



MINUTES

Commercial and Strategy Committee Meeting

Tuesday, 16 March 2021

Ref: 1411149

**Minutes of Timaru District Council
Commercial and Strategy Committee Meeting
Held in the Council Chamber, Timaru District Council, King George Place, Timaru
on Tuesday, 16 March 2021 at 11.57am**

Present: Allan Booth (Chairperson), Cr Richard Lyon, Cr Paddy O'Reilly, Cr Barbara Gilchrist, Cr Sally Parker, Cr Stu Piddington, Cr Steve Wills, Mayor Nigel Bowen

In Attendance: Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Chief Financial Officer (Azoora Ali), Senior Programme Delivery Manager (Ashley Harper), Programme Delivery Manager (Lili Delwaide), Manager of Property Services and Client Representative (Nicole Timney), Governance Officer (Jo Doyle)

Community Boards:

Lloyd McMillan – Temuka Community Board
John McDonald – Pleasant Point Community Board
Janene Adams – Geraldine Community Board

1 Apologies

Resolution 2021/11

Moved: Mayor Nigel Bowen

Seconded: Cr Paddy O'Reilly

That the apology received from Cr Gavin Oliver and Cr Peter Burt be accepted and leave of absence granted.

Carried

2 Identification of Items of Urgent Business

There were no items of urgent business.

3 Identification of Matters of a Minor Nature

There were no minor nature matters

4 Declaration of Conflicts of Interest

Chairperson Allan Booth noted he is a Director of Venture Timaru for items 7.1 and 7.2.

5 Chairperson's Report

There was no Chairperson's report.

6 Confirmation of Minutes

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

Resolution 2021/12

Moved: Cr Steve Wills

Seconded: Cr Barbara Gilchrist

That the Minutes of the Commercial and Strategy Committee Meeting held on 2 February 2021 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

7 Reports

7.1 Venture Timaru - Six Month Report to 31 December 2020

The Venture Timaru (VT) six month report for the period ending 31 December 2020 was presented to the Committee by Chairman Mark Rogers and Chief Executive Nigel Davenport.

The regional apprenticeship initiative has been fully committed as of 2 March 2021, this has provided \$14m of Government support directly into businesses in the wider district.

The unemployment rate is improving quarter on quarter however the Timaru district is still below the national average. The job seeker numbers are back to below pre Covid with a wide variety roles to be filled.

VT have a variety of income streams, the grant from Council and central Government contracts which are administered or driven on behalf.

Housing affordability still sits favourably to the rest of the country calculated by the median household income.

New business opportunities include possible interest at the Timaru airport as a place of interest for Lincoln University for precision farming, the ability to freight time sensitive products out of Timaru faster and a southern airport is also interested in using the Timaru site for providing further freight options.

Events that have been affected by the recent Covid level changes are Bandquet which has now been rescheduled to 9 October. 1,000 tickets were sold for this event ticket holders have been offered a full refund, but only 50-60 have taken that option.

The seasonable employers are struggling to get the fruit off trees and are needing horticultural workers. There are also concerns about chilled storage that are near capacity as well as delays in distributing food and beverage products out to the market.

Resolution 2021/13

Moved: Chairperson Allan Booth

Seconded: Cr Steve Wills

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

Carried

7.2 Venture Timaru Draft Statement of Intent

The Committee was presented with the Venture Timaru's (VT) draft statement of intent (Sol) for 2021/22 to 2023/24 by Chairman Mark Rogers and Chief Executive Nigel Davenport.

A strategy day was held in February on economic development and the destination management plan. Timaru District Council requested input for sustainability and climate change. The updates are now included in the Sol and the underlying fundamentals remain.

The strategic projects for VT are:

- Enable and promote Timaru as a Central South Island distribution and logistics hub
- Development of an authentic and integrated Timaru District brand and identity
- Encourage a cross sector master plan approach to the development of Caroline Bay

Timaru District Council have requested quantitative measures to monitor and apply improvements, with success to be reported through the quarterly and annual reports.

A request has been made for a support grant as part of the Sol, the rationale is the tourism spend is increasing. As part of the stimulus fund in light of Covid, Council granted funds to attract new events and grow existing events, the need for this continues and there are opportunities for medium to large events to continue to be managed by VT.

The funds received for the economic development fund are currently being used for the CBD strategy. A prior request by Council was to add \$50,000 to the budget to take the annual funding from \$150,000 to \$200,000.

The Caroline Bay master plan as part of the CBD hub was discussed as this should be a collaborative vision. There has been discussions with an entity who would be interested in establishing a visitor attraction facility, however this would need to be considered within the overall vision for the area.

The current distribution of Council's loans and grants should be reviewed, and one clear policy produced with consideration whether VT could potentially be the facilitator of these funds. Concern was expressed if VT have the operational capacity to meet these needs.

A large portion of tourism is events, and could make sense that all funding is held in one place for South Canterbury, and VT have the overview of events.

The grants policies are to be reviewed, and VT are happy to work and co-ordinate to produce a report.

Suggestions for the Sol are the alignment of Council's long term plan and levels of service, and to ensure KPIs are specific and quantified. The impact of the GDP on results should be monitored and tracked results for economic development that are specific to VT.

The year on year measure could be quantified differently with levels of service and percentages.

The feedback is required by 1 May 2021 for the Sol to enable the final version to be presented to Council.

Resolution 2021/14

Moved: Chairperson Allan Booth

Seconded: Cr Steve Wills

That:

1. The draft Statement of Intent for Venture Timaru Limited was received;
2. The Committee will provide feedback to Venture Timaru via a Letter of Expectation in the required time period for consideration for the final Sol.

Carried

7.3 Overview of 2020/2021 Capital Work Programme - Dashboard

The Committee were provided with an update on the delivery status of the 2020/2021 capital work programme.

The forecasts provided were generated as part of the LTP development process, this is a significant increase from last year. Additional expenditure is expected to be completed by the end of year and the dashboard demonstrates how it will be achieved. A large amount of work is underway in the district and will increase over the coming weeks, this will be reflected in the 8 month report.

The highly feasible component of capital programme can at this stage still be delivered. Any exceptions will be reported, the only foreseeable problems considered are procurement, supply chain delays and weather.

Resolution 2021/15

Moved: Cr Barbara Gilchrist

Seconded: Cr Richard Lyon

That the report was received and noted.

Carried

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

The Committee on the progress of the two key property projects: the Theatre Royal and Heritage Facility Development project and the Social Housing Ventilation Compliance project by the Manager of Property Services and Client Representative .

Social Housing Ventilation Compliance

Are now 60% completed, the current budget is underspent, there were some over estimations with unknowns. The overall spend is tracking well, some of the remaining funds will be moved to upgrading windows in some units to assist with the ventilation programme.

This has been received well by the tenants, and will be valued heading into winter. The project has been overseen by the Property Maintenance Officer who has met with tenants on site before the contractors arrive, and has ensured the completion of each unit before the contractor moves on to the next.

Theatre Royal and Heritage Facility Development

Decals have been attached to the front doors which have been received favourably.

The seats are now removed from the theatre, and the Geraldine cinema, theatre groups and schools are seeking to use them.

The fly system is currently being decommissioned and the stage area is now out of bounds.

The demolition work on the army hall, carpark on one side and 2 smaller buildings will be under way between June and August. The RFP process is being led by the project team and there are 3 local operators interested in this work.

The options for design and costings will be shown to the reference group next week, the feedback from which will go to work on actual designs.

The back of house will no longer need to be fully replaced, the results of the expected earthquake strengthening required for the high brick walls at the back of the theatre is proving positive and this is positive in terms of the budget.

Concern was raised that no concept plan has been seen by Council and that the budget evolves from this plan. These plans were expected in February.

It was requested that an invitation be extended to all Councillors to attend and receive the concept plans as soon as delivered.

Resolution 2021/16

Moved: Chairperson Allan Booth

Seconded: Mayor Nigel Bowen

That this report was received and noted

Carried

7.5 Financial Report to end of January 2021

The Committee was provided with progress against Council's 2020/21 Annual Plan financial results.

It was noted this will be a regular report to each Commercial and Strategy Committee, the systems are being improved to provide updates of capex and other variances and to ensure the core results are more aligned.

The LTP forecast is higher than originally expected, the operating costs have increased through personnel, operating costs and depreciation.

The financing costs have altered due to interest rates.

A change to the Community Support Capital Expense line was noted to be \$2.16Mil YTD forecast (from \$2.99Mil) and \$1.76Mil (from \$2.59Mil) variance. This change was due to Social Housing change \$546,329 YTD spend (from \$1,379,728).

The total Council YTD Capital Expenditure forecast is therefore \$35Mil and a variance of \$15.83Mil.

The democracy line has shown the result of the stimulus funding grants, these have apportioned to the activity the expenditure was attributed to.

Resolution 2021/17

Moved: Chairperson Allan Booth

Seconded: Mayor Nigel Bowen

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

Carried

7.6 TDHL Loan Facility Agreement

The Committee considered amending the terms of the Timaru District Holdings Limited (TDHL) cash advance facility.

The amount advanced is currently payable on a period of notice or on demand, the auditors then deem this as a current liability for TDHL, by changing the requirements to repayment in 366 days will mean the debt can be moved to a non-current liability.

It was discussed whether the arrangement should be reviewed, there are possibly more cost effective options for both parties, e.g. borrowing through LGFA which TDHL are able to do. This is a long standing arrangement that assisted with the establishment of TDHL providing capital. The loan facility is currently for \$22m with a draw down limit of \$45m.

The committee agreed to approving the concept of 366 days on current level of debt only (approx. \$22m) and for the Chief Executive to agree to amend contact details and references to the start date, legislative references.

Resolution 2021/18

Moved: Mayor Nigel Bowen

Seconded: Cr Stu Piddington

That the Committee amend the terms of the Timaru District Holdings Limited cash advance facility as proposed, in relation to the current level of debt, and support Timaru District Council and TDHL undertaking a review of the future requirement for the loan.

Carried

7.7 Timaru District Holdings Ltd six month report to December 2020

The Timaru District Holdings Limited (TDHL) six month report for the period ending 31 December 2020 was presented to the Committee.

The improved dividend flow from Alpine Energy Limited has occurred because a conservative budget of zero was included but overall \$2m is projected as noted in strategic workshops

Resolution 2021/19

Moved: Mayor Nigel Bowen

Seconded: Cr Paddy O'Reilly

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

Carried

7.8 Timaru District Holdings Ltd draft Statement of Intent

The Committee was presented with a copy of Timaru District Holdings Limited (TDHL) draft statement of intent for 2021/22 to 2023/24, to determine the feedback to be provided to TDHL.

Strategic workshops have been held, and there is a proposal to continue with the same SOI, then undertake a mid-term review.

Discussion was held around the \$1m dividend payment and whether there was any movement on this.

In terms of property development, what is captured within the Sol states that the shareholder will be informed, however consideration could be given to whether any significant transactions should be provided for approval.

Resolution 2021/20

Moved: Cr Steve Wills

Seconded: Cr Stu Piddington

That:

- (a) the draft statement of intent for Timaru District Holdings Limited be received;
- (b) the Committee thank TDHL for the Sol and reinforce the strategic workshop findings and that a further review of the Sol occurs following those strategic workshops. An enquiry should be made as to the current outlook for Alpine Energy Limited and if the Alpine dividend projection is likely to change.

Carried

7.9 Aorangi Stadium Trust Half Year Report 31 December 2020

The Committee was provided with an update of the Financial Performance of the Aorangi Stadium Trust.

No significant issues have been identified, the forecast position is in line with expectations.

Resolution 2021/21

Moved: Cr Steve Wills

Seconded: Cr Barbara Gilchrist

That the Committee receive and note the report.

Carried

7.10 Aorangi Stadium Trust 2021/22 Draft Statement of Intent

The Committee was provided with the Aorangi Stadium Trust draft statement of intent for 2021/22.

The trust has suggested that a review of the ownership and funding of the building be undertaken during the first 3 years of the Long Term Plan. The asset is considered a benefit to the community, and the appropriate ownership and mechanisms behind the running of this asset are to be reviewed.

This is a significant change from the previous statement of intent, the trustees support this review and a report back to Council is requested.

Resolution 2021/22

Moved: Chairperson Allan Booth

Seconded: Cr Stu Piddington

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

Carried

8 Consideration of Urgent Business Items

There were no items of urgent business.

9 Consideration of Minor Nature Matters

There were no minor nature matters.

10 Exclusion of the Public

Resolution 2021/23

Moved: Cr Barbara Gilchrist

Seconded: Mayor Nigel Bowen

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
11.1 - Public Excluded Minutes of the Commercial and Strategy Committee Meeting held on 2 February 2021	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect a person's privacy To enable commercial activities
11.2 - Hospice South Canterbury - Consideration to amendment of Financial Support	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy

Carried

Resolution 2021/24

Moved: Mayor Nigel Bowen

Seconded: Cr Sally Parker

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

Carried

11 Public Excluded Reports

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

11.2 Hospice South Canterbury - Consideration to amendment of Financial Support

12 Readmittance of the Public

The Meeting closed at 1.26pm.

Minutes confirmed 20 April 2021

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**Cr Peter Burt
Chairperson**