recipient of Chinese state-sponsored cyberattacks that affected Microsoft emails of local national organisations; with the GCSB identifying 30% of serious malicious cyber activity attributed to various state-sponsored actors.

Based on National Cyber Security Centre (Te Tira Tiaki) Cyber Threat Report 2021/22.

2024: Risk Statement

Council could suffer from a cybersecurity attack to its IT systems which may result in a compromise of personal privacy or financial records and/or is inadequately prepared to manage the transition towards the Fourth Industrial Revolution.

2024: Consequence of variation to assumption

If Council does not commit the resource into enhancing the IT unit's function, it could potentially be vulnerable to misuse of data or a misrepresentation of information from advanced technologies such as ChatGPT or VR. Cyber security threats are evolving as the international political landscape becomes more volatile and Council's IT systems could be compromised by malicious malware, ransomware, phishing/credential harvesting, scams and fraud, and unauthorised access.

2024: Approach to mitigation of risk

Council will continue to keep abreast of technological developments and use the appropriate systems to help provide communities with data and give them a way to engage with Council safely. By ensuring the cyber security protocols are adhered to (updated licences, staff training on phishing and email scams, etc.), Council can help reduce the risks posed by external cyber-attacks and help to protect Council's data. Council needs to ensure sufficient resourcing is invested into IT to enable the agility to respond to new technologies appropriately over the next ten years.

EXTERNAL ASSUMPTIONS

2027: 3.7 Technology and Innovation TBC: Subject to significant change due to AI

2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption:

2027: Risk Statement

If Council does not keep pace with technology change and emerging cyber threats, there is a risk that systems, data, and services may become more vulnerable to compromise, disruption, or misuse. This could result in financial loss, operational disruption, privacy breaches, loss of data integrity, reputational damage, and reduced community confidence in Council’s ability to deliver secure and reliable services.

2027: Consequence of variation to assumption

2027: Approach to mitigation of risk

Draft: Council will mitigate this risk by maintaining a proactive approach to cyber security, technology governance, and digital capability. This includes continued investment in security tools and monitoring, incident response planning, staff awareness training, data and privacy controls, AI governance, regular review of critical systems, and assessment of new technologies before adoption. Council will also continue to prioritise system resilience and business continuity to reduce the impact of any significant technology or cyber incident.

EXTERNAL ASSUMPTIONS**2024: 3.8 Resource Availability (Contractors and Materials)****2024: Source of Base Information**

International Monetary Fund (IMF) and Ministry Foreign Trade & Enterprise (MFTE)

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: Resources will be under pressure for a considerable amount of time due to the lengthy issues with supply chain logistics, having enough contractors, and the availability of materials.

Supply chain issues arose from the Covid-19 pandemic which caused disruption to shipping routes and the supplying of goods to remote places like New Zealand. The Russian invasion of the Ukraine has exacerbated the supply chain issues, creating a long-term situation where shortages of materials from overseas is a dominant theme for most contractors.

Additionally, with low unemployment and the lack of international migration of workers, most organisations and contract companies face staff shortages and delays in the delivery of projects.

Project management for all infrastructure activities, including vertical infrastructure, must now allow for delays of arrivals of materials or increased prices, and take this into account when determining timelines and milestones.

Based on International Monetary Fund and Ministry of Foreign Trade and Enterprise information.

2024: Risk Statement

Council is unable to deliver key projects or programmes of work on time or on budget due to supply chain issues, the unavailability or increased costs of materials, and lack of staffing by contractors.

2024: Consequence of variation to assumption

Supply chain issues delay projects for extended periods of time as necessary materials cannot be supplied to meet key project milestones, and/or contracting staff shortages create delays to projects or work programmes and impact on Council's levels of service.

2024: Approach to mitigation of risk

Council will update its procurement information to keep up-to-date with supply chain issues, and ensure adequate project planning allows for variations of materials (if possible) or incorporates longer supply timeframes within projects.

Enhanced contract management will enforce minimum staffing levels needed for contracted projects to ensure milestones are met and the levels of service are maintained.

EXTERNAL ASSUMPTIONS**2027: 3.8 Resource Availability (Contractors and Materials)****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level
Med	Med	High

2027: Assumption:

Global supply chains have largely stabilised since the COVID-19 pandemic; however, Council assumes that international geopolitical events, trade disruptions and fluctuations in global energy markets will continue to create periodic uncertainty around fuel prices, freight costs, specialist materials and equipment availability.

Council assumes that sufficient contractors, suppliers and specialist expertise will remain available to deliver the Long Term Plan. However, market capacity is expected to remain constrained at times due to national infrastructure investment, workforce availability and competition for skilled resources. These factors may influence procurement costs, delivery timeframes and programme sequencing over the life of the Long Term Plan.

2027: Risk Statement

Geopolitical instability, including disruption to international energy markets and global trade, together with reduced contractor capacity or shortages of specialist skills, may increase the cost or delay the delivery of Council's operational and capital programmes.

2027: Consequence of variation to assumption

If contractor availability, fuel costs, material prices or supply chain disruptions are materially different from those assumed, Council may experience increased operating and capital costs, longer delivery timeframes, and reduced flexibility in delivering its work programme. This may require projects to be reprioritised, rephased or deferred, additional funding to be considered through future Annual Plans or Long Term Plans, or changes to agreed levels of service where affordability or delivery capacity cannot be maintained.

2027: Approach to mitigation of risk

Council will maintain a strategic approach to procurement by developing long-term supplier relationships, using contract models that encourage market participation, and planning procurement activities well in advance of delivery.

Council will regularly monitor market conditions, contractor capacity, fuel and material cost trends, and supply chain risks to inform programme planning and budgeting. Capital programmes will be prioritised and sequenced to align with available delivery capacity, with appropriate contingencies incorporated into project planning where uncertainty exists.

Where appropriate, Council will continue to build internal capability and use collaborative procurement and contract management practices to improve resilience, maintain competition, and support the delivery of critical services.

FINANCIAL ASSUMPTIONS**2024: 4.1 Inflation****2024: Source of Base Information**

BERL Economics (Taituarā prepared)

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate/High	Moderate

2024: Assumption: The LTP is prepared on the inflation rates assumed in the table below for periods beyond 2024/25 which is based on Local Government Cost Index (LGCI) legacy scenario prepared by BERL.

This scenario is modelled using the previous 'basket of goods' and assumes Councils will retain 3 waters functions, ie status quo for the life of the LTP.

BERL quote the index at 30 June for each year.

[Inflation rate table — Operational, Capital and Total percentages per year 2024/25 to 2033/34 — to be inserted.]

2024: Risk Statement

The rate of inflation differs from that assumed.

2024: Consequence of variation to assumption

A significant change in inflation will result in changed revenue and expenditure. This could be significant and may adversely affect the ability of the Council to set rates at a level that is affordable to the community.

2024: Approach to mitigation of risk

The Council will review this financial assumption when it reviews its budget annually through the LTP/Annual Plan process and may adjust work programmes/budgets where necessary.

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operational	2.9%	2.2%	2.3%	2.3%	2.2%	2.1%	2.0%	2.0%	1.9%	1.9%
Capital	3.0%	2.2%	2.4%	2.3%	2.2%	2.1%	2.1%	2.0%	2.0%	1.9%
Total	2.9%	2.2%	2.3%	2.3%	2.2%	2.1%	2.0%	2.0%	1.9%	1.9%

FINANCIAL ASSUMPTIONS

2027: 4.1 Inflation – TBC BERL Inflation Report

2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate/High	Moderate

2027: Assumption: The LTP is prepared on the inflation rates assumed in the table below for periods beyond 2027/28 which is based on Local Government Cost Index (LGCI) legacy scenario prepared by BERL.

2027: Risk Statement

The rate of inflation differs from that assumed.

2027: Consequence of variation to assumption

A significant change in inflation will result in changed revenue and expenditure. This could be significant and may adversely affect the ability of the Council to set rates at a level that is affordable to the community.

2027: Approach to mitigation of risk

The Council will review this financial assumption when it reviews its budget annually through the LTP/Annual Plan process and may adjust work programmes/budgets where necessary.

Year	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Operational										
Capital										
Total										

FINANCIAL ASSUMPTIONS

2024: 4.2 Interest Rate on Borrowing

2024: Source of Base Information

Bank Information

Confidence Level	Risk Level	Uncertainty Level
Low	Moderate	Moderate

2024: Assumption: Interest on borrowing is assumed to be between 4.8% and 6.2%.

For each \$10 million of borrowing a 1% increase in interest rates increases Council’s borrowing costs by \$100,000.

2024: Risk Statement

Interest rates on borrowing are higher or lower than forecast.

2024: Consequence of variation to assumption

Council costs could increase or decrease as interest rates fluctuate up and down. Based on Council’s projected debt levels, interest cost would increase/decrease by \$3.5M per year for each 1% movement in effective interest rate.

2024: Approach to mitigation of risk

Council hedges interest rate exposures as per the Treasury Management Policy.

FINANCIAL ASSUMPTIONS**2027: 4.2 Interest Rate on Borrowing****2027: Source of Base Information**

LGFA/ Bank Information?

Confidence Level	Risk Level	Uncertainty Level
Low	Moderate	Moderate

2027: Assumption: Interest on borrowing is assumed to be between 3.49% and 5.28%.

For each \$10 million of borrowing a 1% increase in interest rates increases Council's borrowing costs by \$100,000.

2027: Risk Statement

For each \$10 million of borrowing a 1% increase in interest rates increases Council's borrowing costs by \$100,000.

2027: Consequence of variation to assumption

Council costs could increase or decrease as interest rates fluctuate up and down. Based on Council's projected debt levels, interest cost would increase/decrease by \$3.5M per year for each 1% movement in effective interest rate.

2027: Approach to mitigation of risk

Council hedges interest rate exposures as per the Treasury Management Policy.

FINANCIAL ASSUMPTIONS**2024: 4.3 Return on Investments****2024: Source of Base Information**

Portfolio advisors and TDHL

Confidence Level	Risk Level	Uncertainty Level
Low	Moderate	Low

2024: Assumption: Bank deposits and bond portfolio assumed return is between 5.4% and 5.7%. Timaru District Holdings Limited assumed dividend is \$1M per annum. Forestry assumed return is \$0 over the 10 years due to the growth cycle of current forest plots.

This scenario is modelled using the previous 'basket of goods' and assumes Councils will retain 3 waters functions, ie status quo for the life of the LTP. BERL quote the index at 30 June for each year.

2024: Risk Statement

Forecast returns are higher or lower than forecast.

2024: Consequence of variation to assumption

Council income could increase or decrease as investment returns fluctuate up and down.

2024: Approach to mitigation of risk

Council maintains a long-term investment portfolio with fixed interest rates which minimizes fluctuations.

Investments are also managed using the Treasury Management Policy to minimise risks. Changes in investment returns are generally partially offset by a change in borrowing costs.

FINANCIAL ASSUMPTIONS**2027: 4.3 Return on Investments TBC: Awaiting information from TDHL regarding other investments****2027: Source of Base Information**

Bancorp/ TDHL SOI/ Forestry (if we are harvesting over the 10 years)

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Low

2027: Assumption: Bank deposits and bond portfolio assumed return is between 2.5% and 5.0%. Timaru District Holdings Limited assumed dividend is \$XM per annum. Forestry assumed return is \$0 over the 10 years due to the growth cycle of current forest plots.

2027: Risk Statement

Forecast returns are higher or lower than forecast.

2027: Consequence of variation to assumption

Council income could increase or decrease as investment returns fluctuate up and down.

2027: Approach to mitigation of risk

Council maintains a long-term investment portfolio with fixed interest rates which minimizes fluctuations. Investments are also managed using the Treasury Management Policy to minimise risks. Changes in investment returns are generally partially offset by a change in borrowing costs.

FINANCIAL ASSUMPTIONS

2024: 4.4 Funding Sources

2024: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Low

2024: Assumption: Current funding sources (including NZTA as the external funding source for Land Transport) do not change over the first three years of this plan.

Funding sources are specified in the Revenue and Financing Policy and Financial Strategy. This applies to user fees, charges and external funding towards projects and assets. Council currently does not collect Development Contributions.

2024: Risk Statement

Projected revenue from user charges or financial assistance is not achieved. Levels and sources of funding differ from those forecast.

2024: Consequence of variation to assumption

Revenue could reduce without the ability to reduce expenditure proportionately. In this event, the account would run in deficit, with charges reviewed for the next financial year. Project and asset funding could result in projects being revised or alternative funding sources used.

2024: Approach to mitigation of risk

Levels of revenue from user charges have been set at realistic levels in accordance with the ratios outlined in the Revenue and Financing Policy. There is a concentration of risk associated with a small number of industrial consumers for some revenue streams (e.g. extraordinary water charges and trade waste charges). Regular liaison is maintained with these consumers.

Funding for projects and assets is considered before the commencement of each project or asset. A significant impact from changes in funding or funding sources may result in a revised capital work programmes, or changes in the level of user fees and charges, borrowing or rating requirements.

FINANCIAL ASSUMPTIONS**2027: 4.4 Funding Sources TBC: Decisions around development levies**2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level

2027: Assumption: Current funding sources (including NZTA as the external funding source for Land Transport) do not change over the first three years of this plan except for the move from Financial Contributions to the new Development Levies regime under the new Planning Bill.

Funding sources are specified in the Revenue and Financing Policy and Financial Strategy. This applies to user fees, charges and external funding towards projects and assets. Council will be moving from Financial Contributions

2027: Risk Statement2027: Consequence of variation to assumption2027: Approach to mitigation of risk

Notes from other document: The assumption requires updating.

1. RM reform proposes moving from Financial Contributions (RMA) to Development Levies — the Revenue and Financing Policy will need to give effect to this once the Planning Bill is enacted; financial implications are not yet fully certain.
2. Rates and Revenue Review is examining a potential shift from land value to capital value as the rating basis — if adopted, this materially alters how the rate is set and how the burden is distributed. Both changes require the Revenue and Financing Policy to be reviewed before adoption.
3. Water-related funding streams will transfer to the WO.
4. Stormwater?
5. ECan revenue pending Simplifying LG Reform.

FINANCIAL ASSUMPTIONS

2024: 4.5 NZTA Waka Kotahi Funding Assistance

2024: Source of Base Information

NZTA Waka Kotahi

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2024: Assumption: The Funding Assistance Rate (FAR) received from NZTA Waka Kotahi for qualifying and approved road works remains at 51% for the 2024-34 period, but Council budgets for less due to historical trends. Future reviews will occur within the LTP cycle.

We will not know for certain the Waka Kotahi funding approved for the District until after this LTP is adopted due to the different time frames for the NZTA Waka Kotahi budget process and the development of this LTP. Previous funding requests versus the actual revenue received from NZTA Waka Kotahi show the amount to be closer to 30-40% of the roading programme. This enables Council to refocus the available investment from NZTA onto continuous programme activities without needing to do plan variations.

2024: Risk Statement

Changes in subsidy rates or to criteria for roading and footpath projects have a positive or negative effect on Council’s transport budget. Further changes in Waka Kotahi FAR will affect Council’s transport budget.

2024: Consequence of variation to assumption

Funding would need to be obtained from alternative sources or work programmes adjusted. Levels of service may need to be adjusted. If sufficient funding is not available, it may mean that projects are delayed or scrapped.

2024: Approach to mitigation of risk

The budget is reviewed annually through the LTP/Annual Plan process and may require adjusted work programmes/budgets where necessary.

FINANCIAL ASSUMPTIONS**2027: 4.5 NZTA Waka Kotahi Funding Assistance****2027: Source of Base Information**

NZTA Waka Kotahi

Confidence Level	Risk Level	Uncertainty Level
Moderate	High	Moderate

2027: Assumption:

Council assumes that National Land Transport Fund (NLTF) financial assistance will continue broadly in line with recent funding cycles, with approximately 30–40% of the proposed transport programme receiving funding assistance.

At the time the Long Term Plan is adopted, it is expected that the Government Policy Statement on Land Transport (GPS) and the National Land Transport Programme (NLTP) will not yet be finalised. This has become common across recent planning cycles, requiring councils to adopt Long Term Plans before receiving confirmation of Government funding allocations.

Accordingly, Council has developed its transport programme using the best information available at the time, recognising that the scope, timing, and affordability of transport projects may need to be reviewed once the final NLTP funding decisions are confirmed.

Council also assumes the current emergency works funding framework remains available during the planning period. However, the NZTA Board is considering changes that could reduce the Financial Assistance Rate (FAR) for emergency works from **71% to 61%**, and increase the event threshold from approximately a 1-in-10-year storm event to a 1-in-20-year event.

While the district has not experienced a significant emergency event requiring substantial recovery funding in recent years, the risk of future natural hazard events remains.

2027: Risk Statement

Government funding priorities, NLTP decisions or changes to Financial Assistance Rates may reduce the level of external funding available to Council.

2027: Consequence of variation to assumption

Reduced external funding would require Council to either:

- increase borrowing or rates;
- reduce, defer or reprioritise projects;
- reduce levels of service; or

- fund a greater proportion of emergency recovery costs from Council resources.

Major storm events occurring after any reduction in emergency funding assistance could have a significant financial impact on Council and the community.

2027: Approach to mitigation of risk

Council will continue to work closely with NZTA throughout development of the National Land Transport Programme and will advocate for funding that aligns with the district's transport priorities.

If the approved level of external funding differs materially from the assumptions used in the Long Term Plan, Council will review the transport capital programme and report back to Council with options. These may include:

- reprioritising or deferring projects;
- reducing project scope or levels of service where appropriate;
- identifying alternative funding sources;
- increasing Council's share of funding through borrowing or rates; or
- a combination of these options.

Any significant changes to the approved programme or funding approach will be considered by Council through its normal decision-making processes, balancing affordability, statutory obligations, community outcomes, and the long-term resilience of the transport network.

FINANCIAL ASSUMPTIONS

2024: 4.6 Costs

2024: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Moderate

2024: Assumption: Costs will remain stable over the period of the Long Term Plan (refer also to inflation assumption) with maintenance expenditure based on historical trends.

For each \$10 million of borrowing a 1% increase in interest rates increases Council’s borrowing costs by \$100,000.

2024: Risk Statement

Costs are higher or lower than anticipated.

2024: Consequence of variation to assumption

Variability of prices, such as for oil, could cause variability in costs which would result in Council either having to borrow to make up the shortfall of funding, or defer projects to the next financial year.

2024: Approach to mitigation of risk

The Council and management will review its budget annually through the LTP/Annual Planning process and may adjust work programmes/budgets where necessary.

FINANCIAL ASSUMPTIONS**2027: 4.6 Operating Costs****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Moderate

2027: Assumption:

Costs will remain stable over the period of the Long Term Plan (refer also to inflation assumption) with maintenance expenditure based on historical trends.

2027: Risk Statement

Costs are higher or lower than anticipated.

2027: Consequence of variation to assumption

Variability of prices, such as for oil, could cause variability in costs which would result in Council either having to borrow to make up the shortfall of funding, or defer projects to the next financial year.

2027: Approach to mitigation of risk

The Council and management will review its budget annually through the LTP/Annual Planning process and may adjust work programmes/budgets where necessary.

FINANCIAL ASSUMPTIONS

2024: 4.7 Rating Base

2024: Source of Base Information

Rating Database

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Low

2024: Assumption: There will be a modest increase in the rating base over the 10 years of this LTP, given predicted increase in household growth — specifically more smaller housing units because of a growth in the 1-2-person household numbers.

Council’s Financial Strategy is based on a modest 0.5% annual growth in the rating base for smaller housing units and industrial and/or commercial properties.

Based on medium population projections from Stats NZ (2018 Census data updated in December 2022).

[Rating Units estimated projections table — 2023/24 to 2033/34 — to be inserted.]

2024: Risk Statement

Rating units change across the district occurs at a higher or lower rate than expected.

2024: Consequence of variation to assumption

An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. If the rating base was to reduce, there could be an increase in rates.

2024: Approach to mitigation of risk

The rating base is reviewed annually when determining the rates for the year.

FINANCIAL ASSUMPTIONS**2027: 4.7 Rating Base: TBC: Growth projections programme report****2027: Source of Base Information**

Growth Projections/Rating Database

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Low

2027: Assumption: To be added following completion of Growth Projection programme**2027: Risk Statement**

Rating units change across the district occurs at a higher or lower rate than expected.

2027: Consequence of variation to assumption

An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. If the rating base was to reduce, there could be an increase in rates.

2027: Approach to mitigation of risk

The rating base is reviewed annually when determining the rates for the year.

FINANCIAL ASSUMPTIONS

2024: 4.8 Credit Availability

2024: Source of Base Information

Statement updated to reflect current status

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Low

2024: Assumption: Credit can be obtained from financial markets on competitive terms and conditions.

2024: Risk Statement

Required credit cannot be obtained from financial institutions.

2024: Consequence of variation to assumption

Funding would need to be obtained from alternative sources or work programmes adjusted.

2024: Approach to mitigation of risk

Council is a borrower from LGFA and that institution has a level of government support made available evident in the COVID-19 responses which is winding down. Prudent debt levels are maintained to mitigate risk for financial institutions. Relationships are maintained with various financial institutions and Council regularly monitors credit markets. Council's AA- credit rating is maintained.

FINANCIAL ASSUMPTIONS

2027: 4.8 Credit Availability

2027: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level
Moderate	Low	Low

2027: Assumption:
Credit can be obtained from financial markets on competitive terms and conditions.

2027: Risk Statement
Required credit cannot be obtained from financial institutions.

2027: Consequence of variation to assumption
Funding would need to be obtained from alternative sources or work programmes adjusted.

2027: Approach to mitigation of risk
Council is a borrower from LGFA and that institution has a level of government support. Prudent debt levels are maintained to mitigate risk for financial institutions. Relationships are maintained with various financial institutions and Council regularly monitors credit markets. Council's AA- credit rating is maintained.

FINANCIAL ASSUMPTIONS

2024: 4.9 Landfill Aftercare (Including Closed Landfills)

2024: Source of Base Information

Statement updated to reflect current status, WOL modelling

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2024: Assumption: Council assumes there will be significant restoration work on the most vulnerable closed landfills in the district but Redruth Landfill has no material changes to post-closure costs as all landfill cells are actively monitored.

Council has budgeted \$100k for Years 1-2 to address closed landfill planning, but should removal and restoration be required, there may need to be additional funding allocated which will be consulted on at that time with the community.

2024: Risk Statement

Landfill restoration work is required earlier than planned or higher than budgeted.

2024: Consequence of variation to assumption

Landfill restoration work being required earlier than planned could result in a higher funding requirement or earlier than anticipated.

2024: Approach to mitigation of risk

Council reviews the basis for the provision it makes for these costs on an annual basis. Active monitoring of landfill cells to enable ongoing landfill aftercare post closure.

Review of possible impacts on closed landfills via climate change work in next three years.

FINANCIAL ASSUMPTIONS**2027: 4.9 Landfill Aftercare (Including Closed Landfills)****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2027: Assumption:

The Peel Forest historic landfill has now been cleared and no further significant work is now anticipated for that. The initial assessment of other District historic landfills has been completed and these are now being monitored on an ongoing basis, with a provision established for future work on those with the most likely potential requirement for future review.

The future costs of the Redruth landfills have been reassessed with the ongoing maintenance of individual capped landfill cells reviewed in detail. Consequently there has been an increase in the potential future costs included in the provision but with annual costs not included in the provision of up to \$175k per annum. Post-capping maintenance of each landfill cell is expected for 35 years, with an estimated two cells being developed over the life of the LTP.

2027: Risk Statement

Landfill restoration work is required earlier than planned or higher than budgeted.

2027: Consequence of variation to assumption

Landfill restoration work being required earlier than planned could result in a higher funding requirement or earlier than anticipated.

2027: Approach to mitigation of risk

Council reviews the basis for the provision it makes for these costs on an annual basis. Active monitoring of landfill cells to enable ongoing landfill aftercare post closure. Review of possible impacts on closed landfills via climate change work in next three years.

FINANCIAL ASSUMPTIONS

2024: 4.10 Emissions Trading Scheme

2024: Source of Base Information

EPA & Market basis

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2024: Assumption: Council assumes that we will hold a consistent value of carbon credits.

TDC has ETS liability each year (a requirement to surrender NZUs) in relation to its landfill operations, and in some years due to deforestation. Council surrenders approximately 45,000 NZUs annually for its operations and purchases units at ETS auctions when able rather than the secondary market to reduce costs. The landfill gas capture system at Redruth enables Council to apply for a Unique Emissions Factor to also reduce the cost of carbon credits.

2024: Risk Statement

The carbon price could be higher or lower than expected.

2024: Consequence of variation to assumption

Council could hold more or less NZU's for forestry assets and landfill costs & user charges could vary.

2024: Approach to mitigation of risk

Forestry assets are maintained with a long term view but programmes are reviewed annually.
Any sale of forestry land will compensate for the loss of NZUs and associated benefits.
Landfill costs and waste volumes are monitored continuously.

FINANCIAL ASSUMPTIONS**2027: 4.10 Emissions Trading Scheme****2027: Source of Base Information**

Confidence Level	Risk Level	Uncertainty Level
High	Moderate	Moderate

2027: Assumption: Council assumes that we will hold a consistent value of carbon credits.

TDC has ETS liability each year (a requirement to surrender NZUs) in relation to its landfill operations, and in some years due to deforestation. Council surrenders approximately 45,000 NZUs annually for its operations. NZU prices can be volatile however Council purchases units on the secondary market to meet obligations as required, including acquiring additional units during periods of lower prices to reduce the overall cost. The landfill gas capture system at Redruth enables Council to apply for a Unique Emissions Factor to also reduce the cost of carbon credits.

2027: Risk Statement

The carbon price could be higher or lower than expected.

2027: Consequence of variation to assumption

Council could hold more or less NZU's for forestry assets and landfill costs & user charges could vary.

2027: Approach to mitigation of risk

Forestry assets are maintained with a long term view but programmes are reviewed annually.
Any sale of forestry land will compensate for the loss of NZUs and associated benefits.
Landfill costs and waste volumes are monitored continuously.

FINANCIAL ASSUMPTIONS**2024: 4.11 Capital Delivery****2024: Source of Base Information**

Statement updated to reflect current status; AMPs

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2024: Assumption: For any given year in the 10-year 2024-34 LTP period, 100% of the capital work programme will be delivered and the financial model was developed based on this assumption.

Council's capital works programme has increased in recent years, going from approximately \$30M of CAPEX spend per annum to over \$50M in 2022/23. In Year 1 of the LTP this is raised higher with two community projects being delivered as well as the increase in water services projects for resilience. With increased pressures around aging infrastructure, increasing costs, and limited capacity of contractors, Council rationalises and prioritises its capital delivery programme to ensure critical services are maintained for the district.

2024: Risk Statement

The delivery of the capital work programme is below 100%.

2024: Consequence of variation to assumption

If less than 100% is delivered, this may result in the creation of a backlog of capital projects that will delay the completion of other capital projects in the next Annual Plan or LTP period. Potential for increased budget required for capital projects, due to delays in completion. Increased operating expenditure due to increase in the maintenance costs as not all planned renewals are completed. Risk of losing grant / subsidy due to non-delivery and therefore increase in borrowings required to fully fund and complete the project, resulting in higher costs to ratepayers.

2024: Approach to mitigation of risk

Close and regular monitoring and reporting of the work programme internally. Ongoing liaison with the construction sector to ensure resources availability and responsiveness of the market. Renewal plan prepared in a conservative way and based on asset condition and useful life of asset to ensure assets are being replaced before they pose a significant risk of failure.

Include renewals as part of maintenance and renewals contracts to mitigate risk of non-delivery for renewals programme. Resourcing has been allocated for all large projects with dedicated managers overseeing key projects. Ongoing monitoring and re-forecast of project delivery if required. External project support where required.

FINANCIAL ASSUMPTIONS**2027: 4.11 Capital Delivery****2027: Source of Base Information**

Activity Management Plans

Infrastructure Strategy

Capital Works Programme

Financial Strategy

Procurement and Programme Delivery Planning

Confidence Level	Risk Level	Uncertainty Level
Moderate	Moderate	Moderate

2027: Assumption:

Council assumes the capital programme can be substantially delivered over the Long Term Plan period, recognising that individual projects may be rephased between financial years where necessary.

The programme is predominantly focused on renewing and replacing existing infrastructure and community assets to maintain levels of service, manage ageing assets and improve resilience. Targeted investment is also included to support planned growth, respond to changing community needs and implement Council's emerging spatial planning priorities.

Compared with previous Long Term Plans, the programme places greater emphasis on stewardship of existing assets while making strategic investments where they provide the greatest long-term benefit. Delivery assumes sufficient organisational capability, contractor capacity, supply chain availability and funding remain available throughout the planning period.

2027: Risk Statement

Council may not be able to deliver the planned capital programme within the assumed timeframes due to organisational capacity, procurement constraints, contractor availability, unforeseen project complexity, consenting requirements, funding changes or other external factors.

2027: Consequence of variation to assumption

If the capital programme is delivered more slowly than assumed, capital expenditure and borrowing may need to be rephased between years.

Delays may result in:

- renewal of ageing assets occurring later than planned;

- increased operating and maintenance costs where existing assets remain in service longer;
- increased project costs due to inflation or changing market conditions;
- delays in achieving planned resilience, growth and level of service improvements;
- reduced availability of external funding where delivery milestones are not achieved; and
- increased pressure on future Annual Plans and Long Term Plans as deferred projects accumulate.

2027: Approach to mitigation of risk

Council has established a central Project Management Office (PMO) to provide consistent project governance, programme oversight, reporting and delivery support across the organisation. This improves visibility of programme performance, project risks and resource requirements, enabling earlier intervention where delivery issues emerge.

Projects are prioritised based on statutory obligations, asset condition, strategic priorities, levels of service and available funding.

Where delivery constraints arise, Council will adjust programme sequencing and rephase projects where appropriate. If delivery issues materially affect the capital programme, Council will consider project reprioritisation, changes to project scope, additional funding, or service level trade-offs through the Annual Plan or Long Term Plan decision-making process.

FINANCIAL ASSUMPTIONS

2024: 4.12 Theatre Royal and Heritage Centre Project Commencement and Funding

2024: Source of Base Information

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2024: Assumption: The final contract price and decision around the finishing of this project will be made in the month following adoption of this plan. The plan has been written with the assumption that the project will be within the \$57 million overall budget, and will commence building in year one, and also that it will still be eligible for the remaining \$6.5M of the \$11 million of MBIE funding and meets the agreed conditions of contract associated with this funding.

2024: Risk Statement

The final contract price comes in at a level higher than budgeted and the council decides not to go ahead with the current plan for the Theatre Royal and Heritage Centre.

2024: Consequence of variation to assumption

If the council decides not to go ahead with this project, borrowings will be significantly less in years 1-3. However, there is a risk that we will have to return any grants provided by MBIE against the project, approximately \$4 million to date. We will also not have approximately \$7 million in grant income in year 1 of this plan.

2024: Approach to mitigation of risk

We have worked to ensure that our budget was as realistic as possible and there is confidence the project can be delivered within the fiscal envelope. The final decision lies with Council, who will be presented with the final contract price as well as all the positive and negative mitigating factors to help them with their decision.

FINANCIAL ASSUMPTIONS

2027: 4.12 Theatre Royal and Heritage Centre Project Commencement and Funding

Removed

DRAFT

FINANCIAL ASSUMPTIONS**2024: 4.13 Non-Current Asset Revaluation****2024: Source of Base Information**

Statement of Accounting Policy

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2024: Assumption: For asset classes where revaluations are performed regularly, assets are revalued with sufficient regularity to ensure that their carrying value does not differ materially from fair value which is defined as no greater than 10% cumulatively based on an annual assessment of fair value, however it may be determined that a revaluation is required despite not exceeding 10%; and at least every three years with revaluation movements accounted for on a class by class basis.

Revaluations of Road and Three Waters Assets are programmed to take place in year 2 of this plan (FY 25/26) and every three years after (Years 5 & 8), unless indexing shows a 10% or above change in value in intervening years.

2024: Risk Statement

The net revaluation results, for infrastructure assets and for operational assets which are not valued annually, are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit.

2024: Consequence of variation to assumption

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

2024: Approach to mitigation of risk

Revaluations are conducted by an independent valuer at least triennially, by valuations derived directly from external markets or independently derived costs (including actual costs). Internal valuations are prepared utilising the best available cost or market information.

FINANCIAL ASSUMPTIONS**2027: 4.12 Non-Current Asset Revaluation****2027: Source of Base Information**

Accounting Policy

Confidence Level	Risk Level	Uncertainty Level
High	Low	Low

2027: Assumption:

For asset classes where revaluations are performed regularly, assets are revalued to ensure carrying value does not differ materially from fair value, defined as no greater than 10% cumulatively based on an annual assessment; and at least every three years, with movements accounted for on a class-by-class basis. Roading assets were programmed for revaluation in **Year 2 (FY25/26)** and every three years after, unless indexing showed a 10%+ change in intervening years. Revaluations conducted by an independent valuer at least triennially. Source: Accounting policies; independent valuers.

2027: Risk Statement

The net revaluation results, for infrastructure assets and for operational assets which are not valued annually, are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit.

2027: Consequence of variation to assumption

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

2027: Approach to mitigation of risk

Revaluations are conducted by an independent valuer at least triennially, by valuations derived directly from external markets or independently derived costs (including actual costs). Internal valuations are prepared utilising the best available cost or market information.

6.4 Long Term Plan 2027-37 - Draft Activity Management Plans

Author: Stephen Doran, General Manager Corporate

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Strategic Planning Committee:

1. Receive the *Long Term Plan 2027-37 – Activity Management Plan Update* report; and
2. Discuss and provide feedback to officers on the structure and content of the draft Activity Management Plans being presented at the meeting.

Purpose of Report

- 1 The purpose of this report is to provide the Strategic Planning Committee with an opportunity to discuss and give feedback to officers on their draft Activity Management Plans.

Assessment of Significance

- 2 This report is assessed as being of low significance when considering Council's Significance and Engagement Policy as no decisions are sought in relation to the detail included in the worked example, rather the focus is on the format and flow of the document.

Discussion

- 3 The Activity Management Plan document structure is largely similar to the 2024-34 version with the exception of an updated '*Strategic Alignment*' section, expanded '*Risk and Opportunity Management*' section, and more detailed '*New Projects or Programmes Investment Summary*' section.
- 4 These changes respond to Council direction that new projects and initiatives be supported by a business case (or equivalent) demonstrating strategic alignment and value for money. They extend that expectation to all investment — not just new projects, but any spend within current or future BAU programmes — so it can be linked to explicit Activity-level outcomes and benefits.
- 5 The Strategic Alignment section replaces the previous free-text narrative with a structured format setting out what is paid for (activities and projects), what it delivers (outputs), and the return on investment (outcomes and benefits), so each part of the chain can be examined separately. Making handover points explicit clarifies roles, responsibilities and each activity's contribution to intended benefits. Because the format is modular, equivalent information can be compared across activities, allowing alignment, dependencies, distribution of investment and comparative return to be assessed more easily.
- 6 The new Opportunity section, sitting alongside Risk, prompts Activity Managers to flag potential future activities or projects that are not proposed changes for this cycle but may benefit Council if explored further.
- 7 The following Draft Activity Management Plans will be tabled and presented for discussion at the meeting:

7.1 Airport

7.2 Recreation Facilities

- 8 Note that these are in draft form for councillor discussion and input and will evolve through the process.

Attachments

Nil

6.5 Long Term Plan 2027-37 Draft Financial Modelling**Author:** Andrea Rankin, Chief Financial Officer**Authoriser:** Nigel Trainor, Chief Executive**Recommendation**

That the Strategic Planning Committee receives and notes the Long Term Plan 2027-37 Draft Financial Modelling report.

Purpose of Report

- 1 The purpose of this report is to present the initial draft financial forecasts for the Long Term Plan 2027-37 and provide the Strategic Planning Committee with an overview of the current financial modelling assumptions and preliminary outcomes.

Assessment of Significance

- 2 This report is considered as being of low significance when assessed against the Significance and Engagement Policy, as it is provided for information only and does not seek a decision from the Committee.

Discussion

- 3 Initial high-level financial modelling is currently underway for the Long Term Plan 2027-37. At this stage, the forecast covers Council activities excluding water services.
- 4 There are a number of assumptions applied to this including but not limited to standard cost increase across expenditure of 2.5%, personnel 2%, other revenue 2.5%, fees and charges 2.5%. Depreciation adjustments to take into consideration 3 yearly roading revaluation.
- 5 A full list of assumptions will be tabled with the financial forecast at the meeting.

Attachments

Nil

6.6 Treasury Management and Rates Policies Review

Author: Brendan Madley, Senior Policy Advisor
Andrea Rankin, Chief Financial Officer

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Strategic Planning Committee:

1. Receive a verbal update from officers about the Rates Policy and Treasury Management Policy reviews; and
2. Provide officers with feedback about the current policy to inform the review.

Purpose of Report

- 1 The purpose of this report is to facilitate a discussion about the suitability of the current Rates Policy and Treasury Management Policy and identify potential amendments to be incorporated into the revised policy.

Assessment of Significance

- 2 This report is considered as being of low significance when assessed against the Significance and Engagement Policy. This is because it is informational in nature, requests feedback, and does not seek any decisions.

Discussion

- 3 Officers are reviewing the Rates Policy and the Treasury Management Policy. The current Rates Policy and Treasury Management Policy were approved as part of the Long Term Plan 2024-34 and are reviewed as part of the Long Term Plan every three years.
- 4 Officers have identified the Rates Postponement Policy and certain rates remission provisions as areas where Council may wish to consider whether the current policy settings remain appropriate.
- 5 While legislation enables Council to adopt rates postponement and remission policies, there is generally no requirement for Council to provide remissions (other than where specifically required by legislation, such as Māori Freehold Land provisions).
- 6 Officers note that rates postponement can, in some circumstances, result in ratepayers carrying debt for longer periods and incurring additional costs. Council has received only one application for rates postponement in the past five years and, following discussions with the ratepayer, an alternative solution was identified that addressed the financial hardship without requiring postponement.
- 7 Specifically, Officers are seeking feedback on whether the current rates postponement and remission provisions continue to meet Council's objectives or whether amendments, including the potential removal of some provisions, should be explored as part of the policy review.
- 8 Officers will present a verbal update about the progress of the review and note any further potential changes that they have identified.

- 9 Committee members are invited to present feedback on the entirety of the current policies to inform the review. The current policies are attached.
- 10 Following this report and the incorporation of any feedback received, it is intended that:
 - 10.1 A workshop will occur on 21 September to discuss proposed amendments and present further analysis based on feedback received today; and
 - 10.2 Council will consider adopting the draft policies at its meeting on 29 September.
- 11 The draft adoption will enable the policies to progress to audit and be included in the Long Term Plan consultation in 2027.

Attachments

1. **Rates Policy adopted 1 July 2024** [!\[\]\(48a7667d09d5a06397e047ee4537bb6f_img.jpg\)](#) 
2. **Treasury Management Policy adopted 1 July 2024** [!\[\]\(de62294faded52808857591d246c2e7a_img.jpg\)](#) 

Rates Policy



Approved by:	Timaru District Council
Group:	Finance
Responsibility:	Chief Financial Officer
Date adopted:	1 July 2024
Review:	Every 3 years or as required. This Policy does not cease to have effect because it is due for review, or being reviewed
Consultation:	Section 82 review as part of LTP consultation
Policy Type	Council External Operational

Policy Purpose

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

Background

6. This policy is divided into two parts; the first relates to rate remissions and postponements, including on Māori Freehold Land, and the second relates to Rating District Halls/ Community Centres.
7. In determining this policy, Council has considered the matters set out in schedule 11 of the Local Government Act 2002 (LGA) and how it supports the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Part One – Rates Remissions and Postponements

8. The LGA allows for Council to adopt either or both a rates remission policy and a rates postponement policy, and requires Council to adopt a policy on the remission and postponement of rates on Māori Freehold Land.¹

¹ Section 102 (2) and (3), Local Government Act 2002.
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Rates Policy

9. This document combines all Council's policies on remissions and postponements.
10. The LGA sets out the requirements of these policies including:²
- (i) The objectives sought to be achieved by the remission or postponement;
 - (ii) The conditions and criteria to be met in order for rates to be remitted or postponed, and;
 - (iii) That the policies must be reviewed at least once every six years using a consultation process that gives effect to the requirements of section 82 of the LGA.
11. The Local Government (Rating) Act 2002 (LGRA) states that Council:
- (i) May remit all or part of the rates on a rating unit (including penalties for unpaid rates) if Council is satisfied that the conditions and criteria of this policy are met;
 - (ii) Must postpone the requirement to pay all or part of the rates on a rating unit (including penalties for unpaid rates) if the ratepayer has applied in writing, and Council is satisfied that the conditions and criteria of this policy are met.
12. Sections 10 and 11 above also apply to the remission and postponement of Māori Freehold Land.

Definitions

13. **Māori Freehold Land** – land that has had the status determined as Māori Freehold Land by order of the Māori Land Court.
14. **Rates Postponement** – a delay of payment of rates to a date determined by this Policy.
15. **Rates Remission** – a reduction in the amount of rates to be paid, as determined by this Policy.

Policy Statements

General Policy

16. Council has decided to remit all or part of the rates of rating units as detailed below provided that the criteria and conditions of this policy have been met.
17. Rates remissions will be provided for the following categories of rating units or under the following circumstances:
- (i) Community halls; sporting organisations; branches of the arts; community care organisations; volunteer organisation;
 - (ii) Land protected for natural, historical or cultural conservation purposes;
 - (iii) Rating units with penalties;
 - (iv) Dwellings that were subject to a special rateable value for the purpose of Timaru District Council Rating as at 30 June 2003;

² Sections 108, 109 and 110, LGA.
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Rates Policy

- (v) School sewerage rates;
- (vi) Rating units with excess water charges;
- (vii) Low value properties;
- (viii) Land affected by natural disaster;
- (ix) Separate self-contained flats;
- (x) Urban residential development land;
- (xi) Buildings undergoing earthquake strengthening, and;
- (xii) Māori Freehold Land.

18. The objectives for these remissions and the conditions and criteria to be met in order to receive the remission are detailed for each category below.

Delegations

19. Council has delegated authority to postpone or remit rates per this policy to the Chief Financial Officer and the Rates Remission Subcommittee.
20. In the case of any appeal, where an application for a remission or a postponement has been declined or only partly remitted, Council has delegated decision-making authority to the Rates Remission Subcommittee.
21. Council has delegated authority to the following officers to approve remissions on rates penalties in accordance with this policy:
- (i) Chief Financial Officer;
 - (ii) Senior Rates Officer;
 - (iii) Rates Officer;
 - (iv) Customer Services Manager;
 - (v) Customer Services Team Leader;
 - (vi) Customer Services Officer.

Policy on Refund of Property Rates

Eligibility

22. Council may provide refunds for property rates if the current instalment period has been cleared and:
- (i) a rates rebate has cleared the rates balance to 30 June and put the applicant in credit, or;
 - (ii) the rates account has been overpaid, or;
 - (iii) the rates have been adjusted resulting in a credit balance for the year, or;
 - (iv) there has been a change in property ownership.

Policy on Remission for Community Halls; Sporting Organisations; Branches of the Arts; Community Care Organisations; Volunteer Organisations - Section 8 LG (Rating) Act.*Objective*

23. The remission of rates for the community, sporting and other organisations is to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Timaru District.
24. The purpose of granting rates remission to an organisation is to:
- (i) Recognise the public good contribution made by such organisations.
 - (ii) Assist the organisation's survival.
 - (iii) Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically/ socially disadvantaged people.

Conditions and Criteria

25. The remission of rates will apply to land which is used exclusively or principally for sporting, recreation, or community purposes. The policy does not apply to organisations operated for pecuniary profit.
26. The policy does not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
27. Organisations making applications should include, but not limited to, the following documents in support of their application:
- (i) Statement of objectives.
 - (ii) Financial assets.
 - (iii) Information on activities and programmes.
 - (iv) Details of membership or clients.
 - (v) Organisation constitution.

Remissions

- (i) 100% remission on non-service rates;
- (ii) 50% remission on water charges, except water charged by the meter;
- (iii) Recreational Organisations, excluding chartered clubs receive 50% remission on sewer charges.

Remissions of Rates on Land Protected for Natural, Historical or Cultural Conservation Purpose*Objective*

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28. Rates remission is provided to preserve and promote natural resources and heritage by encouraging the protection of land for natural, historical or cultural purposes.

Conditions and Criteria

29. Ratepayers who own rating units that have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this policy.
30. Land that is non-rateable under Section 8, Schedule 1 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, sewerage disposal and waste collection will not qualify for remission under this part of the policy.
31. Applications should be supported by documented evidence of the protected status of the rating unit, for example, a copy of the covenant or other legal mechanisms.
32. In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:
- (i) The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.
 - (ii) The degree to which feature of natural, cultural and historic heritage are present on the land.
 - (iii) The degree to which features of natural, cultural and historic heritage inhibit the economic utilisation of the land.
 - (iv) The extent to which the preservation of natural, cultural and historic heritage will be promoted by granting remission of rates on the rating unit.
 - (v) The degree to which features of natural, cultural and historic heritage will be promoted by granting remission of rates on the rating unit.
 - (vi) The degree to which feature of natural, cultural and historic heritage are present on the land.
 - (vii) The degree to which features of natural, cultural and historic heritage inhibits the economic utilisation of the land.

Remissions

33. 100% remission on non-service rates.
34. 50% remission on water charges, except water charged by the meter.

Remission on Penalties

Objective

35. The remission of penalties is to allow the Council to act fairly and reasonably in its consideration of rates that have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

Conditions and Criteria

36. Remission of the penalty will be granted if the ratepayer by written explanation satisfies the Council that the late payment was due to circumstances outside the ratepayer's control.
37. Each application will be considered on its merits and will be granted where it is considered fair and equitable to do so, once funds are received to clear outstanding monies. This includes:
- (i) Humanitarian grounds.
 - (ii) Address problems which resulted in the rate account going to the wrong address.
 - (iii) The ratepayer did not receive an account.
 - (iv) Due to a procedure at the bank that delayed or prevented payment.
 - (v) The Council made a mistake.
 - (vi) A property has changed ownership and the invoice has been issued in the name of the previous owner and/or timing issues associated with the change.
 - (vii) Monies received on time but credited to a different rate account due to a ratepayer supplying an incorrect reference number.
 - (viii) Where no penalty has been remitted in the last two years and that ratepayer provides a reasonable explanation for the delayed payment.
38. Additionally, in the case of a deceased estate, Council may remit rates penalties from the time of death upon receipt of a letter from a Solicitor who has been granted probate, provided full payment of outstanding rates is expected within six months of the date of the letter.
39. Penalty remission may be considered as part of an agreed repayment plan for ratepayers with significant arrears as a result of financial hardship or difficulties, with remission limited to the agreement period. An agreed repayment plan requires all rates to be paid within 18 months of the agreement commencement. The remission will apply at the completion of the repayment plan, provided the terms of the plan have been adhered to.
40. Where the Council has accepted an application for payment by direct debit that will clear the rates by 30 June in the current rating year, the property will not be charged penalties.

Remissions

41. All penalties incurred will be remitted. No penalties previously incurred will be remitted.

Partial Remission on Dwellings Subject to a Special Rateable Value

Objective

42. The remission of general rates is to provide relief for rating units in commercial, residential or industrial zones and must be used as the private residential dwelling of the ratepayer or the private dwelling of a tenant of the ratepayer and, in the opinion of Council's valuation service provider, the rateable land value of the rating unit has

been inflated due to the location of the property in relation to surrounding properties zoning and land uses.

Conditions and Criteria

43. Rating units must be situated in commercial, residential or industrial zones and must be used as the private residential dwelling of the ratepayer or the private dwelling of a tenant of the ratepayer and in the opinion of Council's valuation service provider the rateable land value of the rating unit has been inflated due to the zoning of the property.
44. Applications for remission must be made to Council prior to the commencement of a rating year. Applications received during a rating year will apply from the commencement of the following rating year.
45. Where an application is approved, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district.
46. Values allocated under this policy are final and there is no right of objection or appeal against the level of valuation.
47. This policy will apply to all properties to which special rateable values applied at 30 June 2003 provided the use of the property has not changed.

Remissions

48. Remissions will be granted on all rates that are levied on the rateable land value of the rating unit, and the remission will be the difference between the rates that would have been struck on the rateable land value and the rates struck under the special land value allocated under this policy.

Remission of School Sewerage Charges

Objective

49. To provide relief and assistance to education establishments as defined Schedule 1, clause 6 of the LGRA.

Conditions and Criteria

50. The remission will apply to the following educational establishments:
 - (i) a State school, or
 - (ii) a State integrated school, or
 - (iii) a Specialist school
 - (iv) a special institution, or
 - (v) an early childhood education and care centre, except an early childhood education and care centre that operate for profit, or
 - (vi) a private school, except a registered school that operated for profit, or
 - (vii) an institution.

51. The sewage disposal rate in any one year may not exceed the amount calculated in the clause immediately below.
52. The sewage disposal rate is the rate that will be levied using the same mechanism as is applied to other separately rateable rating units within the District, the number of toilets determined will be charged with the full charge.
53. The number of students in an educational establishment is the number of students on its roll on 1 March immediately before the year to which the charge relates.
54. The number of staff in an educational establishment is the number of administration and teaching staff employed by the educational establishment on 1 March immediately before the year to which the charge relates.

Remissions

55. Educational institutions will be levied for sewerage disposal on the basis of one charge per 20 pupils and staff or part thereof.

Remission of Rates and Charges on Land and/or Improvements Affected by Natural Exceptional Circumstances

Objective

56. The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances, due to natural exceptional circumstances, which affect their ability to pay rates.

Conditions and Criteria

57. Only rating units, where the use that may be made of the land or improvements has been detrimentally affected by erosion, subsidence, submersion or other natural disaster will be eligible for consideration for rates remission.
58. Only the person entered as the ratepayer or their authorised agent may make an application for remission of rates and charges on land or improvements affected by natural exceptional circumstances.
59. The ratepayer must be the current owner of the rating unit which is subject to the application. The application should be supported by documented evidence that the rating unit has been detrimentally affected by natural exceptional circumstances.
60. All applications will be considered on a case by case basis.
61. When considering whether extreme financial circumstances exist, all of the ratepayer's personal and business circumstances will be relevant including the following factors: age, physical or cognitive ability, injury, illness and family circumstances or any other factors considered as necessary for consideration under this policy.
62. Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for regular health care, proper provision for maintenance of their home and chattels at an adequate standard, as well as making provision for regular day to day living expenses.

Remissions

63. Council may, where it considers it to be fair and reasonable to do so, remit wholly or in part, any rate or charge made and set in respect of the land and/or improvements

Remission of Excess Water Charges

Objective

64. To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit, having acted promptly in remedying the fault.

Conditions and Criteria

65. The Council may remit all or part of the excess water rates where the application meets the following criteria:
- (i) The policy will apply to applications from ratepayers who have excess water rates due to a fault(s) in the internal reticulation;
 - (ii) That all applicants are requested to submit their application in writing;
 - (iii) That proof of the repairs to the internal reticulation be submitted for verification (i.e. plumbers repair account);
 - (iv) That proof be submitted for verification of the repairs being carried out promptly once the existence of a fault has been identified;
 - (v) That the ratepayer be charged the full amount for regular consumption;
 - (vi) That part or all of the excess amount be remitted.
66. The rate payer will be charged the full amount for regular consumption of water, and the excess amount will be remitted.

Remission on Rates for Low Value Properties

Objective

67. To assist ratepayers who own more than one property in the district, with at least one property of very low value.

68. Council may partially remit the Uniform Annual General Charge (UAGC) for ratepayers who own more than one property in the district. The ratepayer must have paid at least one full UAGC, and any remission will only apply to subsequent low value properties.

Remissions

70. The remission will be based on:

Capital Value (\$)	UAGC
0 – 20,000	\$30 contribution to UAGC
20,001 – 26,000	70% remission
26,001 – 30,000	50% remission
30,001 – 55,000	30% remission

Over 55,001	Full UAGC
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72. To assist ratepayers who own properties with separate inhabitable unit/self-contained flat used only for private, non-profit purposes. To remit multiple use differential on value based rates and additional service charges for separately used or inhabitable part of rating unit. *Conditions and Criteria*

74. The Council may remit the rates where the application meets the following criteria:

- (i) The ratepayer has submitted an application stating that the separate inhabitable unit/self contained flat is used for extended family members or private use only and is not leased, or rented for any period of the previous year and not intended so for the next rating year.
- (ii) An application has to be submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.

75. Where an application is approved, the Council could direct its valuation service provider to inspect the rating unit to confirm the status of the property.

Remission

76. Where an application is approved Council may partially remit general rates, water, sewer and refuse charges, and the property will be rated as a single residential unit.

Remission of Rates for Development Land

Objective

77. To assist ratepayers who undertake significant development of land.

78. To ensure that unsold development land which is in more than one parcel, but has separate valuation assessment numbers, does not pay more than one Uniform Annual General Charge (UAGC).

Conditions and Criteria

79. The Council may remit the rates where the application meets the following criteria:

- (i) Ratepayers who apply in writing providing details of the multiple lot subdivision.
- (ii) An application is submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.
- (iii) The remission will only apply to development (defined as one deposited plan) where there are more than 2 allotments.
- (iv) The remission will be for a maximum period of three rating years.
- (v) The remission shall cease for any allotment if:
 - Any interest in the land is passed by the developer to another party, or
 - An application for a building consent is granted, or

- The land is developed in some other way.

Remissions

80. The ratepayer will receive a 100% remission on the UAGC on the second and subsequent allotments.

Remission on Buildings Undergoing Earthquake Strengthening*Objective*

81. To assist ratepayers who are unable to occupy their property while earthquake strengthening is being undertaken.

Conditions and Criteria

82. Only the person entered as the ratepayer or their authorised agent may make an application for remission of rates and charges on buildings undergoing earthquake strengthening.
83. Only properties where buildings have been determined by Council to be an Earthquake Prone Building will be eligible for a remission.
84. While receiving any remission, the property (rating unit) must not be used for any purpose, apart from the earthquake strengthening work and will not generate any revenue stream.
85. An application needs to be submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.
86. The remission will only be available for a maximum of two rating years.

Remissions

87. A remission of up to 75% of the general rate will be granted.

Remission of Rates on Māori Freehold Land*Objectives*

88. To ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Māori-owned lands have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.
89. The remission of rates on Māori Freehold Land is to:
- (i) Recognise situations where there is no occupier or person gaining an economic or financial benefit from the land.
 - (ii) Set aside land that is better set aside for non-use because of its natural features (whenua rahui).
 - (iii) Recognise matters related to the physical accessibility of the land.
 - (iv) Recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes.

- (v) Grant remission for the portion of land not occupied where part only of a block is occupied.
- (vi) Facilitate the development or use of the land where Council considers rates based on actual land value make the actual use of the land uneconomic.
- (vii) Recognise and take account of the importance of land in providing economic and infrastructure support for marae and associated papakainga housing.
- (viii) Recognise and take into account the importance of the land for community goals relating to:
 - The preservation of the natural character of the coastal environment.
 - The protection of outstanding natural features.
 - The protection of significant indigenous vegetation and significant habitat of indigenous fauna.

Conditions and Criteria

- 90. Māori Freehold Land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is the subject of such an order may qualify for remission under this policy.
- 91. Owners or trustees making application should include the following information in their applications:
 - (i) Details of the property.
 - (ii) The objectives that will be achieved by providing a remission.
 - (iii) Documentation that proves the land, which is the subject of the application, is Māori Freehold Land.
- 92. Council will maintain a register titled the Māori Land Rates Relief Register (the register) for the purpose of recording properties on which it has agreed to remit rates pursuant to this policy. The register will comprise two category lists, these being:
 - (i) The Māori Land General Remissions List.
 - (ii) The Māori Land Economic Adjustment Remissions List.
- 93. Council will review the register annually and may add properties that comply, or remove properties where circumstances have changed and they no longer comply.
- 94. Remissions are applied at the sole discretion of Council and may be cancelled and reduced at any time.

Māori Land General Remissions List

- 95. Council will consider remission of rates on land that comes within the following criteria:

- (i) The land is unoccupied and no income is derived from the use or occupation of that land, or;
- (ii) The land is better set aside for non-use (whenua rahui) because of its natural features, or is unoccupied, and no income is derived from the use or occupation of that land, or;
- (iii) The land is inaccessible and is unoccupied, or;
- (iv) Only a portion of the land is occupied.

Māori Economic Adjustment Remissions List

- 96. Council will consider remission for land that carries a best potential use value that is significantly in excess of the economic value arising from its actual use.
- 97. The remission for land recorded in the *Māori Land Economic Adjustment Remissions List* will be the difference between the rates as assessed and the rates that would be assessed based on the actual use of the land.

Remissions

- 98. A full remission of any rates except targeted rates made for water supply, sewerage disposal or waste management.

Postponement of Rates on Māori Freehold Land

Objective

- 99. To facilitate the development and use of Māori Freehold Land for economic use.
- 100. The policy will be applied where Council considers utilisation would be uneconomic if full rates were required during the years of development and establishment.

Conditions and Criteria

- 101. Māori Freehold Land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is subject of such an order may qualify for postponement under this policy.
- 102. Council will consider postponement of rates where previously unoccupied land is subject to clearing, development and commercial use where Council considers utilisation would be uneconomic if full rates were required during the years of development and establishment.
- 103. Application should be made prior to commencement of the development. Applications made after the commencement of the development may be accepted at the discretion of Council.
- 104. Owners or trustees making application should include the following information in their applications:
 - (i) Details of the property.
 - (ii) The objectives that will be achieved by providing postponement.

(iii) Details of the proposed development.

105. Council may also, at its discretion, partially remit rates that are otherwise subject to postponement.

Rates Postponement Policy

Objective

106. The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

Conditions and Criteria

107. Only rating units used solely for residential purposes will be eligible for consideration.
108. Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances.
109. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application.
110. The person entered on Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).
111. The ratepayer (or authorised agent) must make an application to Council.
112. Council will consider, on a case by case basis, all applications received that meet this criteria.
113. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.
114. Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.
115. Where Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.
116. Any postponed rates will be postponed until:
- (i) The death of the ratepayer(s); or
 - (ii) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
 - (iii) Until the ratepayer ceases to use the property as his/her residence; or
 - (iv) Until a date specified by the Council.

117. The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating depending on the circumstances.
118. The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
119. Postponed rates will be registered as a statutory land charge on the rating unit title. This allows Council to have the first call on the proceeds of any revenue from the sale or lease of the rating unit.

Fees and Charges

120. Council will charge an annual administrative fee of \$100 on postponed rates for the period between the due date and the date they are paid.
121. The ratepayer will be required to pay the first \$1,000 of the rate account.

Waiver of small debt

122. The Rates Team Leader may make an application to the Chief Financial Officer to waive a small debt deemed not cost effective for Council to recover.
123. The Chief Financial Officer must give consideration to the size of the debt, the likelihood of collection, the ability of viable collection avenues and amount of exertion required to collect the debt.
124. A waiver is abandoning the right to not collect on this debt; it does not disestablish the debt. It does not preclude Council from re-raising or re-seeking this debt at a future point in time, if the conditions in this policy no longer prevail or circumstances change.

Part Two – Rating District Halls/ Community Centres

Background

125. There are a number of halls and community centres across the district that are owned by not for profit organisations. This mechanism of utilising a Community Centre Rating District allows the cost to be spread across the community that uses and benefits from the halls and centres.

Definitions

126. **Community Centre Rating District** – is the area defined on a map that indicates all properties surrounding the hall or community centre that receive a targeted rate.

Policy Statements

127. That the minimum community support required before a Community Centre Rating District can be considered and established be 80% of the ratepayers within the particular area concerned.
128. That the amount of the targeted rate be reviewed in conjunction with the communities five years from the date is first set and thereafter every three years in conjunction with the preparation of the Long Term Plan.
129. That Community Centre and Hall Communities Committees be able to amend the amount of the targeted rate provided 80% of ratepayers in the Community Centre Rating District agree with the change.
130. One ratepayer from each rating unit is able to represent the view of the ratepayers for the rating unit.
131. New rates are only to be added in conjunction with the Council preparing a Long Term Plan.
132. That a 2% administration charge be received for all Community Centre Rating Districts.

Delegations, References and Revision History					
Delegations					
Identify here any delegations related to the policy for it to be operative or required as a result of the policy					
Delegation		Delegations Register Reference			
7.101		Rates Officer: Remission of penalties in accordance with the Council’s rates remission and postponement policy.			
7.102		Rates Officer – Debt Recovery: Enter into any arrangement for payment of a rates debt owed to Council within the current rating year; Enter into any arrangement for payment of a rates debt owed to Council beyond the current rating year; Remission of penalties in accordance with the Council’s rates remission and postponement policy; Power for recovery of rates if owner in default.			
7.106		Revenue Team Leader: Authority to allocate rating units to different differential categories; Keep and maintain rating information data base; Authority to remove ratepayers names from the Rating Information Database where the name has been removed from the Land Transfer register; Power to correct rates; Power to issue an amended rates assessment if an error is corrected; Power to appoint a rates collector; Power not to collect rates that are uneconomic to collect; Power to add penalties for rates not paid by the due date.			
References					
Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)					
Title		Relevant Reference within Document			
N/A					
Revision History					
Summary of the development and review of the policy					
Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref

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Treasury Management Policy



Approved by:	Timaru District Council
Group:	Finance
Responsibility:	Chief Financial Officer
Date adopted:	1 July 2024
Review:	Every 3 years, or as required This Policy does not cease to have effect because it is due for review, or being reviewed
Consultation:	Section 82 consultation as part of the LTP consultation
Policy Type	Council External Strategic

Part 1: Introduction

1. Purpose

1.1. The purpose of this policy is to:

- 1.1.1. Detail Council's policy on liability management;
- 1.1.2. Detail Council's policy on investment management, and;
- 1.1.3. Define key responsibilities and operating parameters within which Council's treasury management activities are to be conducted.

2. Scope

- 2.1. This policy covers all Council employees, Council, Community Boards, any funds held in trust which are incorporated in the Council's Annual Report and financial reports, including all investments and liabilities as per sections 102, 104 and 105 of the Local Government Act 2002 (LGA).
- 2.2. This policy currently relates only to Timaru District Council and not the Timaru District Council Group (which includes the subsidiaries of Council, currently Timaru District Holdings Limited and Venture Timaru), except where Council conducts treasury management on behalf of a subsidiary.

3. Background

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Treasury Management Policy

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- 3.1. Timaru District Council undertakes treasury management activities including liability management (borrowing); investment and cash management and associated risk management activities.
- 3.2. Council's borrowing and investment activities are carried out within the requirements of the LGA, which defines the operating environment for local authorities in relation to treasury management and requires local authorities to adopt liability management and investment policies and this policy includes Council's Liability Management and Investment policies as required under sections 104 and 105 of the act with Council's lending and borrowing activities covered by these policies.
- 3.3. Council's borrowing activity is primarily driven by its capital expenditure programme.
- 3.4. Council has a portfolio of investments comprising equity and investments in subsidiary companies, including loans to subsidiaries; property; forestry; investment properties and treasury investments.
- 3.5. These policies should be read in the context of Council's financial strategy, which contains Council's overarching financial policy statements and objectives.

4. Treasury Objectives

- 4.1. Council's broad objectives and philosophy in relation to treasury activity are as follows:
 - 4.1.1. To ensure compliance with the Act and any other relevant legislation;
 - 4.1.2. To manage Council's borrowings and investments to support its strategic, community and commercial objectives, and to maximise returns within these objectives and the agreed Treasury Management policy and targets;
 - 4.1.3. To maintain funding mechanisms with an appropriate maturity profile to ensure adequate liquidity is available at margins and costs appropriate to Council's credit standing;
 - 4.1.4. To manage the integrity of the financial market investments by investing in appropriately rated organisations and in agreed financial market instruments;
 - 4.1.5. To mitigate potential adverse interest rate risk and minimise financing costs within acceptable risk management parameters;
 - 4.1.6. To maintain relationships with financial market participants, enabling Council to carry out its treasury activities in an efficient and practical way; and,
 - 4.1.7. To provide timely and accurate reporting of treasury activity and performance.
- 4.2. In meeting these objectives, Council acknowledges that there are financial risks such as funding, liquidity, interest rate, credit and operational risks arising from its treasury activities.

- 4.3. Council is a risk adverse entity and accordingly, a significant element of Council's financial management function, is to undertake effective risk management activities focused on protecting Council's projected cashflows and net cash position and the value of its investments
- 4.4. Treasury activity unrelated to its underlying cash flows or speculative will not be undertaken without a resolution from Council while recognizing that all treasury activities and investments are subject to risk and values may fluctuate in the normal course of business Treasury management activity also includes the identification of investments opportunities which Council may wish to pursue.

5. Definitions

- 5.1. Local Government Funding Agency (LFGA), whose purpose is, "benefiting local communities through delivering efficient financing for local government".
- 5.2. Debt cap represents the maximum net debt that Council can hold at any one time and is expressed as a ratio or percentage relative to total revenue. Council's current debt cap is 2.5 or 250% of total revenue, meaning that Council can borrow up to \$2.50 for every \$1 of total revenue.
- 5.3. Total revenue represents the increase in value or inflow of resources to Council from both cash and non-cash sources, including from rates, government grants and subsidies, fees and charges, interest, dividends, revaluation of assets (included in the calculation of "surplus/(deficit) before tax"), and other financial transactions representing such increases or inflows. Total revenue excludes those inflows or value changes included in Other Comprehensive Revenue, particularly gains/(losses) on the revaluation of assets not included in the surplus/(deficit) before tax calculation, which primarily include infrastructure assets. Where the underlying obligations relating to the revenue source have not yet been materially met inflows are treated as creditors until the underlying requirements for recognition as revenue have been met, e.g. grants for capital developments where the underlying grant requirement are still outstanding.
- 5.4. Total expenses represent the diminution in value or outflow of resources from Council, both cash and non-cash, including payments to suppliers and employees, grants or loans made by Council, interest paid, depreciation, and any reduction in the value of assets where a revaluation, impairment or provision might be required. Expenses do not include capital expenditure, which represents an investment in another form of asset not a diminution in the value of Council.
- 5.5. Cash inflows or cash income, as represented in the Cashflow Statement, includes all sources of cash in a period regardless of any other parameters. Non-cash revenue, such as vested assets, are excluded from cash income. Cash outflows exclude any non-cash costs such as depreciation but include capital expenditure which is not an expense. The net movement in cash in a period will be represented by the change in cash and cash equivalents.
- 5.6. Net Debt is defined as total consolidated external debt less liquid financial assets and investments.
- 5.7. Liquidity (as measured by a liquidity ratio) is defined as total cash and cash equivalents, short-term deposits, loans to subsidiaries, investment in the Local Government Funding Agency

(LGFA), investments in debt securities and available short-term loan facilities divided by total borrowings, excluding trade creditors and other similar debt incurred in the normal course of business.

- 5.8. Liquid investments are defined as cash and cash equivalents, short-term deposits, loans to subsidiaries, investments in the LGFA, investments in debt securities and available short-term loan facilities.
- 5.9. Rates income is defined as the revenue from funding mechanisms authorised by the Local Government (Rating) Act 2002.
- 5.10. Financial covenants are parameters set by external loans providers which Council has agreed to comply with.
- 5.11. Disaster recovery resource requirements are required to be met through available liquidity (as represented by the liquidity ratio) and sufficient resources are expected to be maintained to meet exceptional needs following the utilisation of insurance and recovery support provided from external sources.
- 5.12. The Long Term Plan (LTP) is a 10 year plan which describes Council's work and activities and the broader results or community outcomes that are expected from engaging in these activities. An LTP has a strong financial focus showing the resources needed to deliver the suite of work and activities. The LTP also provides accountability to the community, and includes a legislatively protected consultation requirement.

Part 2: Liability Management

6. General Policy

- 6.1. The Council's Liability Management policy must state Council's policies in respect of the management of both borrowing and other liabilities, including interest rate exposure; liquidity; credit exposure and debt management.
- 6.2. Council's infrastructure and community assets generally have long expected lives and long term benefits and the use of debt is seen as an appropriate mechanism for promoting intergenerational equity between current and future ratepayers for assets and investments, as well as assisting Council in meeting the infrastructure demands of its ratepayers.
- 6.3. Council borrows as it considers appropriate within the powers contained within the LGA. Borrowings not included in the agreed Long Term Plan must be approved by Council resolution.
- 6.4. Council may raise debt for the following purposes:
 - 6.4.1. General debt to fund Council's activities as deemed necessary and appropriate, including to fund Council Controlled Organisations where separately agreed;

- 6.4.2. Specific debt associated with one-off projects and capital expenditure, including assets with intergenerational impacts.
- 6.5. Council generates resources for funding internally in its usual course of business, particularly through rates, but is able to borrow from the following external sources as necessary:
 - 6.5.1. Banks;
 - 6.5.2. Local Government Funding Agency;
 - 6.5.3. Capital markets,
 - 6.5.4. Subsidiaries
- 6.6. Council can borrow using the following financial market instruments: fixed and floating rate medium and long-term bonds; floating rate debt, including overdrafts.
- 6.7. Margins may be specified or be indicated under each borrowing source including debt maturity profile; prevailing interest rates; terms available from insurance; legal documentation and financial covenants.

7. Local Government Funding Agency Limited

- 7.1. Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent in considers necessary or desirable:
 - 7.1.1. Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
 - 7.1.2. Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
 - 7.1.3. Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
 - 7.1.4. Subscribe for shared and uncalled capital in the LGFA; and
 - 7.1.5. Secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue.

8. Financial Covenants on Borrowing

- 8.1. In managing its borrowings, Council will adhere to the financial covenants set by the Local Government Funding Agency (LGFA) or other lending institutions. Financial covenant adherence will be reported to the Audit and Risk Committee quarterly by the Chief Financial Officer.
- 8.2. Council may also establish parameters for itself for debt limits within the context of agreed targets within the Long Term Plan; and the management of risk associated with funding. The

current self-imposed debt limit (as per the 2024-34 Long Term Plan) is that net debt will not exceed 250% of total revenue, i.e. a 2.5 debt-to-revenue ratio.

8.3. The LFGA's current covenants are:

- 8.3.1. Net annual interest expense will not exceed 30% of total annual rates income;
- 8.3.2. Net annual interest expense will not exceed 20% of total revenue;
- 8.3.3. Net debt will not exceed 280% of total revenue.; and
- 8.3.4. Liquidity will be greater than 110%.

9. Interest Rate Risk Management

- 9.1. Interest rate risks arising from debt maturity profiles and potential interest rate movements will be actively managed, including the use of derivative instruments, and fixed rate funding arrangements.
- 9.2. The range of hedged and fixed rate exposure requirements within various time bands. The actual hedging percentages in place within these bands will be determined and reviewed regularly.

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate	Maximum Fixed Rate
Less than 2 years	40%	100%
2 years to 4 years	20%	80%
4 years to 8 years	0%	60%

- 9.3. Fixed rate hedging in excess of eight years should be in conjunction with or aligning with underlying debt instruments.
- 9.4. Interest rate risk management will be congruent with agreed core debt requirements.
- 9.5. Interest rate risk management derivative instruments which may be used for interest rate risk management activity include forward rate agreements, interest rate swaps, swap options and interest rate collars however any derivative utilized for risk management will be assessed on a value for money basis, comparing the risk being managed and the cost of that management.
- 9.6. Council will not undertake derivative trading primarily for speculative purposes but only as incidental to risk management strategy.
- 9.7. The use of risk management options must be approved by the Chief Financial Officer or equivalent officer as delegated by the Chief Executive.

10. Benchmarking

- 10.1. Council will evaluate the performance of the interest rate risk management policy, including the success and appropriateness of the risk control limits. This evaluation will

measure actual results (i.e. weighted average funding cost) against a market benchmark provided by an external source. The constituent elements of the benchmark standard will be agreed triennially by the Audit and Risk Committee but reported and reviewed annually.

- 10.2. Council's cost of funds for benchmarking purposes is exclusive of any interest rate margin.

11. Liquidity and Funding Risk Management

- 11.1. To minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, Council ensures material debt maturities are spread over a number of years. Council manages this by aiming, where practical, to have no more than 33% of its outstanding borrowing subject to refinancing in any rolling 12 month period.
- 11.2. Council's treasury operation will ensure that there is sufficient liquidity to provide the funds to meet its immediate obligations such as creditors and current debt maturities.
- 11.3. Cash flow reporting will be maintained to monitor Council's estimated liquidity position regularly. Liquidity must be no less than 110% as measured by a liquidity ratio including cash, term deposits, longer dated financial assets, assets that can be sold, committed undrawn bank facilities and drawn debt.

12. Credit Exposure

- 12.1. It is considered that the range and size of Council's individual borrowings, together with the relative strength of these lender offsets any institutional credit risk.

13. Provision of Security

- 13.1. For its general borrowing programme, Council offers security under its debenture trust deed, which is a charge over all rates.
- 13.2. In exceptional circumstances, security may be offered by providing a charge over Council assets for which approval by Council is specifically required.

14. Debt Repayment

- 14.1. Council repays borrowings from general or targeted rates; general funds, including from the sale of assets; and renewal loans.
- 14.2. Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or renegotiated as and when appropriate. Council will manage debt on a net portfolio basis at all times.

15. Internal Borrowing

- 15.1. Internal borrowing against the investment pool Council maintains may be used in lieu of external borrowing. This policy applies whether the loans are internal or external and is governed by the policy covering Council investments in the document.

Part 3: Investment Policy

16. General Policy

- 16.1. Sections 102 and 105 of the LGA requires that, in order to provide predictability and certainty about sources and levels of funding, Council must adopt an Investment Policy.
- 16.2. The policy must state Council's policies in respect of investments, including the investment mix; the acquisition of new investments; an outline of the procedures by which investments are managed and reported; and an outline of how investment risks are assessed and managed.
- 16.3. Council generally holds investments for strategic reasons where there is some community, social or economic benefit accruing from the investment activity. In exercising its powers of investment, Council is required to exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. The Council may consider, in making any investment decisions:
 - 16.3.1. the desirability of diversifying investments;
 - 16.3.2. the nature of existing investments;
 - 16.3.3. the risk of capital loss or depreciation;
 - 16.3.4. the potential for capital appreciation;
 - 16.3.5. the likely income return;
 - 16.3.6. the length of the term of the proposed investment;
 - 16.3.7. the marketability of the proposed investment during, and on the determination of, the term of the proposed investment;
 - 16.3.8. the effect of the proposed investment in relation to tax liability;
 - 16.3.9. the likelihood of inflation affecting the value of the proposed investment; and;
 - 16.3.10. the credit rating of any entity or instrument (if applicable) in which it proposes to invest.
- 16.4. Council recognises its custodial responsibility and shall review the performance of all investments on an annual basis. A full review of the investment in subsidiaries, including the justification for retaining that investment, benchmarking of the returns on investment against equivalent external sources, and a comprehensive review by Council of the subsidiaries 10-year plans, will be undertaken coinciding with the development of each Long-Term Plan.

17. Investment Mix

- 17.1. Council manages a portfolio of investments comprising:
 - 17.1.1. Equity investments, including corporate investments and other shareholdings;
 - 17.1.2. Property investments incorporating land and buildings, including designated investment properties.;
 - 17.1.3. Forestry investments; and
 - 17.1.4. Treasury investments in liquid investments.

18. Equity Investments**Nature of Investment:**

- 18.1. Council's equity investments, including investments in corporate investments and other shareholdings. This policy includes Council investments in subsidiaries, but not investments that those subsidiaries might hold.

Rationale for Holding Investment:

- 18.2. The Council's investments in such assets fulfil various strategic, economic development and financial objectives as outlined in Council's Long Term Plan and comply fully with the Local Government Act 2002.

Acquisition of New Investments:

- 18.3. The Council will acquire equity investments in line with its strategic, economic development and financial objectives as outlined in the Council's Long Term Plan and on the commercial merits of the proposal.
- 18.4. All equity investment purchases require a specific resolution by Council.

Revenue:

- 18.5. The proceeds from the disposition of equity investments will be applied in accordance with Council's Revenue and Financing Policy, to offset general rates; repay debt; fund capital expenditure; or reinvest.

Risk Management:

- 18.6. Council management of its risk in equity investments includes through the governance of subsidiaries; agreed Statements of Corporate Intent and Letters of Expectations; and a comprehensive review of the investment as part of the Long Term Plan process.

Management and Reporting Procedures:

18.7. The Commercial and Strategy Committee, or designated alternative committee, reviews the performance of equity investments through quarterly reporting from subsidiaries to ensure the achievement of Statements of Corporate Intent.

18.8. The Chief Financial Officer, or equivalent officer as delegated by the Chief Executive, prepares an annual review of equity investment, including a calculation of the return on investment being achieved.

19. Property Investments

Nature of Investment:

19.1. Council owns properties for operational purposes which may become surplus to operational requirements.

Rationale for Holding Investment:

19.2. Council's overall objective is to only own property that is necessary to achieve its strategic objectives. Council does not generally hold an investment in a property where it is not essential to the delivery of relevant services, and properties are only retained where it relates to a particular Council requirement.

Acquisition of New Investments:

19.3. Council does not acquire properties for investment purposes. Properties retained for particular Council uses may be designated as investment properties for financial reporting purposes.

Revenue:

19.4. Proceeds from the disposal of property will be applied in accordance with Council's Revenue and Financing Policy, to offset general rates; repay debt; fund capital expenditure; or reinvest

Risk Management:

19.5. Council manages its risk ensuring adequate insurance is in place to protect these assets from non-financial risks and a sound repair and maintenance plan is in place to protect the ongoing value of these assets.

Management and Reporting Procedures:

19.6. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements, and the most financially viable method of achieving the delivery of Council services. Council generally follows a similar assessment criteria in relation to new property purchases.

19.7. The Chief Financial Officer, or equivalent officer as delegated by the Chief Executive, is responsible for undertaking this review annually.

20. Forestry Investments

Nature of Investment:

- 20.1. Council's forestry portfolio is made up of over 50 woodlots of land totally 235 hectares, consisting predominantly of Radiata Pine, with some blocks of Douglas Fir and Macrocarpa.

Rationale for Holding Investment:

- 20.2. Forestry assets are held as long term investments on the basis of their net positive discounted cashflows, factoring in projected market prices and annual maintenance and cutting costs, and to maintain the land upon which Council's forestry investment is held.

Acquisition of New Investments:

- 20.3. Council has no immediate intention of purchasing new forestry investments.

Revenue:

- 20.4. Proceeds from the disposal of forestry investments will be applied in accordance with Council's Revenue and Financing Policy, to offset general rates; repay debt; fund capital expenditure; or reinvest. Income from Council's forestry operation is reinvested in forestry through a separate fund. A dividend is payable to Council at any agreed time that does not affect the viability of the forestry operation.
- 20.5. Expenditure in maintaining the forestry investment is expensed in the year it is incurred.

Risk Management:

- 20.6. The risks associated with Council's forestry are minimised by the number and size of the blocks, the range of species, fire breaks, and the adoption of silviculture practices.
- 20.7. Forestry blocks are regularly inspected for pests and diseases, and foliage sampling and nutrient analysis is undertaken to maximise the crop.
- 20.8. Harvesting of forests is carried out at appropriate times to maximise Council's return on investment.

Management and Reporting Procedures:

- 20.9. Council's forestry portfolio is managed by the Infrastructure Group. The operating income and expenditure is reported to the council.
- 20.10. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements, and the most financially viable method of achieving the delivery of Council services. Council generally follows a similar assessment criteria in relation to new property investments.

21. Treasury Investments**Nature of Investment:**

- 21.1. Investments for treasury are in generally approved investments as outlined previously.

Rationale for Holding Investment:

- 21.2. Council maintains treasury investments primarily to maximise the return on available funds, particularly short-term cash and to ensure that sufficient liquidity is available to meet obligations.

Acquisition of New Investments:

- 21.3. Council acquires new treasury investments based on the availability of cash and the projected requirements for utilisation of liquid resources.

Revenue:

- 21.4. Income from investments is allocated to designated and restricted funds based on the general return obtained from the treasury investment portfolio.

Risk Management:

- 21.5. Council's primary objective when investing is the protection of its investment.

- 21.6. In conjunction with the rationale for the investments, Council also seeks to:

- Maximise investment return;
- Ensure investments are liquid; and,
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

- 21.7. The above objectives are captured in Appendix 1: "Approved Treasury Counterparty Limits and Investment Instruments", which provides operating parameters for investment activity.

- 21.8. Credit risk is minimised by placing maximum limits for each broad class of non-Government issuer, and by limiting investments to New Zealand Registered Banks, financial institutions, local authorities, State Owned Enterprises, and corporates within prescribed limits.

- 21.9. Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in the secondary market.

- 21.10. Performance of the Special Funds portfolio is benchmarked by measuring the performance of the portfolio against the performance of an appropriate external benchmark portfolio. The duration of the portfolio is also compared to the duration of the external benchmark portfolio and the Council is able to vary the duration of the portfolio within 25% either side of the external benchmark portfolio's duration. Comparison with the benchmark portfolio is not required if the nominal value of the portfolio is less than \$5 million.

Approved Investment Instruments:

21.11. Within the constraints of Appendix 1 of this policy, the Council invests in the following instruments:

- Government debt instruments;
- SOE debt instruments;
- New Zealand Registered Bank debt instruments;
- Local Authority debt instruments;
- Local Government Funding Agency debt instruments;
- Approved corporate debt instruments; and,
- Approved financial institutions debt instruments.

Interest Rate Risk Management:

21.12. The Chief Financial Officer, or equivalent officer as delegated by the Chief Executive, sets overall investment strategy, by reviewing on a regular basis, cashflow forecasts incorporating plans for approved expenditure and strategic initiatives, evaluating the outlook for interest rates and the shape of the yield curve, and where applicable, seeking appropriate financial advice.

21.13. The Chief Financial Officer and Finance Manager, or equivalent officer as delegated by the Chief Executive, implement the investment management strategy by reviewing rolling cashflow forecasts and:

- Changing interest rate investment profiles by adjusting the average maturity of its investments according to current market conditions, and;
- Using risk management instruments to protect investment returns.

21.14. Interest rate risk management instruments (of the type included under the Liability Management Policy – Section 7 above) may be used for interest rate risk management on investments, with the approval of the Chief Financial Officer, or equivalent officer as delegated by the Chief Executive.

Management and Reporting Procedures:

21.15. The management of Council's treasury investments and day-to-day treasury operations are delegated to the Chief Financial Officer and Finance Manager, or equivalent officer as delegated by the Chief Executive.

21.16. Reports on Council's treasury investments are prepared on a quarterly basis for Council.

22. Local Government Funding Agency Limited Investment (LGFA)

Nature of Investment:

- 22.1. Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment.

Rationale for Holding Investment:

- 22.2. Council's objective for such investments will be to:
- Obtain a return on the investment, and;
 - Ensure the LGFA has sufficient capital to maintain an appropriate credit rating so that it continues as a source of attractively priced debt funding for the local government sector.
- 22.3. Because of this dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative instruments.
- 22.4. If required in connection with the investment, Council may subscribe for uncalled capital in the LGFA.

Acquisition of New Investments:

- 22.5. Council has no immediate intention of purchasing new LGFA investments, however if it does, it will be based on the commercial merits of the proposal.

Revenue:

- 22.6. Interest revenue from LGFA investments will be applied in accordance with Council's Revenue and Financing Policy to offset the general rates.

Risk Management:

- 22.7. Council manages its risk by reviewing its return on investment on an annual basis.

Management and Reporting Procedures:

- 22.8. The management of Council's LGFA investments and the day-to-day operations are delegated to the Chief Financial Officer and Finance Manager, or equivalent officer as delegated by the Chief Executive.
- 22.9. Reports on Council's LGFA investments are prepared on a quarterly basis for Council.

Delegations, References and Revision History

Delegations

Identify here any delegations related to the policy for it to be operative or required as a result of the policy

Delegation Reference	Manual	Delegations Register Reference
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4.7.6 – Borrowing	Finance Manager: Authorise the deposit and withdrawal of funds as allowed for in the Council’s Treasury policy; Authority in accordance with Council Policy is granted to invest Council monies. A quarterly report is to be prepared for Commercial and Strategy Committee stating current investments, counterparty, term, and interest rate. Chief Financial Officer: Authority to negotiate loan interest rates and terms with brokers and/or lending institutions for loans raised by Council; Authority to approve interest rate risk management instruments; Authority to appoint independent advisor(s).				
4.7.13 – Deposit of funds					
4.7.19 – Interest					
4.7.20 – Investments					
References Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)					
Title	Relevant Reference within Document				
Revenue and Financing Policy	-				
Revision History Summary of the development and review of the policy					
Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
1.0	Chief Financial Officer/ Management Accountant	16 March 2021	Council	3 Yearly	1399182
2.0	Chief Financial Officer/ Finance Manager	1 July 2024	Council	3 Yearly	1652269

Appendix 1 – Approved Treasury Counterpart Limits and Treasury Investment Instruments

Institution	Overall Portfolio Limit (as a % of the total portfolio)	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government or Government Guaranteed	100%	Government Stock Treasury Bills	Not Applicable	No limit
New Zealand Registered Banks	100%	Call/Deposits/ Bank Bills/ Commercial Paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long-term rating of BBB or better Long-term rating of A- or better Long-term rating of A+ or better Long-term rating of AA- or better	\$20 million \$1 million \$2 million \$3 million \$4 million
Rated Local Authorities	70%	Commercial Paper Bonds/MTN's/ FRN's	Short term S&P rating of A1 or better Long term S&P rating of : BBB or better A- or better; A+ or better; AA or better	\$3 million \$1 million; \$2 million; \$3 million; \$4 million
Local Authorities where rates are used as security	60%	Commercial Paper Bonds/MTN's/FRN's	Not Applicable	\$2 million \$2 million
State Owned Enterprises	70%	Commercial Paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long-term rating of BBB or better Long-term rating of A- or better Long-term rating of A+ or better Long-term rating of AA- or better	\$3 million \$1 million \$2 million \$3 million \$4 million
Corporates*	60%	Commercial Paper Bonds/MTN's/ FRN's	Short term credit rating of A1 or better Long-term rating of BBB or better.	\$3 million \$1 million

Institution	Overall Portfolio Limit (as a % of the total portfolio)	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
			Long-term rating of A- or better. Long-term rating of A+ or better. Long term rating of AA- or better	\$2 million \$3 million \$4 million
Financials*	30%	Commercial Paper Bonds/MTN's/ FRN's	Short term credit rating of A1 or better Long-term rating of BBB or better. Long-term rating of A- or better. Long-term rating of A+ or better. Long term rating of AA- or better	\$3 million \$1 million \$2 million \$3million \$4 million

*The combined holding of Corporates and Financials shall not exceed 70% of the portfolio.

The combined holdings of entities rated BBB and or BBB+ shall not exceed 30% of the portfolio.

Investments that no longer comply with minimum rating criteria due to a downgrade in their rating must be recommended to Council within one month of the downgrade being notified.

7 Consideration of Urgent Business Items**8 Consideration of Minor Nature Matters****9 Exclusion of the Public****Recommendation**

That the public be excluded from—

- *(a)the whole of the proceedings of this meeting; or
- *(b)the following parts of the proceedings of this meeting, namely,—

10.1 Resolution to Include Supplementary Report - Long Term Plan 2027-37 Activity Review Direction

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
10.1 - Resolution to Include Supplementary Report - Long Term Plan 2027-37 Activity Review Direction	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, including the privacy of deceased persons To enable Council to carry out commercial activities

*I also move that [\[name of person or persons\]](#) be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of [\[specify\]](#). This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because [\[specify\]](#)

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*Delete if inapplicable.

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—
 - (a)shall be available to any member of the public who is present; and
 - (b)shall form part of the minutes of the local authority.”

10 Public Excluded Reports

11 Readmittance of the Public