



# AGENDA

## Ordinary Council Meeting Tuesday, 26 March 2024

**Date** Tuesday, 26 March 2024

**Time** 3pm

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

**File Reference** 1659699

## **Timaru District Council**

**Notice is hereby given that a meeting of the Ordinary Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Tuesday 26 March 2024, at 3pm.**

### **Council Members**

Mayor Nigel Bowen (Chairperson), Cllrs Allan Booth, Peter Burt, Gavin Oliver, Sally Parker, Stu Piddington, Stacey Scott, Scott Shannon, Michelle Pye and Owen Jackson

Quorum – no less than 5 members

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

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they 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**

## Order Of Business

<b>1</b>	<b>Opening Prayer and Waiata .....</b>	<b>5</b>
<b>2</b>	<b>Apologies .....</b>	<b>5</b>
<b>3</b>	<b>Public Forum .....</b>	<b>5</b>
<b>4</b>	<b>Identification of Urgent Business .....</b>	<b>5</b>
<b>5</b>	<b>Identification of Matters of a Minor Nature .....</b>	<b>5</b>
<b>6</b>	<b>Declaration of Conflicts of Interest .....</b>	<b>5</b>
<b>7</b>	<b>Confirmation of Minutes .....</b>	<b>6</b>
	7.1 Minutes of the Council Meeting held on 13 February 2024 .....	6
<b>8</b>	<b>Schedules of Functions Attended .....</b>	<b>18</b>
	8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors .....	18
	8.2 Schedule of Functions Attended by the Chief Executive .....	20
<b>9</b>	<b>Reports .....</b>	<b>22</b>
	9.1 Affixing of the Common Seal .....	22
	9.2 Actions Register Update .....	24
	9.3 Presentation of Orari Temuka Opihi Pareora Water Zone Committee Progress Report .....	32
	9.4 Timaru Revaluation Presentation - Quotable Value .....	38
	9.5 Venture Timaru Quarterly Report (1 July 2023 to 31 December 2023) .....	62
	9.6 Receipt of (draft) Venture Timaru Statement of Intent 2024/25 .....	76
	9.7 Timaru District Holdings Limited Quarterly Report (1 July 2023 to 31 December 2023) .....	92
	9.8 Receipt of TDHL Draft Statement of Intent 2024/25 .....	97
	9.9 Draft Modified 2023/24 TDHL Statement of Intent .....	114
	9.10 Long Term Plan 2024-34 Draft Consultation Document Outline and Key Issues for Consultation .....	130
	9.11 Additional LTP policies - draft approval for review and consultation .....	159
	9.12 Bringing forward Future Development Areas at Seadown and Kennels Road, Timaru .....	222
	9.13 Decision on Membership of Local Government New Zealand (LGNZ) for the period 1 April 2024 to 31 March 2025. ....	238
	9.14 Venture Timaru Limited: Director Appointment Extension .....	240
	9.15 Council Social Housing .....	242
	9.16 Theatre Royal and Heritage Facility - Close out Detailed Design .....	245
<b>10</b>	<b>Consideration of Urgent Business Items .....</b>	<b>256</b>
<b>11</b>	<b>Consideration of Minor Nature Matters .....</b>	<b>256</b>

<b>12</b>	<b>Public Forum Items Requiring Consideration.....</b>	<b>256</b>
<b>13</b>	<b>Exclusion of Public.....</b>	<b>258</b>
13.1	Public Excluded Minutes of the Council Meeting held on 13 February 2024 .....	258
13.2	Parks and Greenspaces s17a Review Options.....	258



- 1      Opening Prayer and Waiata**
- 2      Apologies**
- 3      Public Forum**
- 4      Identification of Urgent Business**
- 5      Identification of Matters of a Minor Nature**
- 6      Declaration of Conflicts of Interest**

## **7 Confirmation of Minutes**

### **7.1 Minutes of the Council Meeting held on 13 February 2024**

**Author:** Jessica Kavanaugh, Team Leader Governance

#### **Recommendation**

That the Minutes of the Council Meeting held on 13 February 2024 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 Council Meeting held on 13 February 2024**



# MINUTES

## Ordinary Council Meeting Tuesday, 13 February 2024

Ref: 1659699

**Minutes of Timaru District Council  
Ordinary Council Meeting  
Held in the Council Chamber, District Council Building, King George Place, Timaru  
on Tuesday, 13 February 2024 at 3pm**

**Present:** Mayor Nigel Bowen (Chairperson), Cllrs Allan Booth, Peter Burt, Gavin Oliver, Sally Parker, Stu Piddington, Stacey Scott, Scott Shannon, Michelle Pye, Owen Jackson

**In Attendance:** **Community Board Members:** Janene Adams (Geraldine Community Board), Rosie Woods (Geraldine Community Board), Nicola Nimo (Temuka Community Board), Anna Lyon (Pleasant Point Community Board)

**Officers:** Nigel Trainor (Chief Executive), Paul Cooper (Group Manager Environmental Services), Andrew Dixon (Group Manager Infrastructure), Beth Stewart (Group Manager Community Services), Andrea Rankin (Chief Financial Officer), Mark Abbot (Acting Strategy and Corporate Planning Manager), Vincie Billante (LTP Project Lead), Nicole Timney (Manager of Property Services and Client Representative), Suzy Ratahi (Land Transport Manager), Stephen Doran (Communications & Engagement Manager), Debbie Fortuin (Environmental Compliance Manager), Hamish Barrell (Planning Manager - Consents, Compliance & Strategy), Maddison Gourlay (Marketing and Communications Advisor), Matt Sisson (Property Projects Officer), Steph Forde (LTP Project Officer), Brendan Madley (Policy Advisor), Sam Molyneux (Operations Coordinator Community Services), Jacky Clarke (Programme Delivery Manager), Rachel Scarlett (Governance Advisor), Jessica Kavanaugh (Team Leader Governance)

**Public:** Frazer Munro (Timaru District Holdings Ltd General Manager), Mark Rogers (Timaru District Holdings Ltd Chairperson), Ryan Dejoux (Timaru Developments)

**1 Opening Prayer**

*Martin Winterson (Life Church Timaru) conducted the opening prayer*

*Cllr Sally Parker led the waiata.*

**2 Apologies**

No apologies were received.

**3 Public Forum**

There were no public forum items.

**4 Identification of Urgent Business**

No items of urgent business were received.

**5 Identification of Matters of a Minor Nature****5.1 Minor Nature Items Presented**

Clr Stu Piddington requested information about how much ratepayers are going to pay for the Theatre Royal and Heritage Hub.

**6 Declaration of Conflicts of Interest**

- Mayor Nigel Bowen declared a conflict of interest in item 9.9 Local Alcohol Policy Adoption and will sit back from the table during this item. Deputy Mayor Scott Shannon will chair this item.

**7 Confirmation of Minutes****7.1 Minutes of the Council Meeting held on 28 November 2023****Resolution 2024/3**

Moved: Clr Peter Burt

Seconded: Clr Allan Booth

That the Minutes of the Council Meeting held on 28 November 2023 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

**Carried**

**7.2 Minutes of the Council Meeting held on 12 December 2023****Resolution 2024/4**

Moved: Clr Sally Parker

Seconded: Clr Owen Jackson

That the Minutes of the Council Meeting held on 12 December 2023 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

**Carried**

**7.3 Minutes of the Extraordinary Council Meeting held on 30 January 2024****Resolution 2024/5**

Moved: Mayor Nigel Bowen

Seconded: Deputy Mayor Scott Shannon

That the Minutes of the Extraordinary Council Meeting held on 30 January 2024 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

**Carried**

## **8 Schedules of Functions Attended**

### **8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors**

#### **Resolution 2024/6**

Moved: Mayor Nigel Bowen

Seconded: Cllr Stacey Scott

That the Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors be received and noted.

**Carried**

### **8.2 Schedule of Functions Attended by the Chief Executive**

#### **Resolution 2024/7**

Moved: Mayor Nigel Bowen

Seconded: Cllr Stacey Scott

That the Schedule of Functions Attended by the Chief Executive be received and noted.

**Carried**

## **9 Reports**

### **9.1 Affixing of the Common Seal**

Council considered the report noting the affixing of the Common Seal to an Approval of Warrants of which names have been redacted to protect the privacy of employees.

#### **Resolution 2024/8**

Moved: Cllr Allan Booth

Seconded: Cllr Stacey Scott

That the following warrants have been approved by the Chief Executive and are being reported to the Council for noting:

1. 14 December 2023 – Approval of Warrants
2. 18 December 2023 – Approval of Warrants
3. 18 December 2023 – Approval of Warrants

4. 17 January 2024 – Approval of Warrants
5. 17 January 2024 – Approval of Warrants
6. 17 January 2024 – Approval of Warrants
7. 17 January 2024 – Approval of Warrants
8. 17 January 2024 – Approval of Warrants
9. 17 January 2024 – Approval of Warrants
10. 31 January 2024 – Approval of Warrants

**Carried**

## **9.2 Actions Register Update**

The Mayor spoke to this report to provide the Council with an update on the status of the action requests raised by councillors at previous Council meetings.

It is confirmed the underutilised assets report will be on the 26 March agenda.

### **Resolution 2024/9**

Moved: Mayor Nigel Bowen

Seconded: Cllr Scott Shannon

That the Council receives and notes the updates to the Actions Register.

**Carried**

## **9.3 Release of Public Excluded Reports**

The Mayor spoke to this report to provide the Council with an updated status of Public Excluded Reports released to the Public.

### **Resolution 2024/10**

Moved: Mayor Nigel Bowen

Seconded: Cllr Owen Jackson

That the Council notes the following public excluded reports have been released to the public:

1. Purchase of Meadows Road property, Washdyke
2. Appointment of Civil Defence Emergency Management Controllers and Recovery Manager

**Carried**

## **9.4 Aorangi Park Sports Stadium Options**

The Group Manager Infrastructure spoke to the report for the Council to consider further options for the increase in the number of indoor courts at the Aorangi Park sports stadium to potentially reduce cost.

It is requested that an update be provided to the users on the design and build timeline. The ability for future growth with the extension of the existing stadium. It is clarified the use of the facility as a welfare centre for civil defence for options one and two.

Further discussion included the impact on the netball pavilion for both options. It is confirmed the community fundraising element of the build in the current Long Term Plan is set at 10%. It is noted the importance of communication to the community if any part of the facility needs to shut down during construction.

### **Resolution 2024/11**

Moved: Cllr Stu Piddington

Seconded: Cllr Stacey Scott

1. That Council endorses two options being an extension of the existing stadium (Option 1) extending from the existing stadium out towards and onto the area currently used for the netball courts at Aorangi Park together with the build a new 10-court stadium on the existing netball courts (Option 2).
2. That an expression of interest process for the design and build be undertaken to explore these options.
3. Note that consultation has been undertaken under the Long Term Plan 2021/31 as acknowledged by Council as per resolution 2021/95.

**Carried**

## **9.5 Public Excluded Meetings and Workshops Policy**

The Acting Strategy and Corporate Planning Manager spoke to the report to provide to Council, for its adoption, the "Public Excluded Meetings and Workshops Policy" as per draft approved by the Audit and Risk Committee (Resolution 2023/219 - 27 November 2023) subject to an amendment relating to the clarification as to where accountability for the record keeping of meetings and workshops being a faithful representation, rests.

### **Resolution 2024/12**

Moved: Mayor Nigel Bowen

Seconded: Cllr Peter Burt

That Council

1. Receives the "Public Excluded Meetings and Workshops Policy"
2. Adopts the "Public Excluded Meetings and Workshops Policy".
3. Provide a joint delegation to the Mayor and Chief Executive to release material from being publicly excluded.

**Carried**



### **9.6 Update on Report by the Ombudsman - Meeting and Workshop Practices at Timaru District Council**

The Acting Strategy and Corporate Planning Manager spoke to the report to provide to Council, for information, the "Update on Report by the Ombudsman – Meeting and Workshop Practices at Timaru District Council".

It is requested to add to the report whether the Timaru District Council believes the actions are complete. Also, to investigate further the ability of members of the public to subscribe and receive notifications of meetings.

#### **Resolution 2024/13**

Moved: Mayor Nigel Bowen

Seconded: Cllr Owen Jackson

That Council

1. Receives the Report "Update on Report by the Ombudsman - Meeting and Workshop Practices at Timaru District Council"
2. Notes that this report will form the basis of an update to the Ombudsman, due 1 March 2024.

**Carried**

### **9.7 Annual Plan 2023/24 Six Month Performance Report to 31 December 2023**

The Acting Strategy and Corporate Planning Manager and Chief Financial Officer spoke to the report to outline progress on implementing the Annual Plan 2023/24 (Year Three of the 2021-31 Long Term Plan (LTP)). This includes the key performance indicators, work programme, and the financial results for the three months ended 31 December 2023.

Discussion is had on the Roding and Footpath Key Performance Indicator. Clarification is given on the issues with the new Caroline Bay toilet block. There is also clarification on Social Housing and the work being undertaken to increase the number of serviceable units, it is requested to add the percentage of leased units.

Further discussion included the operating deficit and internal work that is being done to address this. Clarified are any non-cash items included in revenue. The work was undertaken in the Land Transport Unit and the subsidy from New Zealand Transport Agency Waka Kotahi. Finance and Interest costs are discussed including the assumptions, including improvements to capital programme reporting.

Clarification is sought on the Museum capital, parking facilities, overspend on purchasing of vehicles, and the timing differences throughout the presentation of the financials.

#### **Resolution 2024/14**

Moved: Cllr Owen Jackson

Seconded: Cllr Allan Booth

That Council receives the Report: Annual Plan 2023/24 Six Month Performance Report to 31 December 2023 and notes it includes:

- (a) Key performance indicators progress report to 31 December 2023;

- (b) Council's financial performance as of 31 December 2023; and
- (c) Capital work programme progress report to 31 December 2023.

**Carried**

## **9.8 Review of External Governance Appointments Policy**

The Acting Strategy and Corporate Planning Manager spoke to the report to present to Council for approval and adoption of an amended "Review of External Governance and Appointments Policy" following discussion at the Council Meeting, 28 November 2023.

Discussion was had on the wording in item 5.3 of the policy.

### **Resolution 2024/15**

Moved: Mayor Nigel Bowen

Seconded: Cllr Stacey Scott

That Council

1. Receives the report "Review of External Governance Appointments Policy: and
2. Approves and adopts the "External Governance Appointments Policy" with the amendment in pt 5.3 from required to encourage to become members of the New Zealand Institute of Directors.

**Carried**

## **9.9 Local Alcohol Policy adoption**

Cllr Scott Shannon chaired this item and Mayor Nigel Bowen withdrew from the table.

The Group Manager Environmental Services, Environmental Compliance Manager, and Policy Advisor spoke to the report to enable the Council to decide whether to adopt the Local Alcohol Policy (LAP) as recommended by the Joint Local Alcohol Policy Committee (the Joint Committee), or whether to seek amendments to the policy from the Joint Committee.

At 4.17pm, Mayor Nigel Bowen left the meeting.

At 4.20pm, Mayor Nigel Bowen returned to the meeting.

Discussion included the sale of bottled wine and the discretionary condition that can be added.

Noted is Cllr Peter Burt conflict as a member of the Licensing Panel.

### **Resolution 2024/16**

Moved: Cllr Michelle Pye

Seconded: Cllr Owen Jackson

That Council:

1. Adopt the Local Alcohol Policy recommended by the Joint Local Alcohol Policy Committee.

**Carried**

**9.10 Timaru District Holdings Limited - Application for Local Government Funding Agency (LGFA) Funding**

Mayor Nigel Bowen resumed chair for the remainder of the meeting.

The Chief Executive spoke to the report to detail Timaru District Holdings Ltd (TDHL) funding arrangements and seek Council to approve TDHL's application to borrow funds directly from the Local Government Funding Agency (LGFA).

Discussion included the impact on the Timaru District Council's debt cap and borrowing and the margin on the borrowing for Council.

**Resolution 2024/17**

Moved: Clr Stu Piddington

Seconded: Clr Allan Booth

1. That Council approves Timaru District Holdings Limited applying to borrow funds directly from the Local Government Funding Agency.

**Carried**

**9.11 Council Investments and Borrowing**

The Chief Finance Officer spoke to the report to update the Committee on the status of Council's treasury activities on 30 June 2023.

**Resolution 2024/18**

Moved: Mayor Nigel Bowen

Seconded: Clr Sally Parker

That the Commercial and Strategy Committee receives and notes the Council Investments and Borrowing report.

**Carried**

**9.12 Proposed District Plan Hearing Update**

The Group Manager Environmental Services and Planning Manager - Consents, Compliance & Strategy spoke to the report to provide Council an update for information on the revised schedule and organisation for the Proposed District Plan hearing process, including that of decision makers, staff, and consultants.

Noted Clr Stacey Scott declared a conflict of interest in this item.

There was a discussion on the ability to have local planners on the panel.

**Resolution 2024/19**

Moved: Clr Sally Parker

Seconded: Clr Peter Burt

That Council receives this briefing 'Proposed District Plan Hearing Update' and notes the contents.

Carried

**10 Consideration of Urgent Business Items**

No items of urgent business were received.

**11 Consideration of Minor Nature Matters****11.1 Theatre Royal and Heritage Hub**

Clr Stu Piddington requested information on what the effect to ratepayers will be for the Theatre Royal and Heritage Hub. It is advised this information will be presented in the public workshop on 14 February 2024.

**12 Public Forum Items Requiring Consideration**

There were no public forum items.

**13 Resolution to Exclude the Public****Resolution 2024/20**

Moved: Mayor Nigel Bowen

Seconded: Clr Gavin Oliver

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 at 4.37pm:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<b>13.1 - Public Excluded Minutes of the Council Meeting held on 28 November 2023</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or	To protect a person's privacy, including the privacy of deceased persons  To enable Council to carry out commercial activities  To enable Council to carry out commercial or industrial negotiations

	disadvantage, negotiations (including commercial and industrial negotiations)	
<b>13.2 - Parks Section 17a Review</b>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>To protect a person's privacy, including the privacy of deceased persons</p> <p>To enable Council to carry out commercial or industrial negotiations</p>

**Carried**

#### **14 Public Excluded Reports**

##### **13.1 Public Excluded Minutes of the Council Meeting held on 28 November 2023**

##### **13.2 Parks Section 17a Review**

#### **15 Readmittance of the Public**

#### **Resolution 2024/21**

Moved: Mayor Nigel Bowen

Seconded: Cllr Peter Burt

That the meeting moves out of Closed Meeting into Open Meeting at 5.06pm.

**Carried**

**The meeting closed at 5.07pm.**

.....  
**Mayor Nigel Bowen**

**Chairperson**

## 8 Schedules of Functions Attended

### 8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors

**Author:** Alesia Cahill, Executive Support Manager

**Authoriser:** Nigel Bowen, Mayor

#### Recommendation

That the Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors be received and noted.

#### Functions Attended by the Mayor for the Period 29 January 2024 to 10 March 2024.

<i>30 January 2024</i>	Chaired Tenders and Procurement Committee meeting. Attended Council workshop Chaired Extraordinary Council meeting
<i>1 February 2024</i>	Visited Peel Forest for walk over
<i>2 February 2024</i>	Spoke with Radio NZ on 3 Waters
<i>7 February 2024</i>	Spoke with Newstalk ZB on Long Term Plans across Canterbury
<i>8 February 2024</i>	Attending Transitional Housing meeting Presented at the Sunsational Challenge awards
<i>9 February 2024</i>	Attended Audit & Risk Committee workshop
<i>12 February 2024</i>	Attended Sister Cities Subcommittee meeting Attended monthly meeting with South Canterbury Chambers of Commerce
<i>13 February 2024</i>	Attended Standing Committee meetings Met with Waka Kotahi representatives Chaired Council meeting
<i>14 February 2024</i>	Attended Council workshop
<i>19 February 2024</i>	Attended Downlands Water Supply Committee meeting Attended Council workshop
<i>20 February 2024</i>	Attended Council workshop
<i>22 February 2024</i>	Attended start of SI Charity Bike Ride Attended Civil Defence Emergency Management Joint Committee Attended Canterbury Regional Transport Committee meeting
<i>23 February 2024</i>	Spoke to OJ on the Breeze for monthly Mayoral Musing
<i>27 February 2024</i>	Chaired Council meeting
<i>28 February 2024</i>	Meet with Venture Timaru Chair

	Attended Hilton Haulage Road Safety Truck Expo
<i>2 March 2024</i>	Opened the Ara Multicultural Aoraki Festival
<i>4 March 2024</i>	Attended Audit and Risk Committee workshop
	Attended Audit and Risk Committee meeting
	Attended South Canterbury Chamber of Commerce Procurement workshop
<i>5 March 2024</i>	Attended opening of Hato Hone St John Social Prescription and Talking Café
	Led Citizenship Ceremony
	Attended Pleasant Point Community Board meeting
<i>6 March 2024</i>	Attended Geraldine Community Board meeting
<i>7 March 2024</i>	Attended Rakitata Revival ECan Council briefing
	Attended Rural and Provincial Sector online meeting
<i>8 March 2024</i>	Officially opened Turners Timaru
	Attended CBay Desk Design winners presentation.
	Attended Polyfest at Ara

In addition to these duties I met with 43 members of the public on issues of concern to them.

#### **Functions Attended by the Deputy Mayor for the Period 29 January 2024 to 10 March 2024**

<i>23 February 2024</i>	Attended New Zealand Insulators Temuka 100 years celebration
<i>2 March 2024</i>	Opened the Temuka and Geraldine A&P show
<i>7 March 2024</i>	Attended Rural and Provincial Sector online meeting

#### **Attachments**

**Nil**

## 8.2 Schedule of Functions Attended by the Chief Executive

**Author:** Alana Hobbs, Executive Support Coordinator

**Authoriser:** Nigel Trainor, Chief Executive

### Recommendation

That the Schedule of Functions Attended by the Chief Executive be received and noted.

### Functions Attended by the Chief Executive for the Period 1 February 2024 and 12 March 2024.

<i>2 February 2024</i>	Meeting with South Canterbury General Manager Environment Canterbury
<i>7 February 2024</i>	Meeting with General Manager Timaru District Holdings Limited
<i>8 February 2024</i>	Attended Water Reform and 2024 Long Term Plan Audit Update
<i>9 February 2024</i>	Attended Audit and Risk Committee Workshop
<i>12 February 2024</i>	Meeting with South Canterbury Chamber of Commerce Meeting with PwC New Zealand
<i>13 February 2024</i>	Attended Standing Committee Meetings Meeting with representatives from New Zealand Transport Agency Waka Kotahi Attended Council Meeting
<i>14 February 2024</i>	Attended Council Workshop
<i>16 February 2024</i>	Meeting with Chief Executive of Venture Timaru Limited
<i>19 February 2024</i>	Attended Council Workshop
<i>20 February 2024</i>	Attended Council Workshop
<i>21 February 2024</i>	Meeting with General Manager Timaru District Holdings Limited Attended South Canterbury Energy Strategy Meeting
<i>23 February 2024</i>	Attended Canterbury Mayoral Forum
<i>27 February 2024</i>	Attended Council Meeting
<i>28 February 2024</i>	Meeting with representatives from Te Pūkenga: Timaru Ara campus
<i>29 February 2024</i>	Meeting with representatives from Trust Aoraki Limited
<i>4 March 2024</i>	Attended Audit and Risk Committee Workshop Attended Audit and Risk Committee Meeting Attended South Canterbury Chamber of Commerce Workshop
<i>5 March 2024</i>	Meeting with representatives from Environment Canterbury Attended Pleasant Point Community Board Meeting



<i>6 March 2024</i>	Meeting with Chief Executive of Venture Timaru Limited Meeting with Chief Executive Officer PrimePort Timaru Attended Geraldine Community Board Meeting
<i>7 March 2024</i>	Attended Rakitata Revival Project Update Attended Rural and Provincial Sector Meeting
<i>8 March 2024</i>	Attended Department of Internal Affairs Water Infrastructure Update
<i>12 March 2024</i>	Attended Standing Committee Meetings Attended Council Workshop

Meetings were also held with various ratepayers, businesses and/or residents on a range of operational matters.

### **Attachments**

**Nil**

## 9 Reports

### 9.1 Affixing of the Common Seal

**Author:** Jessica Kavanaugh, Team Leader Governance

**Authoriser:** Mark Abbot, Acting Strategy and Corporate Planning Manager

#### Recommendation

That the following warrants have been approved by the Chief Executive and are being reported to the Council for noting:

1. 08 February 2024 – Approval of Warrants

#### Purpose

1. To report the Chief Executive has approved the Warrant of Appointments and is reporting that as required under the delegation manual (Clause 3.4.5).
2. To note the names have been redacted for the privacy of the employees.

#### Attachments

1. Approval of Warrants - 08.02.24 [↓](#) 



## Approval of warrants

I, Nigel Trainor, Chief Executive of the Timaru District Council have delegated authority pursuant to clause 3.4 of the Timaru District Council delegations manual to appoint and authorise the Council Officers listed in the table below, and issue warrants to those Council Officers under the relevant legislation and the Council's bylaws, including delegating the exercise of powers under those warrants, and affixing the Council's common seal to warrants. I hereby approve the attached warrants.

Nigel Bowen

Nigel Trainor

8/2/24

Date



Name	Title	Unit
	Special Projects Engineer	Infrastructure
	Animal Control Officer	Environmental Services

#1650146

## 9.2 Actions Register Update

**Author:** Rachel Scarlett, Governance Advisor

**Authoriser:** Jessica Kavanaugh, Team Leader Governance

### Recommendation

That the Council receives and notes the updates to the Actions Register.

### Purpose of Report

- 1 The purpose of this report is to provide the Council with an update on the status of the action requests raised by councillors at previous Council 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 Council on the progress of each item.

### Attachments

1. Council Actions Required  

### Information Requested from Councillors (Council)

<b>Information Requested</b>	Budget Reallocation Trial		
<b>Date Raised:</b>	17 October 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Chief Financial Officer	<b>Completed Date:</b>	
<p>Background:</p> <p>The Councillors requested that a trial is to commence that includes officers work to advise the Chair of the relevant committee when budget reallocation occurs which is each Group Managers responsibility and provide an update to the Commercial and Strategy Committee in the Financial Report. This trial will be reviewed in March.</p> <p>Update: This has been implemented in the Monthly Financial Update to the Commercial and Strategy Committee for September 2023 and will continue to feature in these reports until a review of the trial in March 2024.</p>			

<b>Information Requested</b>	Trial Opening Aorangi Stadium Park in Weekends		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Group Manager Community Services and Group Manager Infrastructure	<b>Completed Date:</b>	
<p>Background:</p> <p>The Councillors requested that a trial is to commence on the opening of the current stadium on weekends over the January period.</p> <p>Update: Discussions are in play with partner agencies to develop a pilot programme planned for launch during April School holidays.</p>			

<b>Information Requested</b>	Workshop with Venture Timaru		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Acting Strategy and Corporate Planning Manager	<b>Completed Date:</b>	
<p>Background: The Councillors requested a workshop within the next three months to include an update on how much each major event funding a pplicant received and any history of funding.</p> <p>Update: In progress – time to be arranged with Venture Timaru.</p>			

<b>Information Requested</b>	Report requested on Ombudsman Report actions update		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Acting Strategy and Corporate Planning Manager	<b>Completed Date:</b>	
<p>Background: The Councillors requested a report to be brought to Council on the Ombudsman Report and an update of the actions being undertaken.</p> <p>Update: Report going to Council on 13 February 2024.</p>			

<b>Information Requested</b>	Investigate Payment Option for Freedom Campers		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Group Manager Infrastructure	<b>Completed Date:</b>	
<p>Background: The Councillors requested an investigation for a payment solution for our freedom camping areas – with a focus on Caroline Bay</p> <p>February 2024 Update: Currently investigating options and legislative framework that will allow for this.</p>			

March 2024 Update: The initial investigation is now complete and we are currently awaiting confirmation from the Department of Internal Affairs around what local authorities are legally permitted to do with regards to charging.

<b>Information Requested</b>	Investigate Traffic Management		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Group Manager Infrastructure	<b>Completed Date:</b>	
<p>Background: The Councillors requested a report on the cost of traffic management as a dollar value.</p> <p>February 2024 Update: Information has been gathered around current delivery model. An analysis of potential alternative options for delivery is underway which will be presented for consideration following completion.</p> <p>March 2024 Update: No further update.</p>			

<b>Information Requested</b>	Investigate Subcontracting Across Council		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Group Manager Infrastructure	<b>Completed Date:</b>	
<p>Background: The Councillors requested a report on sub-contracting across council where sub-contracting is occurring with the consideration to if these services can be delivered in – house.</p> <p>Examples include – Street sweeping, rubbish collection.</p> <p>March 2024 Update: The Infrastructure Group is looking at alternative ways of carrying out various services, starting with the s17a review of Parks. Some of the identified opportunities will be included within the report on underutilised assets.</p>			

<b>Information Requested</b>	Investigate Small Trades
------------------------------	--------------------------

<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Chief Financial Officer	<b>Completed Date:</b>	
<p>Background:</p> <p>The Councillors requested a report on Trades - investigate the value of small trades outside of large contracts with the consideration to these being offered in-house. With an analysis of both procurement and spend on invoices under \$10k.</p> <ul style="list-style-type: none"> <li>o Are we getting competitive pricing with a preferred supplier.</li> <li>o Do we get to a level whereby in-house provision of the particular trade could be the better way forward.</li> </ul> <p>Update: Investigation is in progress and will return to council once complete.</p>			

<b>Information Requested</b>	Process on Agenda Preparation		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	ALL Group Manager's	<b>Completed Date:</b>	
<p>Background:</p> <p>The Councillors requested a clearer process around working with chair's on agendas, to ensure the timing is built in for the chairs to check the agendas and have further input.</p> <p>Update:</p> <p>Environmental Services held a meeting on 31 January 2024 with the committee Chair, Deputy Chair, Group Manager and Unit Managers to discuss the development of the process and set some parameters for continuous improvement.</p> <p>Infrastructure – discussed with committee Chair who confirmed they are comfortable with current agreed process.</p>			

<b>Information Requested</b>	Quarterly Activity Reports		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	ALL Group Manager's	<b>Completed Date:</b>	
Background:			



The Councillors requested a quarterly activity reporting to also include quarterly forward work programme.

Update:

Infrastructure – the forward work programme for both Land Transport and Drainage and Water is currently available on the website, work is under way for Parks information to be available in the same format.

<b>Information Requested</b>	Underutilised Assets		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Manager of Property Services and Client Representative	<b>Completed Date:</b>	
<p>Background: The Councillors requested an investigation on assets that are not being utilised that could be sold. For example small pieces of land.</p> <p>Update: A property list has been sent to the Programme Delivery Manager for Infrastructure to check off and add or delete any properties, as well as note if they are available for possible sale/divestment. Manager of Property Services and Client Representative is working on the vertical property list. This should be tabled at the next meeting.</p> <p>March 2024 Update – Work is continuing on this to present to Council for consideration.</p>			

<b>Information Requested</b>	Template for Financial Impact		
<b>Date Raised:</b>	12 December 2023	<b>Status:</b>	On Going
<b>Issue Owner</b>	Chief Financial Officer	<b>Completed Date:</b>	
<p>Background: The Councillors requested a template for financial impact when there is a recommendation to do something, rate or loan funded, ongoing costs, expiry of Capital projects.</p> <p>Update: This is a work in progress and will be developed over time.</p>			

<b>Information Requested</b>	Template for Financial Impact				
<b>Date Raised:</b>	12 December 2023			<b>Status:</b>	On Going
<b>Issue Owner:</b>	Chief Financial Officer	<b>Due Date:</b>		<b>Completed Date:</b>	
<p>Background: The Councillors requested a template for financial impact when there is a recommendation to do something, rate or loan funded, ongoing costs, expiry of Capital projects.</p> <p>Update: This is a work in progress and will be developed over time.</p>					

<b>Information Requested</b>	Social Housing				
<b>Date Raised:</b>	07 March 2024			<b>Status:</b>	
<b>Issue Owner:</b>	Manager of Property Services and Client Representative	<b>Due Date:</b>		<b>Completed Date:</b>	
<p>Background: Cllr Michelle Pye requested a report on Social Housing and whether Council should be delivering this or a community trust that would be better placed to apply for funding and have a sole focus of solving housing issues for more vulnerable members of our community.</p> <p>Update: A report on this will be on the agenda for the 26 March meeting.</p>					

<b>Information Requested</b>	Non Core Assets				
<b>Date Raised:</b>	07 March 2024			<b>Status:</b>	On going
<b>Issue Owner:</b>	Manager of Property Services and Client Representative	<b>Due Date:</b>		<b>Completed Date:</b>	

Background: Cllr Michelle Pye requested a review of all “non core” assets to determine if we are getting a commercial return on them or if they would be better sold.  
 Update: Working through this action as part of the Underutilised assets action. This portion is under investigation and will return to council once completed.

<b>Information Requested</b>	Geraldine Water Main				
<b>Date Raised:</b>	06 March 2024			<b>Status:</b>	On-going
<b>Issue Owner:</b>	Group Manager Infrastructure	<b>Due Date:</b>		<b>Completed Date:</b>	
Background: Cllr Gavin Oliver requested at the Geraldine Community Board a report on the water main burst numerous times and wants an update on when the pipe will be replaced to include data on how often it has been fixed in the last 5 years to come back to the Council as per the Mayor’s request.  March 2024 Update: An update will be provided to the Infrastructure Committee on 16 April and the Geraldine Community Board on 17 April.					

<b>Information Requested</b>	Workshop on Water Standards				
<b>Date Raised:</b>	27 February 2024			<b>Status:</b>	On-going
<b>Issue Owner:</b>		<b>Due Date:</b>		<b>Completed Date:</b>	
Background: Councillors agreed it would be beneficial to conduct a workshop on water standards based on what Council presented to the Department of Internal Affairs through previous LTP from the Draft Financial Strategy 2024-34 report.  Update:					

### **9.3 Presentation of Orari Temuka Opihi Pareora Water Zone Committee Progress Report**

**Author:** Jessica Kavanaugh, Team Leader Governance

**Authoriser:** Mark Abbot, Acting Strategy and Corporate Planning Manager

#### **Recommendation**

That Council receive and note the presentation of Orari Temuka Opihi Pareora Water Zone Committee progress report update.

#### **Purpose of Report**

- 1 The purpose of the report is to receive and note the Orari Temuka Opihi Pareora Water Zone Committee progress report. This includes key achievements, delivering the communities vision for freshwater and future challenges and opportunities.

#### **Assessment of Significance**

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

#### **Discussion**

- 3 The Orari Temuka Opihi Pareora Water Zone Committee includes members from Timaru District Council, Waimate District Council, Mackenzie District Council, Environment Canterbury Regional Council, Rūnanga representatives and Community members.
- 4 The report covers the 2022/23 year. Glen Smith, the Chairperson will present the report to the Council.
- 5 Councillor Michelle Pye is Timaru District Council's appointee on the Orari Temuka Opihi Pareora Water Zone Committee.

#### **Attachments**

1. **Orari Temuka Opihi Pareora Water Zone Committee Progress Report**  

## Orari Temuka Opihi Pareora Water Zone Committee

### Ōrari Temuka Ōpihi Pareora Water Zone Committee progress report

Each of Waitaha/Canterbury's water zone committees has an [action plan](#) which outlines how they will work with the community to deliver their aspirations for freshwater as outlined in the Canterbury Water Management Strategy (CWMS). Committees report annually to let the community know how things are tracking.

#### 2022/23 Progress report

- [From the chair](#)
- [Key achievements for 2022/23](#)
- [Delivering the community's vision for freshwater](#)
- [Delivering the community's vision for freshwater](#)
- [Future challenges and opportunities – 2023/24](#)

#### From the chair

I would describe the past year as being one of "housekeeping" as the committee completed a transition from its focus on informing regulatory processes (via the [Zone Implementation Programme Addendum for PC7](#)) to its current focus on supporting and encouraging hands-on non-regulatory environmental work within the zone.




*Glen Smith, OTOP Water Zone Committee chair.*

Much of this housekeeping has been bringing clearer structure, process and transparency to the administration of funding recommendations. It is hoped this will reduce perceived barriers and encourage more groups/projects to apply for funding for environmental enhancement projects.

Following local government elections, the zone committee welcomed new representatives appointed by their respective Councils:

- Cr Michelle Pye – [Timaru District Council](#)
- Cr Sharyn Cain – [Waimate District Council](#)
- Cr Phillipa Guerin – [Mackenzie District Council](#)
- Cr Deon Swiggs – [Environment Canterbury](#)

The Orari Temuka Opihi Pareora Water Zone Committee is a community led committee supported by councils.

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## Orari Temuka Opihi Pareora Water Zone Committee

The committee also welcomed Rynee de Garnham as the [Te Rūnanga o Waihao](#) representative and farewelled community member Brian Basset-Smith.

Whilst the changing faces around the committee table can bring a period of getting up to speed, this year it has also brought fresh perspectives and energy to move forward after being part of the drawn out process of informing the now partly-operative Plan Change 7.

Glen Smith

### Key achievements for 2022/23

- Supporting Catchment Collective South Canterbury to host and organise education for catchment groups to build skills relevant to their environmental care activity
- Supporting farmer shareholders in the [Opuha Irrigation Scheme](#) to implement actions in their biodiversity plans
- Supporting [restoration of native planting along the Ōpihi River](#) at Te Kopi-O-Te Ōpihi/Burkes Pass
- Supporting [restoration of native planting at Te Ahi Tarakihi stream](#) in Timaru
- Contributing to the development of the [Waitarakao Washdyke Lagoon Catchment strategy](#), including having a member on the Our Waitarakao project working group.

### Delivering the community's vision for freshwater


The [Canterbury Water Management Strategy \(CWMS\)](#) puts some responsibility for finding solutions for freshwater management in the hands of the community, with support from councils, Ngāi Tahu, and others. The strategy sets out freshwater goals and targets to deliver the community's vision for freshwater.

Each of the [community-led water zone committees](#) work collaboratively to develop freshwater recommendations for councils to help ensure plans give effect to these goals and targets.

Within each target area, there are several specific time-bound targets to be achieved and these are [monitored and reported](#) on to ensure progress is being made.

**The CWMS targets are:** [Environmental limits](#), [Ecosystem health and biodiversity](#), [Natural character of braided rivers](#), [Kaitiakitanga](#), [Drinking water](#), [Recreational and amenity opportunities](#), [Water use efficiency](#), [Irrigated land area](#), [Energy security and efficiency](#) and [Indicators of regional and national economies](#).

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## Orari Temuka Opihi Pareora Water Zone Committee

### Local projects helping to deliver on the CWMS targets

Read some of the stories about what is being done in the zone to deliver on the CWMS targets.

#### Boosting biodiversity with key partners

The zone committee provided funding to [Opuha Water Limited](#) (OWL) towards its programme to protect, restore, enhance and create biodiversity on shareholders' properties.

Support from the zone committee will allow OWL to extend biodiversity projects across more applicants. The completed biodiversity plans cover an area of approximately 35,050 hectares and identify 634 areas on farms for action. There are a number of properties that are situated within known bat roosting areas or that have known [Significant Natural Areas](#).

Additionally, many properties are located within the Rock Art Management Area and the Mātaitai and Waipuna Protection Zone, as identified and mapped through [Plan Change 7 to the Land and Water Regional Plan](#).

This work helps meet these CWMS targets: [Ecosystem health and biodiversity](#)


#### Action Plan budget project

The zone committee funded the Catchment Collective South Canterbury Society (now renamed Living Landscapes SC) to host and organise education for members of South Canterbury catchment groups to build skills relevant to their environmental care activity.

The funding covers:

- Training and advice on [Farm Environment Plans](#) (FEP) via FEP workshops, particularly with a catchment wide context. Living Landscapes SC is collaborating with [Beef+Lamb NZ](#) enabling farmers and their catchment communities to understand catchment-specific risks, appropriate mitigations and catchment priorities.
- Training catchment group leaders on how to better engage with local rūnanga (either through Te Tiriti o Waitangi training or similar). The catchment groups recognise that partnering with rūnanga will be invaluable in promoting the health and wellbeing of water, and hope that this learning will aid such partnerships.
- Provision of compact and easy-to-use environmental (eDNA) kits to enhance the understanding of life in waterways and enable better on-farm and catchment management decisions.

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## Orari Temuka Opihi Pareora Water Zone Committee

This work helps meet these CWMS targets: [Ecosystem health and biodiversity](#) and [Kaitiakitanga](#)

### Groundwork in the zone

A major restoration project at Te Kopi-O-Te Ōpihi/Burkes Pass will eventually transform a stretch of the upper Ōpihi River adjacent to the Burkes Pass township, restoring an ecosystem and enhancing the natural character of the area. A new public walking track is also planned and will extend the existing Burkes Pass Heritage Walk by an extra kilometre.

The site has significant cultural value for mana whenua as it was once used as a major travel route and was an important place for gathering kai and resources. The zone committee supported this project last year with funding from its [Action Plan budget](#) and this year further was provided.

The project will be completed in stages and is a joint effort between Te Kete Tipuranga o Huirapa Ltd (Arowhenua Native Nursery), the [Burkes Pass Heritage Trust](#), and Headley Greene Farm.

The CWMS targets are: [Ecosystem health and biodiversity](#), [Natural character of braided rivers](#), [Kaitiakitanga](#) and [Recreational and amenity opportunities](#)

### Delivering the community's vision for freshwater


The [Canterbury Water Management Strategy \(CWMS\)](#) puts some responsibility for finding solutions for freshwater management in the hands of the community, with support from councils, Ngāi Tahu, and others. The strategy sets out freshwater goals and targets to deliver the community's vision for freshwater.

Each of the [community-led water zone committees](#) work collaboratively to develop freshwater recommendations for councils to help ensure plans give effect to these goals and targets.

Within each target area, there are several specific time-bound targets to be achieved and these are [monitored and reported](#) on to ensure progress is being made.

The CWMS targets are: [Environmental limits](#), [Ecosystem health and biodiversity](#), [Natural character of braided rivers](#), [Kaitiakitanga](#), [Drinking water](#), [Recreational and amenity opportunities](#), [Water use efficiency](#), [Irrigated land area](#), [Energy security and efficiency](#) and [Indicators of regional and national economies](#).

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## Orari Temuka Opihi Pareora Water Zone Committee

### Future challenges and opportunities – 2023/24

In the regulatory space, the OTOP community is facing many changes including the new [Regional Policy Statement](#) being developed, the long-awaited implementation of [Plan Change 7](#) and the interpretation and implementation of Te Mana O Te Wai.

In terms of environmental protection and improvement, there are many challenges including:


- Our coastal lagoons are under threat from both seaward and landward pressures
- Water quality for contact recreation has declined at [Evans Crossing](#)
- Habitat protection and predator control for the critically endangered pekapeka/long tail bat population
- Changing weather patterns
- [Protection of rock art](#) through spreading awareness about the importance of rock art sites and the need to protect them, and supporting landowners to do so
- The conclusion of central government funding, which has recently been supporting projects such as Ōpihi Lagoon and the [Rakitata Revival project](#). The zone committee sees a need to move from a short-term focus to a long-term one. With existing funding mechanisms, it will be difficult to sustain the progress already made. At a minimum, we must protect what has been achieved but ideally, we should build on the good mahi done.

The zone committee will continue to collaborate with groups such as Living Landscapes, catchment and community groups, councils, and mana whenua to support their work and assist with funding where possible.

### Find out more

- Learn more about the [Ōrari Temuka Ōpihi Pareora Water Zone Committee](#)
- See the [Ōrari Temuka Ōpihi Pareora Water Zone Committee Action Plan 2021–2024](#)
- Download the [Ōrari Temuka Ōpihi Pareora Water Zone Implementation Programme \(PDF file, 4.71MB\)](#).

The Orari Temuka Opihi Pareora Water Zone Committee  
is a community led committee supported by councils.

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#### **9.4 Timaru Revaluation Presentation - Quotable Value**

**Author:** Lee-Ann Smart, Revenue Team Leader

**Authoriser:** Andrea Rankin, Chief Financial Officer

##### **Recommendation**

That Council receives and notes the presentation from Quotable Value.

##### **Purpose of Report**

- 1 The purpose of this report is for Quotable Value to provide a presentation and verbal update to Council regarding the Revaluation for Timaru District.

##### **Assessment of Significance**

- 2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy.

##### **Discussion**

- 3 The Canterbury Manager of Quotable Value (QV) will provide a verbal update to Council.
- 4 The presentation will include the following topics.
  - Legislation and Rules
  - Process
  - Revaluation results
  - Objections
  - Key Dates

##### **Attachments**

1. Timaru Revaluation Presentation [!\[\]\(609f3372828e3526d7ce4ba9a1b5248e\_img.jpg\) !\[\]\(43feb9e0a79707a6447da1ea973c9814\_img.jpg\)](#)



# Timaru District Revaluation Overview 2023



# Agenda

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Legislation and Rules

Process

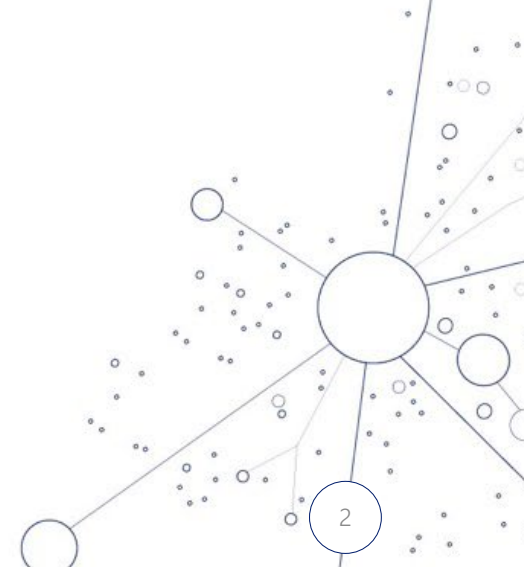
Revaluation results

Objections

Key Dates



Commercial in confidence



# Legislation and Rules

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- Rating Valuation Act 1998
- Rating Valuation Rules 2008
- Our Auditors – The Office of the Valuer General

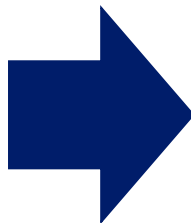


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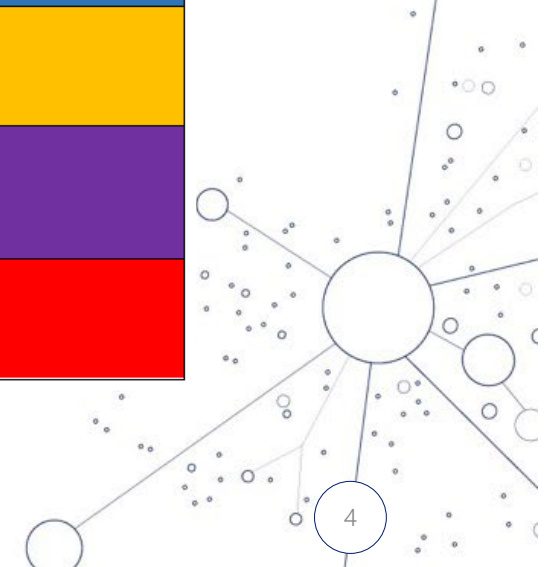


# OVG Audit -Traffic Light System



Proceed, only minor information or value modification required	Green
Marginal call at initial revaluation review between proceed and pause <b>(Effectively green with warning on the nature and scope of work required)</b>	Blue
Pause, Delay and resubmit - moderate to high levels of information or valuation review required	Yellow
Marginal call at initial revaluation review between orange and stop <b>(Effectively orange with warning on the nature and scope of work required)</b>	Purple
Stop - significant levels of information or valuation review required	Red

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# Rating Valuations Vs Market Valuations



Rating values are a 'snapshot' of the market at a single point in time



If market prices change, a rating valuation cannot be expected to represent the market value for an extended period



Rating values do not include plant and chattels, or trees.  
Rating valuations assess as freehold, not a leasehold interest



The community and market set property value levels  
– QV interprets this to form rating values

Commercial in confidence



5

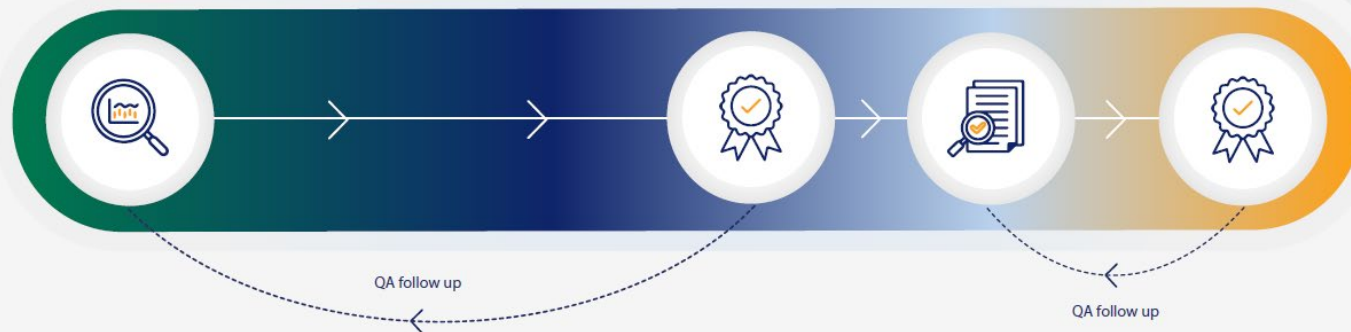
# Process



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# Revaluations and Quality Assurance



01

## Market Research

- Strategic overview
- Collaboration with council - planners, property teams, resource consents issued.
- Refresh of operative zone codes plus intel and data for proposed zone codes
- Consideration of the National Policy Statement on Urban Development where applicable
- Other registers, such as EQP buildings and NBS ratings, existing or new natural hazards or issues, weather tightness issues, contaminated sites, Maori Land.
- Purify sales i.e. no 12s, update DVR and values where necessary

- Sales analysis-improved and vacant
- Secondary evidence - Real Estate Agents, Valuers, property professionals.
- Compile basis draft
- Compile sales maps
- Compile bench mark sales
- Compile proposed Market Adjustments for all category types
- Apply Market Adjustments for residential and check OVG statistics
- Identify any potential cusps at this point and provide summary of action plan

02

## Quality Assurance

- Validating market research
- Stats testing
- Mapping checks
- Interim approval

03

## Validation of Values

- Line flow process
- Data betterment process
- DVR fields, worksheets etc.
- Use of QV Mapping
- RTV and HPI validation tools

04

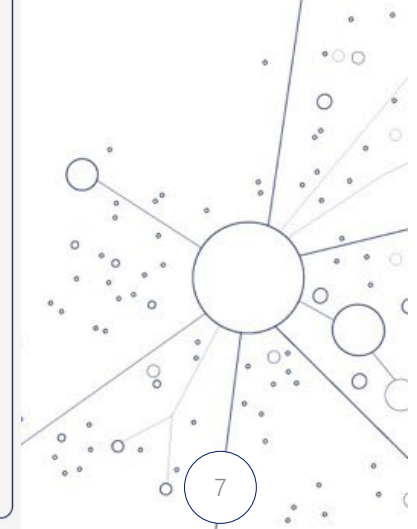
## Quality Assurance

- Final stats testing
- Mapping checks
- Error and outlier testing
- Substantive testing

QV 2023

Quality Assurance

Commercial in confidence



7

# QV Analytics



**Property Analysis (BETA)**  
Analysis of an individual property

View a selection of analytic information about an individual property. Information included will be expanded over time.

**Market Rent (BETA)**  
Area and Regional weekly rent

Search MBIE market rent tables for weekly rent in areas and regions across NZ.

**Data Quality**  
Data Quality report and tools

Analyse property information on thematic maps within Tableau. Download Excel extracts and tools pre-populated with property data to support data quality.

**Revaluation**  
Revaluation reports and tools

Analyse property information on thematic maps within Tableau. Download Excel extracts and tools pre-populated with property data to support revaluation.

**House Price Index**  
View QV's own house price index

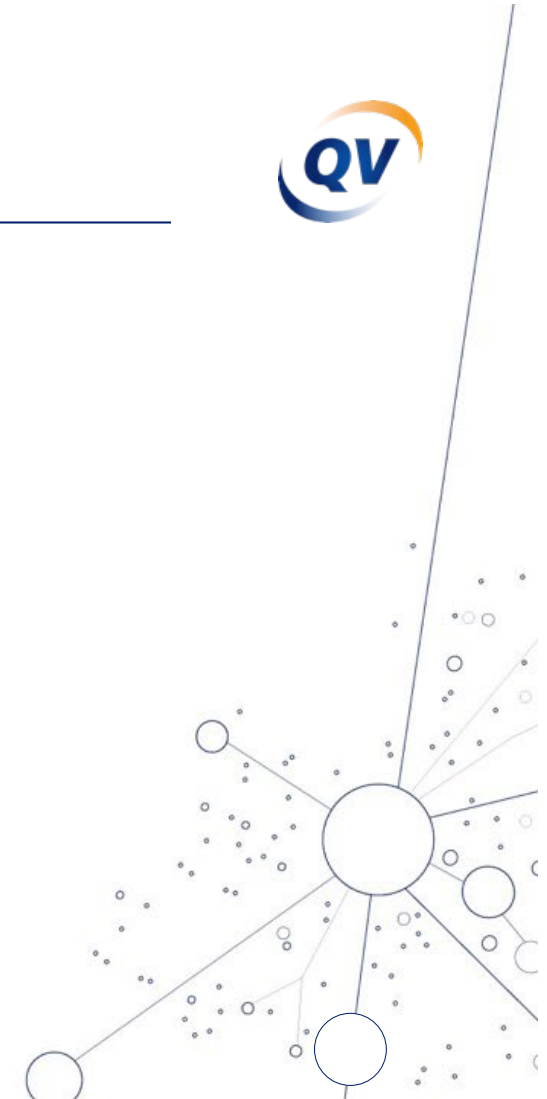
**Land Cover and Soil**  
Search and analyse the land cover and soil data set.

Coming Soon

**RTV (Real Time Value)**  
Download Excel extracts and tools to support the Rural RTV and analyse the residential RTV.

**Revaluation - Basis Documents**  
Download a selection of pre-populated tables and graphs to insert into the Basis document.

Powered by Kaba - QV's data analytics platform



# QV Analytics



## Roll Metrics

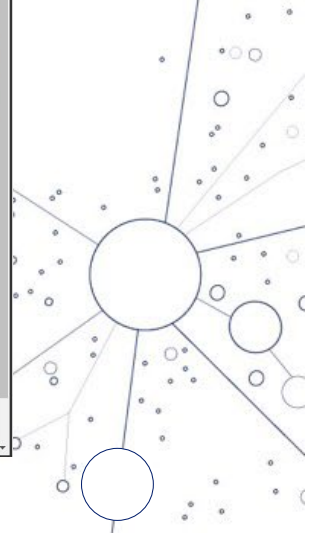
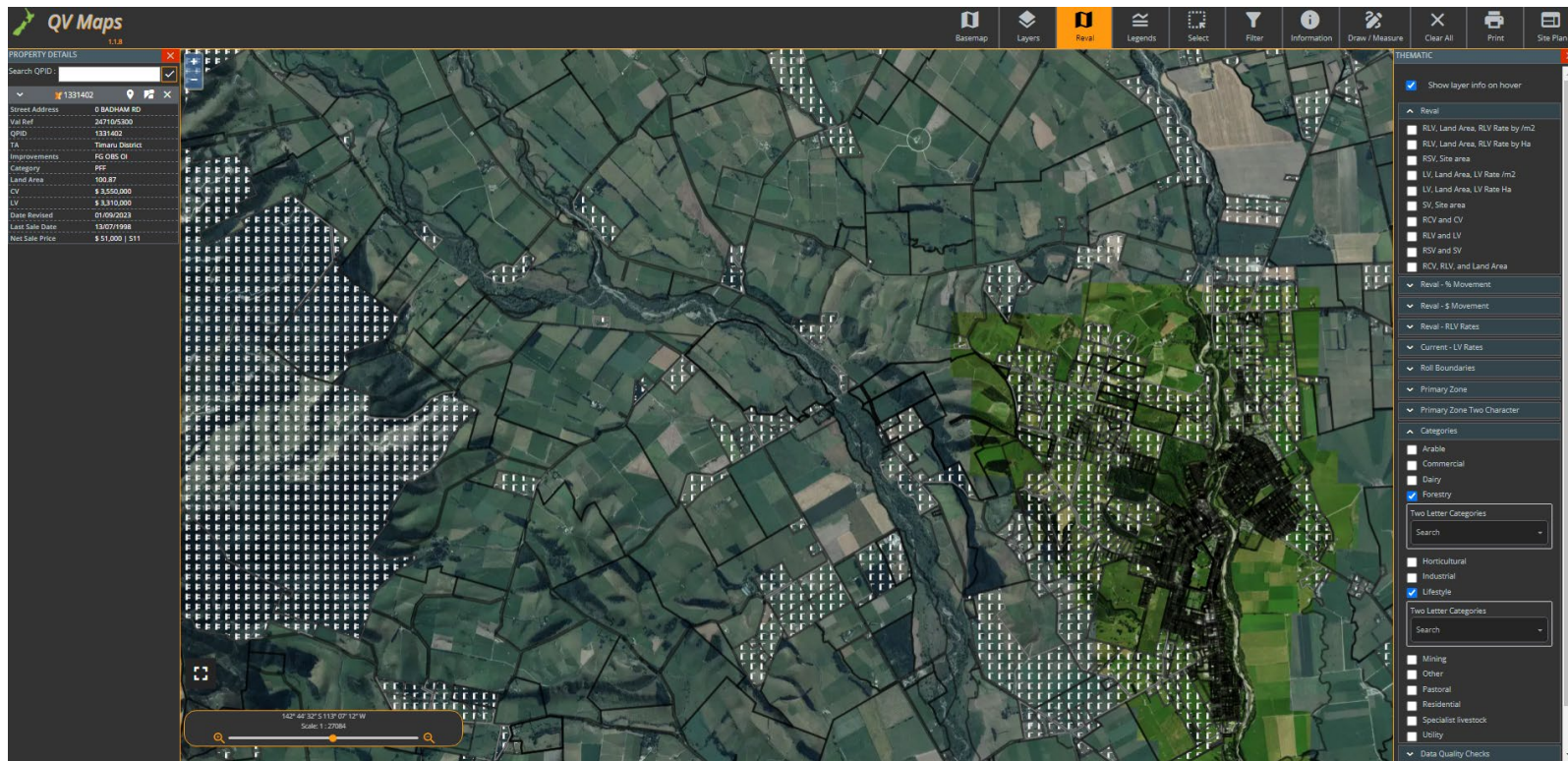
LOCATION			CURRENT VALUES										PROPOSED VALUES													
CATEGORY	SG	SG NAME	ROLL	EV	IV	VI	IFA	IRL	AREA	EV NR	# ASSMNT	RCV	RLV	RV	RLV/RCV	RNR										
U	6401	Timaru Town-Central/South	25021	\$	700,000	\$	250,000	\$	450,000	231	\$	1,387	1,621	\$	19	0.36	1	\$	810,000	\$	250,000	\$	560,000	0.31	\$	1,727
U	6401	Timaru Town-Central/South	25022	\$	700,000	\$	275,000	\$	425,000	244	\$	1,547	1,621	\$	27	0.39	1	\$	810,000	\$	275,000	\$	535,000	0.34	\$	1,960
U	6402	Timaru Town-North	24920	\$	661,250	\$	411,250	\$	250,000	137	\$	1,457	1,377	\$	24	0.62	10	\$	743,000	\$	411,250	\$	331,750	0.58	\$	1,830
U	6402	Timaru Town-North	24941	\$	1,460,000	\$	505,000	\$	410,000	317	\$	1,449	0.867	\$	56	0.44	1	\$	1,360,000	\$	505,000	\$	760,000	0.36	\$	1,474
U	6404	Timaru Town-West	25023	\$	955,000	\$	325,000	\$	630,000	228	\$	2,837	2,879	\$	11	0.34	1	\$	1,210,000	\$	325,000	\$	780,000	0.36	\$	1,264
U	6404	Timaru Town-West	25053	\$	1,055,714	\$	351,429	\$	714,286	254	\$	1,967	1,001	\$	55	0.44	7	\$	1,444,286	\$	351,429	\$	892,857	0.36	\$	1,285
U	6405	Cambridge Town	24715	\$	553,000	\$	268,750	\$	284,250	101	\$	1,438	1,533	\$	17	0.40	1	\$	644,750	\$	268,750	\$	376,000	0.41	\$	1,881
U	6406	Pharant Point Town	24811	\$	674,464	\$	272,500	\$	401,964	222	\$	1,411	2,254	\$	12	0.40	28	\$	927,321	\$	272,500	\$	523,571	0.44	\$	1,207
U	6407	Rural-Timaru District	24640	\$	567,124	\$	162,944	\$	274,180	177	\$	2,697	2,697	\$	7	0.34	71	\$	775,762	\$	162,944	\$	486,599	0.37	\$	2,719
U	6407	Rural-Timaru District	24660	\$	722,327	\$	296,879	\$	425,448	214	\$	1,759	1,261	\$	9	0.41	349	\$	875,082	\$	296,879	\$	550,179	0.37	\$	2,281
U	6407	Rural-Timaru District	24670	\$	674,395	\$	276,940	\$	397,455	196	\$	1,803	1,364	\$	6	0.41	100	\$	814,120	\$	276,940	\$	516,230	0.37	\$	1,242
U	6407	Rural-Timaru District	24680	\$	555,084	\$	233,525	\$	321,559	170	\$	1,466	1,312	\$	7	0.42	113	\$	687,267	\$	233,525	\$	453,742	0.38	\$	1,710

## Statistical Checks

Revision analysis for code(s) : RD*		Quotable Value Statistics										TIMARU DISTRICT									
Sales occurring from 1/01/2023 to 15/09/2023		13/11/2023																			
		Value to Price Ratio										Assessment									
		Mean Serv.to.Old.Value.Ratio																			

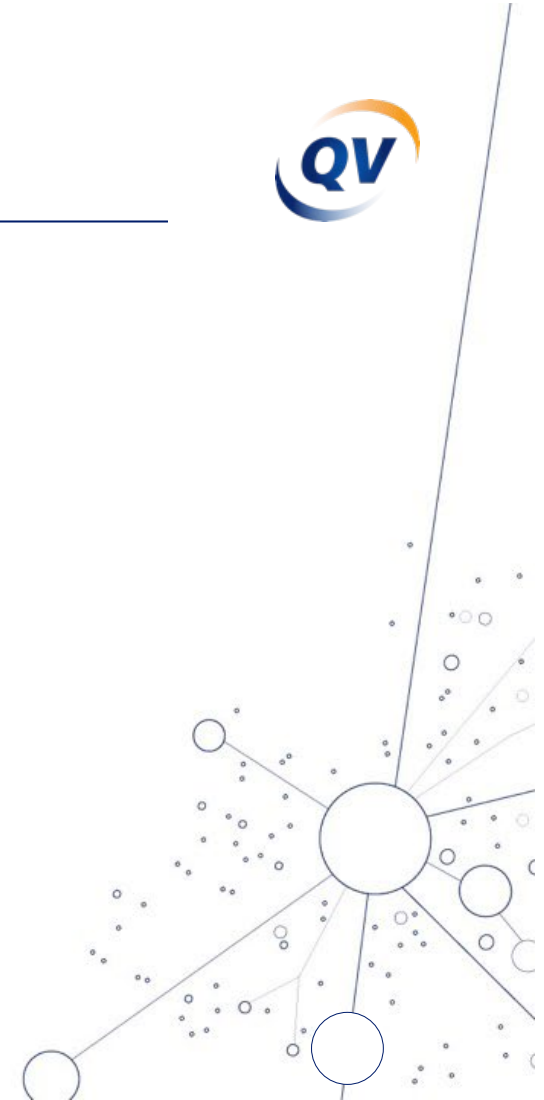
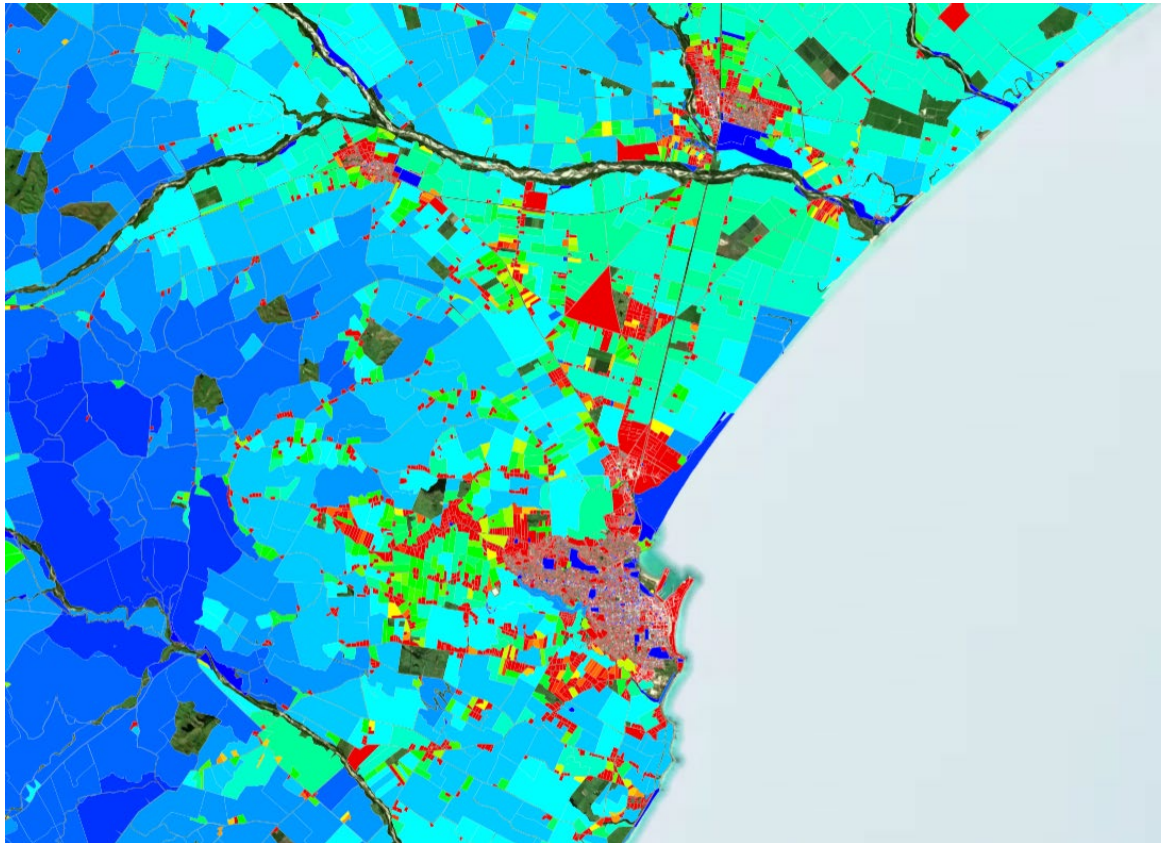


# QV Maps



# QV Maps- Thematic Mapping

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# Revaluation - Strategic Overview



## 1. Macro Measures

**National Unemployment Rate 3.4%**

Annual change (3.3%) – Increasing



Change from July 2020 (5.2%) – Decreasing



**Net Migration May 2023 +77,800**

Annual change – Increasing



Change from 2020 – Similar



**Official Cash Rate 5.50%**

Change annually (2.5%) – Increasing



Change from 2020 (0.25%) – Increasing



## 2.2 MICROECONOMICS



### Population changes

Estimated to be at **48,500** (2022) an increase of **3.4%** since 2018 census figures of 46,296



### Unemployment rates

**3.3%** in 2022, up slightly from **3.2%** in 2020



### Local GDP Figures

**3.47 billion** in 2022 or an increase of 6.67% from 2020

Commercial in confidence

12



# Strategic Overview



## MAIN INDUSTRIES



Rural



Rural Servicing



Port



Commercial

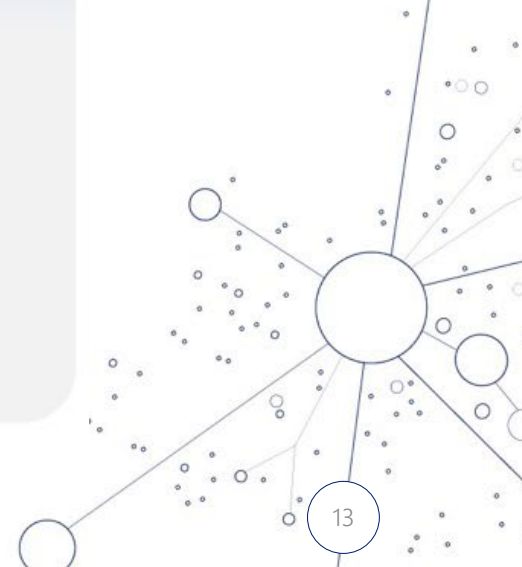


Heavy Industrial



Warehousing

Commercial in confidence



# Residential Dwelling Value Change



Commercial in confidence





# Strategic Overview -Residential



## RESIDENTIAL



### Typical land value

**South + North Timaru**  
Small sites \$175,000 average  
sites \$220,000 large sites (over  
900 m<sup>2</sup>) \$250,000

**Prime New Subdivision**  
Average site \$280,000 - \$350,000  
for average to large sites

**Central Timaru**  
Small sites \$300,000 average  
sites \$365,000 large sites (over  
900 m<sup>2</sup>) \$500,000

### Typical RCV value range

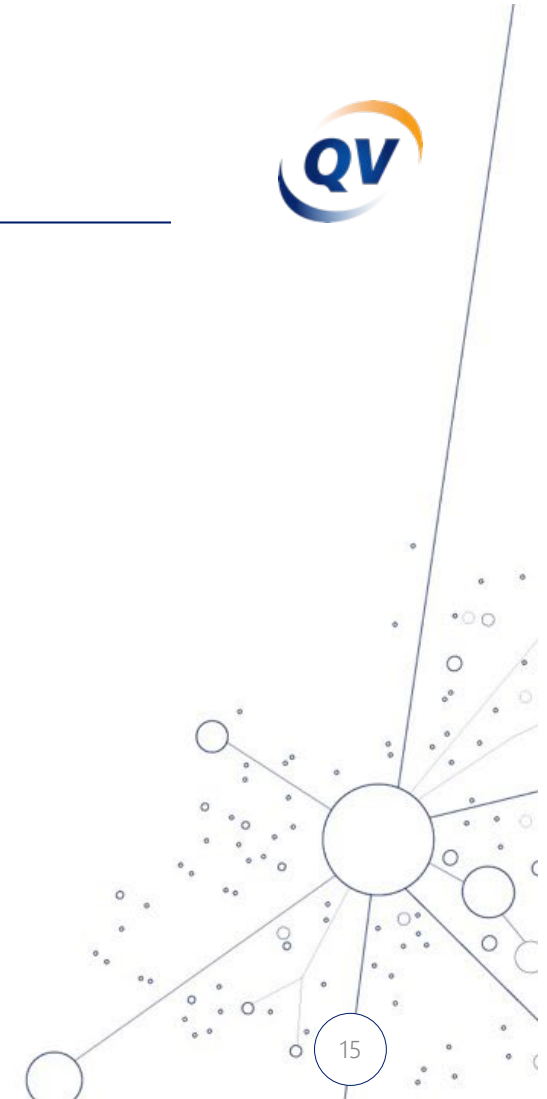
**2 bed unit**  
\$235,000 - \$440,000  
(older)

**3 bed dwelling**  
\$370,000 - \$600,000  
(older)

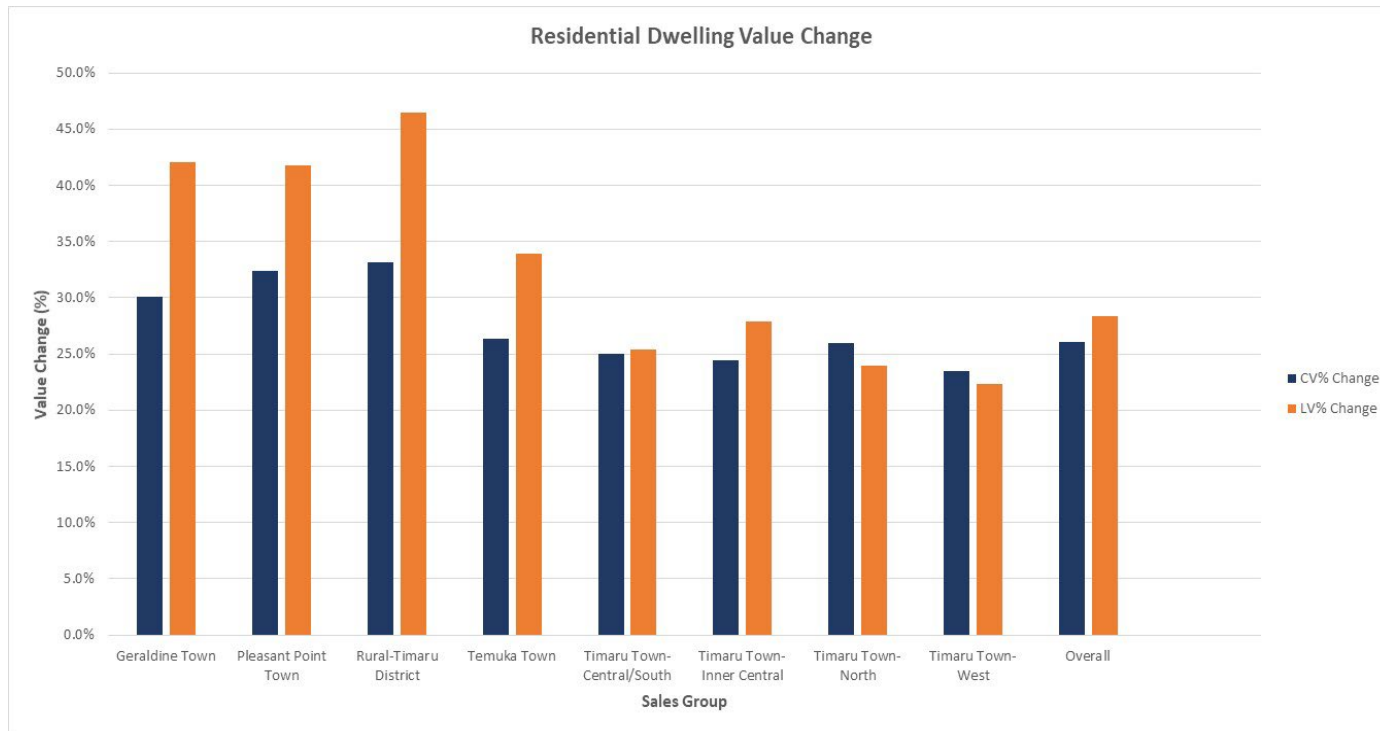
**4 bed dwelling**  
\$430,000 - \$680,000  
(older)

**Modern dwellings**  
\$550,000 - \$1,250,000

Commercial in confidence



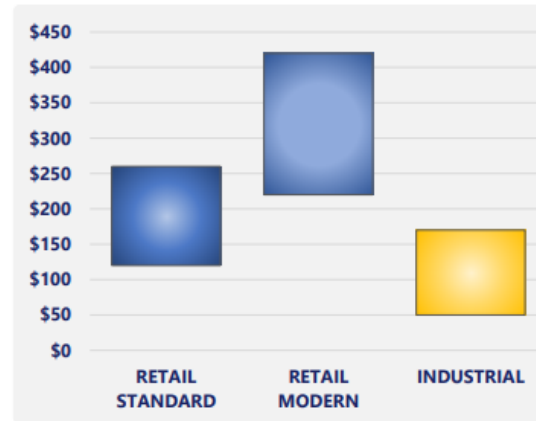
# Strategic Overview -Residential



Commercial in confidence

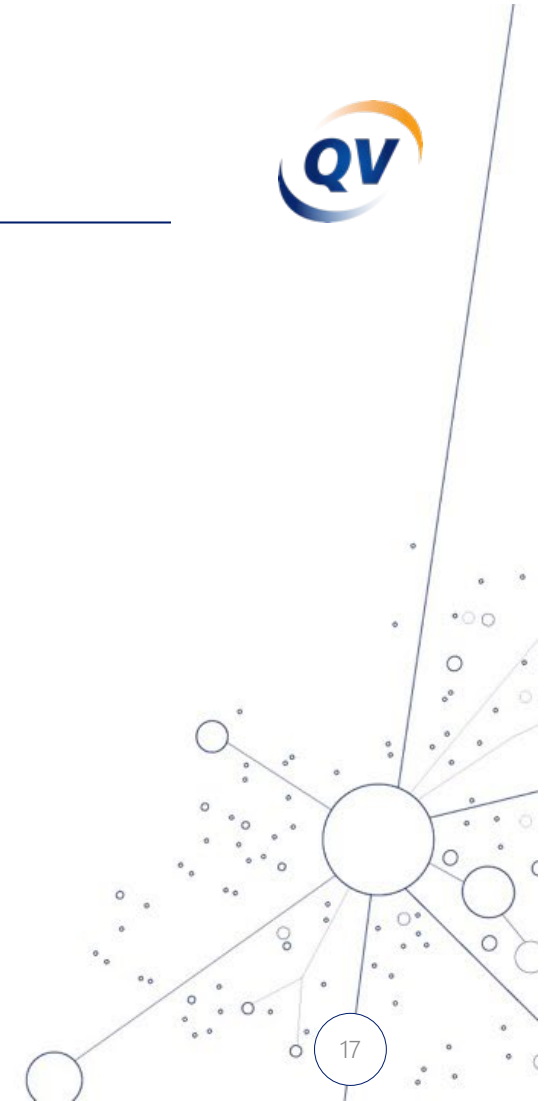


# Strategic Overview -Business



Sector	Yield range
Commercial modern	6.50% – 8.50%
Commercial average	7.00% - 10.00%+
Industrial modern	5.50% -7.00%
Industrial average	6.00% - 9.50%+

Commercial in confidence



17

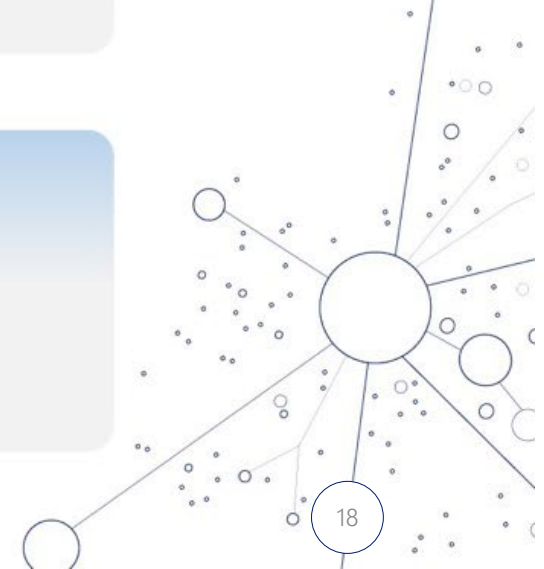
# Strategic Overview – Rural & Lifestyle



<b>Terrain</b>	<b>Dairy</b>
Good fertile flats	\$25,000 - \$38,000ha
Dry flats	\$15,000 - \$24,000ha
Undulating – easy hill	\$8,000 - \$25,000ha

<b>Terrain</b>	<b>Pastoral</b>
Good flats	\$21,000 - \$28,000ha
Easy Hill	\$7,000 - \$14,000ha
Medium hill	\$3,000 - \$8,000ha

Commercial in confidence

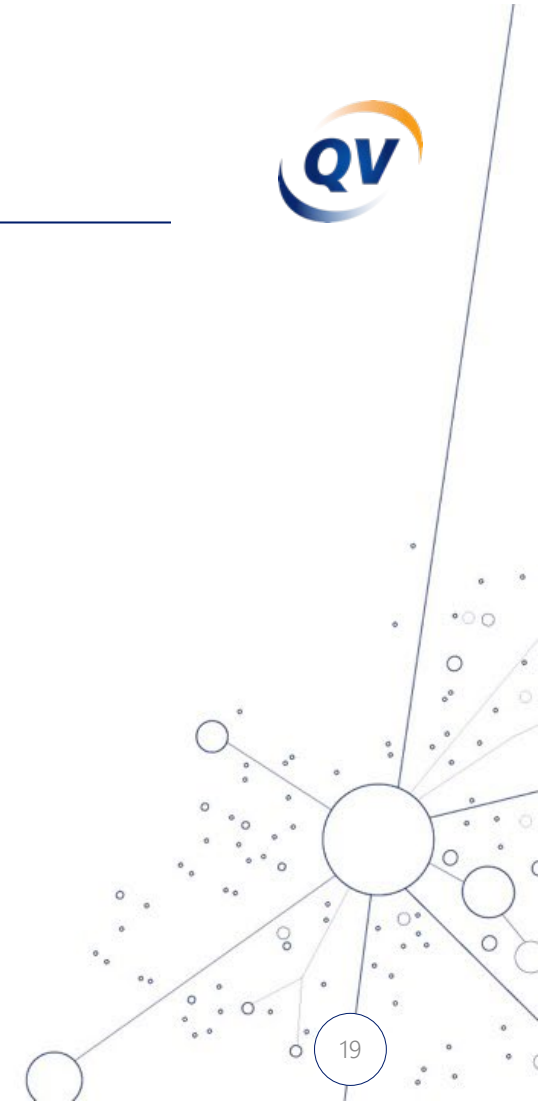


# Revaluation Overview



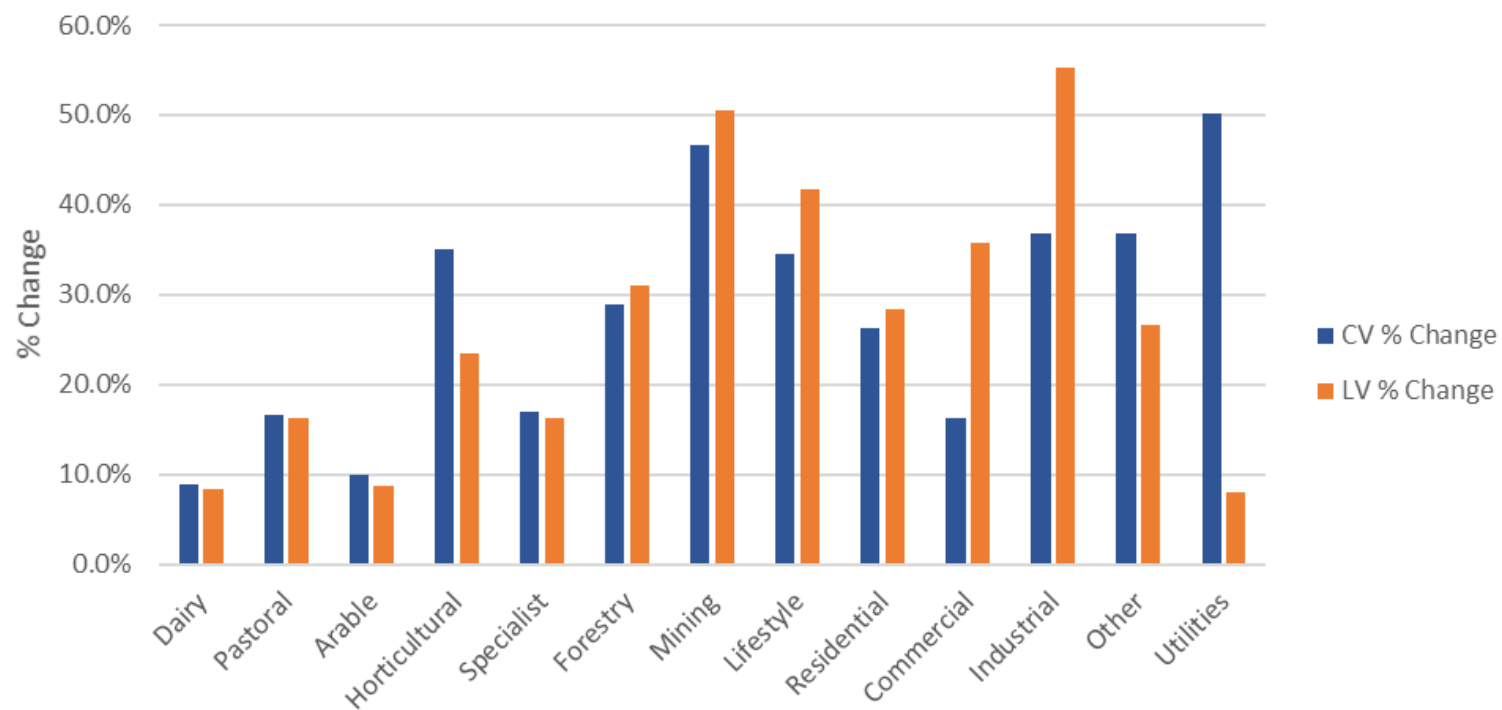
Sector	No. Assets	2023 CV (\$000)	% Change	2023 LV (\$000)	% Change
<b>Dairy</b>	175	\$1,334,724,000	8.8%	\$11,226,627,000	8.4%
<b>Pastoral</b>	895	\$1,848,856,050	16.7%	\$1,467,784,500	16.2%
<b>Arable</b>	253	\$831,058,300	10.0%	\$685,643,000	8.7%
<b>Horticultural</b>	28	\$42,381,000	35.1%	\$19,975,000	23.5%
<b>Specialist</b>	137	\$321,881,000	17.0%	\$225,099,000	16.3%
<b>Forestry</b>	92	\$50,625,100	28.9%	\$44,571,500	31.0%
<b>Mining</b>	18	\$1,446,500	46.7%	\$1,280,500	50.6%
<b>Lifestyle</b>	2,580	\$2,253,857,050	34.5%	\$1,051,171,350	41.8%
<b>Residential</b>	16,625	\$8,442,464,400	26.2%	\$3,954,566,000	28.4%
<b>Commercial</b>	774	\$998,821,500	16.2%	\$325,618,500	35.8%
<b>Industrial</b>	760	\$1,617,116,000	36.8%	\$593,379,000	55.3%
<b>Other</b>	762	\$835,825,550	34.5%	\$255,319,500	26.7%
<b>Utilities</b>	51	\$949,520,000	50.1%	\$89,648,500	8.0%
<b>TOTAL</b>	<b>23,151</b>	<b>\$19,528,216,650</b>	<b>25.4%</b>	<b>\$9,726,532,350</b>	<b>24.7%</b>

Commercial in confidence



19

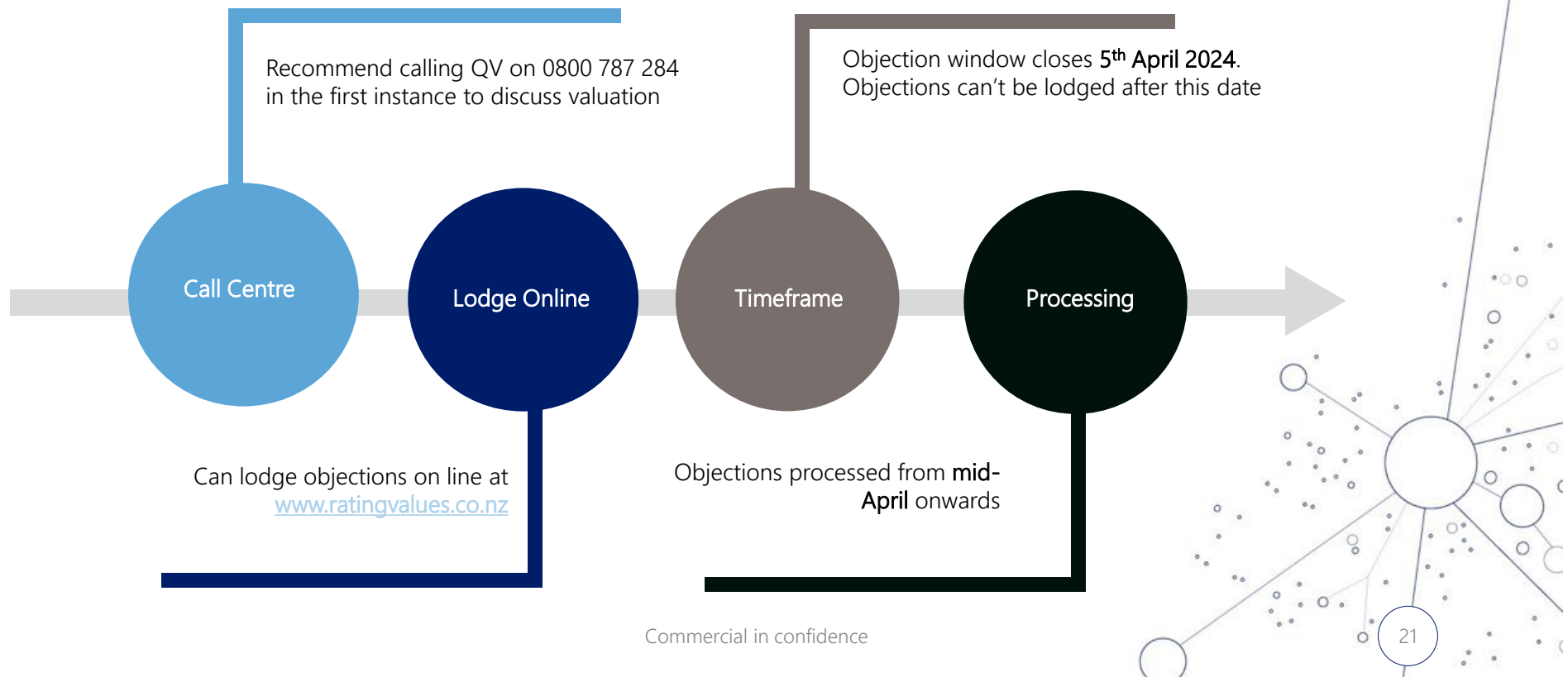
## Timaru District 2023 - Capital & Land Value Changes by Category



Commercial in confidence



# Objections



# Key Dates

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Effective date of valuation: 1 September 2023

Owners notices posted from 28 February 2024

Objection period closes 5 April 2024

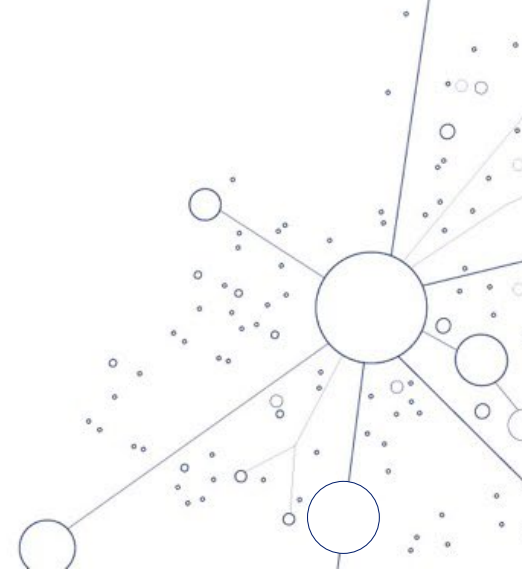
Used for rating purposes from 1 July 2024



Commercial in confidence



# Questions



## 9.5 Venture Timaru Quarterly Report (1 July 2023 to 31 December 2023)

**Author:** Jessica Kavanaugh, Team Leader Governance

**Authoriser:** Mark Abbot, Acting Strategy and Corporate Planning Manager

### Recommendation

That Council

1. Receives and notes the Venture Timaru Quarterly Report (1 July 2023 to 31 December 2023)

### Purpose of Report

- 1 To present to Council, for information and as a requirement of the Statement of Intent, the quarterly performance report of Venture Timaru (VT) for the period 1 July 2023 to 31 December 2023.

### Assessment of Significance

- 2 This matter is assessed to be of low significance under Council's Significance and Engagement Policy as it does not affect levels of service, strategic assets directly, or rates. The report is a requirement of the current Statement of Intent required of this Council Organisation.

### Discussion

- 3 VT's performance report for the six-monthly period 1 July 2023 to 31 December 2023 is attached. This update is provided to Council as a requirement of VT's Statement of Intent with Council and provided on a quarterly basis.
- 4 The Chief Executive of Venture Timaru will be in attendance to speak to the report.
- 5 Key focus areas addressed in the report include a summary commentary; diversity of housing stock as an enabler; energy as an enabler; new business opportunities; tourism & visitor overview; cruise season 2023/24; and a suite of monitoring indicators and financial performance metrics.

### Attachments

1. **Venture Timaru Q2 report to 31st Dec 2023** [!\[\]\(adb0331d22f78481623cc605df40612a\_img.jpg\)](#) 

## MEMORANDUM

FROM: Nigel Davenport – Venture Timaru Chief Executive  
TO: Timaru District Mayor and Councillors  
SUBJECT: Venture Timaru Operational Update for the quarter to 31 December 2023  
DATE: 29<sup>th</sup> February 2024

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### **Background**

Please find attached an update relating to our Economic Development and Visitor Promotion operations for the quarter to 31 December 2023.

### **General Commentary**

Growth in consumer spending, tourism spending and employment are key features of the latest economic report for Timaru District to the year ended December 2023.

Consumer spending was up 6.3 percent, performing well about the national figures of 0.7 percent, and the December quarter in particular saw strong spending, recorded at 6.3 percent. Visitors to the district were also spending, with figures showing an increase of 8.5 percent over the year and guest nights are up 11 percent.

The rise in employment of 2 percent over the year, is the strongest growth since 2018, notably with retail trade adding 160 jobs to the tally. However there was also a small rise in jobseeker numbers, up 1.6 percent, although with an annual unemployment figure of 3.1 percent, the district still compares very favourably on a national scale.

Overall there was a small drop in economic activity of 0.7 percent, and this is being attributed to a pullback by the construction industry. Provisional GDP (gross domestic product) for the district was \$3,645 million for the year to the end of December.

The high cost of building is having an effect on the number of new home build consents right across the country and Timaru District is no different, with a drop in these consents. But at this stage non-residential work is still going well, so while overall we have a drop in our GDP coupled with the cost of living pressures that everyone is feeling, I think we can still be pretty pleased with the result. Non-residential building consents to the value of \$66.1 million were issued in the district during the year compared with the 10 year annual average of \$51 million.

It's pleasing to see the spending figures, for locals and visitors. For the locals, our result is above the figures for Canterbury and also the national stats. This certainly paints a picture that people in our district are out and about, whether it's buying essentials, Christmas shopping for the December quarter or visitors spending when they come to town.

Infometrics report that house prices in this district have been flat over the past year, with a negligible 0.8 percent decrease in the December 2023 quarter. However, it seems that the market is starting to turn, with new listings up 18 percent, and sales volumes up 2.2 percent over the year to December 2023.

#### ENABLER PRIORITY – Diversity of Housing stock

- We continue to collaborate closely with developers, landowners, Council, and other interested parties on demand for diversity in our housing stock.
- Future Development Areas –(Residential zone and Urban) as identified by Council in the Proposed District Plan remain the priority focus of our engagements.
- The initial draft of the Inner/Near City Residential Development Guidelines that we have been charged with producing will be available mid/late March
  - o This document aims to excite and inspire residential development in or near our Timaru CBD – more people staying longer = enhanced vibrancy.
  - o We have also collated a GIS mapped database of CBD development opportunities – intel collated from a variety of sources which is to be held in confidence by us at VT with the primary purpose being to ensure the appropriate support, guidance and introductions are made to get these developments underway and completed.
- Our “Future Preferences Housing Survey” is to be distributed shortly - seeks to gain a data driven understanding of current & future housing preferences for our residents to support our call for more diversity of our housing stock and help inform future development and infrastructure investment decisions. The survey to go wide throughout our community to business, community organisations and individuals.

#### ENABLER PRIORITY – Energy

- We completed the Regional Energy Transition Accelerator (RETA) plan in partnership with Energy Efficiency & Conservation Authority (EECA) last year for 33 of our largest process heat users continue to progress their individual plans to decarbonise and convert to renewable and resilient energy.

Unfortunately, the new government has discontinued the Government Investment in Decarbonising Industry GIDI funding which will impact many of those who were looking to access this funding to support their decarbonisation. We anticipate this will delay or defer many existing plans locally, however will continue our engagement in this space such is the importance of a resilient and renewable energy source as a key economic enabler.

- Venture Timaru is part of a steering group of key local stakeholders progressing a new Energy Strategy for the region. We all want our region to prosper over the long term and energy infrastructure (from generation to distribution to end user) is an essential component of that. But we don’t have a common view using the best available information on how the region’s energy needs could evolve over the next 30-60 years and what that means for our decisions today.

South Canterbury is unique in its characteristics, including available energy sources, infrastructure and industry, and a diverse local economy which presents both challenges and opportunities. It will change over the coming decades due to how electricity is generated, used, supplied, along with the impact of the evolving physical environment. All parts of the region are interconnected, so the benefit of a consolidated plan is to guide the decisions of our people and companies using a common framing and information set. This strategy will place our communities’ future needs at the centre of our long-term planning. Work is underway and we’ll keep all informed as this progresses.

## NEW BUSINESS OPPORTUNITIES

- We are working closely with TDHL to source new business to populate the 13ha industrial park they are developing in Washdyke. This land represents a “sweet spot” for businesses aligned to our food processing and manufacturing sector given its access to water, energy, and waste water treatment. There is a good level of interest being progressed at date with NDA’s having been entered into. There are obvious commercial sensitivities associated with these discussions and details will be made available once the various parties confirm its timely to do so.
- The government recently announced their goal to double NZ exports within 10 years. With 80% of current exports derived from our primary sector this will both be challenging but also presents opportunities. MPI Chief Science Advisor John Roche recently stated two sectors identified with growth opportunities were horticulture and aquaculture.
  - o We have a horticulture workstream in its early stages focused on identifying current and future market/consumer demand in parallel with an “audit” of our processing capability. Coupled with local climate characteristics and engagement with the rural community, this aims to identify diverse/new horticultural opportunities to progress.
  - o Locally we have a strength in aquaculture both maritime and land based. During a recent visit to NIWA’s Aquaculture Centre located at Bream Bay, Ruakaka we saw first-hand the opportunity for on/near shore aquaculture developments. They have a land-based system producing superior fish that can be grown sustainably and supplied all year round. Their land-based recirculating aquaculture system works a lot like an aquarium – just bigger. Up to 99 percent of the water can be recirculated and reused after being filtered and treated to eliminate any impurities. As the demand is growing for high-quality and sustainable fish, NIWA have built an 8-tank kingfish facility that within 12-18 months will be producing 600 tonnes of Kingfish a year. This is one example of additional aquaculture opportunities which could potentially be undertaken in our area.

## TOURISM & VISITOR

Summer is continuing to prove a busy season, with anecdotal feedback that the number of international visitors is growing. At present, Germans are being noticed, plus Chinese visitors, particularly multi-generational family groups travelling independently. CPlay is definitely attracting visitors who are choosing to stay overnight, and the Timaru penguins are attracting 150-200 people each night for viewing. The first RTNZ meeting will be held at end of Feb, with data a key discussion point, plus the proposed MBIE support for Destination Management now on hold following the change of Government.

### Cruise Season 2023/24

At the time of writing there are three more cruise visits scheduled this season, from our tally of 13. Only one visit has been cancelled to date due to the weather. As the majority of the ships have been larger vessels carrying between 1000-2000 passengers, the impact of the visits has been significant in terms of visitors in town, much to the delight of business owners. Our challenge is to provide enough options for the passengers for tours and activities while on shore, and we are working to grow the offering, but the reality is that this takes time and is likely to be an add-on to a business, rather than core business as we do not have the volume of visitors to sustain all year.

In addition to the shore excursions run by the ground handler for the ship, VT organizes independent tours for passengers. The most popular to date have been trips to Mackenzie Country, Geraldine Village Boutique Tours, Moeraki, 5 Stop Tour in Timaru, E-bikes, with moderate interest in the museum offerings and Raptor Experience.

Two visits have fallen on Sundays and there is often feedback from the general public questioning why more retailers do not open on the Sundays. Through our involvement with the CBD Group we are actively updating retailers about cruise visits and encouraging them to open early on Sundays to capture the visitors, and some take up this opportunity. The chain stores are all open on Sunday from 10am, meaning there is a good selection of shopping available, plus the Artisan Farmers Market at Heritage Place.

In mid-January we hosted Virgin Voyages Miami based product manager for regional shore excursions for three days, in the lead up to the ship's inaugural visit on 18 March. She visited operators offering excursions and gave insights into the kinds of tours their passengers are keen on, and activities that Virgin targets for their "sailors" (Virgin describe their guests as "sailors" not passengers). As a result we managed to get three new tours to offer the ground handler for Virgin for the March visit, but disappointingly, none have been accepted for this season. With three visits booked for 2024/2025 we hope to get a greater uptake next season.

Cruise bookings at this stage for 2024/2025 season are at 11, with capacity of 14,700 passengers and 11 ships booked for 2025/2026 with 14,200 passengers. Half the ships scheduled are smaller luxury vessels carrying between 500-700 passengers, resulting in lower passenger volumes.

PrimePort are now actively chasing the cruise market with the target of reaching 30 visits annually, and will be attending the international trade fair for cruise, Seatrade, in Miami during April. VT will work closely in partnership with Primeport to provide sufficient information services and ensure that there is a positive visitor experience and that the locals remain enthusiastic about cruise visits.

#### **Additional snapshot updates:**

- **Statement of Intent** - post receipt of Council's Letter of Expectation and our subsequent board strategy session held early February, this past months key focus has been on collating and developing our draft SOI which has been submitted to Council. Timaru Towards 2050 remains our long term strategic goal whilst we will refocus our efforts back into the key objectives associated with new & existing business, workforce, promotion, and investment attraction. We have also realigned our KPI's to include some numeric and 2050 specific indicators.
- **Reality TV show** - We have been working with South Pacific Pictures as they look to commence the filming of an NZ reality show on the outskirts of Timaru for 4-6 weeks from April. Introductions to local accommodation and service providers have been made whilst we have also distributed details of local crew that they are keen to employ during the course of filming.
- **Major Events Fund** – as detailed in our Sept 23 quarterly report twelve events were successful in securing funding in the August 2023 round of applications for the Major Events Support Fund (MESF) (see below). The successful applicants ranged from new and newly established events right through to longstanding community events, and span a range of cultural, sporting and community events. The successful events bring vitality, excitement and economic benefit to the region and as importantly make our district vibrant, welcoming, and inclusive and add significantly to the wellbeing of everyone who lives here. One new event being supported this year is the Colour Festival which is also run in other parts of the country.

This event combining colour, music, activities and food will be held this summer in the Botanic Gardens. Back for its second year will be the highly popular Illuminate Light & Sound Experience that was held in the Timaru Botanic Gardens in May 2023. Both these events are delivered by an experienced event management company, Event Hire.

The events completed July - February 2023:

- Caroline Bay Carnival \$15K – completed. Good attendance, positive feedback from attendees. Concern over freedom camping at Caroline Bay. Keen to see better controlled with restrictions (e.g., no dogs and in designated area). Could introduce a charge in future.
- 4 & Rotary South Island Championships \$15K – completed. A total of 4695 attendees and 415 competitors. More people coming from outside region, with Chch/Canterbury biggest market. Many stayed two nights.
- The Geraldine Festival \$20K – completed. Crowd estimate for market days 15k. Increase in market stall numbers. Predominantly Chch/Canterbury market plus locals.
- Christmas on the Bay \$10K – completed. Awaiting report.
- Pasifika o Aoraki Festival \$25K – completed. Awaiting report.
- Seaside Festival \$35K – completed. Successful event spanning 11 days, including kite day, beach dig, movies on the bay, cocktail tasting, storytelling at CPlay. Attracting predominantly locals, and wider South Canterbury region.
- NZ Young Farmer of the Year \$14K – completed. Series of events culminating in gala night national final. 98 contestants supported by their communities from around the country. Significant national media and social media exposure. Estimated attendance of 1k attendees for the overall event.
- Kaylee Bell Summer Concert \$26K – completed. Massive turnout estimated at possible 5000-6000. Huge support of hometown girl who is riding wave of success.

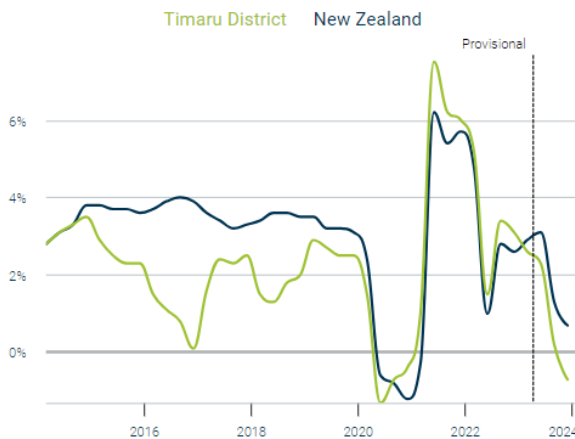
To come:

- Colour Festival \$10K – April 2024
  - Rally South Canterbury \$15K – May 2024
  - Illuminate \$10K – May 2024
  - Matariki Twilight Market \$15K – July 2024
- We launched the district's new **Official Visitor Guide Oct 2023** check it out here [Timaru OVG](#)

Monitoring Indicators (non-financials) as per 2022/23 Statement of Intent - as at 31<sup>st</sup> Dec 2023

1. **Gross Domestic Product – Tim Dist v NZ** – source Infometrics

**Gross domestic product growth**  
Annual average % change



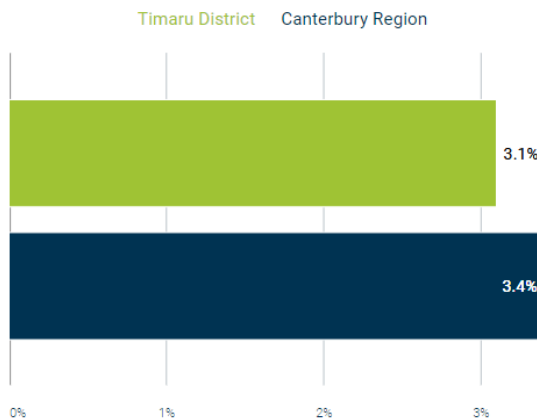
GDP in the Timaru District was provisionally down 0.7% for the year to Dec 2023, compared to a year earlier. Growth was lower than in New Zealand (0.7%).

Provisional GDP was \$3.645bn in Timaru District for the year to Dec 2023 (2023 prices).

Annual GDP growth in Timaru District peaked at 7.5% in the year to June 2021.

2. **Unemployment Rate – Tim Dist v NZ** – source Infometrics

**Unemployment rate**  
Annual average rate to December 2023



The annual average unemployment rate in Timaru District was 3.1% in the year to December 2023, up from 2.9% in the previous 12 months.

In the year to December 2023, the annual average unemployment rate in Timaru District was lower than in New Zealand (3.4%).

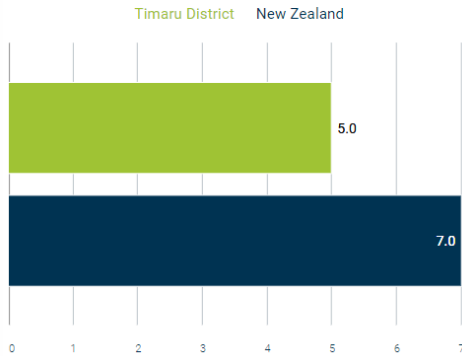
Over the last ten years the annual average unemployment rate in Timaru District reached a peak of 4.1% in June 2021.



### 3. Housing Affordability – source Infometrics/Corelogic

#### Housing affordability

Ratio of house prices to household incomes, year to December 2023



For Timaru 5.0 times the average household income \$107K buys you the average house valued at \$516K.

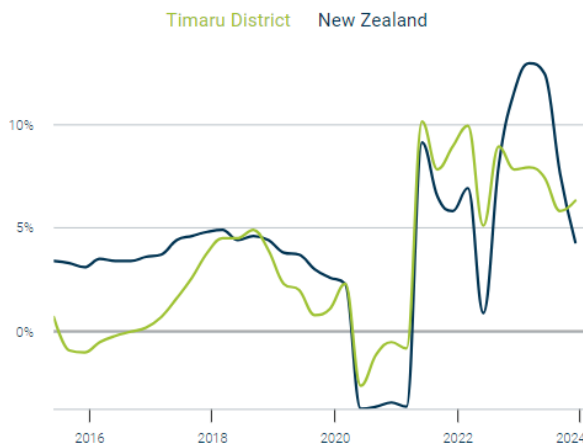
Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing. A higher ratio, therefore, suggests that average houses cost a greater multiple of typical incomes, which indicates lower housing affordability.

### 4. Visitor & Consumer Spend - source Infometrics.

Consumer spend in the district over the year to Dec 2023 increased 6.3% v a NZ wide increase of 4.3%. – up from \$725m v \$775m in total.

#### Consumer spending

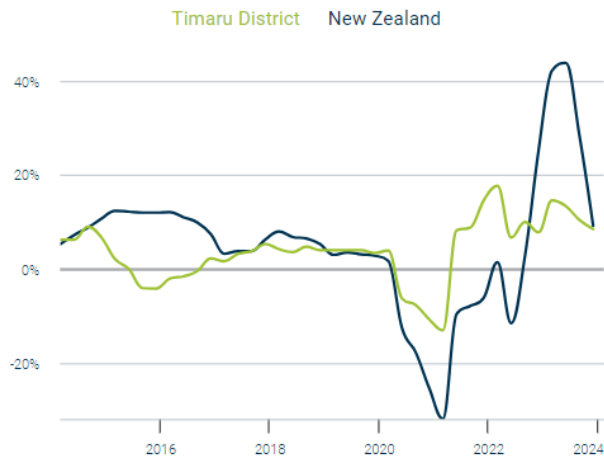
Annual average % change



Noting how consistent our spend has been since 2020/21 compared to the highs and lows of NZ in total.

## Tourism expenditure

Annual average % change



Tourism expenditure grew 8.5% for the year to 31 Dec 2023 compared to NZ wide growth of 9.2% - totaling \$255m v \$235m a year ago.

## Financials

### Venture Timaru Profit & Loss Statement

1 July 2023 - 31 Dec 2023

	YTD ACTUAL 31/12/2023	YTD BUDGET 31/12/2023	TDC SOI BUDGET 2023/24
<b>INCOME</b>			
Economic Development Grant - TDC	\$ 360,000	\$ 360,000	\$ 720,000
Tourism Grant - TDC	\$ 197,500	\$ 197,498	\$ 395,000
MyNextMove Contract - ex MSD	\$ 74,000	\$ 78,498	\$ 177,300
Reg Apprenticeship Initiative - ex Kanoa (Provincial Development Unit)	\$ 285,113	\$ 285,113	\$ 520,000
Major Events Funding - Tourism ex TDC	\$ 180,098	\$ 245,000	\$ 245,000
Regional Events Funding - Tourism ex Central Government	\$ 15,000	\$ 15,000	\$ 15,000
Private Sector Partnership project	\$ 96,622	\$ 48,000	\$ 195,000
Other Income - ED	\$ 55,934	\$ 50,650	\$ 81,500
Other Income - Tourism	\$ 31,784	\$ 31,784	\$ -
<b>TOTAL INCOME</b>	<b>\$ 1,296,051</b>	<b>\$ 1,279,759</b>	<b>\$ 2,348,800</b>
<b>EXPENDITURE</b>			
Economic Development	\$ 139,748	\$ 153,406	\$ 328,585
Human Resources	\$ 132,278	\$ 127,175	\$ 300,290
Tourism	\$ 232,882	\$ 205,612	\$ 414,970
MyNextMove	\$ 62,350	\$ 81,606	\$ 180,470
Reg Apprenticeship Initiative	\$ 285,113	\$ 285,113	\$ 520,000
Major Events Funding	\$ 180,098	\$ 245,000	\$ 245,000
Regional Events Funding	\$ 15,000	\$ 15,000	\$ 15,000
Private Sector Partnership project	\$ 52,589	\$ 16,000	\$ 195,000
Special Project	\$ 20,448	\$ 20,400	\$ 150,000
<b>TOTAL EXPENSES</b>	<b>\$ 1,120,506</b>	<b>\$ 1,149,312</b>	<b>\$ 2,349,315</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ 175,545</b>	<b>\$ 130,447</b>	<b>-\$ 515</b>

Operating surplus variance of actual v budget six months into our 2023/24 year largely represented by unexpensed funds c\$44K held and relating to the Private Sector Partnership project – delivering an Inner/Near City Residential Development guide for our CBD. This is largely o/a timing as the guides development commenced Dec/Jan and is scheduled to progress over coming months - with initial draft available mid/late March. Held funds will be expensed in alignment with the guides development.

**We Love Timaru**  
January 4 · 🌐

Today's the day 🎉 Who's as excited for [Kaylee Bell](#) at [Caroline Bay](#) as we are?

We're thrilled to present this fantastic FREE concert! Additionally, our team will be present, graciously accepting donations in support of our local mental health and addiction service, Ampss Timaru

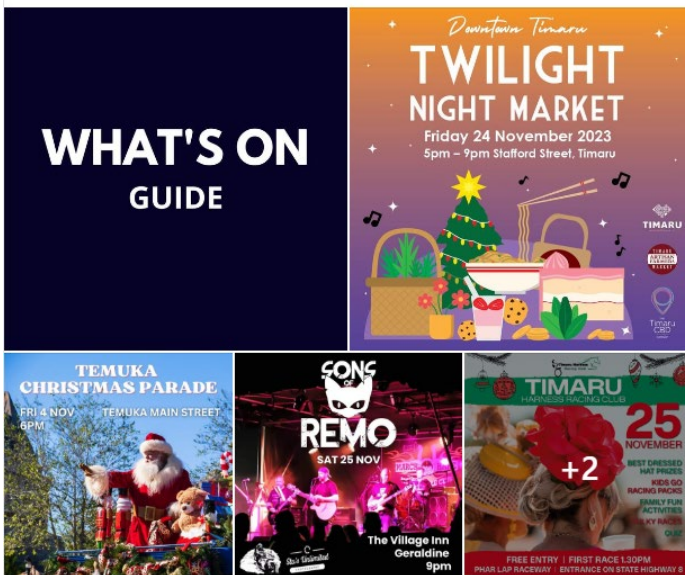
Empty out the piggy bank and search down the back of the couch and bring some coins along for this great cause.

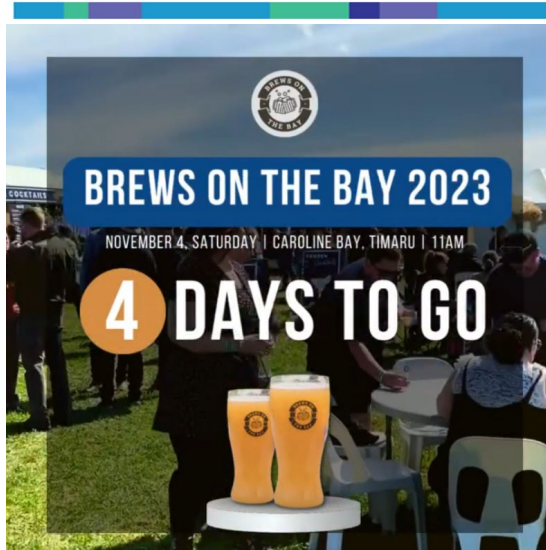


**We Love Timaru**  
November 24, 2023 · 🌐

It's beginning to look a lot like Christmas 🎄🌟

#timarunz #events #southcanterbury #southcanterburynz #christmas #temuka #temukanz #Geraldine #geraldinenz #nz





**Venture Timaru**  
December 1, 2023 · 🌐

Great to see our new mobile Virtual Reality Driving Simulator out and about in the community - great job Lucy and the team at [South Canterbury Road Safety](#). Such an awesome addition to the 11 simulators now fully installed in all secondary schools across Mid & South Canterbury. All made possible by the amazing family of supporters listed below.

If you are keen to have the simulator at your workplace (a great way to refresh the skills of our drivers) or at an upcoming event please get in touch with us at Venture Timaru - [enquiries@venturetimaru.nz](mailto:enquiries@venturetimaru.nz).

Mid & South Canterbury VR Simulator partners and supporters include: [Timaru District Council CODE](#) - [New Zealand's Centre of Digital Excellence CoDriver Fulton Hogan Kānoa](#) - [Regional Economic Development & Investment Unit Ministry of Social Development NZ](#) [Ashburton District Council](#) [Waimate District Council](#) [Community Trust of Mid & South Canterbury](#) [Brake New Zealand](#)



**South Canterbury Road Safety**  
November 27, 2023 · 🌐

The team had a great time in Twizel on Friday and Saturday, the driving simulator was a big hit with many having a go. A big thank you to all those who helped ... See more

**We Love Timaru**  
November 1, 2023 · 🌐

He's done it again 🙌 [KORYU official](#) continuing to add colour to our district. This time at the Temuka Outdoor Pool 🏊‍♂️





Of New Zealand's 31 regional tourism organisations, 18 have visitor spending which is above pre-pandemic levels, with 13 still sitting below their pre-pandemic level.

Where has visitor spending in New Zealand recovered the most against pre-Covid levels?			
Visitor spending for September 2023 year as % of September 2019 year, MBIE MRTes			
Rank	Regional Tourism Area	Domestic	International
1	Whanganui	133%	154%
2	Venture Taranaki	134%	124%
3	Manawatu	120%	158%
4	Timaru	130%	90%
5	Central Otago	126%	98%
6	Tairāwhiti	119%	123%
7	Southland	127%	82%
8	Wairarapa	111%	123%
9	Bay of Plenty	110%	123%
10	Hamilton & Waikato	110%	119%
11	Marlborough	121%	88%
12	Hawke's Bay	112%	104%
13	Northland	116%	92%
14	Christchurch	125%	79%
15	Lake Taupō	121%	74%
16	Dunedin	110%	91%
17	Wellington	111%	88%
18	Kaikōura	126%	75%
19	Nelson Region (Nelson Tasman)	114%	73%
20	Waitaki	116%	52%
21	Coromandel	99%	70%
22	West Coast	130%	68%
23	Hurunui	96%	77%
24	Auckland	114%	71%
25	Clutha	94%	69%
26	Queenstown	137%	71%
27	Lake Wānaka	118%	63%
28	Mackenzie	145%	50%
29	Ruapehu	81%	58%
30	Rotorua	92%	57%
31	Fiordland	113%	59%
	<i>Not elsewhere classified</i>	125%	79%
	<b>New Zealand</b>	<b>116%</b>	<b>76%</b>

**Brews on the Bay**  
November 5 at 9:25 AM · 🌐

How gooooood... we'll do it all over again in 2024...



**AutoMatic80s**  
November 5 at 7:27 AM · 🌐

**Brews on the Bay** four seasons in one day! Thanks for having us. Cheers to all who partied through the thunder storms and lightning. Massive ups to the productio... See more

**We Love Timaru**  
October 13, 2023 · 🌐

We are excited to unveil our new Timaru District Official Visitor Guide 📖

Featuring all the best things to do in the district, including activities, eateries, accommodation and shopping as well as walking trails, itineraries, events and more!

Check it out for yourself here 📄 <https://www.vttourism.co.nz/.../0011/803459/OVG-web.pdf>



## 'We're pretty chuffed': Cruise ship arrival marks strong start to Timaru season

"One of the highlights we did was go to Jack's Point where the lighthouse was, and we saw some cool succulent flowers looking over the ocean – something we have never seen before," Eric Steinbicker said.

"It was really cool to get off the ship and just take a five-minute taxi ride and really explore the countryside."



The Steinbicker family: from left are Ethan, 13, Eric, Mariola and Luciana, 10.  
JOHN BISSET / STUFF

When asked if they would come back to South Canterbury, he said: "Absolutely. It's gorgeous."

Christopher and Susan Birdsey, of Lock Haven in the US state of Pennsylvania, hopped on the Noordam in San Diego about 40 days ago and will hop off in Auckland in a few days' time.

They visited Caroline Bay, the rose garden, the aviary and Te Ana Ngai Tahu Māori Rock Art Centre, and they also did a bit of shopping on the main street.

Christopher Birdsey said he found Timaru and New Zealand very interesting and said there was a "rich, deep culture" here.

"You couldn't ask for nicer people. The people here are amazing.

Fred Smit and Nancy Vendetti from New York described Timaru as a "beautiful city" and had spent their time in town exploring Stafford St and the farmers market.

"We found some interesting things," Smit said. "There's spectacular landscapes and wildlife here."

## **9.6 Receipt of (draft) Venture Timaru Statement of Intent 2024/25**

**Author:** Mark Abbot, Acting Strategy and Corporate Planning Manager

**Authoriser:** Nigel Trainor, Chief Executive

### **Recommendation**

That Council

1. Receives the draft Venture Timaru Statement of Intent 2024/25
2. Considers the draft Venture Timaru Statement of Intent 2024/25.
3. Agrees to the next steps required to finalise a Statement of Intent 2024/25.
4. Responds to Venture Timaru regarding the next steps in the process of finalising a Statement of Intent 2024/25 and delegates to the Chief Executive to communicate those steps to Venture Timaru Ltd.

### **Purpose of Report**

- 5 For Council to consider the draft Statement of Intent (Sol), as provided by Venture Timaru, and to work through the process of agreeing and / or refining this to the satisfaction of Council.

### **Assessment of Significance**

- 6 This matter is assessed to be of low significance under Council's Significance and Engagement Policy as it does not affect levels of service, strategic assets directly, or rates.

### **Background**

- 7 Section 64(1) of the Local Government Act 2002 (LGA2002) requires every council-controlled organisation to prepare and adopt a statement of intent in accordance with Part 1 of Schedule 8.
- 8 The purpose of a Statement of Intent is to:
  - a) State publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute; and
  - b) Provide an opportunity for shareholders to influence the direction of the organisation; and
  - c) Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

### **Discussion**

- 9 In January 2024, Council provided Venture Timaru with a Letter of Expectation to inform the development of the 2024/25 Statement of Intent.
- 10 In line with s64(1) of the LGA2002, Venture Timaru Ltd is required to provide a Statement of Intent aligned with Council's expectations and for Council to be actively engaged and involved in the development of that Statement.



- 11 The draft Sol provided by Venture Timaru Ltd should form the basis of collaborative dialogue with Council prior to a final document being agreed and adopted.

### **Options and Preferred Option**

- 12 Council has the following options available to it:
- a. Agree to adopt the draft Statement of Intent, as provided by Venture Timaru Ltd; or
  - b. Either as a whole or through the appointment of a sub-set group, meet with the Board of Venture Timaru Ltd to discuss, negotiate, and agree to a revision document that satisfies Council as shareholder.
- 13 Option b is the preferred option.

### **Consultation**

- 14 Council has consulted with the Board of Venture Timaru Ltd via its Letter of Expectation.

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

- 15 Section 64(1) of the Local Government Act 2002

### **Financial and Funding Implications**

- 16 Nil

### **Other Considerations**

- 17 Nil

### **Attachments**

1. Venture Timaru Draft SOI 2024.25 - submitted [↓](#) 



**Venture Timaru**  
DISTRICT - ECONOMIC & TOURISM AGENCY

# Statement of Intent 2024/25







## ABOUT VENTURE TIMARU

Venture Timaru is the Economic Development Agency and Regional Tourism Organisation for the Timaru District, and also contracts the Timaru and Geraldine Visitor Information Centres.

Our mission is to enable a vibrant and thriving community by cultivating the economic potential of our district.



## CONTENTS

Foreword	3
Introduction	4
Aligned to the future of our District	5
Strategic Focus	6
Nature & Scope of Activities - 2024.2025	7
Partners & Collaborators	8
Collaborative Projects - overview	9
Budget 2024.2025	10
Supplementary Information	11





# FOREWORD

TONY HOWEY, BOARD CHAIR

In early February 2024 the Venture Timaru board met at the Fonterra Clandeboye factory for our strategy review. A fitting place to meet given the importance of agriculture and manufacturing to our local economy where we are significantly more dependent on these sectors than most other areas of NZ. Last year this plant processed more milk than any plant in the world and probably more importantly, processed for a wide range of value-add products which also involves the world leading and patented mozzarella cheese process.

While continuing to support the important primary and primary based manufacturing sectors, the Timaru District economy would gain more resilience with additional and more diversified economic activities.

At the strategy review the board and management reflected on the relative strengths of our district and considered how we can provide better value to enhance economic development and wellbeing for the people of our district. At a high level, we need to know what success looks like and to this end have initiated development of a long-term plan entitled “Timaru District – Towards 2050” where success can be measured in terms of: population growth, improved productivity, higher paid & more jobs, increased GDP and an enviable quality of life. This long-term plan is, and needs to be, aspirational, as our changing demographics means we need substantial population growth just to maintain our current economic activity.

To take us on this path to 2050 we have identified the key areas we need to focus on over the next three years, then further identified the priorities for the 2024/25 period as detailed in this document. This approach sets out quite a different format from prior SOI documents and gives clear performance indicators and monitoring steps. We also see that this dovetails succinctly with the recently received Statement of Expectation from our Council which has given us further guidance on what we need to focus, and provide measurable results, on.



TONY HOWEY  
BOARD CHAIR

VENTURE TIMARU  
Statement of Intent 2024/2025  
3

# INTRODUCTION

NIGEL DAVENPORT CHIEF EXECUTIVE



People and place are at the centre of all we do at Venture Timaru. Everything we have outlined in this Statement of Intent is dependent upon the genuine relationships we build, the people we work alongside, and the partners who work with us.

Facilitating introductions and collaborations across our community, as well as regionally and nationally, to enhance our districts economic and social well-being is what we are all about.

We unashamedly amplify and promote our district's distinct and unique offerings to both assist existing business to prosper and attract new people and businesses to this great district of ours.

Our Central South Island location with the best of natural NZ right on our doorstep offers an enviable and attractive lifestyle which is fully supported by excellent education & health services and a variety of recreational and sporting facilities. Couple that with our connected, safe and caring communities we have so much to offer - a place where a true sense of belonging and collaboration means we look out for each other while "making things happen".

With a significantly diverse industry base, we have abundant career opportunities where our existing and future workforce can flourish and develop. We help "expose educate and excite" our rangatahi to all employment pathway possibilities so they can make as fully informed decisions as possible on their post secondary school life - to ultimately be part of the future success and growth of our district.

It is important to us that we monitor, measure and report on our successes with the public and our stakeholders and be agile in response to the challenges and opportunities we face as a district.

This Statement of Intent is a chapter of Venture Timaru's story. It sets out our objectives and key focuses for the next 12 months – which is an important step towards achieving a greater vision for our District's economy and its people.

We are excited to work collectively with all stakeholders to "enable a vibrant and thriving community by cultivating the economic potential of our district".



## Facilitate

- Communication
- Connectivity



## Enable

- Collaboration
- Cooperation



## Grow

- Capacity
- Community Wellbeing
- Creativity & Sustainability

VENTURE TIMARU  
Statement of Intent 2024/2025  
4

# ALIGNED TO THE FUTURE OF OUR DISTRICT

Venture Timaru is a Council Controlled Organisation that provides economic development and visitor attraction functions for the district, with support provided by the council.

This Statement of Intent is presented by Venture Timaru in accordance with the requirements of Section 64(1) of the Local Government Act 2002 (LGA 2002). In accordance with the Local Government Act 2002, this annual Statement of Intent publicly states the activities and intentions of Venture Timaru and the objectives to which those activities will contribute.

This Statement of Intent is in response to Timaru District Council's Letter of Expectation and includes performance measures and targets for the next 12 months. The Statement of Intent takes direction from Timaru District Council's Strategic Direction and Long Term Plan along with Venture Timaru's existing Economic Development Strategy and Destination Management Plan.

This document outlines our plans to support and align to Timaru District Council's Strategic Direction which encompasses their Vision and Values underpinning well-being outcomes that create a community that is connected, resilient and diverse with an enhanced lifestyle within a sustainable environment.

## TIMARU DISTRICT COUNCIL VISION & VALUES

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

**Inclusive Leadership** - through inclusive leadership, citizens play an active role in the District, creating shared responsibility and a connected vision for the future.

**Cultural Caretakers** - protecting and regenerating our unique cultural and environmental heritage so that we can retain a strong sense of identity for current and future generations.

**Transition Navigators** - being adaptable to change by embedding the principles of agility and resilience into our approach towards enhancing our community wellbeing outcomes.



# STRATEGIC FOCUS

## TIMARU DISTRICT - TOWARDS 2050

**POPULATION  
GROWTH**

**IMPROVED  
PRODUCTIVITY**

**HIGHER PAID &  
MORE JOBS**

**INCREASED  
GDP**

**ENVIABLE  
QUALITY OF LIFE**

For a district such as ours, with so much to offer, it is important we collectively look forward, be challenging and aspirational about what we can be. Venture Timaru recently undertook an initial piece of work that looked out to 2050 and asked the questions:

- Where will Timaru's economy be in 2050 if the status quo remains?
- How much larger could Timaru's economy be if there is an aspirational focus on doing better things?
- Which factors would achieving an aspirational economic future rely on?

The findings were confronting and can be best summarised as "if we do the same we actually don't get the same –we go backwards!"

Therefore at the heart of all we do in coming years will be solidifying a path towards a better Timaru District in 2050 - one with more people, higher paid and more jobs, increased productivity & prosperity and at the heart of it all – an enviable quality of life for all that live here. If Timaru can be aspirational in terms of how many jobs it creates, the people it attracts, and how productive these jobs are then Timaru's economy could potentially triple in size by 2050 bringing with it significant economic, social and cultural benefits.

We are excited about the next 1-2 years as we develop and then implement an aspirational pathway for our district and its people. We look forward to enhancing our engagement with all local stakeholders as now more than ever is the time to be bold, innovative, and aspirational about the future of this great district of ours.





## NATURE & SCOPE OF ACTIVITIES - 2024.25

Venture Timaru sets mid-term Operational Objectives which remain our immediate term focus. We then set our Prioritised Operational Activities which are our “must do” activities for the ensuing year, in this case the 2024/25 year, these being our immediate steps on the path to achieving our Operational Objectives.

There is a variety of other work undertaken and planned over and above our Prioritised Operational Activities evidencing the facilitative and collaborative approach we take to growing the prosperity and well-being of our District.

Three Year Operational Objectives	Support EXISTING BUSINESS to innovate and grow.	Attract & assist NEW BUSINESS to the District.	Assist business to attract, develop & maintain a skilled WORKFORCE.	PROMOTE the district as a “destination of choice”	Facilitate enabling and new to district INVESTMENT.
<b>2024/25 Prioritised Operational Activities</b> <i>NB a variety of other economic &amp; visitor activities are as detailed within this SOI – these represent our main workstreams for 2024/25</i>	Realign a targeted industry engagement plan as to future plans, challenges, barriers, productivity improvements, decarbonisation etc..	Assist TDHL to secure 100% tenancy for 13ha Washdyke Industrial Park.	Workforce Training – facilitate improved alignment of local training delivery that meets the needs of local industry.	Develop a Cruise Strategy in partnership with Primeport, tourist operators and community to grow Cruise Sector by providing the best possible experience for all cruise visitors.	Facilitate new residential development investment that provides typography diversity - property owner, developer, investor introductions.
	Assist existing business and industry expansion plans – access to key enablers – people, water, energy, supporting infrastructure & services.	Develop enhanced Business Attraction resources for the district.	Amplify activity to “Expose Educate & Excite” our future workforce on local career pathways. (MyNextMove student transition initiative)	Own and develop a Caroline Bay Plan for the Future that maximises visitor experience and community engagement.	Coordinate and foster Central Government relationships to attract new investment to support local initiatives and prioritised projects.
	Key stakeholder participation in the development of a South Canterbury Energy Strategy.	Establish a Business Development “hunter/gatherer” role.	Renew workforce attraction resources for industry and recruitment agencies.	Help develop existing event offering, and attract new in/out of season events.	Assist with identifying and processing key infrastructural opportunities of benefit to the district – (airport/port/transport & logistics)

Key Performance Indicators	<ul style="list-style-type: none"> <li>Energy Strategy Completed &amp; Implemented.</li> <li>Detail expansion plan assistance provided to local business</li> </ul>	<ul style="list-style-type: none"> <li>Commitments in place for min 50% tenancy of TDHL Washdyke Industrial Park.</li> <li>Min 4 New Medium/Large Businesses committed to establish in Timaru District.</li> </ul>	<ul style="list-style-type: none"> <li>Detail successes of students into local employment</li> <li># of new industry aligned locally provided training opportunities</li> <li>20 pathway events, min 3500 students and 150 local businesses</li> </ul>	<ul style="list-style-type: none"> <li>Cruise Sector Economic Benefit increased by 40%. (est \$3.0m 2023/24)</li> <li>Plan for Caroline Bay completed and implementation underway.</li> <li>Event ROI Economic Benefit for every \$ invested via Major Events Fund</li> </ul>	<ul style="list-style-type: none"> <li>Min 6 new residential developments progressed</li> <li>\$5 of new to district investment.</li> <li>Detail facilitated investment/development introductions made.</li> </ul>
Operational Success Indicators					

Monitoring Indicators	GDP Contribution Timaru District v NZ	Unemployment Rate Timaru District v NZ	Housing Affordability Timaru v like areas	Consumer & Visitor Spend trends v same period last	# Jobs Year on year improvement
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Timaru District Towards 2050 Performance Indicators	<p>Operationalising our “Timaru District Toward 2050” long term strategic focus will occur over the 2023-26 period and be completed in time to inform the Council’s Long Term Plan cycle in 2026. As the districts Economic Development and Visitor Agency we will champion this aspirational vision for our district that, whilst challenging, will aim to ensure we maximise our potential across social, economic, and cultural areas. Engagement with key stakeholders and our wider communities will be a key feature of this work.</p> <p>Progressing this work can be broadly divided into three key parts:</p> <ol style="list-style-type: none"> <li>1) Key stakeholder identification and engagement – complete 2024/25</li> <li>2) Identifying which industries (existing/adjacent/new) might offer the best opportunities for delivering this ambition? complete 2024/25</li> <li>3) What are the big levers and enabling factors necessary to support transformational growth in Timaru’s economy?</li> <li>4) What activities should be focussed on, by who, and how will we measure success?</li> </ol> <p>It is proposed that these steps are undertaken sequentially, with the findings of the first three steps used to inform step four.</p>
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# PARTNERS AND COLLABORATORS

Fostering key strategic partnerships, in a collaborative and transparent manner, is crucial to Venture Timaru achieving its objectives thereby ensuring our work and initiatives resonate at local, regional, and national levels. We lead when it is right to do so and provide guidance and expertise when appropriate. We seek input and consultation to achieve the best outcomes for our people, businesses and communities.

- **LOCAL** partnerships provide a foundation for understanding community needs and tailoring plans to address specific challenges and opportunities. By engaging with local businesses, organisations, and communities, development strategies become more contextually relevant and responsive, leading to sustainable growth that uplifts the entire community.
- Authentic partnership with **TANGATA WHENUA** importantly honours the vision of iwi, hapū and whānau for a future where our economy grows alongside sustainability and well-being for whānau, lands, waterways, marae, language, and future generations. This partnership acknowledges the cultural and historical dimensions of economic development and ensures that strategies and plans respect and integrate indigenous perspectives, fostering a more holistic and sustainable approach.
- **REGIONAL & SUB-REGIONAL** partnerships enable the pooling of resources and expertise, fostering synergies that can drive innovation and development. Collaborative efforts on a broader scale can address shared challenges, such as infrastructure development, workforce training, and market access. Regional partnerships also facilitate the exchange of best practices, allowing different areas to learn from each other's successes and failures. This collective approach enhances the overall economic resilience and competitiveness of the region, creating a unified front in the pursuit of common goals.
- **NATIONAL** partnerships play a pivotal role in aligning local and regional efforts with broader economic policies and objectives. Coordination at the national level ensures activities and focuses complement each other, creating a cohesive and efficient framework for economic progress.

Patience and respect are integral components of successful strategic partnerships. Economic development is often a long-term endeavor, and patience is necessary to navigate the complexities and uncertainties that may arise. Moreover, respect for diverse perspectives and cultural considerations, particularly in collaboration with tangata whenua, builds trust and fosters an inclusive environment.

Recognizing the value of each partner's contributions and maintaining open lines of communication contribute to a collaborative approach that not only advances economic development but also nurtures a sense of shared responsibility, commitment, and achievement.



## Venture Timaru's collaborative projects enable us to add value, amplify connections, ignite enthusiasm and realise opportunities

### We will continue to demonstrate collaboration in ways such as:

**VIRTUAL REALITY SIMULATORS** – alongside many local partners bringing accessible driver education resources into all local secondary schools to assist students on the path to obtaining their drivers licences.

**MY NEXT MOVE** – a nationally recognised youth transition initiative in partnership with secondary schools. Using our extensive business and industry connections to “expose, educate and excite” our next generation workforce.

**SOUTH CANTERBURY ENERGY STRATEGY** – we are collaborating with local stakeholders to assist in developing an energy strategy that will “power up” our district meeting capacity demands now and into the future in a sustainable and renewable way.

**SUSTAINABLE IS ATTAINABLE** – an unprecedented level of collaboration amongst our food processing and manufacturing sector and nationwide academics and research and development agencies – focused on taking the lead with their waste streams (minimisation, value & energy extraction and circular economy).

**SISTER CITIES** – an active member helping facilitate social, educational, business, and cultural connections with the district's international sister cities.

**STRENGTHENING FAMILIES** – proud to be a member, alongside our key local service and support agencies, ensuring all residents have access to the support they need to live the lives they aspire to in our district

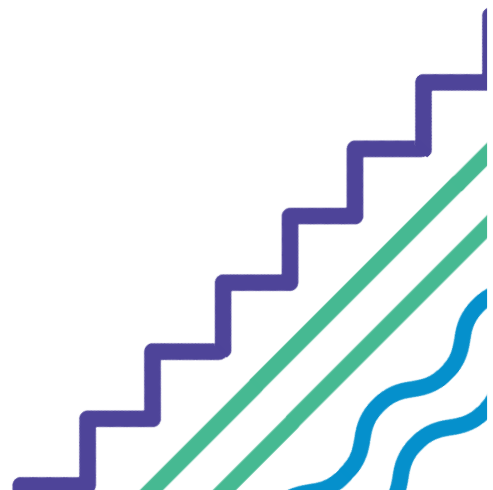
**BUSINESS CONNECTION GROUPS** – regularly facilitated catch ups of industry sector groups to foster collaboration, sharing of best practice and training initiatives.

**REGIONAL APPRENTICESHIP INITIATIVE** – administering \$4.0m of central government funding to identify and support 120+ new apprentices into local trades and business across Mid & South Canterbury and North Otago.

**MAJOR EVENTS FUND** – financially supporting and encouraging new and existing events bringing economic and social benefits to the district.

**INNER/NEAR CITY LIVING** – in partnership with local professionals developing a guide to inspire, excite and encourage more people living in and near Timaru's CBD with a goal to bring vibrancy, business, and excitement to this area.

**TIMARU CBD GROUP** - administrator for a group of committed CBD property and business owners working together to improve the experience of all who visit, shop, work and live in our CBD.



## Venture Timaru

### BUDGET 2024-2025

INCOME	2024/25	
Council Operational Funding – Economic Development*	\$745,000	
Council Operational Funding – Visitor Attraction*	\$468,000	
Council Funding – Events	\$245,000	
External Project Funding **	\$527,000	
Sundry Income	\$38,000	\$2,023,000
EXPENSES		
Economic Development	\$783,000	
Visitor Attraction	\$314,370	
Visitor Centre's	\$93,630	
Cruise	\$60,000	
Event Funding	\$245,000	
Projects	\$527,000	\$2,023,000

\* Economic Development & Visitor Operational funding increase of <3.50% sought, together with \$60,000 new operational funding to support and develop the Cruise sector.

\*\* Regional Apprenticeship Initiative \$358,000 , MyNextMove \$145,000 and Tech Step Events \$24,000

# SUPPLEMENTARY INFORMATION

**GOVERNANCE STATEMENT** – The board of Venture Timaru Limited, trading as Venture Timaru, governs the organisation in a way that is both aligned to central and local government plans and objectives. The board communicates with the Council in a timely and effective manner. Given the nature of the activities, the performance is not measured in strictly commercial terms such as profit, share value or rate of return.

- All board members will be required to comply with the New Zealand Institute of Directors' "Code of Practice for Directors".
- All board members will ensure Venture Timaru complies with the requirements of its constitution and this Statement of Intent.

**PERFORMANCE AND MEASUREMENT** - Performance shall be assessed against stated Key Performance Indicators via the supply of a quarterly (and annual) reports to the Timaru District Council including financial position. Other Performance measures include:

- Financial - Venture Timaru will prudently manage all financial matters, operating within its means predicated by the level of income and reserves received and held. Measured by financial performance v budget and adherence to all financial and reserves policies.
- Good Employer - Venture Timaru is committed and obligated to being a better than good employer of existing and future staff. Our well established policies and procedures clearly evidence the importance we place on the health, wellbeing, and ongoing development of our staff. This is measured against staff retention rate, development opportunities and annual performance evaluations.

**ACCOUNTABILITY & RISK MANAGEMENT** - The board shall ensure that appropriate insurance is maintained on all insurable risks of Venture Timaru, and in particular public liability insurance. The board shall ensure that Venture Timaru has systems in place to achieve compliance with the Health and Safety at Work Act 2015 and subsequent amendments and will remain compliant with all legal and regulatory requirements.

## REPORTING ENTITY

- Venture Timaru Limited is a company incorporated and domiciled in New Zealand
- Venture Timaru is a Council Controlled Organisation (CCO) as defined under section 6 of the Local Government Act 2002, based in Timaru and is a subsidiary 100% owned by the Timaru District Council.
- The financial statements of Venture Timaru are for the year end 30 June. The financial statements are authorised for issue by the directors.

## SUPPLEMENTARY INFORMATION contd

### Basis of preparation

- The financial statements are prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and the New Zealand International Reporting Standards.
- The financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand IFRS Reduced Disclosure Regime (NZ IFRS RDR), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. For the purposes of complying with NZ GAAP, the company is eligible to apply NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) on the basis it does not have public accountability and is not a large-for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.
- All transactions are reported using the accrual basis of accounting.
- The financial statements are presented in New Zealand dollars (\$)
- The functional currency of Venture Timaru is New Zealand dollars.

### Accounting Policies

Venture Timaru's financial reporting complies with the Timaru District Council Group accounting policies and presents its financial results, including the notes as applicable and compatible, consistent with the Group financial reporting structure.

### REPORTING

- Annually by 1st March, Venture Timaru will provide a draft Statement of Intent and budget to Council.
- Annually by 30th September (within three months of the end of the financial year), Venture Timaru will provide their Annual Report to Council encompassing:
  - Audited Financial Statements with a Statement of Financial Performance disclosing revenue and expenditure and comparative figures from previous annual reports and a Statement of Financial Position at the end of the year.
  - A Statement of Service Performance including a summary of the financial results and a comparison of performance in relation to the objectives and key performance indicators.
  - Any other matters that the Council and Venture Timaru agree shall be disclosed as appropriate.
- Quarterly Reporting (as at September, December, March & June), Venture Timaru will provide commentary to Council on activities, performance against key performance indicators and any other such information as the Directors consider necessary to enable an informed assessment of Venture Timaru's performance during the period in question. These reports will include Statement of Financial Performance and Statement of Financial Position detailing actual v budget performance.

### GENERAL

- Venture Timaru is not a large-for-profit organisation and does not generate a dividend for Timaru District Council
- Venture Timaru directors estimate that the equity in the Annual Report will represent the value of Venture Timaru and will advise the shareholders on an annual basis if they believe the value to differ materially from this state.
- Venture Timaru projects their ratio of equity to total assets as being 50%.



**Timaru District:**  
Abundant opportunities  
can be found here





## Venture Timaru

2 Sefton Street East  
Timaru

[www.welovetimaru.nz](http://www.welovetimaru.nz)

(03) 687 2682

## **9.7 Timaru District Holdings Limited Quarterly Report (1 July 2023 to 31 December 2023)**

**Author:** Jessica Kavanaugh, Team Leader Governance

**Authoriser:** Mark Abbot, Acting Strategy and Corporate Planning Manager

### **Recommendation**

That Council

1. Receives and notes the Timaru District Holdings Limited Quarterly Report (1 July 2023 to 31 December 2023)

### **Purpose of Report**

2. To present to Council, for information and as a requirement of the Statement of Intent, the quarterly performance report of Timaru District Holdings Ltd (TDHL) for the period 1 July 2023 to 31 December 2023.

### **Assessment of Significance**

3. This matter is assessed to be of low significance under Council's Significance and Engagement Policy as it does not affect levels of service, strategic assets directly, or rates. The report is a requirement of the current Statement of Intent required of this Council Organisation.

### **Discussion**

4. THDL's quarterly performance report for the six-monthly period 1 July 2023 to 31 December 2023 is attached. This update is provided to Council as a requirement of TDHL's Statement of Intent with Council and provided on a quarterly basis.
5. The General Manager of THDL will be in attendance to speak to the report.
6. Key focus areas addressed in the report include Financial Performance (Profit & Loss and Balance Sheet for the period); Governance and Strategy matters including the Annual General Meeting confirmation and investment strategy formulation; Portfolio updates including property developments.

### **Attachments**

1. **TDHL 31 December 2023 Half Year Report** [!\[\]\(93b46f02aeb0dec7325ae721eddb1f5c\_img.jpg\)](#) [!\[\]\(df95500177ee1448bca3fb6d8db555eb\_img.jpg\)](#)





The Chief Executive  
Timaru District Council  
[nigel.trainor@timdc.govt.nz](mailto:nigel.trainor@timdc.govt.nz)

19 February 2024

Dear Nigel

**Report for the period 1 July 2023 to 31 December 2023**

TDHL is pleased to present this report for the period 1 July 2023 to 31 December 2023.

The financial statements and activity updates below show that the positive start to the year has continued, with ongoing engagement with stakeholders and net operating profit tracking above budget.

This report is prepared in accordance with the 2023/2024 Statement of Intent which can be found [here](#).

**Financial Performance**

The financial statements for the six months ending 31 December 2023 are below.

**Profit and Loss**

- The year-to-date net operating profit is \$1.0m, \$0.12m favourable to year-to-date budget. While revenue is slightly higher, the positive variance is primarily due to lower expenses.

**Balance Sheet / Statement of Cashflows**

- The balance sheet and statement of cashflows reflect the increased equity position from the close of the 2023 year.
- The strong cash position from 2022/23 has been allocated to investments and capital projects such as the Martin Street and Lyndon Street acquisitions, and the 3 Fraser Street site sealing project.

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[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz) 

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## Governance

### Timaru District Council

- TDHL held its Annual General Meeting (AGM) on 6 December and acknowledges Council's ongoing support.
- Following the AGM, a productive workshop was held on the development of TDHL's Investment Strategy.

### PrimePort Timaru Limited

- TDHL continues to receive regular quarterly reports from PrimePort on financial performance, activity updates and health and safety.
- An annual dividend of \$757,500 was paid by PrimePort to TDHL on 31 October 2023. As reported in the previous quarterly report the 2023 financial year was challenging and the dividend reflects this.
- The PrimePort Chair attended the 9 February 2024 TDHL Board meeting to provide an update on financial performance, sector outlook and health and safety.

### Alpine Energy Limited

- The Alpine Energy Chair and Chief Executive provided a performance and activity update to the TDHL Board on 6 December 2023.
- Further shareholder engagement and strategic planning is scheduled for early February 2024.




### Property

- Work is complete on the 3 Fraser Street site sealing. This major capital project adds significant value to a key port tenant, coupled with positive environmental and health and safety improvements.
- Asbestos assessments are underway for the 101 to 107 Stafford Street buildings (vacant former Majestic Theatre and adjoining former stores) with asbestos removal anticipated in early 2024.
- The resource consent for the extension of Lyndon Street and the development of the TDHL industrial sites in Washdyke was lodged last in 2023. Pending issuance, construction is expected to commence in late 2024.

Sincerely



**Mark Rogers**  
**TDHL Chairman**

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admin@tdhl.co.nz   
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## Profit and Loss - For the 6 months ended 31 December 2023

PROFIT & LOSS	2022/2023 (YTD)	2023/2024 (YTD)	Budget 2023/2024 (YTD)	Budget 2023/2024 (Full Year)
Revenue	\$1,461,989	\$1,607,816	\$1,570,340	\$3,180,519
Cost of Sales	\$355,473	\$421,738	\$442,183	\$847,952
<b>Gross Profit</b>	<b>\$1,106,516</b>	<b>\$1,186,078</b>	<b>\$1,128,157</b>	<b>\$2,332,567</b>
Expenses	\$469,168	\$502,180	\$938,398	\$1,536,481
<b>Operating Profit</b>	<b>\$637,349</b>	<b>\$683,899</b>	<b>\$189,759</b>	<b>\$796,086</b>
Other Income	\$1,571,279	\$1,228,639	\$1,761,243	\$2,232,383
<b>Earnings Before Interest &amp; Tax</b>	<b>\$2,208,627</b>	<b>\$1,912,538</b>	<b>\$1,951,002</b>	<b>\$3,028,469</b>
Interest Income	\$66,492	\$94,810	\$0	\$0
Interest Expenses	\$657,188	\$988,225	\$1,073,988	\$2,183,534
<b>Earnings Before Tax</b>	<b>\$1,617,931</b>	<b>\$1,019,123</b>	<b>\$877,014</b>	<b>\$844,935</b>
<b>Net Income</b>	<b>\$1,617,931</b>	<b>\$1,019,123</b>	<b>\$877,014</b>	<b>\$844,935</b>

## Balance Sheet - As at 31 December 2023

BALANCE SHEET	2022/2023 (YTD)	2023/2024 (YTD)
<b>ASSETS</b>		
Cash & Equivalents	\$5,167,141	\$552,080
Accounts Receivable	\$59,231	\$160,616
Other Current Assets	\$360,770	\$147,643
<b>Total Current Assets</b>	<b>\$5,587,142</b>	<b>\$860,339</b>
Investments or Other Non-Current Assets	\$170,460,539	\$207,836,347
<b>Total Non-Current Assets</b>	<b>\$170,460,539</b>	<b>\$207,836,347</b>
<b>Total Assets</b>	<b>\$176,047,681</b>	<b>\$208,696,686</b>
<b>LIABILITIES</b>		
Accounts Payable	\$172,504	\$330,106
Tax Liability	\$1,056,531	\$873,089
Other Current Liabilities	\$43,565	\$46,656
<b>Total Current Liabilities</b>	<b>\$1,272,600</b>	<b>\$1,249,851</b>
Long Term Debt	\$24,180,613	\$27,080,613
<b>Total Non-Current Liabilities</b>	<b>\$24,180,613</b>	<b>\$27,080,613</b>
<b>Total Liabilities</b>	<b>\$25,453,213</b>	<b>\$28,330,465</b>
<b>EQUITY</b>		
Retained Earnings	\$112,286,001	\$130,180,912
Current Earnings	\$1,617,931	\$1,019,123
Other Equity	\$36,690,536	\$49,166,186
<b>Total Equity</b>	<b>\$150,594,468</b>	<b>\$180,366,221</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$176,047,681</b>	<b>\$208,696,686</b>

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## Statement of Cash Flows - For the 6 months ended 31 December 2023

CASH FLOW STATEMENT	2022/2023 (YTD)	2023/2024 (YTD)
<b>OPERATING ACTIVITIES</b>		
Net Income	\$1,617,931	\$1,019,123
Change in Accounts Payable	\$63,220	-\$618,320
Change in Other Current Liabilities	-\$84,346	\$18,826
Change in Tax Liability	-\$18,618	-\$26,547
Change in Accounts Receivable	\$503,590	\$386,512
<b>Cash Flow from Operating Activities</b>	<b>\$2,081,778</b>	<b>\$779,595</b>
<b>INVESTING ACTIVITIES</b>		
Change in Investments or Other Non-Current Assets	\$300,591	-\$1,889,968
<b>Cash Flow from Investing Activities</b>	<b>\$300,591</b>	<b>-\$1,889,968</b>
<b>FINANCING ACTIVITIES</b>		
Change in Other Equity	-\$500,000	-\$500,000
Change in Long Term Debt	\$0	-\$1,000,000
<b>Cash Flow from Financing Activities</b>	<b>-\$500,000</b>	<b>-\$1,500,000</b>
<b>Change in Cash &amp; Equivalents</b>	<b>\$1,882,369</b>	<b>-\$2,610,373</b>
Cash & Equivalents, Opening Balance	\$3,284,772	\$3,162,454
Cash & Equivalents, Closing Balance	\$5,167,141	\$552,080

## Movements in Equity - For the 6 months ended 31 December 2023

Movements in Equity	2023/2024 (YTD)
Equity - Opening Balance	\$179,847,098
Current Year Earnings	\$1,019,123
Equity Dividends Paid	-\$500,000
<b>Total Equity</b>	<b>\$180,366,221</b>

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[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz)   
 PO Box 178 Timaru 7910 

## 9.8 Receipt of TDHL Draft Statement of Intent 2024/25

**Author:** Mark Abbot, Acting Strategy and Corporate Planning Manager

**Authoriser:** Nigel Trainor, Chief Executive

### Recommendation

That Council

1. Receives the Draft TDHL Statement of Intent 2024/25
2. Considers the Draft TDHL Statement of Intent 2024/25.
3. Agrees to the next steps required to finalise a Statement of Intent 2024/25.
4. Responds to TDHL regarding the next steps in the process of finalising a Statement of Intent 2024/25 and delegates to the Chief Executive to communicate those steps to TDHL.

### Purpose of Report

- 5 For Council to consider the draft Statement of Intent (Sol), as provided by Timaru District Holdings Ltd (TDHL), and to work through the process of agreeing and / or refining this to the satisfaction of Council.

### Assessment of Significance

- 6 This matter is assessed to be of low significance under Council's Significance and Engagement Policy as it does not affect levels of service, strategic assets directly, or rates.

### Background

- 7 Section 64(1) of the Local Government Act 2002 (LGA2002) requires every council-controlled organisation to prepare and adopt a statement of intent in accordance with Part 1 of Schedule 8.
- 8 The purpose of a Statement of Intent is to:
  - a) State publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute; and
  - b) Provide an opportunity for shareholders to influence the direction of the organisation; and
  - c) Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

### Discussion

- 9 In January 2024, Council provided TDHL with a Letter of Expectation to inform the development of the 2024/25 Statement of Intent.
- 10 In line with s64(1) of the LGA2002, TDHL is required to provide a Statement of Intent aligned with Council's expectations and for Council to be actively engaged and involved in the development of that Statement.

- 11 The draft Sol provided by TDHL should form the basis of collaborative dialogue with Council prior to a final document being agreed and adopted.

### **Options and Preferred Option**

- 12 Council has the following options available to it:
- a. Agree to adopt the draft Statement of Intent, as provided by TDHL; or
  - b. Either as a whole or through the appointment of a sub-set group, meet with the Board of TDHL to discuss, negotiate, and agree a revision document that satisfies Council as shareholder.
- 13 Option b is the preferred option.

### **Consultation**

- 14 Council has consulted with the Board of TDHL via its Letter of Expectation.

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

- 15 Section 64(1) of the Local Government Act 2002

### **Financial and Funding Implications**

- 16 Nil

### **Other Considerations**

Nil

### **Attachments**

1. Cover letter and Draft TDHL 2024-25 Statement of Intent [↓](#) 



Nigel Bowen

[nigel.bowen@timdc.govt.nz](mailto:nigel.bowen@timdc.govt.nz)

26 February 2024

Dear Nigel

**Draft 2024/25 TDHL Statement of Intent**

Thank you for the Letter of Expectations (LoE) dated 1 February 2024 and the ongoing support and engagement from Council that underpins the collective understanding and common strategic purpose for Council and TDHL.

As a result, I am pleased to provide the draft 2024/25 TDHL Statement of Intent (Sol) as attached.

In specific response to the LoE items, we ask that you note:

**a) Strategic Direction & Leadership**

*Strategy* – TDHL’s purpose and vision was developed in conjunction with Council over 2022 and 2023. As identified in Part 6 Objectives and Outcomes of the Sol, TDHL will work closely with Council over 2024 as the LTP is released and consulted on. Further refinement of the TDHL purpose and vision to ensure closer alignment, will be evident in next years’ Sol once the LTP is finalised by Council.

The Sol reflects TDHL’s 5-year ambition which is to grow the company and the returns to Council. This is reflected in Part 5 which provides for an increasing cash dividend. These Priorities will be further refined to align with the upcoming LTP and quantified in next year’s Sol.

*Annual Goals* – Part 7 of the Sol Sets out the Annual Goals. These goals build on the current year’s initiatives, such as implementing an Investment Strategy and actively pursuing diverse growth opportunities, to form a step change in the current way of working and return to Council.

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[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz) 

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*Governance and Leadership* – TDHL is committed to the highest standards and promotion of governance, external relationship management and focus on Council engagement through the updated 'Relationships and Partnerships' Strategic Priorities and Objectives. An updated Board skills matrix, inclusive of the outcome of a Board governance review, will be provided to Council in the second half of 2024.

#### **b) Financial Management**

*Dividend* – TDHL acknowledges the current return is low. Initiatives such as new land development projects and diversification opportunities are underway to begin addressing this. In conjunction with this, work on improving the returns from associate investments continues.

The Sol forecasts the dividend to be increased annually by 20% beginning next year. This is in recognition of Council's expectations, noting that in these early stages of TDHL's diversification and growth phase there is a trade-off between increasing dividend and pursuing long term investment opportunities. This balance will be discussed with Councillors in an April 2024 workshop, along with more detail on the Investment Policy Statement and the Capital Expenditure Plan.

*Reporting* – The LoE asks for annual and quarterly reporting and performance measurement. Part 9 of the Sol schedules the reporting timetable. Part 7 contains the Annual Goals that will be reported against. These are designed to align with TDHL's Strategic Priorities, Objectives and Outcomes to enable Council to readily understand TDHL's strategic direction and performance, as requested in the LoE.

To further support purposeful reporting, beginning with the 31 March 2024 report, TDHL shall reformat the quarterly reporting to closer align with the Sol and TDHL's strategic direction.

#### **c) Stakeholder Relationships & Communications**

We have positioned the engagement and reporting to Council, along with other stakeholders, as being a critical and consistent component throughout the Sol in our Strategic Priorities, Objectives and Outcomes, and Annual Goals.

The need for TDHL to be mindful of its reputational reflection on Council and that it keeps Council informed of all material matters at all times on a no surprises approach is noted and made explicit in Part 5 of the Sol.

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admin@tdhl.co.nz 

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**d) Risk Management and Compliance**

Proactive and ongoing risk management and compliance has been added to the Shareholder Return in Part 6 through statutory compliance.

We look forward to the opportunity to discuss the draft Sol with Council, developing an understanding of its collective views and aspirations, and ultimately ensuring TDHL is a company that meets the needs of Council.

Sincerely



**Mark Rogers**  
**TDHL Chair**

cc: Nigel Trainor  
[nigel.trainor@timdc.govt.nz](mailto:nigel.trainor@timdc.govt.nz)

[tdhl.co.nz](http://tdhl.co.nz) 

[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz) 

PO Box 178 Timaru 7910 



**TDHL**

Timaru District Holdings Ltd  
*Delivering Prosperity*

# Statement of Intent 2024/2025

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# Statement of Intent

## 1. Introduction

Timaru District Holdings Limited (TDHL) is a council-controlled trading organisation as defined by Section 6 of the Local Government Act 2002 (the Act). Accordingly, this Statement of Intent is prepared in accordance with section 64(1) of the Act.

This Statement of Intent sets out TDHL's strategic framework and the resulting activity and financial performance measures by which the performance of TDHL can be judged in accordance with the statutory requirements of Part 2 and 3 of Schedule 8 of the Act. It applies to the period 1 July 2024 to 30 June 2025 and the following two financial years.

TDHL was incorporated on 29 October 1997 as a 100% owned subsidiary of the Timaru District Council. Its purpose is to manage and grow an investment portfolio that provides a sustainable intergenerational return and is aligned with the values of the Shareholder.

The initial cornerstone assets were the shareholding in PrimePort Timaru Limited and Alpine Energy Limited which TDHL purchased off Timaru District Council. These remain key investments for TDHL forming intergenerational assets held in the interest of ensuring the community is provided with value add infrastructure.

Alpine Energy owns and manages infrastructure to provide secure reliable electricity supply in South Canterbury. PrimePort owns and operates the port, cargo and marine services along with facilities that support and enable the growth of our local economy through its connection to world markets.

TDHL also owns an industrial and commercial property portfolio which it actively manages. The purpose of this portfolio is to provide a commercial return, support the capacity of the Port and enable additional industrial and commercial development opportunities.

## 2. Purpose of TDHL

In addition to the requirements of s59 of the Act, the core purpose of TDHL is set out below. This reflects an approach focused on generating a financial return for our principal shareholder.

### Core Purpose

*To manage and grow an investment portfolio that provides a sustainable intergenerational return and is aligned to the values of the Shareholder*

## 3. TDHL Vision

This is an aspirational goal that reflects the future state TDHL seeks to attain.

### Vision

*To be a successful and diversified regional investment company*

## 4. TDHL Values

The values below set out the principles by which TDHL will go about achieving its purpose and vision.

### We are Collaborative

TDHL will work closely alongside its stakeholders, supporting their success and enhancing their reputation.

### We are Agile

TDHL will be nimble and move quickly to respond to the needs of its stakeholders and capitalise on new opportunities.

### We are Intergenerational

TDHL will take a sustainable and long-term view to the commercial and financial management of its investments.

### We have Integrity

TDHL will act with clear intent, honesty in all it does to maintain the trust and respect it holds with its stakeholders.

### We have Commercial Discipline

TDHL will foster an innovative and proactive corporate culture that creates opportunities while delivering on operational and regulatory obligations.



## 5. Strategic Priorities

The Strategic Priorities are our areas of key focus. By successfully concentrating on these priorities, we will remain focused on our Core Purpose. They are structured to reflect the nature of our operations (intergenerational investment, property, new investments and diversification) and the core purpose of TDHL (providing a return to the Shareholder), all of which is underpinned by our approach (investing in relationships and partnerships). This approach reflects the importance we place on preserving our most valuable asset – our relationship with Council. This is supported by a 'No Surprises Approach' whereby TDHL is committed to keeping the Council informed of material matters at all times.



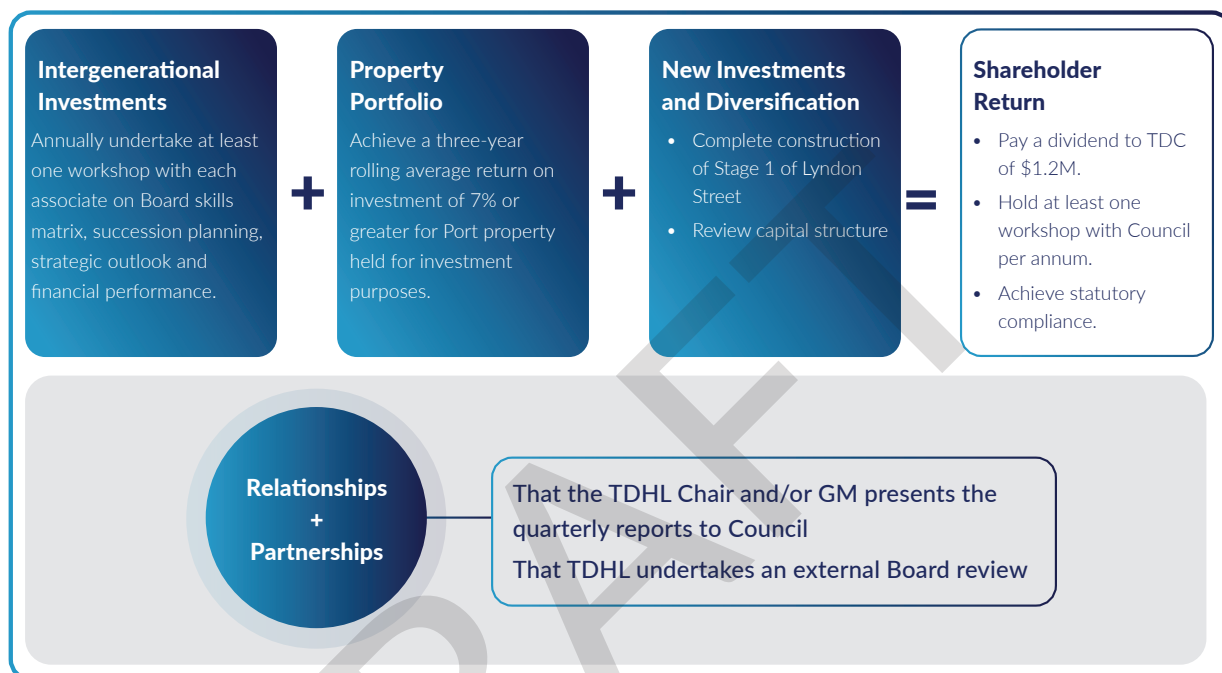
## 6. Objectives and Outcomes

The Outcomes are the long-term results of focusing on each Strategic Priority and provide more granular detail to support the strategic priorities.



## 7. Annual Goals for 2024/25

The Specific Performance Targets are set annually and are designed to support the Strategic Outcomes based on the more granular Outcomes.



For the 2024/25 year, TDHL expects to have a net profit of \$1.17M excluding valuations and share of associate surpluses and to pay an ordinary dividend of \$1.2m. The dividend is forecast to increase incrementally in subsequent years.

### Performance Targets

#### EBITA

(excluding revaluations)

Net Profit to S/H Funds  
Net tangible assets/share  
Earnings per share  
Dividends per share  
Shareholder funds to total assets

	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
EBITA	3,040,215	3,250,972	3,660,705	3,832,131
Net Profit to S/H Funds	6.9%	7.2%	11.0%	7.6%
Net tangible assets/share	\$6.20	\$6.64	\$7.41	\$7.96
Earnings per share	\$0.43	\$0.48	\$0.82	\$0.60
Dividends per share	\$0.03	\$0.04	\$0.05	\$0.05
Shareholder funds to total assets	87%	86%	87%	88%



## 8. Financial Forecasts

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

### Profit and Loss summary

	2023/24 Forecast \$	2024/25 Budget \$	2025/26 Budget \$	2026/27 Budget \$
Gross Profit from property	2,459,449	2,481,543	3,065,546	3,286,133
Other Revenue	1,825,599	2,435,656	1,942,279	1,942,279
<b>Total Gross Profit</b>	<b>4,285,048</b>	<b>4,917,199</b>	<b>5,007,825</b>	<b>5,228,412</b>
Expenses	1,119,013	1,626,459	1,347,121	1,396,281
Interest	2,017,916	2,124,267	2,086,496	2,091,296
Earning Before Tax	1,148,119	1,166,473	1,574,208	1,740,835
Gains on share of Associate Surplus	9,508,175	10,935,350	20,772,200	13,772,200
Gains on revaluation of investments	2,621,710	2,879,378	3,024,090	3,145,053
Other gains/(losses)		(163,506)		
<b>Net Profit</b>	<b>13,278,004</b>	<b>14,817,695</b>	<b>25,370,498</b>	<b>18,658,088</b>
Income tax	24,633			
<b>Earnings after tax</b>	<b>13,253,371</b>	<b>14,817,695</b>	<b>25,370,498</b>	<b>18,658,088</b>

### Balance Sheet Summary

	2023/24 Forecast \$	2024/25 Budget \$	2025/26 Budget \$	2026/27 Budget \$
<b>Total Equity</b>	<b>192,100,470</b>	<b>205,718,165</b>	<b>229,688,664</b>	<b>246,746,752</b>
Current Assets	766,722	820,709	512,938	248,121
Current Liabilities	985,590	943,001	1,061,022	1,155,370
Total non-current Assets	220,982,951	237,854,070	262,950,360	279,867,613
Total non-current liabilities	28,663,613	32,013,613	32,713,613	32,213,613
<b>Net Assets</b>	<b>192,100,469</b>	<b>205,718,165</b>	<b>229,688,664</b>	<b>246,746,751</b>



## 9. Reporting to our Shareholder

The following information will be available to Council:

Information	Quarterly	Half Yearly	Annually	
	Within 2 months of the end of quarter	Within 2 months of the first six months	(Unaudited) Within 2 months of the end of financial year	(Audited) Within 3 months of the end of financial year
Statement of Revenue and Expense disclosing actual revenue and expenditure including a comparison of actual against budget	✓	✓	✓	✓
Statement of Changes in Equity	✓	✓	✓	✓
Statement of Financial Position	✓	✓	✓	✓
Cashflow Statement	✓	✓	✓	✓
Commentary The results for the quarter, together with a report on the outlook for the following quarter with reference to any significant factors that are likely to affect performance, including an estimated forecast of the financial results for the year based on that outlook.	✓	✓	✓	✓
Notice of dividends Notice of and the reasons for any material changes to the dividend payments.	✓	✓	✓	✓
Directors' report Including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividends.				✓
Auditor's report On the above statements and the measurement of performance in relation to objectives.				✓
Statement of Intent (Draft)				1 March
Statement of Intent (Final)				30 June

## 10. Nature and Scope of Activities to be Undertaken

TDHL's business is that of an investor for the benefit of our Shareholder by providing a commercial return. In all activities that TDHL undertakes, it shall apply the values set out above and achieve statutory compliance. The specific nature and scope of TDHL's activities include:

### a. Intergenerational Investments. As shareholders in Alpine Energy Ltd – (47.5%) and Prime-Port Timaru Ltd – (50.0%) we will:

- Act as an informed, diligent, constructive, and inquiring Shareholder
- Proactively engage on their Board skills, matrix, succession planning, strategic outlook, financial performance and their Statement of Intent

### b. Property investments including:

Properties primarily located in the vicinity of PrimePort Timaru that are targeted for leasing to port-related operations to achieve an overall set rate of return

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

### c. New Investments and Diversification

TDHL will undertake activities that enables the consideration and pursuit of new investments and diversification opportunities that are consistent with its purpose. The priorities for 2024/25 include:

- The proactive development of the Lyndon Street industrial land
- Review of capital structure and options.

## 11. Governance

TDHL proactively seeks to promote the highest standards of governance internally, with its shareholder, our joint venture partners and to its associates.

The TDHL Board meets on a monthly schedule and receives regular management reporting on all company activities. TDHL monitors the performance of associate companies Alpine Energy Ltd and PrimePort Timaru Ltd through:

- Monitoring each company's compliance with their Statement of Intent
- Regular monthly reporting on performance and against budget
- Regular reports on the property portfolio
- The AGM between each company and shareholders, as well as additional shareholder and Board to Board meetings on an as needed basis.

Board succession and development planning for the TDHL Board (in conjunction with Council) and its associate companies (where TDHL has a right to appoint directors) will be managed on an ongoing basis. This includes the maintenance of an up-to-date skills matrix for the TDHL Board and an annual Board performance review.

## 12. Ratio of Consolidated Shareholders' Funds to Total Assets

This ratio shows the proportion of total assets financed by shareholders funds. TDHL will ensure that the ratio of Shareholders Funds to Total Assets remains above 25%.

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

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

## 13. Statement of Accounting Policies

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

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

Details of the current accounting policies and their application are available in the most recent Annual Report which can be found [here](#).

## 14. Periodic Workshops

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

## 15. Dividend Policy

The amount of dividend to pay each year recognises a trade-off between the shareholder's need for a stable and predictable dividend and the long term need to retain a liquidity buffer for bad years and to contribute to diversifying the portfolio through new investments over time.

The dividend policy recognises that dividends should be:

- Stable
- Sustainable
- Fair across generations.

The TDHL board will set a dividend each year taking account of the preferences of the shareholder as well as its obligations under the Companies Act.

#### 16. Procedures for Acquisition of Other Interests

The company shall not:

- form any subsidiary company;
- acquire shares, any debt securities, or any participatory shares in any other company; or
- acquire any assets of any company or organisation outside the ordinary course of business as described in this Statement of Intent; or
- dispose of any shares in a subsidiary company;

without the prior approval of the Shareholder.

#### 17. Activities for Which Compensation is Sought from Any Local Authority

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

#### 18. Estimate of Commercial Value of the Shareholder's Investment

The commercial value of the shareholder's investment in Timaru District Holdings Limited is considered by the directors to be no less than the shareholder's funds of the company as shown in the Statement of Financial Position. This will be considered annually when the Statement of Intent is completed. The shares held in Alpine Energy Limited were independently valued between \$124.1 and \$144.2 million as at 30 June 2023 whereas the cost and recorded value of these shares is \$91.7 million. The shares held in PrimePort Timaru Limited are recorded at fair value \$51.1 million as at 30 June 2023. No independent valuation has been completed at this time. The investment properties portfolio is revalued annually, at 30 June 2023 the portfolio had a valuation of \$62.7 million.

#### 19. Capital Expenditure and Asset Management Intentions

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

#### 20. Other

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

DRAFT

## 9.9 Draft Modified 2023/24 TDHL Statement of Intent

**Author:** Mark Abbot, Acting Strategy and Corporate Planning Manager

**Authoriser:** Nigel Trainor, Chief Executive

### Recommendation

That Council

1. Receives and notes the Timaru District Holdings Limited (TDHL) “Draft Modified 2023/24 TDHL Statement of Intent (Sol)” dated 28 February 2024.
2. Discusses and provides feedback to the Board of TDHL in respect to the Draft Modified 2023/24 Statement of Intent (Sol) as dated 28 February 2024 and delegates the delivery of that feedback to the Chief Executive.

### Purpose of Report

- 3 To present to Council, for consideration and as advised as discussed at a December 2023 Council Workshop, a Draft Modified 2023/24 TDHL Statement of Intent (Sol), as formally notified 28 February 2024 to the Chief Executive.

### Assessment of Significance

- 4 This matter is assessed to be of low significance under Council’s Significance and Engagement Policy as it does not affect levels of service, strategic assets directly, or rates. The report is a requirement of the current Statement of Intent required of this Council Organisation.

### Background

- 5 The 28 February 2024 notified “Draft Modified 2023/24 TDHL Statement of Intent” is lodged with Council in accordance with Schedule 8, part 1(5) of the Local Government Act 2002. This provision allows the Board of a Council Organisation to modify a Statement of Intent at any time, provided the Board of the Council Organisation has first given Council written notice of the proposed modification and then considered any subsequent feedback provided by Council to the Organisation. The letter of 28 February 2024 is that written notice.

### Discussion

- 6 The changes proposed, compared to the current operative Statement of Intent, are summarised as:
  - Additional clarification that TDHL is considered a Council Controlled Trading Organisation (CCTO) as opposed to a Council Controlled Organisation (CCO).
  - Updated Performance Targets as a result of the 2022/23 Audit NZ feedback, and
  - Updated Financial Forecasts, again resulting from 2022/23 Audit NZ feedback.
- 7 The General Manager of TDHL will be in attendance to respond to questions from Council.

### **Options and Preferred Option**

- 8 Council has the option of accepting or rejecting the proposed modifications to the 2023/24 TDHL Statement of Intent. However, as these are largely as a result of the Audit NZ review of the 2022/23 performance results, it would seem prudent to accept these changes.

### **Consultation**

- 9 TDHL has undertaken consultation with Council by way of a Workshop in December 2023.

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

- 10 Local Government Act 2002 - Schedule 8, part 1(5)

### **Financial and Funding Implications**

- 11 NIL

### **Other Considerations**

- 12 NIL

### **Attachments**

1. Cover letter - Draft modified 2023-24 Statement of Intent [↓](#) 
2. DRAFT modified - TDHL\_Statement of Intent- 23\_24 [↓](#) 



Nigel Trainor

[nigel.trainor@timdc.govt.nz](mailto:nigel.trainor@timdc.govt.nz)

28 February 2024

Dear Nigel

**Draft modified 2023/24 TDHL Statement of Intent (Sol)**

As discussed with Councillors at the December workshop, please find attached a draft modified 2023/24 Statement of Intent.

The only changes, comparative to the current approved Sol (link [here](#)) are:

- Additional text (highlighted) on page 2 of the Sol to clarify that TDHL is a Council Controlled Trading Organisation (CCTO) as opposed to a Council Controlled Organisation (CCO). This change resulted from discussions with Audit NZ during the 2022/23 audit. As CCTO's are a subset of CCO's, it is largely a reclassification to align with existing practices and arrangements. There are no practical or operational changes for TDHL.
- Updated Performance Targets on the bottom of page 6. These also result from the 2022/23 audit as Audit NZ now requires TDHL to include the share of associate surplus and gain on revaluation in our forecast results. For clarity, these are non-cash adjustments and there are no substantive changes to the underlying financial performance of TDHL.
- Updated Financial Forecasts on page 104. As above, these now include the share of associate surplus and gain on revaluation as required by Audit NZ, with these being non-cash adjustments and there being no substantive changes to the underlying financial performance of TDHL.

This draft modified Sol is lodged in accordance with Schedule 8, Part 1(5) of the Local Government Act 2002. This allows the Board of a council organisation to modify a Sol at any time, if the Board has first given Council written notice of the proposed modification and then considered any subsequently received feedback from Council.

[tdhl.co.nz](https://tdhl.co.nz) 

[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz) 

PO Box 178 Timaru 7910 



Therefore, please consider this letter notice that the TDHL Board wishes to modify the 2023/24 Sol and review the attached draft modified Sol. Feedback would be appreciated by 31 March 2024.

As always, we are available to meet to discuss the proposed changes further and happy to present to Council.

Sincerely



**Frazer Munro**  
**General Manager**

tdhl.co.nz 

admin@tdhl.co.nz 

PO Box 178 Timaru 7910 

Page 2 of 2



**TDHL**

Timaru District Holdings Ltd  
*Delivering Prosperity*

# Statement of Intent 2023/2024

[www.tdhl.co.nz](http://www.tdhl.co.nz)

DRAFT

# Statement of Intent

## 1. Introduction

Timaru District Holdings Limited (TDHL) is a council-controlled trading organisation as defined by Section 6 of the Local Government Act 2002 (the Act). Accordingly, this Statement of Intent is prepared in accordance with section 64(1) of the Act.

This Statement of Intent sets out TDHL's strategic framework and the resulting activity and financial performance measures by which the performance of TDHL can be judged in accordance with the statutory requirements of Part 2 and 3 of Schedule 8 of the Act. It applies to the period 1 July 2023 to 30 June 2024 and the following two financial years.

TDHL was incorporated on 29 October 1997 as a 100% owned subsidiary of the Timaru District Council. Its purpose is to manage and grow an investment portfolio that provides a sustainable intergenerational return and is aligned with the values of the Shareholder.

The initial cornerstone assets were the shareholding in PrimePort Timaru Limited and Alpine Energy Limited which TDHL purchased off Timaru District Council. These remain key investments for TDHL forming intergenerational assets held in the interest of ensuring the community is provided with value add infrastructure.

Alpine Energy owns and manages infrastructure to provide secure reliable electricity supply in South Canterbury. PrimePort owns and operates the port, cargo and marine services along with facilities that support and enable the growth of our local economy through its connection to world markets.

TDHL also owns an industrial and commercial property portfolio which it actively manages. The purpose of this portfolio is to provide a commercial return and support the capacity of the Port. In addition, TDHL owns a smaller portfolio of property aimed at supporting wider economic investment.

## 2. Purpose of TDHL

In addition to the requirements of s59 of the Act, the core purpose of TDHL is set out below. This reflects an approach focused on generating a financial return for our principal shareholder.

### Core Purpose

*To manage and grow an investment portfolio that provides a sustainable intergenerational return and is aligned to the values of the Shareholder*

## 3. TDHL Vision

This is an aspirational goal that reflects the future state TDHL seeks to attain.

### Vision

*To be a successful and diversified regional investment company*

## 4. TDHL Values

The values below set out the principles by which TDHL will go about achieving its purpose and vision

### We are Collaborative

TDHL will work closely alongside its stakeholders, supporting their success and enhancing their reputation

### We are Agile

TDHL will be nimble and move quickly to respond to the needs of its stakeholders and capitalise on new opportunities

### We are Intergenerational

TDHL will take a sustainable and long-term view to the commercial and financial management of its investments

### We have Integrity

TDHL will act with clear intent, honesty in all it does to maintain the trust and respect it holds with its stakeholders.

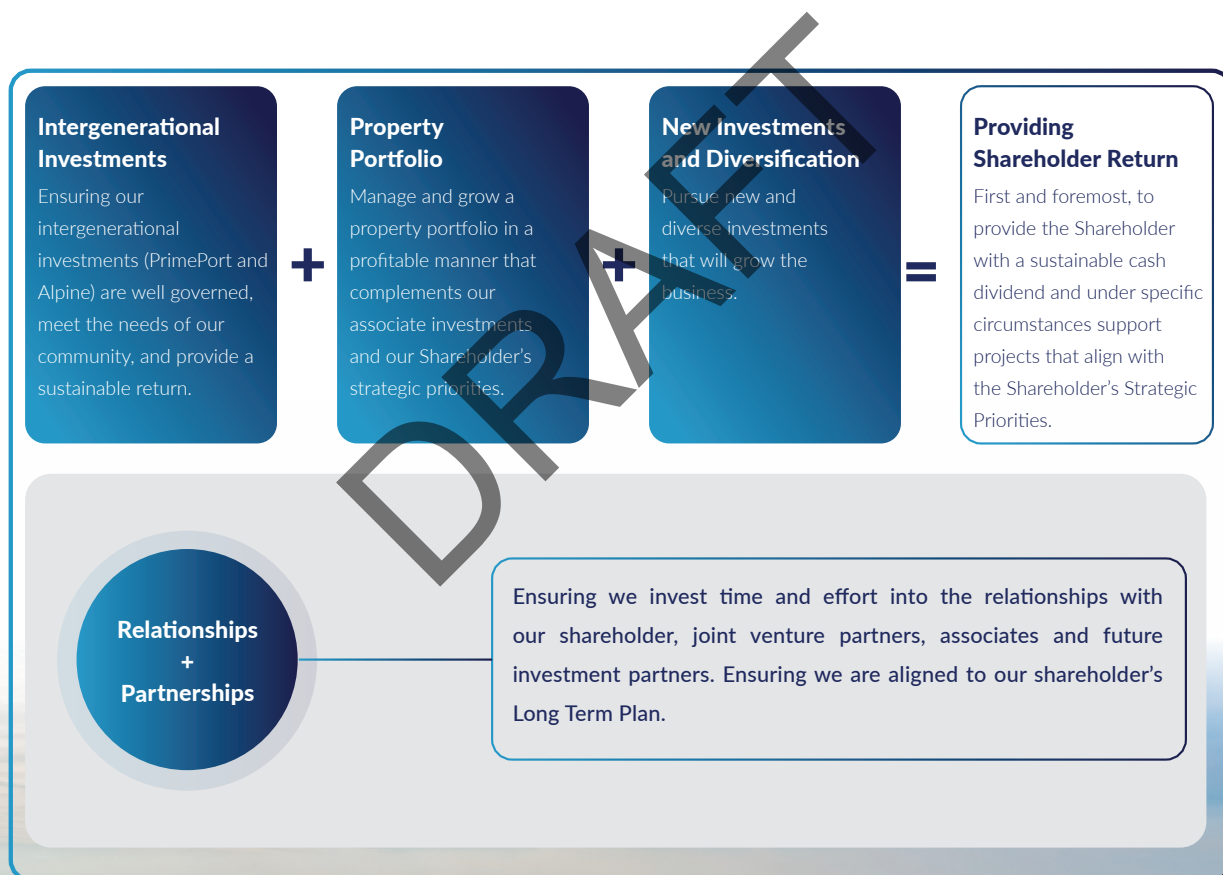
### We have Commercial Discipline

TDHL will foster an innovative and proactive corporate culture that creates opportunities while delivering on operational and regulatory obligations



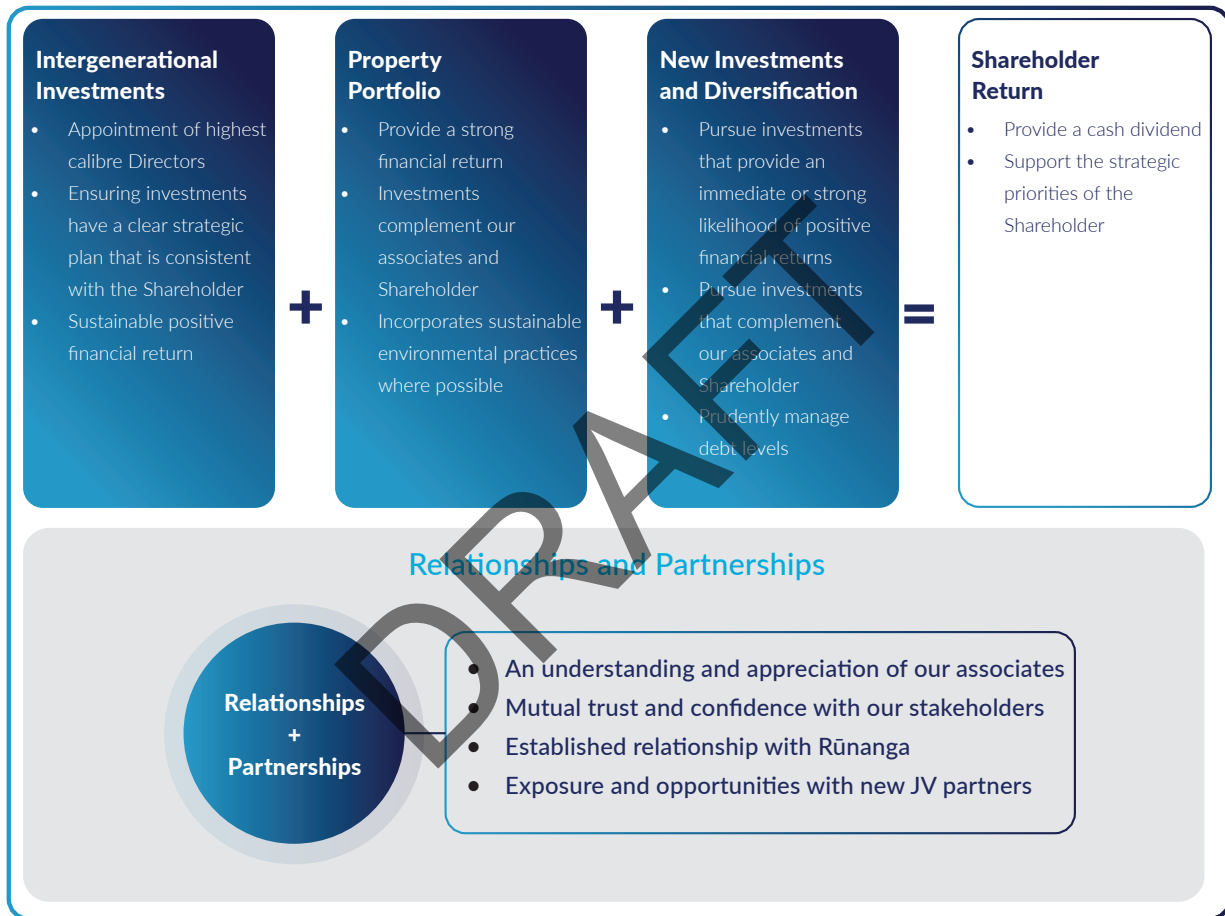
## 5. Strategic Priorities

The Strategic Priorities are our areas of key focus. By successfully concentrating on these priorities, we will remain focused on our Core Purpose. They are structured to reflect the nature of our operations (intergenerational investment, property, new investments and diversification) and the core purpose of TDHL (providing a return to the Shareholder), all of which is underpinned by our approach (investing in relationships and partnerships). This approach reflects the importance we place on preserving our most valuable asset – our relationship with Council. This is supported by a 'No Surprises Approach' whereby TDHL is committed to keeping the Council informed of material matters at all times.



## 6. Objectives and Outcomes

The Outcomes are the long-term results of focusing on each Strategic Priority and provide more granular detail to support the strategic priorities.



The property investments that complement our shareholder and the support of the strategic priorities of our shareholder shall be considered to the extent that they are commercially viable, clearly articulated by the shareholder, and does not inhibit reinvestment or the dividend.

## 7. Specific Activity and Financial Performance Targets for 2023/24

The Specific Performance Targets are set annually and are designed to support the Strategic Outcomes based on the more granular Outcomes.



For the 2023/24 year, TDHL expects to have a net profit of \$0.86M excluding valuations and share of associate surpluses and to pay an ordinary dividend of \$1m. The dividend is forecast to remain at \$1m for subsequent years.

### Performance Targets

	2021/22 Actuals	2022/23 Actuals	2023/24 Forecast	2024/25 Budget	2025/26 Budget
<b>EBITA</b> (excluding revaluations)	3,908,000	3,749,767	3,040,215	3,250,972	3,660,705
Net Profit to S/H Funds	2%	1.24%	6.9%	7.2%	11.05%
Net tangible assets/share	\$4.82	\$5.80	\$6.20	\$6.64	\$7.41
Earnings per share	\$0.10	\$0.07	\$0.43	\$0.48	\$0.82
Dividends per share	\$0.03	\$0.03	\$0.03	\$0.04	\$0.05
Shareholder funds to total assets	85%	86%	87%	86%	87%



## 8. Financial Forecasts

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

### Profit and Loss summary

	2021/22 Actuals \$	2022/23 Actuals \$	2023/24 Forecast \$	2024/25 Budget \$	2025/26 Budget \$
Gross Profit from property	2,808,000	2,943,000	2,459,449	2,481,543	3,065,546
Other Revenue	2,462,000	2,493,000	1,825,599	2,435,656	1,942,279
<b>Total Gross Profit</b>	<b>5,270,000</b>	<b>5,436,000</b>	<b>4,285,048</b>	<b>4,917,199</b>	<b>5,007,825</b>
Expenses	1,299,000	1,502,000	1,119,013	1,626,459	1,347,121
Interest	710,000	1,607,000	2,017,916	2,124,267	2,086,496
Earning Before Tax	3,261,000	2,327,000	1,148,119	1,166,473	1,574,208
Gains on share of Associate Surplus	10,461,000	18,969,000	9,508,175	10,935,350	20,772,200
Gains on revaluation of investments	2,212,000	10,167,000	2,621,710	2,879,378	3,024,090
Other gains/(losses)				(163,506)	
<b>Net Profit</b>	<b>15,934,000</b>	<b>31,463,000</b>	<b>13,278,004</b>	<b>14,817,695</b>	<b>25,370,498</b>
Income tax	131,000	92,000	24,633		
<b>Earnings after tax</b>	<b>15,803,000</b>	<b>31,371,000</b>	<b>13,253,371</b>	<b>14,817,695</b>	<b>25,370,498</b>

### Balance Sheet Summary

	2021/22 Actuals \$	2022/23 Actuals \$	2023/24 Forecast \$	2024/25 Budget \$	2025/26 Budget \$
<b>Total Equity</b>	<b>149,476,536</b>	<b>179,853,000</b>	<b>192,100,470</b>	<b>205,718,165</b>	<b>229,688,664</b>
Current Assets	5,188,140	4,229,000	766,722	820,709	512,938
Current Liabilities	1,312,621	1,948,000	985,590	943,001	1,061,022
Total non-current Assets	169,781,631	205,662,000	220,982,951	237,854,070	262,950,360
Total non-current liabilities	24,180,613	28,090,000	28,663,613	32,013,613	32,713,613
<b>Net Assets</b>	<b>149,476,537</b>	<b>179,853,000</b>	<b>192,100,469</b>	<b>205,718,165</b>	<b>229,688,664</b>



9. Reporting to a Shareholder

The following information will be available to Council:

Information	Quarterly	Half Yearly	Annually	
	Within 2 months of the end of quarter	Within 2 months of the first six months	(Unaudited) Within 2 months of the end of financial year	(Audited) Within 3 months of the end of financial year
Statement of Revenue and Expense disclosing actual revenue and expenditure including a comparison of actual against budget	✓	✓	✓	✓
Statement of Changes in Equity	✓	✓	✓	✓
Statement of Financial Position	✓	✓	✓	✓
Cashflow Statement	✓	✓	✓	✓
Commentary The results for the quarter, together with a report on the outlook for the following quarter with reference to any significant factors that are likely to affect performance, including an estimated forecast of the financial results for the year based on that outlook.	✓	✓	✓	✓
Notice of dividends Notice of and the reasons for any material changes to the dividend payments.	✓	✓	✓	✓
Directors' report Including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividends.				✓
Auditor's report On the above statements and the measurement of performance in relation to objectives.				✓
Statement of Intent (Draft)				1 March
Statement of Intent (Final)				30 June

## 10. Nature and Scope of Activities to be Undertaken

TDHL's business is that of an investor for the benefit of our Shareholder by providing a commercial return. In all activities that TDHL undertakes, it shall apply the values set out above. The specific nature and scope of TDHL's activities include:

### a. Intergenerational Investments. As shareholders in Alpine Energy Ltd – (47.5%) and PrimePort Timaru Ltd – (50.0%) we will:

- Act as an informed, diligent, constructive, and inquiring Shareholder
- Proactively engage on their Board skills, matrix, succession planning, strategic outlook, financial performance and their Statement of Intent

### b. Property investments including:

- Properties primarily located in the vicinity of PrimePort Timaru that are targeted for leasing to port-related operations to achieve an overall set rate of return
- Activities to be undertaken include:
  - Ensuring appropriate leases are in place and lessees are compliant with the terms of those leases
  - Having appropriate insurance in place
  - Having appropriate asset management plans in place that comply with TDHL's obligations as a Lessor under the Health and Safety at Work Act

### c. New Investments and Diversification

TDHL will undertake activities that enables the consideration and pursuit of new investments and diversification opportunities that are consistent with its purpose. The priorities for 2023/24 include:

- Development of a Statement of Investment Policy and Objectives
- The proactive development of industrial land.

## 11. Governance

TDHL proactively seeks to promote the highest standards of governance internally, with its shareholder, our joint venture partners and to its associates.

The TDHL Board meets on a monthly schedule and receives regular management reporting on all company activities. TDHL monitors the performance of associate companies Alpine Energy Ltd and PrimePort Timaru Ltd through:

- Monitoring each company's compliance with their Statement of Intent
- Regular monthly reporting on performance and against budget
- Regular reports on the property portfolio
- The AGM between each company and shareholders, as well as additional shareholder and Board to Board meetings on an as needed basis.

Board succession and development planning for the TDHL Board (in conjunction with Council) and its associate companies (where TDHL has a right to appoint directors) will be managed on an ongoing basis. This includes the maintenance of an up-to-date skills matrix for the TDHL Board and an annual Board performance review.

## 12. Ratio of Consolidated Shareholders' Funds to Total Assets

This ratio shows the proportion of total assets financed by shareholders funds. TDHL will ensure that the ratio of Shareholders Funds to Total Assets remains above 25%.

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

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

## 13. Statement of Accounting Policies

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

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

Details of the current accounting policies and their application are available in the most recent Annual Report which can be found [here](#).

14. **Periodic Workshops**

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

15. **Dividend Policy**

The company will distribute a dividend of no more than 100% of the accumulated tax-paid profit. It is the intention of TDHL to pay out interim dividends as cashflows allow. Dividends are to be disclosed along with the dividend payout policies, where applicable. Where there are material changes to the dividend payments, a notice of this and the reasons for it shall be disclosed in its reporting to the Council.

16. **Procedures for Acquisition of Other Interests**

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

17. **Activities for Which Compensation is Sought from Any Local Authority**

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

18. **Estimate of Commercial Value of the Shareholder's Investment**

The commercial value of the shareholder's investment in Timaru District Holdings Limited is considered by the directors to be no less than the shareholder's funds of the company as shown in the Statement of Financial Position. This will be considered annually when the Statement of Intent is completed. The shares held in Alpine Energy Limited were independently valued between \$104.4 and \$109.4 million as at 30 June 2022 whereas the cost and recorded value of these shares are \$84.4 million. The shares held in PrimePort Timaru Limited are recorded at fair value \$39.5 million as at 30 June 2022. No independent valuation has been completed at this time. The investment properties portfolio is revalued annually, at 30 June 2022 the portfolio had a valuation of \$46.8 million.

19. **Capital Expenditure and Asset Management Intentions**

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

20. **Other**

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

DRAFT

## 9.10 Long Term Plan 2024-34 Draft Consultation Document Outline and Key Issues for Consultation

**Author:** Steph Forde, LTP Project Officer  
Stephen Doran, Communications and Engagement Manager

**Authoriser:** Paul Cooper, Group Manager Environmental Services

### Recommendation

That Council receives the Report (Long Term Plan 2024-34 Draft Consultation Document Outline and Key Issues for Consultation) and agrees with the issues, including the preferred options, as outlined in the discussion section of this report.

### Purpose of Report

- 1 The purpose of this report is to present an overview of the amended outline of the proposed LTP Consultation document and confirm the issues and options for community engagement.

### Assessment of Significance

- 2 This report is of high significance, as it confirms the issues for engagement with the Community as part of the Long Term Plan 2024-34 engagement as required during April/May 2024.

### Background

- 3 Following the first draft presented to Council on 27 February 2024, and resulting Council feedback, the key issues, as noted in the recommendations above, have been redefined.
- 4 The LTP Consultation Document (CD) is the primary tool for engagement and is generally required to be audited, however the government has allowed exemptions for this Long Term Plan. The purpose of the CD is “...to provide an effective basis for public participation in local authority decision-making processes relating to the content of a long-term plan.”<sup>1</sup>. These matters must be represented fairly, explaining overall objectives and financial impacts, be easily understood and outline the significant and important choices facing the Council and district. Refer to the attachment for a copy of legislation relating to the CD.
- 5 The content of the CD must include:
  - 5.1 The issues, including options, implications, preferred option and financial consequences.
  - 5.2 Other matters of public interest relating to the financial and infrastructure strategy.

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<sup>1</sup> Local Government Act 2002, S93B

- 5.3 Significant changes to how either operating or capital expenditure is funded, including rating system impacts.
- 5.4 Changes to Council's rates levels, debt levels, levels of service and rating impacts on various categories of property.
- 5.5 Consultation information.
- 5.6 An audit opinion (unless an exemption is approved by Audit New Zealand).

The CD should also be presented as simply and concisely as possible.

Please note the Consultation Document is not being reviewed by Audit New Zealand, following the approval of an extension, and therefore an Audit opinion will not be included.

## Discussion

- 6 Council has considered a number of issues in preparing this Long Term Plan 2024-2034 that could be included in the CD.
- 7 The legislation notes assessing the inclusion of issues after consideration against the Council's Significance and Engagement policy and the importance of other matters to the district and its communities. The key purpose underpinning this is to ensure the community is given the opportunity to consider the important issues and choices facing Council and the district, including their consequences, and be given the opportunity to comment on them.
- 8 As outlined in earlier reports to Council, this Long Term Plan is being branded 'Finding the balance'.
- 9 The following are proposed for inclusion as issues in the LTP 2024-34 CD:
  - 9.1 Do you agree with our plan to peak Council debt at 2.5 times operating revenue over this 10-year plan?
    - 9.1.1 2.5 debt cap – We can deliver most of our capital works (PREFERRED).
    - 9.1.2 Lower debt cap – cuts across capital works
    - 9.1.3 Higher debt cap – We can deliver more of our capital works, less headroom if required.
  - 9.2 How fast should we reduce our deficit and start paying back debt more quickly?
    - 9.2.1 Faster – significant cuts to levels of service and operation, lower debt costs, higher average rates rises.
    - 9.2.2 As planned in this LTP – minor cuts to levels of service and operation, higher debt costs, moderate average rates rises (PREFERRED)
    - 9.2.3 Slower – similar levels of service and operations, significantly higher debt costs, moderate average rates rises.
  - 9.3 Have we got the balance of spending right over our 10-year plan?
    - 9.3.1 Yes, you've got the balance right (PREFERRED)

9.3.2 No, it should be more in favour of infrastructure, and spend less on community facilities than planned.

9.3.3 No, you should invest more in community facilities and less on infrastructure.

9.4 How should we set our fees over the next 10 years?

9.4.1 Higher user pays fees with less subsidy (PREFERRED)

9.4.2 Limit fees increases and higher rates subsidy.

9.4.3 All costs borne by the user, no subsidy from ratepayers.

10 In the above key issues and related options, it is important to note that the proposed increases, in Year One of the draft plan, applies for all options. The variable revenue surplus for each of these options will determine how quickly the deficit is resolved.

11 The content of the CD has been redrafted and is attached to this report.

### **Options and Preferred Option**

12 The Council has the following options:

1. Confirm the issues and preferred options for the LTP Consultation Document as outlined in the recommendations, above. (PREFERRED)
2. Review and change the issues for the LTP Consultation Document as outlined, either by adding additional issues or reviewing the significance of issues as presented.

### **Consultation**

13 Issues will be included in the LTP Consultation Document and will represent the significant and important issues and choices being determined for the 2024-34 LTP, with a significant portion of the LTP engagement focused on them. Supporting information will be made available online.

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

14 Local Government Act 2002, particularly Section 93B, 93C

### **Financial and Funding Implications**

15 The funding and financial implications of the key issues are outlined as part of the information provided through the LTP engagement process, including the effects on rates, debt and levels of service. The impact of Council's preferred options, where identified, is included in the 2024-34 budget.

### **Other Considerations**

16 There are no other considerations.

### **Attachments**

1. **2024-34 LTP Draft Consultation Document Content** [!\[\]\(9560d9aa812eb21dfbefb805fa4b474e\_img.jpg\)](#) 
2. **LGA Section 93B/C - Long Term Plan Consultation** [!\[\]\(77e19f6a1e5b03484c43f3bfd31622c2\_img.jpg\)](#) 



# Timaru District Council Long Term Plan 2024-2034

## Consultation Document

[ITEMS TO BE RESOLVED IN DESIGN IN GREEN]

## Finding the Balance

### Foreword from Mayor

Tena koutou katoa, greetings

We are pleased to put our draft Long-Term Plan out for public consultation and start the conversation on where our priorities should lie in the next 10 years.

Our focus in this plan is on striking a balance between rates affordability and meeting our levels of service delivery.

There's a lot of talk about balance in this LTP, and we've tried to strike a good balance across all areas of council spending and service provision. We shouldn't act alone in coming to these conclusions, it's vitally important that you take this opportunity to tell us if you think we have this balance right.

My priorities are getting the basic infrastructure right, then it's about delivering as many of the things you've previously told us you want as we can while setting our council on a strong and sustainable long-term financial standing.

Timaru District has some of the lowest rates in the country, and while on one hand it is a sign the council was run in a fiscally prudent and conservative way, it also meant that in previous years we may not have been putting enough money in the bank to replace our infrastructure when it was needed.

For a lot of that infrastructure the time is now, and we have to act to ensure these critical services are in good shape for now and the future.

Properly planning for this through depreciation is never going to be an exciting topic, nor make the front page of the paper, but it's the one tool we have to ensure we meet these current and future infrastructure needs.

You won't see a proposal to go from the bottom of the rates pack to the top, but our rates need to be set at a sensible level to cover the cost of providing the services you

use every day while also ensuring we can replace the pipes, the roads and the bridges when it becomes necessary.

While infrastructure is my priority, around 80% of the capital spending we set out in this plan is on water, roads and waste, as no one wants to live in a district with nothing to see or do. That's why we need to balance this spending with improving and updating our cultural and recreational facilities.

With the public focus on the refurbishment of Theatre Royal & Heritage Centre you could easily be mistaken in thinking it made up the bulk of council spending.

While it is a large project encompassing both the restoration of the Theatre Royal and the building of a brand-new museum as a shared facility, it is still in line with what we'd usually aim to spend on cultural facilities over the life of a LTP.

Ensuring we make careful choices around timing of projects and prudent use of debt means we can deliver the core services our communities require as well as provide the kind of services that make people want to visit and move to our district, and hopefully make it their home.

So here is our plan laid out in black and white. It's not just our plan, it's a plan we'd love the community to help shape, so make sure you take time to read it and come back to us with what you think about it.

Nga mihi,

Nigel Bowen.

## **From the Chief Executive**

Kia ora katoa,

Through this Long-Term Plan, our council staff are working meet the challenge of bringing the Council's plans to reality against a background of fiscal restraint and an awareness of cost pressures in our community.

Most of our staff live and work in this district and they're passionate about making it a great place to live.

Our infrastructure teams and contractors work to ensure the services you use are there when you need them, our community teams offer sporting and educational opportunities to everyone, and our customer services team is always one call away to help sort your issues.

Maintaining and upgrading all our community infrastructure to an acceptable level and at an affordable price is the trickiest balance for me as Chief Executive.

This Long-Term Plan offers us the opportunity to open the books, give everyone a clear and honest picture of where we are and what we need to do, and enable our councillors to have meaningful conversations with the community about what's important.

The tension between the need to repair and upgrade infrastructure, financial constraints, and community affordability confronts councils nationwide.

While council finances are complex, my approach is relatively straightforward. We need to ensure that as a council we get back to a balanced budget as quickly as we can, so we can put the council on a sustainable footing and begin paying down debt.

You will see this approach reflected in the options outlined in this plan. As well as work around the timing of major projects and delaying or cancelling non-priority work, we are doing a lot in the background to better utilise skills inside our organisation rather than contracting out work, taking a deep dive into our finances to strip out everything that's not essential, and leading a project for staff to identify all those minor cost savings that can add up to a significant amount over time.

Through this plan we've outlined the way we can think we can make the finances work, while still delivering all the services and facilities that our community needs and wants.

We now need you to have a look and see if we've got that balance right, so it's more important now than ever to tell us what you think.

Nga mihi,

Nigel Trainor.

## **What's a Long-Term Plan (LTP) and how can I join the conversation?**

LTP stands for Long-Term Plan. It sets our vision for the future and what we'll do as a Council to make it happen. While it's a 10-year plan, we review it every three years. Our work and world are constantly changing, and we need to ensure our planning is up to date and based on the best information available.

It's one of our most important conversations with our community and covers a lot of topics, all of which can't be detailed here, so if you're interested check out [timaru.govt.nz/ltp](https://timaru.govt.nz/ltp) to dig into more detail.

The aim of this document is to give you a high level understanding of the issues to help you give us your views.

You don't just have to answer the questions we're posing, you can say anything you wish, just make sure you don't miss out on this opportunity!

## **What makes this LTP different?**

This Long-Term Plan is different in many ways to previous ones in that we're not proposing any new facilities or services. The community has faced significant inflationary pressures in the years following COVID, and the council is no different. We also facing increased contracting and input costs in nearly everything we do.

We are also in the situation where a lot of work that was planned some time ago is now coming due, this includes investments across a range of projects in three waters infrastructure, roading and bridges, as well as in facilities such as the Theatre and Heritage Centre and upgrading the stadium at Aorangi Park.

We have also made some proposals to defer or delay projects that are not considered a priority at this time, such as CityTown and the Aigantighe extension.

This LTP lays out how the council will deliver these infrastructure and community asset improvements and asks your feedback on the fundamental issues that underpin the delivery of them. These are:

- **Council debt levels:** are you happy with the levels of debt we are proposing to deliver infrastructure and facility upgrades
- **How fast should we start paying this debt back?** How quickly and deeply should we cut operational expenditure to get back in surplus.
- **Balance of investment:** are you happy with the overall balance of council spending across infrastructure, community facilities and other costs?
- **Balancing user pays with common good costs:** are you happy that we are recovering enough from users to cover the costs of the services they use, or should ratepayers subsidise services to keep them affordable?

## How to join the conversation

We want feedback from as many people in our community as possible, formal and informal. Please give us your input through whatever channel is easiest for you, here are some options.

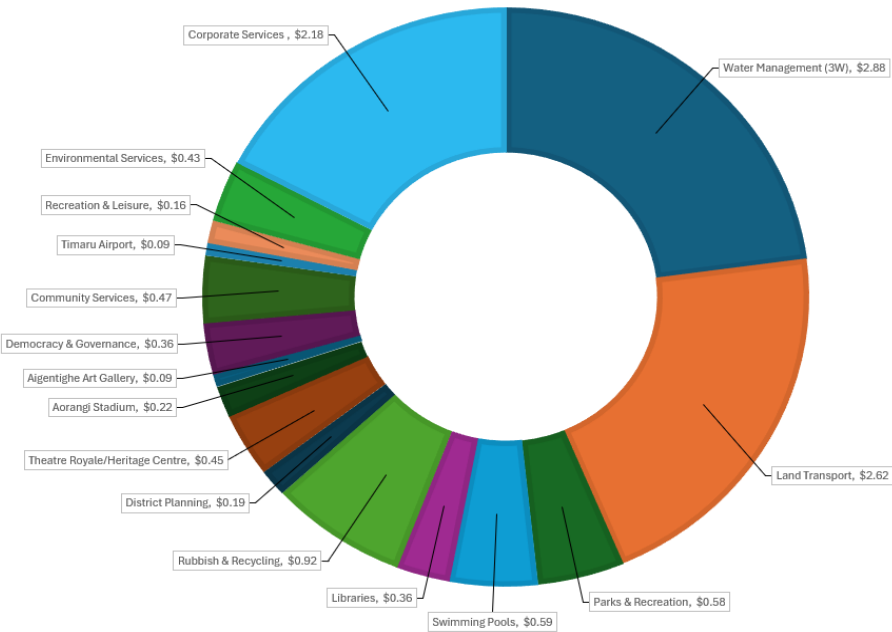
- Visit our website [Timaru.govt.nz/ltp](http://Timaru.govt.nz/ltp) then fill out the Have Your Say form
- Fill out our feedback form on the back page of this document and send it back to us or drop it off at any council facility.
- Talk to your elected members or staff at the events we have planned.
- Email your views to [ltp@timdc.govt.nz](mailto:ltp@timdc.govt.nz)
- Send us a message on facebook at [facebook.com/TimaruDC](https://facebook.com/TimaruDC)

## Timeline [TO BE DESIGNED]

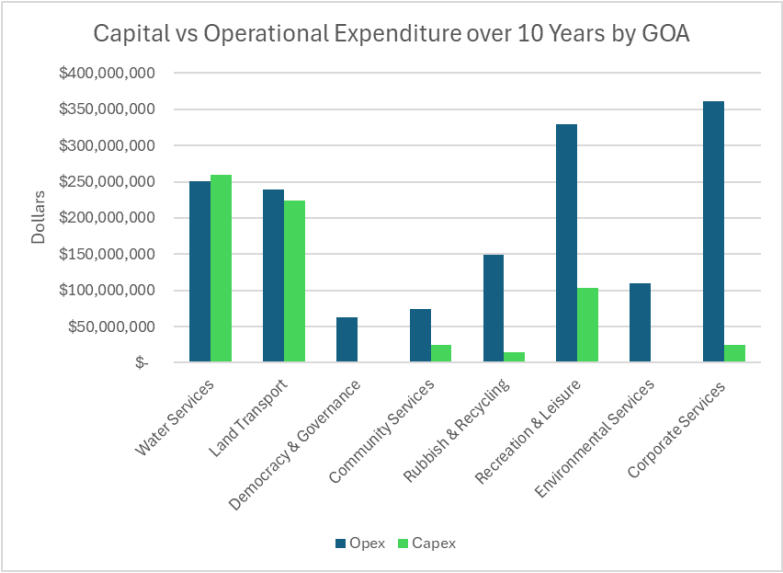
[FINAL SUBMISSIONS CLOSE DATE IN BOLD 12 MAY]

# How much the district costs to run every day

IT COSTS \$12.60 PER RESIDENT PER DAY TO RUN OUR DISTRICT, HERE'S THE BREAKDOWN



Here is the cost split between Operational Expenditure (Opex) vs Capital Expenditure (Capex) for each of the Group of Activities (GOA).



## Balancing the big issues

### 1. Balancing our approach to debt to deliver projects

#### [SIDEBAR OF SOME OF THE BIG CAPITAL PROJECTS IN/OUT]

Getting the council back in the black, while delivering significant projects

Similar to how people use mortgages to spread the cost of a house to make it affordable, councils use debt to pay for large and long-life infrastructure so the cost is spread over all the people who will use it now and in the future.

While major projects like the new water pump station, a replacement bridge or a museum carry a significant upfront price tag, we spread this out over a number of years, so it doesn't solely fall on today's community.

This means that these large capital projects have less effect on your annual rates bills than our day-to-day costs.

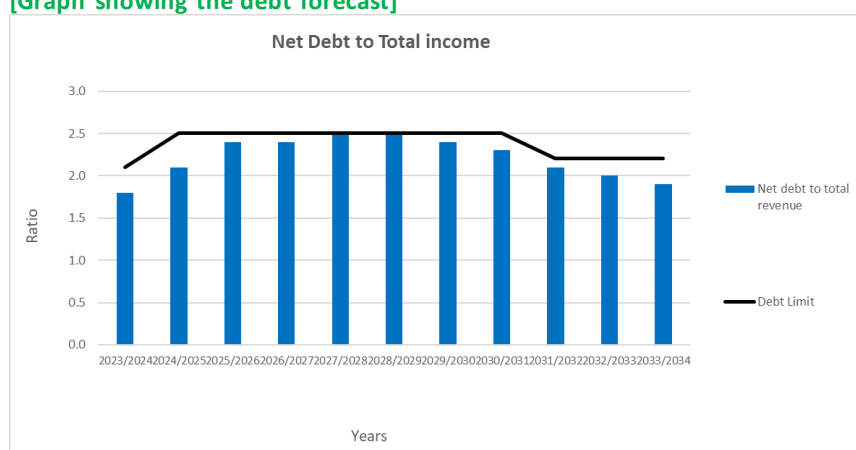
There are two important numbers when it comes to debt. All our lending comes via the Local Government Funding Agency, which allows us to borrow up to 2.8 times our operating income (280%). This is the maximum amount of debt we can take on, so in total this would be about \$373.7million.

The second number is our self-imposed debt cap, which currently sits at 2.1 (210%) times our income or about \$280.3 million. This means we still have some headroom, just under \$100 million if something significant like a natural disaster comes along.

However, at the 2.1 cap we can't deliver everything that is planned over the life of this plan and keep rates rises at a reasonable level.

Our preferred option is raising this cap to 2.5 (250%) times our income. If you look at the graph below, you'll see that we get close to this cap for a few years, then it begins to go down as we get back into surplus and start paying down debt.

#### [Graph showing the debt forecast]



Our overall amount of debt will increase, but we will still have a significant amount of headroom in case of a disaster, such as the Rangitata floods we experienced recently.

We want to know how comfortable you are with our plan to raise the debt cap to 2.5

**Q.Do you agree with our plan to peak council debt at 2.5 over this 10-year plan?**

- **2.5 debt cap – We can deliver most of our capital works. [PREFERRED]**
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - We can deliver most of the capital works planned as part of previous Long-Term Plans.
    - The council is able to replace critical infrastructure and upgrade community facilities within a reasonable timeframe.
    - Reasonable capital investment will lower operational expenditure required for maintaining end of life infrastructure.
    - There remains headroom for unexpected spending due to a disaster or financial shock.
    - The Council's credit rating is preserved, leading to better long-term cost of borrowing.
    - Spending for long-term projects is spread out over generations.
  - **Cons:**
    - The council's net debt is higher than before.
    - We will be paying more in interest when the debt peaks in year 2030.
    - There is less headroom than previously for unexpected spending due to a disaster or financial shock.
    - Some projects will still need to be postponed or cancelled.
    - Moderate rates increase still required.
- **Lower debt cap – cuts across capital investment in infrastructure and community facilities**
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - The overall net debt of the council will be similar to what we have currently.

- We will have reduced interest costs compared to if the debt cap is raised.
  - There will be more financial headroom for unexpected spending due to a disaster or financial shock.
  - The council's credit rating is preserved, leading to better long-term cost of borrowing.
- **Cons:**
  - We cannot deliver much of the capital works planned as part of previous Long-Term Plans.
  - We will be unable to replace critical infrastructure and upgrade community facilities within a reasonable timeframe.
  - There will be more operational expenditure due to ageing infrastructure failing more often.
  - Higher future costs of asset replacement are borne by future generations. Or future generations face higher costs to replace assets when they fail?
- **Higher debt cap** – We can deliver more of our capital works, less financial headroom if required.
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - Financing is available for new projects.
    - We can deliver more of the capital works planned as part of previous Long-Term Plans.
    - We will be able to replace critical infrastructure and upgrade community facilities in a proactive way.
    - Lower operating expenditure as there will be less maintenance due to old infrastructure.
    - Spending for long-term projects is spread out over generations.
  - **Cons:**
    - The council's net debt is higher than before.
    - We will be paying more interest and will require higher rates over the long term to pay it.



- Less headroom for unexpected spending due to a disaster or financial shock.
- The Council's credit rating is at risk of downgrade, leading to less favourable long-term cost of borrowing.

## 2. Ensuring we balance income and costs

While you often see large headline figures attached to projects, these have a relatively small effect on your annual rates bills as the overall cost is spread out over decades.

The main driver of your rates bill are the day-to-day costs such as staff and contractor salaries and costs of the things we use such as power, water, fuel and building and roading materials.

It also covers the cost of financing any debt (interest) the council carries and depreciation (which is the money we have to set aside to replace things at the end of their lives).

You can look at it like a household. For big purchases such as your house or your car you can take out a loan or mortgage for and pay them back over time. Ongoing costs such as food, electricity, fuel and any maintenance, as well as interest on those loans, you have to pay for at the time you incur them.

As we can't take debt on to cover day-to-day running expenses, the main options to handle increasing costs is to increase rates, reduce the amount we spend on providing those services, or charge more fees for services.

In addition to this, Council staff are also undertaking a major project to cut operational spending by reducing waste, bringing more work in-house instead of contracting it out, and cutting out non-priority projects.

To get the council books back in the black, we need to reduce the gap between how much the council spends and how much we charge ratepayers, and we need your feedback as to how quickly we should close that gap and get back in surplus.

### Q. How fast should we balance our budget and start paying back debt?

- **Faster** – significant cuts to levels of service and operation, lower debt costs, higher average rates rises.
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - The deficit is reduced, and council books are back in shape more quickly.
    - Debt starts to get repaid earlier.

- Lower long-term debt costs.
  - Higher debt headroom for unexpected events and disaster preparedness.
- **Cons:**
  - Significant cuts to levels of services, such as pool and library opening times or response times for service requests.
  - Significantly lower levels of maintenance on water and roads, meaning poorer road conditions and higher risk of water leaks.
  - Longer waiting times on services such as consents and inspections.
  - Challenge to retain staffing levels in a tight specialist jobs market.
  - Higher than forecast rates rises.
- **As planned – minor cuts to levels of service and operations, higher debt costs, moderate average rates rises. [PREFERRED]**
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - The deficit is eliminated within Year 4 of this plan.
    - Levels of service and maintenance are kept at a reasonable level.
    - Rates rises in line with forecast.
    - Still reasonable debt headroom for disaster preparedness.
  - **Cons:**
    - Debt repayment is delayed and interest costs are increased
    - Requires cuts to levels of service and maintenance.
    - Challenge to retain staffing levels in a tight specialist jobs market.
- **Slower – similar levels of service and operations, significantly higher debt costs, moderate average rates rises.**
  - **Effect on rates: [TO COME]**
  - **Pros:**
    - Levels of service and maintenance kept at current level.
    - Rates rises in line with forecast.
  - **Cons:**

- Council will run at a deficit for longer.
- No significant debt repayment in the life of this plan, significantly higher interest costs.
- Limits the ability of future councils being able to borrow for future needs (or something similar).
- Threat to credit rating could mean higher long-term interest rates.
- Less debt headroom for unexpected events and disaster preparedness.

### **3. Balancing the things you use with the things you enjoy**

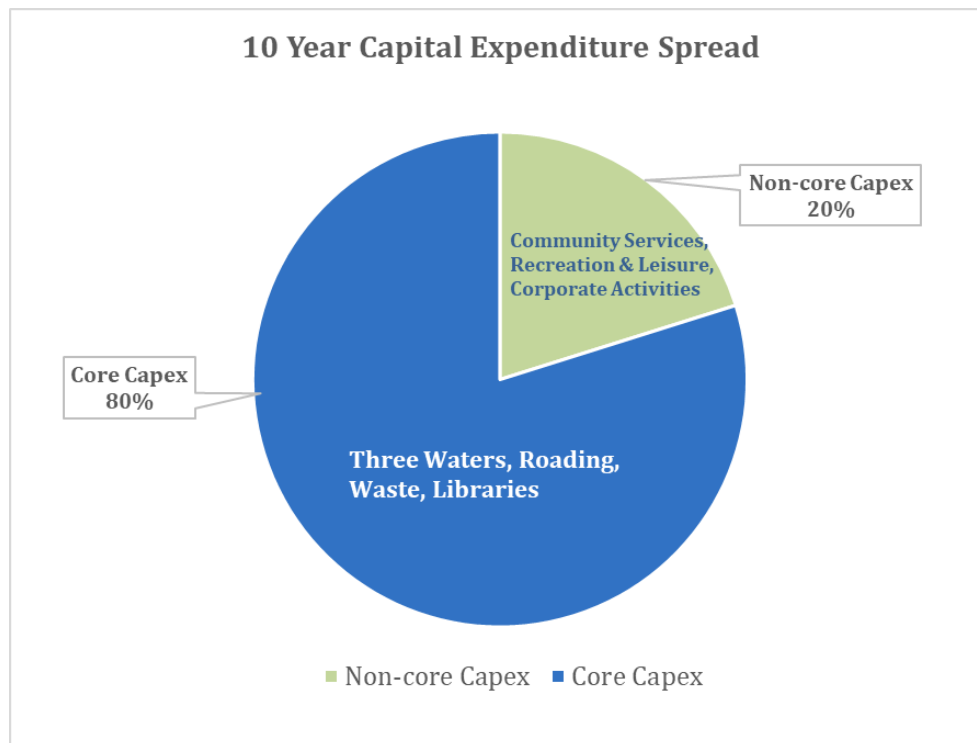
#### **[sidebar with a list of all the things we do]**

There's a common view that councils should just be about roads, rubbish and water and everything else is a nice to have. And while infrastructure is critical, for us to attract people and keep them in our district we also need to make it an amazing place to live.

This is where our community facilities come in. Ensuring we have an up-to-date library with a good selection of books, having a space to show our local art collection, bringing in shows from outside the district, and being able to preserve and display the taonga that tell the story of the district is all part of this.

That's not to mention all the sports fields, swimming pools, skate parks, playgrounds, auditoriums, halls, theatres and walking tracks that give life to the district.

Currently over the next ten years the council plans to split its funding over all these services:



This pie chart has remained reasonably consistent for many years, but we want to hear from you if you think we've got this balance right or, if not, how you think we should split our spending.

In this section we're not talking about increasing or decreasing overall funding, just how we split up the pie. So if you increase spending in one area, it means decreasing spending in another.

An increase in community spend could mean older pipes and more potholes, or pushing up infrastructure spend could come at the cost of fewer new books, less parks maintenance, or older play equipment.

**Have we got this balance of spending right over our 10-year plan?**

- Yes, you've got the balance right [Preferred]
- No, it should be more in favour of infrastructure, and spend less on community facilities.
- No, you should invest more in community facilities and less on infrastructure.

#### **4. Balancing user pays with common good**

For many of our services we charge a fee to cover some of the cost of providing those services. This includes things such as planning and building consents and inspections,

renting a social house, going to the swimming pool, dropping off rubbish at the transfer station, or registering your dog.

This is different to how you pay for things such as roads or libraries, that are seen as a common good, and funded by everyone.

When we are setting these fees, we try to balance them so that most of the cost of providing the services is covered, but they aren't so expensive to stifle development, stop people going for a swim, or disposing of their rubbish responsibly.

As part of this Long-Term Plan we are proposing to increase the fees we charge for services bring them closer to how much it costs us to provide the service.

We are also proposing to make the fees exclusive of GST going ahead, rather than inclusive.

We want to know how you think we should balance what we charge with how much subsidy we provide.

Some examples would be:

- Should we increase the amount we charge people for a building consent?
- Will rising planning costs depress development in the district?
- Should we need to support physical activity or swimming through subsidising pool entry costs?
- Are we charging enough dog registration to cover the cost of animal management

**Q. How should we set our fees over the next 10 years?**

- **Higher user pays fees with less ratepayer subsidy, make exclusive of GST. [PREFERRED]**
  - Pros:
    - The cost of providing a service is covered more by the user of that service, and less by the community at large.
    - Less of your rates bill is going towards things other people are using.
    - There is slightly less upward pressure on rates bills.
    - Businesses can claim the GST portion of the fees back.
  - Cons

- When you go to use a service such as the waste transfer station, registering a dog, or getting a building consent, it will be more expensive.
  - Larger fees for development, licensing, and registration may put people off developing or investing in our district.
  - Lower income people may struggle to access community services.
- Limit fee increases and higher rates subsidy, make exclusive of GST
  - Pros:
    - Keeping our fees competitive makes the district a more attractive place to develop and set up businesses.
    - When you use a service, it will be cheaper.
    - Lower income people will be supported to access community services such as social housing or recreational facilities.
    - Businesses can claim the GST portion of the fees back.
  - Cons:
    - People using services will pay less of a share of the cost of providing those services.
    - You will pay more in rates to support services you may not use.
    - There will be more upward pressure on rates to subsidise services.
- All costs covered by the user; no subsidy from ratepayers, make exclusive of GST
  - Pros:
    - People using a service will fully cover the cost of that service.
    - You as an individual won't be subsidising services that you aren't using.
    - There will be less upward pressure on rates to support services you may not use.
    - Businesses can claim the GST portion of the fees back.
  - Cons:
    - When you go to use a service, it will be significantly more expensive.
    - Larger fees for development, licensing, and registration may put people off developing or investing in our district.

- We will be uncompetitive compared to other districts.
- Lower income people may struggle to access community services such as social housing or recreational facilities.

## **Infrastructure Strategy Summary**

As a District, we face many challenges due to ageing infrastructure, a lack of investment in depreciation and renewals which has been exacerbated by low rates rises, impending regulatory changes for water services, and increasing demands from the community to provide high quality services in a tight financial envelope.

The Council seeks to ensure a balanced work program that protects public health, promotes economic growth, and supports our community wellbeing.

## **Challenges**

### **Ensuring Resilient and Compliant Infrastructure**

Developing infrastructure and maintaining our assets are vital to meet legislative and community standards that safeguard public health and the environment. Further upgrades and renewals are needed at water and wastewater treatment plants and pipe networks, roading networks and bridges, and waste management assets to improve safety and resilience. Additionally, industrial zone stormwater capacity and discharge treatment must undergo major improvements to mitigate environmental impacts.

### **Ageing Infrastructure**

Much of the district's infrastructure is approaching its end of life and will be due for replacement over the next 30 years. This includes water supply and wastewater pipes, bridges, culverts, and community buildings. Since depreciation accounting was not mandated until 1990, and infrastructure renewals were subsequently under-funded, funding gaps have emerged. Council must borrow substantially for projects, and current debt ceilings may constrain our capacity to do all we need to.

### **Climate Change and Natural Hazards**

Climate change mitigation and adaptation influences our infrastructure strategy, as we work to reduce emissions while ensuring our infrastructure is built to handle a changing environment. Additionally, natural hazard risks from Timaru being near the Alpine Fault and a coastal district require us to build our resilience against earthquakes, droughts, fires, and flooding.

### **Increasing Standards**

Council faces rising community expectations for quality of life improvements and advancing technology, which is compounded by stricter resource consent requirements, increasing

regulations on water and land use, higher health and safety compliance standards, traffic management needs, and increased demand from things like heavier freight vehicles impacting our roads.

Balancing these heightened standards against affordability poses an ongoing challenge for all councils, and Timaru is no exception. Improving service levels must be weighed against the costs burden on ratepayers.

### **Affordability**

There is a funding challenge affecting councils nationwide, which reduces our ability to handle the challenges we face. Solely relying on rates, grants and end-user charges to fund council services may not be a sustainable model over the long term, but for now they are our only options for funding infrastructure until we get more clarity from central government about any new options they may consider for the local government sector.

## **Our Response**

### **Prioritising asset renewals**

Our main priority is to maintain and renew our assets to meet current and forecasted community needs. Many of the District's assets are getting to the point where they need to be replaced as they reach the end of their useful life, and we will prioritise renewals based on the greatest need and risk.

### **Asset Information Focus**

Council invested heavily in updating all its information on water which has informed the comprehensive work programme developed for renewals and asset replacements. Roading has invested in data gathering upgrades with pavement and road modelling and Waste Minimisation regularly updates its Whole of Life model for landfill life assessment at Redruth Landfill.

### **Considering Climate Change as Business as Usual**

Resilient infrastructure is vital to adapt to a changing environment. Council has been working to quantify and reduce its carbon emissions. Infrastructure assets are routinely evaluated whether they are vulnerable to climate change impacts, and renewals are planned accordingly.

The full infrastructure strategy can be downloaded at [timaru.govt.nz/ltp](https://timaru.govt.nz/ltp)

## **Financial Strategy Summary**



The 2024-2034 Long Term Plan budget was developed to prioritise core services, business operations, and deliver Council priorities.

Council has committed to sustaining current service levels, upgrading community facilities, and addressing climate change, so this budget allocates more funding to asset renewal and replacements that will directly enhance the district's infrastructure and liveability.

Our district faces significant challenges from ageing infrastructure, insufficient investment in depreciation and renewals, upcoming regulatory changes for water services, and rising community expectations for high-quality but affordable services.

We must also address emerging policy and legislative mandates around resource planning, water quality standards, transportation, climate change, wastewater, and stormwater management.

A coordinated, proactive approach is needed to upgrade critical infrastructure, comply with new regulations, and deliver value to ratepayers.

The Financial Strategy aims to get the balance right so that we can achieve our goals of:

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

This Financial Strategy complements our Infrastructure Strategy and relies on our Significant Forecasting Assumptions and Activity Statements, which can all be read at [timaru.govt.nz/ltp](https://timaru.govt.nz/ltp)

Together, these detail Council's plans to achieve its key outcomes and address the pressing challenges outlined above.

The Infrastructure Strategy and forecasting assumptions outline the context, while the Activity Statements detail steps for realising our financial and infrastructural goals. This integrated planning supports Council in delivering results.

## **Debt**

**The long-term debt-to-revenue limit is raised to 250% for the 2024/2025 fiscal year and remains at that level for the rest of the Long Term Plan.**

Over the 10-year period, Council is allocating \$650 million towards capital projects, with the majority of the investment going into water services and roading renewals, and a smaller share going to community facilities. This capital investment delivers on objectives to upgrade assets, improve amenities, and enable quality services.

Although our maximum allowable debt level is 280% (2.8 times) of operating revenue, this Financial Strategy caps our normal debt operating limit at 250% (2.5 times) or lower - aligned with New Zealand Local Government Funding Authority (LGFA) thresholds.

By staying below the 250% limit over the life of this long term plan, we are likely to retain Council's strong AA- credit rating.

## **Balanced Budget**

Generating consistent budget surpluses is required to service existing debts and continue investing in infrastructure. This Financial Strategy targets a balanced budget or surplus from the fourth year onward.

Through the plan timeframe, Council will continue to seek expenditure control and efficiency gains across all its operations.

In determining true operating surpluses or deficits, capital items like vested assets, financial contributions, capital subsidies, and gains/losses are excluded and are reported as such in every Annual Report. This gives us a more realistic view of sustainable everyday finances.

Projected rates from 2030 forward will produce surpluses to pay down existing debts.

## **Rates**

The overall increase in rate collected is proposed to be 15% in 2024/25, 12% in 2025/26 and a further 12% in 2026/27. From 2027/28 onwards, rate increases will not exceed 5%. The 2021/31 Financial Strategy had its rates limit set at 7%, and it is proposed to maintain this level.

The Council considers that its overall rating system represents the most appropriate option to address the present and future needs of the district.

A new targeted rate has been introduced for 2024/25 onwards:

- The Timaru CBD Group, in partnership with the Timaru District Council, has developed a Business Improvement District (BID) that aims to create a stronger town centre and business district which maximises economic opportunities and enhances the lifestyle and wellbeing of the local community. A targeted rate will be established to fund promotional initiatives within that area.

The average increase in rates collected represent the minimum viable levels Council needs to fund planned capital investments. Since borrowing capacity depends on debt ratios, rising interest costs would require higher rates.

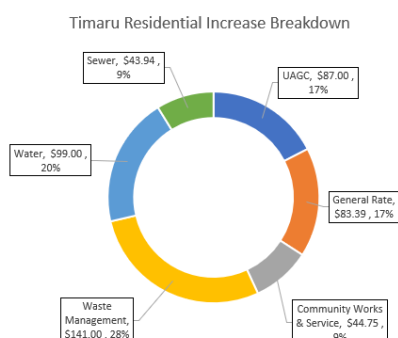
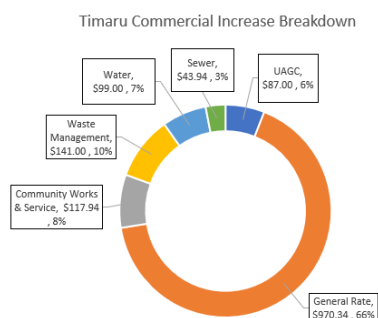
These budgets enable our capital projects to be completed, sustain existing services, and generate surpluses for debt payments within the overall debt constraints. Council has struck a prudent balance, which enables investment for present and future needs while maintaining affordability.

Rates from district growth (new housing developments and business investment) are pivotal within the financial strategy. Total rates revenue grows an average 0.5% annually over the 10-year span due to this growth. Lower than anticipated growth could impact our capital plans, as baseline rates from existing properties could not solely fund intended investments.

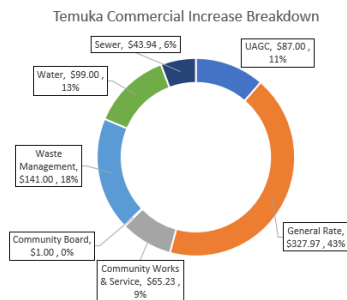
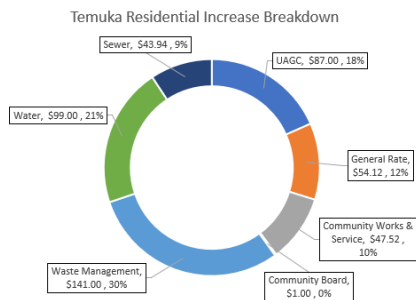
The full financial strategy can be downloaded at [timaru.govt.nz/ltf](http://timaru.govt.nz/ltf)

## Sample properties financial analysis, rates etc.

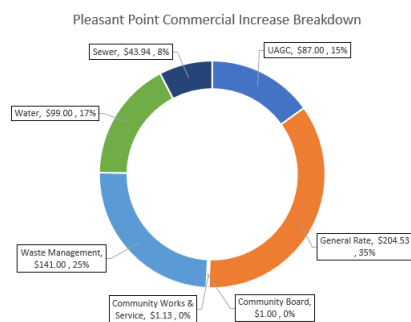
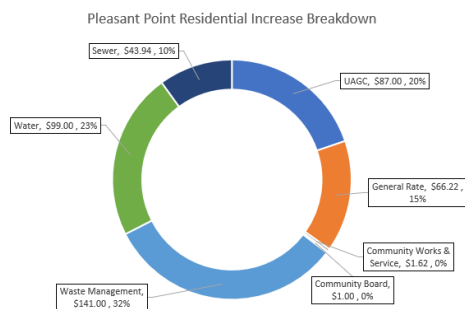
	TIMARU							
	Residential		Residential - Multi		Commercial		Primary	
	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25
Land Valuation	\$ 203,400	\$ 203,400	\$ 265,500	\$ 265,500	\$ 536,100	\$ 536,100	\$ 400,000	\$ 400,000
UAGC	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00
General Rate	630.54	713.93	1,585.04	1,800.09	7,215.91	8,186.25	832.00	944.00
Community Works & Service	278.66	323.41	363.74	422.15	734.46	852.40	548.00	636.00
Community Board	-	-	-	-	-	-	-	-
Waste Management	238.00	379.00	238.00	379.00	238.00	379.00		
Water	548.00	647.00	548.00	647.00	548.00	647.00		
Sewer	346.27	390.22	346.27	390.22	346.27	390.22		
<b>TOTAL</b>	<b>3,037.47</b>	<b>3,536.56</b>	<b>4,077.04</b>	<b>4,721.45</b>	<b>10,078.64</b>	<b>11,537.86</b>	<b>2,376.00</b>	<b>2,663.00</b>
Rates Increase %		16%		16%		14%		12%
Total Increase \$per year		\$ 499.09		\$ 644.41		\$ 1,459.23		\$ 287.00
Total Increase \$ Weekly		\$ 9.60		\$ 12.39		\$ 28.06		\$ 5.52
New Weekly Cost		\$ 68.01		\$ 90.80		\$ 221.88		\$ 51.21
New Daily Cost		\$ 9.69		\$ 12.94		\$ 31.61		\$ 7.30
<b>Movement breakdown</b>								
UAGC		87.00		87.00		87.00		87.00
General Rate		83.39		215.06		970.34		112.00
Community Works & Service		44.75		58.41		117.94		88.00
Community Board		-		-		-		-
Waste Management		141.00		141.00		141.00		-
Water		99.00		99.00		99.00		-
Sewer		43.94		43.94		43.94		-
<b>TOTAL</b>		<b>499.09</b>		<b>644.41</b>		<b>1,459.23</b>		<b>287.00</b>



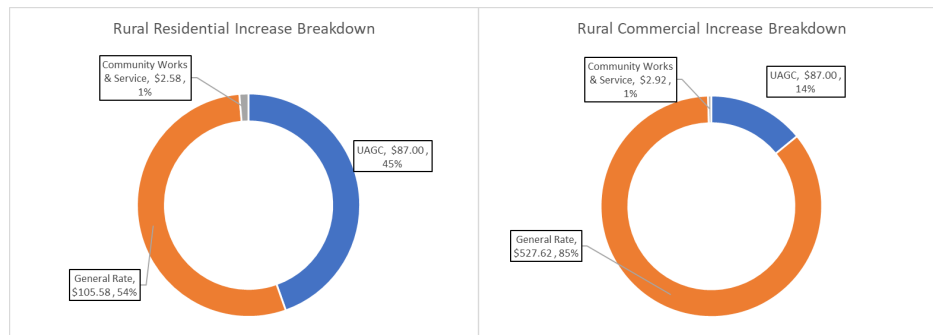
	TEMUKA					
	Residential		Residential - Multi		Commercial	
	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25
Land Valuation	\$ 132,000	\$ 132,000	\$ 153,100	\$ 153,100	\$ 181,200	\$ 181,200
UAGC	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00
General Rate	409.20	463.32	914.01	1,038.02	2,438.95	2,766.92
Community Works & Service	208.56	256.08	241.90	297.01	286.30	351.53
Community Board	5.00	6.00	5.00	6.00	5.00	6.00
Waste Management	238.00	379.00	238.00	379.00	238.00	379.00
Water	548.00	647.00	548.00	647.00	548.00	647.00
Sewer	346.27	390.22	346.27	390.22	346.27	390.22
<b>TOTAL</b>	<b>2,751.03</b>	<b>3,224.62</b>	<b>3,289.18</b>	<b>3,840.25</b>	<b>4,858.52</b>	<b>5,623.67</b>
Rates Increase %		17%		17%		16%
Total Increase \$per year	\$ 473.58		\$ 551.07		\$ 765.15	
Total Increase \$ Weekly	\$ 9.11		\$ 10.60		\$ 14.71	
New Weekly Cost	\$ 62.01		\$ 73.85		\$ 108.15	
New Daily Cost	\$ 8.83		\$ 10.52		\$ 15.41	
<b>Movement breakdown</b>						
UAGC		87.00		87.00		87.00
General Rate		54.12		124.01		327.97
Community Works & Service		47.52		55.12		65.23
Community Board		1.00		1.00		1.00
Waste Management		141.00		141.00		141.00
Water		99.00		99.00		99.00
Sewer		43.94		43.94		43.94
<b>TOTAL</b>		<b>473.58</b>		<b>551.07</b>		<b>765.15</b>



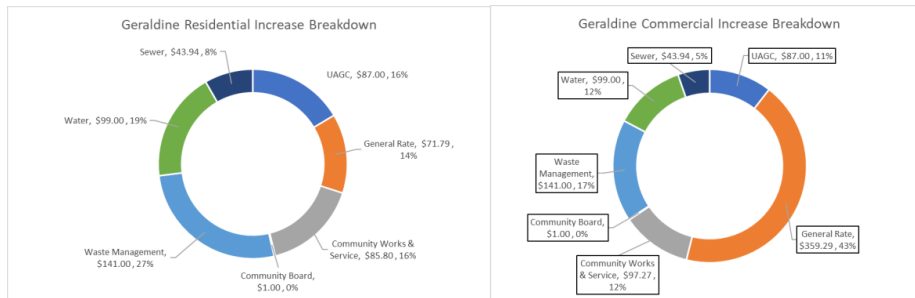
	PLEASANT POINT							
	Residential		Residential - Multi		Commercial		Primary	
	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25
Land Valuation	\$ 161,500	\$ 161,500	\$ 249,700	\$ 249,700	\$ 113,000	\$ 113,000	\$ 417,600	\$ 417,600
UAGC	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00
General Rate	500.65	566.87	1,490.71	1,692.97	1,520.98	1,725.51	868.61	985.54
Community Works & Service	8.08	9.69	12.49	14.98	5.65	6.78	20.88	25.06
Community Board	5.00	6.00	5.00	6.00	5.00	6.00	5.00	6.00
Waste Management	238.00	379.00	238.00	379.00	238.00	379.00		
Water	548.00	647.00	548.00	647.00	548.00	647.00		
Sewer	346.27	390.22	346.27	390.22	346.27	390.22		
<b>TOTAL</b>	<b>2,642.00</b>	<b>3,081.77</b>	<b>3,636.47</b>	<b>4,213.17</b>	<b>3,659.90</b>	<b>4,237.51</b>	<b>1,890.49</b>	<b>2,099.59</b>
Rates Increase %		17%		16%		16%		11%
Total Increase \$ per year		\$ 439.77		\$ 576.70		\$ 577.60		\$ 209.10
Total Increase \$ Weekly		\$ 8.46		\$ 11.09		\$ 11.11		\$ 4.02
New Weekly Cost		\$ 59.26		\$ 81.02		\$ 81.49		\$ 40.38
New Daily Cost		\$ 8.44		\$ 11.54		\$ 11.61		\$ 5.75
<b>Movement breakdown</b>								
UAGC		87.00		87.00		87.00		87.00
General Rate		66.22		202.26		204.53		116.93
Community Works & Service		1.62		2.50		1.13		4.18
Community Board		1.00		1.00		1.00		1.00
Waste Management		141.00		141.00		141.00		-
Water		99.00		99.00		99.00		-
Sewer		43.94		43.94		43.94		-
<b>TOTAL</b>		<b>439.77</b>		<b>576.70</b>		<b>577.60</b>		<b>209.10</b>



	RURAL					
	Residential		Commercial		Primary	
	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25
Land Valuation	\$ 257,500	\$ 257,500	\$ 291,500	\$ 291,500	\$ 1,571,400	\$ 1,571,400
UAGC	996.00	1,083.00	996.00	1,083.00	996	1,083
General Rate	798.25	903.83	3,923.59	4,451.21	3,268.51	3,708.50
Community Works & Service	12.88	15.45	14.58	17.49	78.57	94.28
Community Board	-	-	-	-	-	-
Waste Management						
Water						
Sewer						
<b>TOTAL</b>	<b>1,807.13</b>	<b>2,002.28</b>	<b>4,934.17</b>	<b>5,551.70</b>	<b>4,343.08</b>	<b>4,885.79</b>
Rates Increase %		11%		13%		12%
Total Increase \$per year		\$ 195.15		\$ 617.53		\$ 542.71
Total Increase \$ Weekly		\$ 3.75		\$ 11.88		\$ 10.44
New Weekly Cost		\$ 38.51		\$ 106.76		\$ 93.96
New Daily Cost		\$ 5.49		\$ 15.21		\$ 13.39
<b>Movement breakdown</b>						
UAGC		87.00		87.00		87.00
General Rate		105.58		527.62		439.99
Community Works & Service		2.58		2.92		15.71
Community Board		-		-		-
Waste Management		-		-		-
Water		-		-		-
Sewer		-		-		-
<b>TOTAL</b>		<b>195.15</b>		<b>617.53</b>		<b>542.71</b>



	GERALDINE					
	Residential		Residential - Multi		Commercial	
	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25	Actuals 23/24	Budget 24/25
Land Valuation	\$ 175,100	\$ 175,100	\$ 228,500	\$ 228,500	\$ 198,500	\$ 198,500
UAGC	996.00	1,083.00	996.00	1,083.00	996.00	1,083.00
General Rate	542.81	614.60	1,364.15	1,549.23	2,671.81	3,031.10
Community Works & Service	241.64	327.44	315.33	427.30	273.93	371.20
Community Board	6.00	7.00	6.00	7.00	6.00	7.00
Waste Management	238.00	379.00	238.00	379.00	238.00	379.00
Water	548.00	647.00	548.00	647.00	548.00	647.00
Sewer	346.27	390.22	346.27	390.22	346.27	390.22
<b>TOTAL</b>	<b>2,918.72</b>	<b>3,448.26</b>	<b>3,813.75</b>	<b>4,482.74</b>	<b>5,080.01</b>	<b>5,908.51</b>
Rates Increase %		18%		18%		16%
Total Increase \$per year		\$ 529.53		\$ 668.99		\$ 828.49
Total Increase \$ Weekly		\$ 10.18		\$ 12.87		\$ 15.93
New Weekly Cost		\$ 66.31		\$ 86.21		\$ 113.63
New Daily Cost		\$ 9.45		\$ 12.28		\$ 16.19
<b>Movement breakdown</b>						
UAGC		87.00		87.00		87.00
General Rate		71.79		185.09		359.29
Community Works & Service		85.80		111.97		97.27
Community Board		1.00		1.00		1.00
Waste Management		141.00		141.00		141.00
Water		99.00		99.00		99.00
Sewer		43.94		43.94		43.94
<b>TOTAL</b>		<b>529.53</b>		<b>668.99</b>		<b>828.49</b>



## **Feedback page with form for providing feedback, plus links to other documents.**

**Q. Do you agree with our plan to peak council debt at 2.5 times operating revenue over this 10-year plan?**

- **2.5 debt cap** – We can deliver most of our capital works. [PREFERRED]
- **Lower debt cap** – cuts across capital works
- **Higher debt cap** – We can deliver more of our capital works, less financial headroom if required

**Comments:**

**Q. How fast should we reduce our deficit and start paying back debt more quickly?**

- **Faster** – significant cuts to levels of service and operation, lower debt costs, higher average rates rises.
- **As planned** – minor cuts to levels of service and operations, higher debt costs, moderate average rates rises. [PREFERRED]
- **Slower** – similar levels of service and operations, significantly higher debt costs, moderate average rates rises.

**Comments:**

**Q. Have we got this balance of spending right over our 10 year plan?**

- **Yes, you've got the balance right** [Preferred]
- **No**, it should be more in favour of infrastructure, and spend less on community facilities
- **No**, you should invest more in community facilities and less on infrastructure

**Comments:**

**Q. How should we set our fees over the next 10 years?**

- **Higher user pays fees with less subsidy.** [Preferred]
- Limit fees increases and higher rates subsidy.



- All costs borne by the user, no subsidy from ratepayers.

Comments:

Is there anything else you would like to add to your submission?

[lines and lines]

### 93B Purpose of consultation document for long-term plan

The purpose of the consultation document is to provide an effective basis for public participation in local authority decision-making processes relating to the content of a long-term plan by—

- (a) providing a fair representation of the matters that are proposed for inclusion in the long-term plan, and presenting these in a way that—
  - (i) explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected; and
  - (ii) can be readily understood by interested or affected people; and
- (b) identifying and explaining to the people of the district or region, significant and other important issues and choices facing the local authority and district or region, and the consequences of those choices; and
- (c) informing discussions between the local authority and its communities about the matters in paragraphs (a) and (b).

### 93C Content of consultation document for adoption of long-term plan

- (1) The content of the consultation document for the adoption of a long-term plan must be such as the local authority considers on reasonable grounds will achieve the purpose set out in [section 93B](#).
- (2) Without limiting subsection (1), the consultation document must describe—
  - (a) each issue that the local authority determines should be included having had regard to—
    - (i) the significance and engagement policy adopted under [section 76AA](#); and
    - (ii) the importance of other matters to the district and its communities; and
  - (b) for each issue identified under paragraph (a),—
    - (i) the principal options for addressing the issue and the implications (including financial implications) of each of those options; and
    - (ii) the local authority's proposal, if any, for addressing the issue; and
    - (iii) the likely consequences of proceeding with the proposal on the local authority's rates, debt, and levels of service; and
  - (c) other matters of public interest relating to—
    - (i) the proposed content of the local authority's financial strategy (under [section 101A](#)) including, without limitation, the quantified limits on rate increases and borrowing in that strategy; and
    - (ii) the proposed content of the local authority's infrastructure strategy (under [section 101B](#)); and
  - (d) any significant changes that are proposed to the way the local authority funds its operating and capital expenditure requirements, including changes to the rating system described in [clause 15\(3\) and \(4\)](#) of Schedule 10; and
  - (e) using graphs or charts, the direction and scale of changes to the local authority's rates and debt levels that will result from the proposed content of the long-term plan; and
  - (f) using graphs or charts where practicable, the direction and nature of changes to the local authority's levels of service associated with the proposed content of the long-term plan; and
  - (g) the impact of proposals on the rates assessed on different categories of rateable land with a range of property values, by the provision of examples as provided for in [clause 15\(5\)](#) of Schedule 10.
- (3) The consultation document—
  - (a) must be presented in as concise and simple a manner as is consistent with [section 93B](#) and this section; and
  - (b) without limiting paragraph (a), must not contain, or have attached to it,—
    - (i) a draft of the long-term plan, as proposed to be adopted; or
    - (ii) a full draft of any policy; or
    - (iii) a full draft of the local authority's financial strategy or infrastructure strategy; or
    - (iv) any detailed information, whether described in [Part 1](#) of Schedule 10 or otherwise, that is not necessary or desirable for the purposes of subsections (1) and (2); and
  - (c) must state where members of the public may obtain information adopted by the local authority under [section 93G](#), which may include, for example, providing links or references to the relevant documents on the local authority's Internet site; and
  - (d) may be given the title of the local authority's choice, provided that the title or subtitle make reference to this being a consultation document for the proposed long-term plan for the relevant years.
- (4) The consultation document must contain a report from the Auditor-General on—
  - (a) whether the consultation document gives effect to the purpose set out in [section 93B](#); and
  - (b) the quality of the information and assumptions underlying the information provided in the consultation document.
- (5) The report under subsection (4) must not comment on the merits of any policy content of the consultation document.

## 9.11 Additional LTP policies - draft approval for review and consultation

**Author:** Brendan Madley, Policy Advisor  
John Liddiard, Senior Accountant

**Authoriser:** Paul Cooper, Group Manager Environmental Services

### Recommendation

That Council:

1. Receives the report “Additional LTP policies – draft approval for review and consultation”; and
2. Approves the policies to be reviewed by Audit New Zealand; and
3. Approves for the community to be afforded the opportunity to provide feedback on the draft policies as part of the 2024-34 Long Term Plan consultation; and
4. Note that Council will be given the opportunity to consider feedback and make amendments to the policies prior to them receiving final adoption as part of the 2024-34 Long Term Plan.

### Purpose of Report

- 1 To present Council with the “Treasury Management Policy” and “Revenue and Financing Policy” for draft approval, which will enable these to be considered by Audit New Zealand and included in the 2024-34 Long Term Plan (LTP) public consultation.

### Assessment of Significance

- 2 This report is assessed as being of medium to high significance when assessed against the current Significance and Engagement Policy. This is because Council’s approach to investments, liabilities, and how it finances its activities collectively has the potential to have a high Financial and Rating Impact for residents in the district and impact on their wellbeing.

### Background

- 3 The Treasury Management Policy is required to meet Council’s mandatory statutory obligations under sections 102, 104 and 105 of the Local Government Act 2002 (LGA) and contains Council’s approach to liability management and investments.
- 4 The Revenue and Financing Policy is required to meet Council’s mandatory statutory obligations under sections 102 and 103 of the LGA, and contains Council’s approach to the funding of operating expenses and capital expenditure.
- 5 Council is required to present Audit New Zealand with a proposed version of these two policies for their review, as part of their wider audit of the LTP consultation material. An interim audit of these draft policies has already been undertaken, with one query raised relating to a potential inconsistency between the Financial Strategy and the Revenue and Financing Policy. The auditors are aware that the policies may be amended based on elected member feedback.
- 6 It is important to note this report requests a draft adoption. Council will be provided the opportunity to reconsider the policies based on feedback from Audit New Zealand and the

community. It is expected that final adoption will occur in late June 2024, as part of the adoption of the Long Term Plan.

## **Discussion**

7 These policies were discussed with Council at a LTP workshop in 2023 and February 2024.

### *Treasury Management Policy*

8 This policy states Council's approach to managing its investments and liabilities.

9 The main levers available to Council to achieve its desired outcomes through this policy are:

9.1 The parameters within which Council utilises and manages debt; and

9.2 How Council undertakes investments, and the use of interest generated from these; and

9.3 Internal processes, delegations, and limits.

10 Bancorp have been involved in the review of this policy and provided feedback. All feedback was accepted and incorporated into the draft policy. Most notably, Bancorp recommended that the maximum limit for Council to make cash deposits and investments with NZ registered banks (as specified in the table in the Appendix) be increased from \$10 million to allow greater flexibility to take advantage of changes in interest rates, though did not specify a higher number. Officers propose that this number is updated to \$20 million.

11 The draft policy has undergone significant reformatting to improve clarity, readability, and better align with the Revenue and Financing Policy and the Financial Strategy.

12 Officers consider that the material changes are:

12.1 Clause 2.2, confirming that the policy does not apply to Council's CCOs; and

12.2 Clause 8.2, confirming that Council has a self-imposed debt limit; and

12.3 Clause 16.4, confirming that the performance of assets shall be reviewed annually, and a full review shall be undertaken as part of each LTP cycle; and

12.4 Appendix 1, increasing the limit for Council's cash deposits and investments with NZ registered banks to \$20 million (as per Bancorp's recommendation).

13 All aspects of the policy were checked for compliance against statutory requirements, including the relevant aspects of the LGA as they relate to the New Zealand Local Government Funding Agency.

14 The draft policy is attached for reference. All changes from the current Treasury Management Policy (adopted in 2021 as part of the 2021-31 LTP) have been track changed.

### *Revenue and Financing Policy*

15 This policy states Council's approach to funding operating expenses and capital expenditure.

16 The policy retains the existing approach for each of Council's activities in regard to the proportion funded from general rates versus fees and charges.

17 Non-material changes have been made to improve readability and reflect updates, for example to the names of activities in Section 13.

18 Officers consider that the material changes are:

18.1 Clause 3.5, where reference to a Financial Contributions Policy has been removed because Council does not have such a policy and has no current plans to implement one; and

18.2 Clause 5.5, noting the implementation of a Business Improvement District (BID) targeted rate.

19 The draft policy is attached for reference. All changes from the current Revenue and Financing Policy (adopted in 2021 as part of the 2021-31 LTP) have been track changed.

### **Options and Preferred Option**

20 **Option One: Give draft approval to the “Treasury Management Policy” and the “Revenue and Financing Policy”.**

21 This is the preferred option and supported by the policy review undertaken by officers.

22 **Option Two: Amend the “Treasury Management Policy” and the “Revenue and Financing Policy” prior to draft approval.**

23 Elected members may identify improvements to the policies. The advantages and disadvantages of amending the “Treasury Management Policy” and the “Revenue and Financing Policy” depend on the nature of the amendments made to the proposed policies. It may be necessary to delay approval to allow officers to undertake analysis of any proposed amendments.

### **Consultation**

24 Officers recommend that the community is consulted on these policies due to the level of significance.

25 Any consultation should be undertaken in accordance with the “Principles of Consultation” stated in section 82 of the LGA 2002.

26 This consultation is proposed to be undertaken as part of the wider LTP 2024-34 public consultation, scheduled to commence in April 2024.

27 Note that consultation will not be undertaken on the BID targeted rate; the consultation requirements of the BID policy have already been met and Council has resolved to implement it.

28 Arowhenua have been contacted to provide feedback on these draft policies.

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

29 Local Government Act 2002

30 Local Government (Rating) Act 2002

### **Financial and Funding Implications**

31 There are no financial or funding implications directly associated with this report.

32 The methods by which Council manages its finances, investments, liabilities and rates does have significant implications for its overall financial position. Council can have confidence that the policies presented will deliver its desired outcomes because they have been reviewed carefully, both internally by officers and independently, and are not a significant deviation from existing policy.

### **Other Considerations**

33 There are no other considerations.

### **Attachments**

1. Draft Treasury Management Policy [!\[\]\(756219e9389f679d57027482aa5cf5fc\_img.jpg\)](#) 
2. Draft Revenue and Financing Policy [!\[\]\(8175e06aff05874f50e11ffc448e6860\_img.jpg\)](#) 

# Treasury Management Policy

<b>Approved by:</b>	Timaru District Council
<b>Group:</b>	Finance
<b>Responsibility:</b>	Chief Financial Officer
<b>Date adopted:</b>	TBC
<b>Review:</b>	Every 3 years, or as required This Policy does not cease to have effect because it is due for review, or being reviewed
<b>Consultation:</b>	Section 82 consultation as part of the LTP consultation
<b>Policy Type</b>	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 ~~policy~~, and;
- 1.1.3. Define key responsibilities and operating parameters within which Council's treasury management activities ~~are~~ to be carried out.

### 2. Scope (section added)

2.1. This policy covers all Council employees, Council, Community Boards, any funds held in trust ~~Trusts whose accounts which~~ are incorporated in the Council's Annual Report and Accounts financial reports, including and covers any and all investments and liabilities as per sections 102, 104 and 105 of the Local Government Act 2002 (LGA).

2.1.2.2. This policy currently relates only to Timaru District Council and not the Timaru District Council Group (which includes the subsidiaries of Council), except where Council conducts treasury management on behalf of a subsidiary.

### 3. Background

3.1. Timaru District Council undertakes treasury management activities including liability management (borrowing ~~);~~ investment ~~and~~ cash management and associated risk management activity ~~activities~~.

3.2. Council's borrowing and investment activities are carried out within the requirements of the ~~Local Government Act 2002~~ 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. This policy includes Council's Liability Management Policy and Investment Policy, as required by sections 104 and 105 of the Act.~~

~~3.4-3.3.~~ Council's borrowing activity is ~~largely~~ 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 ~~according to~~ support its strategic, ~~and community and~~ commercial objectives, ~~to promote the wellbeing of communities in the present and for the future,~~ and to ~~optimise~~ 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 ~~ensure~~ manage the integrity of the financial market investments by ~~only~~ investing in appropriately rated organisations and in ~~appropriate~~ 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 ~~does not wish to incur additional risk from its treasury activities. Accordingly, a significant element of Council's financial management function, in relation to its treasury activities, is to undertake a effective risk management activities function~~ focused on protecting Council's ~~budgeted interest costs and interest income and stabilising Council's cash flows, projected cashflows and net cash position and the value of its investments~~
- 4.4. Treasury activity ~~which is~~ unrelated to its underlying cash flows or ~~is purely~~ speculative in nature will not be undertaken without ~~formal approval~~ 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 ~~(section added)~~

- 5.1. Local Government Funding Agency (LGFA), whose purpose is, "benefiting local communities through delivering efficient financing for local government".
- 5.2. Total revenue ~~represents the increase in value or inflow of resources to Council from both cash and non-cash sources, including –defined as cash earnings from rates, government grants and subsidies, fees user and charges, interest, dividends, revaluation of assets, and other financial transactions representing such increases or inflows, –and other revenue, –and excludes non-government capital contributions (e.g. developer contributions and vested 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.~~
- 5.3. 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 assts 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.
- ~~5.2-5.4.~~ 5.4. 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.
- ~~5.3-5.5.~~ 5.5. Net Debt ~~is~~ defined as total consolidated external debt less liquid financial assets and investments.
- ~~5.4-5.6.~~ 5.6. 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, external debt plus committed loan facilities plus liquid investments divided by external debt.~~

~~5.5.5.7. Liquid investments –are defined as being overnight bank cash deposits, short term bank cash deposits (up to 30 days), bank registered certificates of deposits (RCD's) less than 181 days, approved fixed interest securities, and listed, non-core equity investments, cash and cash equivalents, short-term deposits, loans to subsidiaries, investments in the LGFA, investments in debt securities and available short-term loan facilities.~~

~~5.6.5.8. Annual Rates income –is defined as the amount equal to the total revenue from any funding mechanisms authorised by the Local Government (Rating) Act 2002, together with any revenue received from other local authorities for services provided and for which the other local authorities rate.~~

~~5.7.5.9. Financial covenants –are parameters set by external loans providers which Council has agreed to comply with, measured on Council only, not the consolidated group.~~

~~5.8.5.10. Disaster recovery resource requirements are –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.~~

~~5.9.5.11. 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 doing this work, 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. Sections 102 and 104 of the LGA requires that, in order to provide predictability and certainty about sources and levels of funding, Council must adopt a Liability Management Policy.~~

~~6.2.6.1. 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.~~

~~6.2.1. Interest rate exposure; and~~

~~6.2.2. Liquidity and funding; and~~

~~6.2.3. Credit exposure; and~~

~~6.2.4. Debt repayment.~~

~~6.3.6.2.~~ 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 ~~and efficient~~ mechanism for promoting intergenerational equity between current and future ratepayers ~~in relation to Council's~~for assets and investments, as well as assisting Council in meeting the infrastructure demands of its ratepayers ~~on a timely basis.~~

~~6.4.6.3.~~ Council borrows as it considers appropriate within the ~~flexible and diversified borrowing~~ powers contained within the LGA. Borrowings not included in the ~~agreed current~~ long term plan must be approved by Council resolution.

~~6.5.6.4.~~ Council may raise debt for the following purposes:

~~6.5.1-6.4.1.~~ General debt to fund Council's ~~balance sheet~~activities as deemed necessary and appropriate, including ~~borrowing~~ to fund Council Controlled Organisations where separately agreed;

~~6.5.2-6.4.2.~~ Specific debt associated with one-off projects and capital expenditure, including assets with intergenerational impacts, ~~and;~~

~~6.5.3.~~ ~~To fund assets with intergenerational qualities.~~

~~6.6.6.5.~~ Council ~~is 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:

~~6.6.1-6.5.1.~~ Banks;

~~6.6.2-6.5.2.~~ Local Government Funding Agency;

~~6.5.3.~~ Capital markets ~~;~~

~~6.6.3-6.5.4.~~ Subsidiaries ~~and;~~

~~6.6.4.~~ ~~Internal sources.~~

6.6. Council is able to borrow using the following financial market instruments: fixed and floating rate medium and long-term bonds; floating rate debt, including overdrafts.

~~6.7.~~ ~~Commercial paper;~~

~~6.8.~~ ~~Medium term notes;~~

~~6.9.~~ ~~Fixed rate bonds;~~

~~6.10.~~ ~~Floating rate bonds;~~

~~6.11.~~ ~~Bank sourced floating rate debt (Committed Cash Advance Facilities) and overdraft facilities, and;~~

~~6.12.~~ ~~Bank sourced fixed rate term loans;~~

~~6.13. Relevant 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.~~

~~6.14. Overall debt maturity profile;~~

~~6.15. Prevailing interest rates;~~

~~6.16. Available term from bond and bond insurance; and~~

~~6.17. 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 following 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.~~

~~8.1-8.3. The LGFA's current covenants are:~~

~~8.1-8.3.1. Net annual interest expense will not exceed 30% of total annual rates income;~~

~~8.1-8.3.2. Net annual interest expense will not exceed 20% of total revenue;~~

~~8.1.3-8.3.3.~~ Net debt will not exceed 280% of total revenue.; and

~~8.1.4-8.3.4.~~ Liquidity will be greater than 110%.

## 9. Interest Rate Risk Management

~~9.1. Council's borrowing gives rise to direct exposure to interest rate movements. Council recognizes that the longer the term of borrowing, the greater the sensitivity to these movements.~~

~~9.2-9.1.~~ Interest rate risks arising from debt maturity profiles and potential interest rate movements will may be actively managed, including ~~by~~ the use of derivative instruments, and by issuing fixed rate bonds or sourcing fixed rate bonds from the LGFA, fixed rate funding arrangements.

~~9.3-9.2.~~ The table below outlines the minimum and maximum range of hedged ~~or~~ and fixed rate exposure requirements within various time bands. The actual hedging percentages in place within these bands will be determined and reviewed on a regular basis by the officers 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%

~~9.4.9.3. Fixed rate hedging in excess of eight years is permissible provided that it is carried out should be in conjunction with, or aligns with, an underlying debt instruments.~~

~~9.5.9.4. When managing the interest rate risk of Council the hedging percentages above relate to total core debt. Core debt cannot exceed borrowing projections as per the Long Term Plan or Annual Plan. The actual quantum used for policy parameters will be reviewed annually. Interest rate risk management will be congruent with agreed core debt requirements.~~

~~9.6. The hedging parameters are cumulative. For example, if total debt was \$25 million, \$5 million of hedging entered into for a period of five years would increase the hedging profile for all time bands up to five years, by 20%.~~

~~9.7. Fixed rate debt is defined as any debt that has an interest rate reset beyond three months.~~

~~9.8. The hedging parameters are dependent on the Reserve Bank of New Zealand continuing to implement monetary policy through adjustments to the Official Cash Rate.~~

~~9.9. Council Management decides the interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook for short term rates in comparison to the rates payable on fixed rate borrowing.~~

~~9.10.9.5. The following 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.~~

~~9.10.1. Forward rate agreements;~~

~~9.10.2. Interest rate swaps;~~

~~9.10.3. Swaptions;~~

~~9.10.4. Interest rate collar type option strategies in a ratio not exceeding 1:1;~~

~~9.10.5. Fixed rate bonds, and;~~

~~9.10.6. Fixed rate term loans.~~

~~9.11.9.6. Selling interest rate options for the primary purpose of generating premium income will not be undertake because of its speculative nature. Council will not undertake derivative trading primarily for speculative purposes but only as incidental to risk management strategy.~~

~~9.12.9.7.~~ The use of ~~interest rate~~ risk management options must be approved by the ~~Group Manager Commercial and Strategy~~ 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.~~ The benchmark standard shall consist of the following:

- ~~30%~~ Average 90 day bank bill rate for the reporting month;
- ~~10%~~ Average 1 year swap rate for the reporting month;
- ~~10%~~ Average 1 year swap rate for the reporting month, 1 year ago;
- ~~10%~~ Average 3 year swap rate for the reporting month;
- ~~10%~~ Average 3 year swap rate for the reporting month, 3 years ago;
- ~~15%~~ Average 7 year swap rate for the reporting month;
- ~~15%~~ Average 7 year swap rate for the reporting month, 7 years ago.

~~10.3.~~ The above percentages are predicated off the midpoints of the risk control bands contained in the 'Fixed Rate Hedging Percentages' table.

~~10.4.10.2.~~ Council's cost of funds for benchmarking purposes is exclusive of any interest rate margin.

~~10.5.~~ Benchmarking is not required if total external borrowing is less than \$10 million.

## 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. Appropriate ~~C~~ash flow reporting ~~mechanisms~~ will be maintained to monitor Council's estimated liquidity position ~~annually~~ regularly. Liquidity must be in place to give headroom of at least 110% over and above the maximum net debt requirement as estimated in the Long Term Plan or Annual Plan. ~~Liquidity can~~ include inge committed bank facilities, cash and term deposits ~~held with an authorised bank~~ and fixed interest investments with an approved credit rating.

## 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, ~~for which security~~ which is a charge over all rates.
- 13.2. In exceptional circumstances, security may be offered by providing a charge over ~~one or more of Council's assets~~ for which. Formal approval ~~from by~~ Council is ~~required in such circumstances specifically required~~.

## 14. Debt Repayment

- 14.1. Council repays borrowings from general or targeted rates; general funds, including from the sale of assets; and ~~or~~ 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.
- ~~16.2.1. The mix of investments;~~
- ~~16.2.2. The acquisition of new investments;~~
- ~~16.2.3. An outline of the procedures by which investments are managed and reporting on to Council; and~~



~~16.2.4. An outline of how risks associated with investments 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 and ownership of all investments at least 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, and a portfolio of ground leases;
  - 17.1.3. Forestry investments; and

17.1.4. Treasury investments in ~~short, medium and longer term~~ liquid investments.

## 18. Equity Investments

### Nature of Investment:

18.1. Council's ~~current~~ equity investments, including investments in corporate investments and other shareholdings, ~~including an Energy Company and a Port Company. 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 ~~prior~~ a specific resolution by Council approval.

### 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;~~

- ~~• Offset the general rates;~~
- ~~• Repay district wide and community funded debt;~~
- ~~• Fund approved capital expenditure; and;~~
- Purchase treasury investments

### Risk Management:

~~18.6.~~ 18.5. Council ~~manages management of~~ its risk in equity investments ~~includes~~ through the governance of ~~Timaru District Holdings Limited (TDHL) subsidiaries; and the approving of agreed~~ Statements of Corporate Intent ~~and Letters of Expectations; and a comprehensive review of the investment as part of the Long Term Plan process. (see 16.4).~~

### Management and Reporting Procedures

~~18.7.~~ 18.6. The Commercial and Strategy Committee ~~or designated alternative committee~~ reviews the performance of equity investments through ~~regular quarterly~~ reporting from ~~subsidiaries~~ ~~TDHL~~ to ensure the achievement of Statements of Corporate Intent.

~~18.8. TDHL reports to Council on a quarterly basis.~~

~~18.9.18.7.~~ The ~~Group Manager Commercial and Strategy~~ 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 ~~a number of~~ properties for operational purposes which may become surplus to operational needs/requirements.

### Rationale for Holding Investment:

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

### Acquisition of New Investments:

19.3. Council ~~has no intention of~~ does not acquire/acquiring additional properties for investment purposes-investment properties, however, properties retained for particular Council uses may be designated as investment properties for financial reporting purposes-if it does, it will be based on the commercial merits of the proposal.

### Revenue:

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

~~19.5.~~ Fund approved capital expenditure (primarily in relation to the activity which held the original property or asset);

~~19.6.~~ Fund operational expenditure; and;

~~19.7.~~ Purchase treasury investments.

### Risk Management:

~~19.8.19.4.~~ Council manages its risk ~~by reviewing its return on investment on an annual basis. It also ensures~~ ing 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:

~~19.9.19.5.~~ 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-investments](#).

~~19.10.19.6.~~ The ~~Group Manager Commercial and Strategy~~ [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.](#)

~~20.5.~~ [Offset the general rates;](#)

~~20.6.~~ [Repay district wide and community funded debt;](#)

~~20.7.~~ [Fund approved capital expenditure;](#)

~~20.8.~~ [Re-forestation](#) ~~Replanting of existing, or development of new, forestry blocks, or;~~

~~20.9.~~ [Purchase treasury investments;](#)

~~20.10.20.4.~~ 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.

~~20.11.20.5.~~ Expenditure in maintaining the forestry investment is expensed in the year it is incurred.

### Risk Management:

~~20.12.20.6.~~ 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.

~~20.13.20.7.~~ Forestry blocks are regularly inspected for pests and diseases, and foliage sampling and nutrient analysis is undertaken to maximise the crop.

~~20.14.20.8.~~ Harvesting of forests is carried out at appropriate times to maximise Council's return on investment.

**Management and Reporting Procedures:**

~~20.15.20.9.~~ Council's forestry portfolio is managed by the [Community Services Infrastructure](#) Group. The operating income and expenditure is reported to the council.

~~20.16.20.10.~~ 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.~~ ~~Financial market investments are held for specific purposes, usually as bank deposits or in sovereign and non-sovereign bonds.~~ 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 for the following primary reasons:~~

~~21.3.~~ ~~———— To provide liquidity in the form of readily available cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal income streams;~~

~~21.4.~~ ~~———— To invest amounts allocated to special funds, bequests, and reserves;~~

~~21.5.~~ ~~———— To invest funds allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations;~~

~~21.6.~~ ~~———— To invest proceeds from the sale of assets; and;~~

~~21.7.~~ ~~———— To invest surplus cash, and working capital funds.~~

**Acquisition of New Investments:**

~~21.8.21.2.~~ Council acquires new treasury investments ~~to maintain its policy of ensuring that funds held for specific purposes are matched with actual cash invested based on the availability of cash and the projected requirements for utilisation of liquid resources.~~

**Revenue:**

~~21.9.21.3.~~ Income from investments ~~for all specified funds will be credited on a pro-rata basis between general rates and the specified funds allocated to designated and restricted funds based on the general return obtained from the treasury investment portfolio.~~

**Risk Management:**

~~21.10.21.4.~~ Council's primary objective when investing is the protection of its investment.

~~21.11.21.5.~~ 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.

~~21.12.21.6.~~ The above objectives are captured in Appendix 1: "Approved Treasury Counterparty Limits and Investment Instruments", which provides operating parameters for investment activity.

~~21.13.21.7.~~ 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.

~~21.14.21.8.~~ Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in the secondary market.

~~21.15.21.9.~~ 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**

~~21.16.21.10.~~ 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

~~21.17.21.11.~~ The ~~Group Manager Commercial and Strategy~~ 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.

~~21.18.21.12.~~ The ~~Group Manager Commercial and Strategy,~~ Chief Financial Officer and ~~Management Accountant~~ 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~~ and
- Using risk management instruments to protect investment returns.

~~21.19.21.13.~~ 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 ~~Group Manager Commercial and Strategy~~ Chief Financial Officer, or equivalent officer as delegated by the Chief Executive,.

#### Management and Reporting Procedures:

~~21.20.21.14.~~ The management of Council's treasury investments ~~is carried out under delegated authority to the Group Manager Commercial and Strategy. The and~~ day-to-day treasury operations are delegated to the Chief Financial Officer and ~~Management Accountant.~~ Finance Manager, or equivalent officer as delegated by the Chief Executive,.

~~21.21.21.15.~~ 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~~ 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 ~~is carried out under delegated authority to the Group Manager Commercial and Strategy. The~~ and the day-to-day operations are delegated to the Chief Financial Officer and ~~Management Accountant~~ 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 <u>(table updated)</u>		
<b>Delegations</b>		
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
4.7.6 – Borrowing		<b>Finance Manager:</b> 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.
4.7.13 – Deposit of funds		
4.7.19 – Interest		
4.7.20 – Investments		<b>Chief Financial Officer:</b> 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).
<b>References</b>		
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	TBC	Council	3 Yearly	This document

## 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	<del>\$120</del> 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.

### Definitions and Descriptions

~~Investment instruments available in the market (excluding equities and property) can generally be discussed under four broad categories relating to the issuer of these instruments~~

#### ~~New Zealand Government~~

- ~~• Treasury bills are registered securities issued by the Reserve Bank of New Zealand (RBNZ) on behalf of the Government. They are usually available for terms up to a year but generally preferred by investors for 90 day or 180 day terms. They are discounted instruments, and are readily negotiable in the secondary market.~~
- ~~• Government bonds are registered securities issued by the Treasury on behalf of the Government. Government bonds have fixed coupon payments payable every six months. They are priced on a semi-annual yield basis and are issued at par. They are readily negotiable in the secondary market.~~

#### ~~Local Authorities~~

- Local Authority stocks are registered securities issued by a wide range of local government bodies. A fixed coupon payment is made semi-annually to the holder of the security, or in the case of a Floating Rate Note on a quarterly basis. They are negotiable and usually can be bought and sold in the secondary market.

#### **State-Owned Enterprises (SOE's)**

- SOE bonds are issued by enterprises 100% owned by the New Zealand Government but do not necessarily have an explicit government guarantee. These bonds can be registered securities or bearer instruments. A fixed coupon payment is made semi-annually to the holder of the security, or in the case of a Floating Rate Note on a quarterly basis. They are usually issued at par. SOE bonds are negotiable and can be bought and sold in the secondary market.
- Commercial Paper that the Council is able to purchase is issued by SOE's with a minimum short term credit rating of 'A-1' that is sufficient to enable the paper to be issued without endorsement or acceptance by a bank.

#### **Registered Banks**

- Call and term deposits are funds accepted by the bank on an overnight basis (on call) or for a fixed term. Interest is usually calculated on a simple interest formula. Term deposits are for a fixed term and are expected to be held to maturity. Term deposits are not negotiable instruments. Termination prior to maturity date can often involve penalty costs.
- Certificates of deposits are securities issued by banks for their funding needs or to meet investor demand. Transferable certificates of deposits (TCDs) are non-bearer securities in that the name of the investor, face value and maturity date are recorded on the certificate. They are able to be transferred by registered transfer only. Negotiable certificates of deposits (NCDs) on the other hand, are bearer securities and are able to be transferred immediately. Both TCDs and NCDs are priced on a yield rate basis and issued at a discount to face value. They are generally preferred over term deposits because investors can sell them prior to maturity (i.e. they are negotiable instruments).

#### **Corporates and Financial Institutions**

- Corporate bonds are generally issued by companies with good credit ratings. A fixed coupon payment is made semi-annually to the holder of the security or in the case of a Floating Rate Note on a quarterly basis. They are priced on a semi-annual yield basis and are generally issued at par. Corporate bonds are negotiable and can be bought and sold in the secondary market.
- Commercial Paper that the Council is able to purchase is issued by borrowers who have a minimum short term credit rating of 'A-1' and standing in the market that is sufficient to enable the CP to be issued without endorsement or acceptance by a bank. Commercial Paper is issued with maturities ranging from 7 days to over one year. The common maturities are for 3 months. The face value of the CP is repaid in full to the holder on the due date.

# Revenue and Financing Policy



**Approved by:** Timaru District Council

**Date approved:** 2 June 2021

## 1. Purpose

- 1.1. The purpose of this policy is to detail Timaru District Council's approach to funding its operating and capital expenditure.
- 1.2. It determines who pays for Council activities, and on what basis, with a view to achieving the fairest funding mix for the community as a whole.
- 1.3. The overall objective of this policy is to ensure users and beneficiaries of Council services pay what is fair and equitable.

## 2. Glossary

Note: The definitions provided are intended to explain terms used on this policy in plain English.<sup>1</sup>

**Benefit:** refers to the positive effect able to be gained as a result of a Council-provided activity or service, regardless of whether this is taken up or not.

**Capital expenditure:** means expenditure on new assets or on assets that increase the level of service provided, or extend the level of service – for example the replacement of assets.

**Community-wide benefit:** means a benefit that applies to the whole community, irrespective of property location or value.

**Council:** means Timaru District Council

**Exacerbator:** those who contribute to, or create the need for a Council service or facility, and should, therefore contribute to the cost of the service or facility.

**General Rate:** is a rate levied on all rateable properties within Council's jurisdiction. A general rate is based on:

- Land value of a property
- How the property is used

**Intergenerational equity:** is the principle that the cost of an asset or service should be spread over its life, so that both current and future residents who benefit contribute a fair share of the costs, and not just current residents.

<sup>1</sup> Legal definitions are provided in the Local Government Act 2002 and the Local Government (Rating) Act 2002.

**Land Value (LV):** Means the assessed value of land, excluding capital improvements, at the time of valuation.

**Operating expenditure:** means the costs incurred to provide normal day-to-day services and the maintenance of services and assets.

**People benefit:** is a benefit that people and residents can enjoy without owning a property. Council looks to fund people benefit through uniform annual charges.

**Private good:** means goods or services that directly benefit an individual rather than the community as a whole. Private good is an indicator that users who directly benefit should pay.

**Property benefit:** is a benefit that accrues to a property or to property owners. This may be a service to a property, or an activity that benefits property values. Council looks to fund property benefit through general rates based on land value.

**Public good:** means goods or service that one individual can consume without reducing the availability to another individual. Public good is usually both non-rival and non-excludable. An example of public good is a community park.

**Rates:** are funds collected by Council through taxes on property within the district.

**Targeted rates:** a rate charged for a specific service through a tax on each rateable unit or separately used or inhabited portion of a rating unit to ensure that the cost of a service or activity is borne by those who derive most benefit from it, or who contribute to the need for the service or activity.

**Uniform Annual General Charge:** a charge of an equal amount on each rateable unit or separately used or inhabited portion of a rating unit to ensure that all ratepayers make a minimum contribution to Council activities and services. This charge is applied to fund services where community benefits apply across the district.

**User charges:** a council charge paid by those who use specific services provided by Council.

### 3. Policy Context

#### Local Government Act 2002

- 3.1. The Local Government Act 2002 (LGA) requires Council to adopt a Revenue and Financing Policy.
- 3.2. Sections 102 and 103 of the LGA require the policy to demonstrate how operational expenditure and capital expenditure are funded from:
  - a) General rates, including –
    - i. Choice of valuation system; and
    - ii. Differential rating; and
    - iii. Uniform annual general charges:
  - b) Targeted rates:
  - c) Lump sum contributions:

- d) Fees and charges:
- e) Interest and dividends from investments:
- f) Borrowing:
- g) Proceeds from asset sales:
- h) Development contributions:
- i) Financial contributions under the Resource Management Act 1991:
- j) Grants and subsidies:
- k) Other sources of income

3.3. Section 101(3)(a) of the LGA requires that Council has, for each activity funded, shown it has given consideration to the:

- a) Community outcomes to which the activity primarily contributes; and
- b) Distribution of benefits between the community as a whole, and identifiable part of the community, and individuals; and
- c) The period in or over which those benefits are expected to occur; and
- d) The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity; and
- e) Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

3.4. In accordance with section 101(3)(b), Council must also consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

#### **Related Council Plans, Policies and Strategies**

3.5. Council's Revenue and Financing Policy provides a high level funding framework that links with other Council documents that impact on funding decisions for the wider community and, in some cases, or individual ratepayers. These documents include:

~~**Financial Contributions Policy:** Details the basis on which Council charges financial contributions to offset or mitigate any adverse impacts on the natural or physical environment including utilities, services or a new development.~~

**Timaru District Plan:** Section 6 of the District Plan details Council's approach to charging financial contributions for new developments under the Resource Management Act 1991.

**Significance and Engagement Policy:** Details Council's approach to determining the level of significance of a particular proposal or decision, and how Council will engage with the community based on the level of significance. Decisions about the funding of Council activities will be assess in accordance with this policy.

**Rates ~~Remission and Postponement~~ Policy:** Details the circumstances in which Council will provide a rate remission or postponement, including on Maori Freehold Land, and the rationale for this.

**Infrastructure Strategy:** Details Council’s approach to the provision of core infrastructure, how much it intends on investing over the next 30 years, and how this investment will be funded. Activities included in the strategy are: roads and footpaths, drinking water, sewer, stormwater, waste management and large community facilities (for example, CBay Aquatic Centre).

**Financial Strategy:** Details Council’s approach to delivering its high-level funding requirements, including limits on rates and borrowing. The Financial Strategy considers the impact of expected changes in population and the use of land, the expected impact of Council’s Infrastructure Strategy and other significant factors affecting Council’s ability to maintain and meet demands for services.

**Funding Impact Statement:** Provided in each Long Term Plan and Annual Plan, the funding impact statement details the application and impact of the Revenue and Financing Policy for each financial year.

#### 4. Rating Framework

- 4.1. Councils are able to use a variety of approaches in their overall rating framework. These approaches are how ~~Council~~ applies rates in the district, and include the following:

##### Valuation System

- 4.2. When applying rates based on property values councils can rate according to land value, capital value, or annual value.
- 4.3. Timaru District Council uses the land value rating system. The land values are determined by an independent valuer who is audited by the Valuer General.

##### Differential Rating

- 4.4. When applying rates councils can rate properties using a differential according to a range of categories detailed in schedule 2 of the Local Government (Rating) Act 2002.
- 4.5. Council’s general rate is set based on a rate per dollar of rateable land value, and differentiated on the use to which the land is put. The objective of differential rating is to ensure a fair and equitable proportion of rates are paid by the various differential categories.
- 4.6. Council uses differentials to distribute the general rate between particular categories of the community, as listed below. This does not change the total amount of general rates funding required annually, but rather, the proportion of overall funding of the general rate from each category differs according to the differential factor applied.
- 4.7. The differential is applied to the following nine categories:

Category	Definition
----------	------------



Accommodation	All properties used primarily for hotel, motel or similar short term or travellers' accommodation purposes.
Commercial – Central	All properties situated within the Timaru Central Business District and used primarily for commercial purposes.
Commercial – Other	All properties used primarily for commercial purposes other than those situated in the Timaru Central Business District.
Community Services	All properties used primarily for education, religious, and/or community purposes.
Industrial	All properties used primarily for industrial purposes.
Primary	All properties used primarily for agriculture, horticulture or pastoral purposes, including the grazing of animals.
Recreational	All properties used primarily for active or passive indoor/outdoor recreational activities.
Residential – General	All properties used primarily for residential accommodation of a single household or used for residential purposes and not otherwise classified or which are vacant or of not determined use of those differential categories and situated in an area in which residential dwellings are permitted.
Residential – Multi Unit	All properties used primarily used for multi-unit residential accommodation, for example, purpose built rental flats.

#### Unit of rating – separately used or inhabited parts of a rating unit

- 4.8. Under the Local Government (Rating) Act 2002 charging separately used or inhabited parts of a rating unit is an option for a uniform annual general charge and for targeted rates.
- 4.9. A separately used or inhabited part of a property or building includes any part of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.
- 4.10. For the purpose of this policy, vacant land and vacant premises offered or intended for use or habitation by a person, other than the owner, and generally used as such are defined as 'used'.
- 4.11. Examples of separately used or inhabited parts of a rating unit include:
- Each separately used or inhabited part of a residential unit will count as a separate part. This includes minor household units with kitchen facilities often referred to as "granny flats".
  - Where residential properties are partially used for business, the number of parts will equal the number of separately used or inhabited residential units plus one for each separate business use (e.g. a house with a doctor's surgery attached contains two parts).

- In the case of retirement villages or farms with workers' accommodation and similar types of properties, each separately used or inhabited residential unit and each other major use (such as halls, libraries etc) are separate parts.

## 5. Rate Revenue Sources

- 5.1. The rates charged by Council as sources of funding are:

### General Rate

- 5.2. A rate charged on all rateable properties in the district on the basis of land value, and differentiated by the use of the property.

### Uniform Annual General Charge (UAGC)

- 5.3. A rate charged on all separately used or inhabited portions of a rating unit on a uniform basis. This rate enables all ratepayers to make a minimum contribution to Council's costs. The annual increase in the UAGC will be an overall percentage increase as the general rate increase within a margin of 5% in any given year or as per section 13 – Funding Analysis for Council Activities.

### Targeted Rate

- 5.4. A rate charged on specific properties in the district on the basis of the property or owner being able to receive benefit from the service provided that is not available to all. Targeted rates may be charged on the basis of land value, differentiated or as a uniform annual charge.

- 5.4.5.5. A Business Improvement District (BID) targeted rate is being introduced as part of the 2024-34 Long Term Plan, consistent with the BID Policy.

## 6. Non-Rate Revenue Sources

- 6.1. Council has a range of funding sources available which are often suited to a particular type of funding requirement. While rates are often the most appropriate source of funding for a particular requirement, Council may decide to use other sources of funding, if appropriate.

### Grants and subsidies

- 6.2. Council expects to continue to receive substantial subsidies from Waka Kotahi (New Zealand Transport Agency – NZTA) for road and footpath maintenance and renewal and other expenditure related to transportation and its land transport networks.
- 6.3. Council can receive grants and sponsorship for projects which are eligible for particular grant and sponsorship schemes.

### Investment income, dividends and interest

- 6.4. Interest and investment returns from Council's investments, including annual dividends from Timaru District Holdings Limited (TDHL) are generally used to offset the general rate and the uniform annual general charge.

- 6.5. Interest earned on special funds and separate reserves is used only for the purpose of the fund or reserve.

#### **Financial contributions**

- 6.6. Council's existing Financial Contributions Policy allows Council to apply a charge for water, sewer, stormwater and open space and recreation. Minor amounts of capital expenditure budget for the Parks and Recreation activity have been identified as coming from financial contributions. Amounts to be funded from financial contributions for water supply, sewer and stormwater services will be determined from Council decisions at the time of development.

#### **Proceeds from asset sales**

- 6.7. Council may sell assets that are deemed to be surplus to requirements or that are not providing satisfactory returns. Proceeds may be invested, used to fund capital expenditure or operating expenditure associated with the activity which held the original asset.
- 6.8. Council may, in exceptional circumstances, choose to use proceeds of asset sales for expenditure in another activity.

#### **Fees and Charges**

- 6.9. Council charges for some services it provides and this revenue funds all or part of the cost of service delivery for these activities. Examples include resource and building consent fees, dog registration fees and facility admission or hire.
- 6.10. Council will amend its fees and charges annually (or more frequently as appropriate) to reflect increases in costs as measured by the assumed rate of inflation and/or to maintain the cost recovery levels underlying the basis for setting the fee levels.

#### **Bequests**

- 6.11. Council occasionally receives bequests that can be used, normally for a specific purpose. Examples include bequests for the purchase of library books or art work.

#### **Borrowing**

- 6.12. Council generally borrows to fund capital expenditure as a way of promoting intergenerational equity and as a way to make the significant cost of some capital projects affordable. Borrowing may be internal (i.e. Council borrowing from itself by using its own reserves) or external.
- 6.13. Council does not borrow for operational expenditure unless this is deemed to be prudent and is approved by Council on that basis.

#### **Lump Sum Contributions**

- 6.14. Council may offer the option for ratepayers to pay their share of a capital project through a lump sum payment rather than through rates over a longer period of time. This can be beneficial for all parties as it reduces the interest paid by ratepayers over the life of the loan, and Council can retire a portion of debt earlier or reduce the need for borrowing.

## **7. Funding Operational Expenditure**

- 7.1. Operating expenditure is the day-to-day cost Council incurs to provide services, including the maintenance of existing assets.
- 7.2. Council has determined that the following sources may be used to fund operating expenditure:
- Rates revenue (including general rates and UAGC)
  - Targeted rates
  - Fees and charges
  - Interest and dividends from investments
  - Proceeds from asset sales
  - Financial contributions
  - Grants and subsidies
  - Borrowing
  - Other operating revenue
- 7.3. Council may choose not to fully fund operating expenditure in any activity in any particular year if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years.
- 7.4. An operating deficit will only be budgeted when considered prudent to avoid significant fluctuations in rates, fees or charges. Council will consider the requirements of section 100 of the LGA (Balanced Budget requirements).
- 7.5. Council may choose to fund more than is necessary to meet its operating expenditure in any particular year. Council will only budget for an operating surplus to fund an operational deficit in the immediately preceding or following years, or to repay debt. Council will have regard to forecast future debt levels when deciding whether it is prudent to budget for an operating surplus for debt repayment.

## **8. Funding Capital Expenditure**

- 8.1. Capital expenditure is expenditure on new or existing assets that maintains or increases their value and the level of service to the community.
- 8.2. Council usually borrows, either internally or from capital markets, to fund capital expenditure. Borrowing for capital expenditure enables Council to spread the cost of providing a capital asset over the expected life of the asset. Council may choose to fund capital expenditure through borrowing and repay the loan over a shorter or longer period if this is considered prudent.
- 8.3. Borrowing for capital expenditure reduced peaks and troughs in the funding required each year and promotes intergenerational equity. This ensures today's ratepayers are not required to fund the whole cost of assets with a long useful

life and subsequent users of the assets also make a contribution to its cost by contributing to the interest and principal repayments in those subsequent years.

- 8.4. Council's borrowing requirements and the cost of servicing loans for capital expenditure may be reduced to the extent that other funding sources can be used.
- 8.5. Council has determined that the following sources may be used to fund capital expenditure:
  - Rates revenue (including general rates and UAGC)
  - Targeted rates
  - Lump sum contributions
  - Interest and dividends from investments
  - Borrowing
  - Proceeds from asset sales
  - Financial contributions
  - Grants and subsidies
  - Reserve funds
  - Other sources.
- 8.6. Borrowing for capital expenditure is undertaken in accordance with Council's Financial Strategy.

## 9. Funding of Depreciation

- 9.1. Depreciation is the process of recognising that an asset is progressively used up over its useful life. By funding depreciation Council ~~is able~~has the ability to provide funding to replace assets at the end of their useful life, or reduce the amount borrowed against the assets. Depreciation is funded within each activity as part of the operating expenditure each year.
- 9.2. In general, Council will fully fund depreciation over the life of an asset in order to systematically allocate the use or consumption of the asset, unless this is not considered to be in the best interests of the community. If Council decides not to fully fund depreciation of an asset it will provide the community with information on why it has decided not to fully fund depreciation and the likely impact of this decision.

## 10. Activity Funding Analysis

- 10.1. Council has considered each activity, and in some cases discrete items within an activity, to determine the most appropriate funding approach.
- 10.2. Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity it provides.

- 10.3. The following matters considered in the assessment are:

#### **Distribution of benefits**

- 10.4. The benefits provided by each activity are assessed to establish to whom these flow. Benefit distribution is assessed using three categories; private benefit, group benefit and community-wide benefit.
- 10.5. **Private Benefit:** accrues to identifiable individuals. Activities that provide a high level of private benefit will normally be funded from fees and charges.
- 10.6. An example of a Council service that provides a high level of private benefit is the processing and granting of a consent. This enables the applicant applying for a consent to undertake an activity that primarily benefits them.
- 10.7. **Group Benefit:** accrues to identifiable groups within the community. Activities that provide a high level of group benefit will normally be funded from a targeted rate or charge on properties able to receive the service.
- 10.8. An example of a Council service that provides a high level of group benefit is the provision of drinking water. Only those able to connect to the drinking water supply are able to benefit.
- 10.9. **Community-wide Benefit:** accrues to the community as a whole. Activities providing a high level of community-wide benefit will normally be funded from the community as a whole, through the general rate or the UAGC.
- 10.10. An example of a Council service that provides a high level of community-wide benefit is the provision of the roading network. Everyone has the opportunity to access and use the service.

#### **Period of benefit**

- 10.11. Council considers the period over which the benefit provided by an activity flows. This provides a rationale for deciding the period over which the expenditure should be funded.
- 10.12. If the benefit an activity provides relates wholly or largely to the immediate year then the activity will normally be funded from rates or other income in the year the expense is incurred.
- 10.13. If the benefit is available over a longer period of time Council will normally borrow to fund the activity or asset to ensure future ratepayers who will enjoy some benefit will pay a fair proportion of the cost.

#### **Control of negative effects (exacerbator pays)**

- 10.14. Council may incur expenditure to protect the community from actual or potential problems. Council looks to identify the cost to the community of controlling negative effects caused by individual or group actions and to recover any costs directly from those causing the problem. Examples are animal control (funding through dog registrations and impoundment fees) and parking enforcement (funding through parking meter fees and infringement fees).
- 10.15. Where a fee or charge is not practical or efficient the cost will normally be funded as if it provides a community-wide benefit – through the general rate or UAGC.

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Revenue and Financing Policy-2021

Page 10 of 37

### **Distinct Funding**

- 10.16. Transparency and accountability are more evident when an activity is funded separately from other activities. This allows ratepayers, or payers of user charges to see how much money is being raised and spent on the activity, and whether or not the cost of the activity represents value for money.
- 10.17. Council will consider the costs and benefits of distinct funding of an activity, including the consequences of the chosen funding method in terms of transparency and accountability. Council will fund activities distinctly where this is practical and efficient.
- 10.18. All activities that are funded distinctly are detailed in section 12 of this policy.

### **Property versus people benefit**

- 10.19. When deciding on the appropriate funding mechanism, Council will consider whether the benefit provided by an activity flows primarily to the value of the property or to the people who live at the property.
- 10.20. In general, Council will look to fund property-related benefit through the general rate, based on land value, and people-related benefit through the UAGC rate (all properties being charged a uniform amount).

### **Community Impact**

- 10.21. Council must consider the overall impact the allocation liability has on the social, economic, environmental and cultural wellbeing of the community.
- 10.22. In considering community impact and the allocation of costs, Council will have regard to:
- The impact a particular funding approach may have on the achievement of community outcomes;
  - Fairness and equality issues arising from the allocation of costs; and
  - Any other impacts on the community, such as affordability of rates for some or all ratepayers.
- 10.23. Council may decide to fund an activity in a way other than generally prescribed in this policy if this approach to funding will promote the achievement of community outcomes or will address perceived affordability issues.

### **Practicality**

- 10.24. Council may choose to make minor variations to the funding approach detailed in this policy for reasons of practicality. This is particularly the case for activities that are partly funded from fees and charges, or from external sources.
- 10.25. In some cases, the funding from fees and charges and external sources may vary from year to year or may be uncertain at the time of budgeting. In these cases Council may choose to adjust the funding from rates to accommodate changes or uncertainty.

- 10.26. For activities funded partly from fees and charges, the revenue generated from this source is often dependent on the demand for services at the time. Council may decide to adjust the level of funding from rates to smooth the level of fees and charges from year to year.
- 10.27. Surplus revenue generated from fees and charges will normally be credited to Council's general reserves, or to the appropriate specified purpose reserve fund.
- 10.28. For activities with specified purpose reserve funds, these funds may be used for rates smoothing purposes if Council is able to use the fund in this way and deems this a prudent approach.
- 10.29. Council may fund minor capital expenditure from operating revenue in the year it is expended. Non-minor capital expenditure items will be funded from reserves or loan funded so as to minimise extreme rate movements and more accurately reflect intergenerational costs.

## **11. Wellbeing**

- 11.1. Council will give consideration for the overall impact this policy has on the current and future social, economic, environmental and cultural wellbeing of the Timaru District Community.

## **12. Policy Review**

- 12.1. This policy will be reviewed every three years, as part of the development of the Long Term Plan.
- 12.2. The policy may be amended at any time, as long as the review process provides for community engagement in accordance with Council's Significance and Engagement Policy and section 82 of the LGA.



### 13. Funding Analysis for Council Activities

#### Governance and Strategy

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity supports and guides all activities carried out by Council and includes; all work associated with elected members (including community board members); community engagement; communications; strategy; policy and plan development; elections; governance functions; performance and accountability reporting.	Connected Citizens	<b>Community-wide Benefit:</b> Benefits the whole community by supporting the decision-making function, representation, advocacy, communication and engagement for all residents.	<p><b>Operating Expenditure</b>  <b>Rates: 90-100%</b>            50% UAGC            50% General Rate            0-10% Targeted Community Board Rates  <b>User Charges: 0-10%</b>            Hearings fees etc</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>            Loan costs are funded in the same way as operating expenditure.</p>

## Community ~~Support~~Services

### Airport

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the management of the Richard Pearse Airport	Enhanced Lifestyle Diverse Economy	<p><b>Private Benefit:</b> Users of the airport receive the primary benefit from the provision and management of the airport enabling travel, or storage and operation of personal aircraft.</p> <p><b>Community-wide Benefit:</b> The whole community receives a secondary benefit through access to the airport and the economic benefits the airport provides the district.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 30-50%</b> Airport charges eg landing fees and lease income <b>Rates: 50-70%</b> 40% UAGC 60% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

### Cemeteries

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the maintenance and development of cemeteries across the district, including burials and interments.	Resilient Infrastructure Enhanced Lifestyle	<p><b>Private Benefit:</b> Users of cemetery facilities, largely family and friends of deceased, receive the primary benefit.</p> <p><b>Community-wide Benefit:</b> The whole community receives benefit through ensuring the deceased are interred in a sanitary way maintaining public health, cemeteries as well maintained public spaces, and the district's social history is preserved in cemetery records.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 40-70%</b> Plot purchases and interment fees <b>Rates:30-60%</b> 60% UAGC 40% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

### Community Development and Funding

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for funding, by way of grants and loans, to support individuals, community groups, facilities and events. The activity also provides for rates remissions and swimming concessions.	Connected Citizens Enhanced Lifestyle	<b>Group Benefit:</b> Recipients of the grants and loans receive the primary benefit. Note: Council has determined that charging these groups for this activity would not meet the purpose of this activity or the Community Wellbeing Outcomes. <b>Community-wide Benefit:</b> The funding criteria for the grants and loans is designed to support groups which provide benefits through their activities to the whole community.	<b>Operating Expenditure</b> <b>Rates: 85-95%</b> 80% UAGC 20% General Rate <b>Grants: 5-15%</b> Funding received from various funding agencies <b>Interest: 5-15%</b> Interest on loans provided to community groups  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

### Emergency Management

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the development of resilient communities through planning, training, education, co-ordination with partner agencies. This activity also includes provision for the Emergency Response Fund.	Connected Citizens Resilient Infrastructure	<b>Community-wide Benefit:</b> The primary benefit is to the people and property of the whole district, enabling planning to mitigate the harm, and to recover from emergencies.	<b>Operating Expenditure</b> <b>Rates: 100%</b> 50% UAGC 50% General Rate  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

#1398273

Revenue and Financing Policy ~~2021~~

Page 15 of 37

## Climate Change

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides development of climate change mitigation and adaptation strategies and action plans for the district.	Sustainable Environment Resilient Infrastructure Connected Citizens	<b>Community-wide Benefit:</b> The primary benefit is to the people and property of the whole district, enabling the planning to mitigate the harm caused by climate change and to assist the whole district to adapt to both climate change and zero carbon living.	<b>Operating Expenditure</b> <b>Rates: 100%</b> 80% General Rate 20% UAGC  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

## Economic Development ~~and Tourism~~

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity promotes and assists economic development and visitor opportunities in the district.	Diverse Economy Enhanced Lifestyle	<b>Community-wide Benefit:</b> This activity provides community-wide benefit through supporting the economic growth and development of the district. <b>Private Benefit:</b> Some benefits may accrue to businesses or individuals using the services this activity provides, e.g. tourism operators.	<b>Operating Expenditure</b> <b>Rates: 90-100%</b> 80% General Rate 20% UAGC <b>User Charges: 0-10%</b> User fees for services provided by Economic Development Agency <b>Other: 0-10%</b> Government grants or subsidies  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

#1398273

Revenue and Financing Policy ~~2021~~

Page 16 of 37

#### Public Toilets

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains public toilets across the district.	Enhanced Lifestyle Resilient Infrastructure	<p><b>Private Benefit:</b> Users of the public toilets, including visitors to the district benefit, and create the need for this activity. Note: Council does not believe a user pays funding model to be practical or appropriate.</p> <p><b>Community-wide Benefit:</b> The whole community benefits through the provision of public toilets and maintaining public hygiene.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 70% UAGC 30% General Rate <b>User Charges: 0-10%</b> User pays may be achievable at some facilities.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

#### ~~Social-Council~~ Housing

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains affordable housing across the district for those in need.	Connected Citizens Enhanced Lifestyle	<p><b>Private Benefit:</b> The tenants of the social housing units benefit from this activity.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 100%</b> Rental income from tenants.</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Grants:</b> Council may seek grant funding and sponsorship to support capital works.</p>

#1398273

Revenue and Financing Policy-2021

Page 17 of 37

## Environmental Services

### Animal Control

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for animal control services including the confining of stray animals and managing aggressive animals.	Enhanced Lifestyle	<p><b>Private Benefit:</b> The owners of animals, particularly dogs, benefit from, and create the need for this activity.</p> <p><b>Community-wide Benefit:</b> The whole community benefits from this activity minimising the negative impact of wandering and aggressive animals.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 90-100%</b> Dog registrations, impounding, infringement and other fees and fines. <b>Rates: 0-10%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

### District Building Control

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the administration and implementation of the Building Act, including processing and granting consents and inspecting and monitoring building work across the district.	Diverse Economy Resilient Infrastructure Sustainable Environment	<p><b>Private Benefit:</b> The benefits from this activity mainly accrue to building owners through ensuring they have met legislative requirements</p> <p><b>Community-wide Benefit:</b> The whole community benefits through this activity ensuring buildings across the district are safe, sanitary and accessible.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 70-80%</b> Various fees and charges relating to building control services. <b>Rates: 20-30%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

## District Planning

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the development, adoption and amendment of the Timaru District Plan	Sustainable Environment Diverse Economy Resilient Infrastructure	<p><b>Community-wide Benefit:</b> The whole community benefits from a District Plan that enables sustainable development within the district.</p> <p><b>Private Benefit:</b> When individuals seek private plan changes they accrue the benefit.</p>	<p><b>Operating Expenditure</b>  <b>Borrowing:</b>  Council will borrow for the operating costs of developing the District Plan, recognising the period benefit for this activity.  Loan costs will be funded in the same way as other operating expenditure.  <b>Rates: 90-100%</b>  Rate funding will be utilised for all other policy work.  100% General Rate  <b>User Charges: 0-10%</b>  Fees for private plan changes.</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>  Loan costs are funded in the same way as operating expenditure.</p>

#### District Plan Administration

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity includes all aspects of the resource consenting process and other district planning requirements, including receiving and processing the applications, monitoring consents and responding to public enquiries, other permissions and Land Information Memorandums.	Sustainable Environment Diverse Economy Resilient Infrastructure	<p><b>Private Benefit:</b> Those individuals seeking resource consent or other services primarily benefit from this activity.</p> <p><b>Community-wide Benefit:</b> There is some benefit to the whole community to ensure consents are processed and monitored through enabling sustainable development</p> <p><b>Exacerbators:</b> Individuals may contribute to costs through lack of compliance requiring ongoing monitoring and enforcement.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 80-90%</b> Various fees and charges relating to the resource consenting and other district planning process. <b>Rates: 10-20%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

#### Environmental Compliance District Health

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This services provides for the administration and monitoring of food safety, liquor licensing, hazardous substances and enforcing the district bylaws	Enhanced Lifestyle Diverse Economy Sustainable Environment	<p><b>Private Benefit:</b> The benefits accrue to the individuals and businesses that require the services of this activity to meet legislative requirements</p> <p><b>Community-wide Benefit:</b> The whole community benefits through the provision of a safe and healthy environment and standards of operation being enforced.</p> <p><b>Exacerbators:</b> Individuals may contribute to costs through lack of compliance requiring ongoing monitoring and enforcement.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 50-60%</b> Various fees and charges associated with this activity. <b>Rates: 40-50%</b> 50% UAGC 50% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p>

#1398273

Revenue and Financing Policy-2021

Page 20 of 37



## Recreation and Leisure

### Aigantighe Art Gallery

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the Aigantighe Art Gallery and collection, including exhibits, research and education	Enhanced Lifestyle Connected Communities	<p><b>Community-wide Benefit:</b> The whole community benefits from access to the Aigantighe Art Gallery and a location to exhibit, store and restore art works and to enable the public consumption of art.</p> <p><b>Private Benefit:</b> Users of the Aigantighe Art Gallery benefit for their use of the facility.</p> <p>Note: Council considers that allocating costs only to the users of this facility would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate <b>User Charges: 0-10%</b> User charges and donations</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Bequests:</b> Bequests and donations also fund the purchase of some art pieces and may be used to support other capital works. <b>Grants:</b> Council may seek grant funding and sponsorship to support capital works.</p>

#1398273

Revenue and Financing Policy 2021

Page 21 of 37

#### Fishing Huts

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity manages two fishing hut sites; Rangitata Huts and Stratheona Huts.	Enhanced Lifestyle	<b>Private Benefit:</b> The owners of the huts on these sites benefit from this activity.	<b>Operating Expenditure</b> <b>User Charges: 100%</b> Lease income  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

#### Forestry

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity manages Council's forestry portfolio.	Diverse Economy Sustainable Environment	<b>Community-wide Benefit:</b> The whole community benefits from the income generated from the harvest of the trees and the carbon credits provided.	<b>Operating Expenditure</b> <b>Proceeds from asset sales: 100%</b> Harvest of trees <b>User Charges: 100%</b> Lease income for forestry blocks  <b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.

### Halls and Community Centres

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity manages and maintains community halls and centres, including Southern Trust Event Centre.	Enhanced Lifestyle Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of halls and community centres for recreation, events and civil defence.</p> <p><b>Private Benefit:</b> The users of the halls and community centres accrue benefits. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b>  <b>Rates: 80-90%</b>  60% UAGC  40% General Rate  <b>User Charges: 10-20%</b>  Hire fees for the facilities  Lease and sponsorship income</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>  Loan costs are funded in the same way as operating expenditure.  <b>Grants:</b>  Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

### District Libraries

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains three district libraries including library books, resources and other services.	Enhanced Lifestyle Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from the access to the district libraries through access to information, community resources and a hub for social interaction.</p> <p><b>Private Benefit:</b> Users of the library accrue benefits. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b>  <b>Rates: 90-100%</b>  60% UAGC  40% General Rate  <b>User Charges:</b>  Charges for some services and fines.</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>  Loan costs are funded in the same way as operating expenditure.  <b>Bequests:</b>  Bequests and donations also fund the purchase of some library resources.  <b>Grants:</b>  Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

### Motor Camps

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides five motor camps across the district. Four of these camps are leased under management arrangements.	Diverse Economy Enhanced Lifestyle	<p><b>Private Benefit:</b> The individuals who lease the motor camps and those who visit the motor camps accrue benefits from this activity.</p> <p><b>Community-wide Benefit:</b> The community as a whole benefits through the provision of these facilities for visitors to the district and wider economic benefits.</p>	<p><b>Operating Expenditure</b>  <b>User Charges: 90-100%</b>  Lease income and camping fees  <b>Rate: 0-10%</b>  60% UAGC  40% General Rate</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>  Loan costs are funded in the same way as operating expenditure.</p>

### South Canterbury Museum

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for management of the South Canterbury Museum facility and services, including displays, archives and educational services.	Enhanced Lifestyle Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from the access to the South Canterbury Museum through cultural enrichment, education and preservation of district heritage.</p> <p><b>Private Benefit:</b> Users of the museum and its services accrue benefits. Note: Council considers that allocating costs only to the users of this facility would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-10%</b> User charges and donations</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Bequests:</b> Bequests and donations also fund the purchase of some museum resources and some operating expenses. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works and some operating expenses (e.g. Learning Outside The Classroom (LEOTC))</p>

## Parks and Recreation

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains parks, reserves, sports grounds, gardens and off-road tracks across the district.	Enhanced Lifestyle Sustainable Environment Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from provision and access to parks facilities across the district such as for active and passive recreational pursuits, health, education and wellbeing. Facilities contribute to community pride and perception of the district.</p> <p><b>Private Benefit:</b> Individuals and groups that use the parks and sports facilities accrue benefits, some from specific facilities (e.g. skateparks, sportsgrounds). Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-10%</b> Sport ground leases and user charges</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Lump Sum Contributions:</b> Some capital contributions paid for facilities (eg sports surfaces) by user groups. <b>Financial Contributions:</b> Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

## Swimming Pools

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides, maintains and manages four swimming pools across the district, including the gym and café facilities at CBay Aquatic Centre.	Enhanced Lifestyle Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of swimming pools in the district.</p> <p><b>Private Benefit:</b> Users of the swimming pool and gym facilities accrue benefits from this activity. Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure – Rural Summer Pools</b>  <b>Rates: 70-80%</b>  60% UAGC  40% General Rate</p> <p><b>User Charges: 20-30%</b>  Pool user fees, hire fees and other user fees</p> <p><b>Operating Expenditure – CBay</b>  <b>Rates: 40-50%</b>  60% UAGC  40% General Rate</p> <p><b>User Charges: 50-60%</b>  Pool and gym fees and membership, hire fees, café sales and other revenue, and other user fees.</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>  Loan costs are funded in the same way as operating expenditure.  <b>Grants:</b>  Council may seek grant funding, fundraising and sponsorship to support capital works.</p>



Theatre Royal/ Heritage Centre

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and manages the Theatre Royal.	Enhanced Lifestyle Connected Citizens	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of the Theatre Royal.</p> <p><b>Private Benefit:</b> Users who either hire the Theatre Royal for events and performances, or those who attend events and performances accrue benefits.</p> <p>Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 80-100%</b> 60% UAGC 40% General Rate</p> <p><b>User Charges: 0-20%</b> Facility hire fees (Note: Currently the facility is closed, with no revenue being generated. The existing policy will be reviewed for when the new facility is opened).</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure.</p> <p><b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

## Roading and Footpaths

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the road and footpath network across the district, including bridges and street lighting.	Resilient Infrastructure Diverse Economy	<p><b>Community-wide Benefit:</b> The whole community and visitors benefit from access to the roading and footpath network.</p> <p><b>Group Benefit:</b> Group benefit is provided to residents where footpaths and street lighting and decorative lighting is available.</p>	<p><b>Operating Expenditure – Subsidised works</b>  <b>Rates: 40-50%</b>            70% General Rate            30% UAGC  <b>Subsidies: 50-60%</b>            Waka Kotahi (NZ Transport Agency) Financial Assistance</p> <p><b>Operating Expenditure – Non-subsidised works</b>  <b>Rates: 80-90%</b>            60% General Rate            40% UAGC</p> <p><b>Capital Expenditure</b>  <b>Borrowing:</b>            Council may decide to loan fund specific projects on a case by case basis. Projects will be assessed based on the expected life of the asset and the impact on rates.            Loan costs are funded in the same way as operating expenditure.</p> <p><b>Waka Kotahi Funding:</b>            Council receives funding from Waka Kotahi for qualifying capital projects. The level of funding depends on the annual “financial assistance rate” for TDC and on the work programme approval by Waka Kotahi.</p> <p><b>Private Contributions:</b>            Council may agree to undertake specified work in addition to its planned work programme at the request of a resident if there is a private contribution.</p>

## Cycleways and Walkways

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains on- and off-road cycleways and walkways throughout the district.	Enhanced Lifestyle Resilient Infrastructure Sustainable Environment	<p><b>Community-wide Benefit:</b> The whole community benefits from the provision of walkways and cycleways for recreational and commuting purposes.</p> <p><b>Private Benefit:</b> Users of the walkways and cycleways accrue benefits.</p> <p>Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p>	<p><b>Operating Expenditure</b> <b>Rates: 90-100%</b> 50% UAGC 50% General Rate <b>Subsidies: 0-10%</b> Waka Kotahi provide some financial assistance for active transport routes</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Financial contributions:</b> Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure. <b>Waka Kotahi Funding:</b> Council receives funding from Waka Kotahi for qualifying capital projects. The level of funding depends on the annual “financial assistance rate” for TDC and on the work programme approval by Waka Kotahi. <b>Grants:</b> Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

#### Parking Services

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity develops parking facilities across the district and includes the enforcement of Council's parking bylaw and policy.	Resilient Infrastructure Diverse Economy Enhanced Lifestyle	<p><b>Private Benefit:</b> Vehicle users visiting or working in CBDs across the district benefit from the provision of parking.</p> <p><b>Group Benefit:</b> District businesses located within CBD areas benefit through the existence of a service that facilitates business custom</p>	<p><b>Operational Expenditure</b> <b>User Charges: 100%</b> Parking income from fees and infringements</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>User Charges:</b> Parking income from fees and infringements</p>

## Sewer/Wastewater

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for sewer services including the treatment and disposal of sewerage in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point, and Timaru's industrial wastewater.	Resilient Infrastructure Sustainable Environment	<p><b>Group Benefit:</b> Group benefit is provided to residents, businesses and industries able to connect to Council's sewer network and tradewaste scheme and dispose of wastewater.</p> <p><b>Community-wide Benefit:</b> There is community benefit provided through the health, economic and environmental benefits of having treated sewerage and industrial waste disposed of safely.</p> <p><b>Exacerbator:</b> Additional costs may be caused through overloading of systems, disposal of hazardous material, illegal connections or incorrect disposal. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p> <p>Note: Council does not consider it equitable to fund the community-wide benefit across the district, as residents not able to receive this service must provide their own sewerage collection and disposal.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rates: 70-80%</b> Targeted rate for all connected to the sewer services. <b>User Charges: 20-30%</b> Trade waste charges and other sewer charges</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs are funded in the same way as operating expenditure. <b>Financial Contributions:</b> Amounts to be funded from financial contributions for sewer services will be determined from Council decisions at the time of development. <b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

#1398273

Revenue and Financing Policy ~~2021~~

Page 33 of 37

## Stormwater

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the stormwater network including treatment and disposal management of stormwater in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point, and some smaller rural schemes.	Resilient Infrastructure Sustainable Environment	<p><b>Group Benefit:</b> Group benefit is provided to the residents and businesses in areas where stormwater facilities are provided and reduce risk from flooding for residents' properties and communities.</p> <p><b>Community-wide Benefit:</b> Community-wide benefit accrues through protection of assets such as roads and public facilities, and by enabling safe transit for residents within urban areas during rainfall events. There is also community-wide benefit through improved environmental outcomes in stormwater treatment.</p> <p><b>Exacerbator:</b> Additional costs may be caused through illegal connections and incorrect disposal of wastewater. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily community specific, it is appropriate to fund the activity separately by community.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rate: 100%</b> 100% Community Works and Services Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p> <p><b>Financial Contributions:</b> Amounts to be funded from financial contributions sewer services will be determined from Council decisions at the time of development.</p> <p><b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

### Waste Minimisation

#### Waste Collection

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the kerbside collection of green waste, rubbish and recycling to urban and some rural residents and businesses.	Sustainable Environment Enhanced Lifestyle	<p><b>Group Benefit:</b> Group benefit is provided to owners of properties receiving kerbside collection.</p> <p><b>Community –wide Benefit:</b> The whole community benefits from a system that enables waste separation, reduces illegal or incorrect disposal and encourages improved environmental outcomes.</p> <p><b>Exacerbator:</b> Additional costs may be caused through incorrect or illegal disposal. Costs will be recovered where it is economically viable.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p>	<p><b>Operational Expenditure</b> <b>Targeted Rate: 100%</b> Targeted rate for collection service, additional bins are charged for as a targeted differential (by service type) collection charge</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p>

## Waste Management

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for the provision and management of the Redruth Resource Recovery Park and the Geraldine, Pleasant Point, Temuka and Timaru transfer station facilities, waste minimisation education and monitoring, and closed landfill remediation and monitoring.	Resilient Infrastructure Sustainable Environment	<p><b>Private Benefit:</b> Benefit is accrued by individuals who use the Resource Recovery Park and transfer stations to dispose of household and business waste, green waste and recycling.</p> <p><b>Community-wide Benefit:</b> The whole community benefits from education and monitoring, a system in place to enable safe and efficient waste management, public health and improved environmental outcomes.</p> <p><b>Exacerbator:</b> Additional costs may be caused through incorrect or illegal disposal. Costs will be recovered where it is economically viable.</p>	<p><b>Operating Expenditure</b> <b>User Charges: 60-100%</b> Resource Recovery Park and transfer station charges. <b>Rates: 0-40%</b> 100% General Rate</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p>



### Water Supply

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides for safe and effective abstraction of water from the source, and the treatment, storage and distribution of water to urban and rural residents and businesses.	Resilient Infrastructure Enhanced Lifestyle Diverse Economy	<p><b>Group Benefit:</b> Group and Private benefit is provided to all those residents able to connect to Council's drinking water networks.</p> <p><b>Community-wide Benefit:</b> The whole community benefits through safe drinking water being provided in areas of the district that are serviced, maintenance of public health and availability of water for key public services (e.g. firefighting) and amenities (e.g. swimming pools).</p> <p><b>Exacerbator:</b> Additional costs may be caused through illegal connections. Costs will be recovered if possible or prosecutions may be taken.</p> <p>Due to benefits being primarily to a group of users, it is appropriate to fund the activity via separate mechanisms.</p> <p>Note: Council does not consider it equitable to fund the community-wide benefit across the district, as residents not able to receive this service must provide their own drinking water source.</p>	<p><b>Operating Expenditure</b> <b>Targeted Rate: 70-80%</b> Urban and rural scheme targeted rates for urban schemes and rural scheme targeted rates.</p> <p><b>User Charges: 20-30%</b> Charges for water supplied to properties with water meters (per cubic meter) and a small rental contribution</p> <p><b>Capital Expenditure</b> <b>Borrowing:</b> Loan costs funded as for operational expenditure.</p> <p><b>Financial Contributions:</b> Amounts to be funded from financial contributions sewer services will be determined from Council decisions at the time of development.</p> <p><b>Lump Sum Contributions:</b> Council may seek lump sum contributions from residents at the time of development.</p>

## **9.12 Bringing forward Future Development Areas at Seadown and Kennels Road, Timaru**

**Author:** Hamish Barrell, Planning Manager - Consents, Compliance & Strategy

**Authoriser:** Paul Cooper, Group Manager Environmental Services

### **Recommendation**

That Council prioritise the Proposed District Plan hearing process (with provisions as they were notified), referred to as Option 2 below, before embarking upon detailed planning for Future Development Areas 13 Seadown Road and 14 Kennels Road.

### **Purpose of Report**

- 1 The purpose of this report is to describe the costs and benefits associated with bringing forward new areas for development in and around the Washdyke area and seek direction from Council as to next steps.
- 2 It is noted that any signals to the course of direction for the Proposed District Plan could inadvertently cause landowners to make assumptions that distort the underlying land market pricing prematurely.

### **Assessment of Significance**

- 3 In respect of Council's Significance and Engagement Policy this matter is of moderate to high significance depending upon which option is selected. This has been broken down as follows:

#### **3.1 Māori Values – Moderate significance**

Development in this area is likely to be broadly acceptable based on being outside the location of any Sites and Areas of Significance to Māori. That said, this is in the Waitarakao - Washdyke Lagoon catchment and so there is going to be the need for an ongoing conversation around how future discharges are managed. There may also be future purchase options for Ngai Tahu over the Racecourse land which potentially enhances the desirability of this proposal should they come to acquire it.

#### **3.2 Current and future impact on the community - Low significance**

Given the area's predominately rural character there is a relatively low number of people (on the ground) affected. Some businesses could be affected in the future through reverse sensitivity effects. These could potentially be mitigated by design, e.g., establishing buffer areas, as set out through the Development Area Plan. Additionally, the sites isolation from adjoining residential activities has the potential to impact on the desirability and quality of life of future residents.

#### **3.3 Financial - Moderate to high significance**

In the short-term additional funding would be needed to consider and undertake a Variation. After the PDP becomes Operative developers can fund their own Plan change. In the long term the success of future zoning gives rise to expectations for public infrastructure provision and funding which have not as yet been costed.

#### **3.4 Wellness rating - Moderate significance**

Modern, affordable housing of approximately 450 new homes (including on the Racecourse) would be a welcome addition to the Timaru community and FDA13 is fully supported by Venture Timaru as potentially meeting a market niche for key workers arriving in the district. To give perspective on what 450 new homes would add over the last few years new home builds have been 2022/23 - 47, 2021/22 – 229, 2020/21 - 214, 2019/20 – 162 and 2018/19 - 164. Similarly, interest for industrial expansion within FDA14 has already been expressed to Council staff.

### 3.5 Impact on levels of service – Moderate significance

Variations this early in the plan process are considered unusual and will invariably complicate the already busy Proposed Plan hearing process. Such a Variation will divert stretched staff resources into undertaking a new stream of consultation, preparation of evidence covering a wide range of technical aspects and notification related activities. This can be partially mitigated by the use of consultants. What is harder to quantify is whether there will be any loss of reputation given the lapse of time since notification<sup>2</sup> and any costs associated with re-work both for Council and those already engaged in the process.

### 3.6 Impact on strategic assets – Moderate significance

On the proviso that Council is not liable for funding new connections, mains and the extension for the network; otherwise high. Assessments are required on the capacity of Council's Infrastructure Networks, Land Transport and Three Waters, to accommodate the proposed residential growth. Modelling will be required to identify whether the servicing of the land is feasible for water supply and sewer disposal. Stormwater discharge is most likely to be via a discharge to land which will require a consent from the Regional Council. An assessment of the demand on Council's and the State Highway's network to be triggered by the residential growth will require undertaking to identify what changes would be required to Kennels Road, SH1 and SH8; there is also likely need to be traffic impact assessments of the wider roading network. It is noted that Waka Kotahi has submitted in opposition to FDA 14 on the Proposed Plan.

## **Background**

- 4 The background to this paper was canvassed in the Environmental Services Committee Meeting of 5<sup>th</sup> September 2023. Resolution 2023/30 was that Council officers investigate how to deliver greenfield growth options on the northern margin of Timaru and consider legal and funding implications. In addition to this resolution it is understood that an assessment of the comparative market value against sections for FDA 1, 2, 4 versus 14 was also sought from the Environmental Services Committee meeting in February.

## **Discussion**

- 5 Development Area Plans (DAP) are an important step in the process for how land is rezoned for urban purposes. For instance, work on a Development Area Plan for the zoned area of Richardson Farm (FDA1, 2 and 4) is proceeding (paper to Infrastructure Committee 13 February 2024). This area was selected for a DAP based on land ownership patterns and indicated timeframes at the time of plan notification. These timeframes reflected the desire for urban development of 800 new homes to occur in a form that concentrates, or is attached to, existing urban areas and proximity to adjacent development and infrastructure. In contrast

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<sup>2</sup> Clause 10 Part 1 Schedule 1 of the RMA

FDA 13 and FDA14 were listed in the PDP as being brought forward after 10years [Sched15]. Being further to the north of Timaru than other land having been zoned for urban expansion the area of FDA 13 and 14 would be considered to be out of sequence with what was intended at the time of notification.

- 6 This means that before Council can bring FDA13 and FDA14 forward it needs to establish how the proposal would meet a range of provisions in relevant planning documents including the Canterbury Regional Policy Statement and National Policy Statement for Highly Productive Land. This will require a much broader range of supporting technical evidence. Independent consultant Andrew Ross estimated figures for which are set out in Attachment 1 and 2. It is noted that Mr Ross has only addressed the technical information required to put the supporting documents for a plan change or variation together and his estimate doesn't include Council's processing costs.
- 7 It is noted that Councillors have also requested information concerning the affordability to the *market* of housing provided in the alternative FDAs 1, 2, 4, then 3, 5, and also 14. Carrying out a comparative market analysis of likely housing values in each location would need to factor in the cost to develop (both private build cost, and distributed cost of trunk infrastructure) and locational pricing context. Considerations for a willing buyer include the size of the section; the size, build quality and typology of the home; proximity to amenities including neighbourhood centres, schools, parks and transport links; the perceived desirability of the neighbourhood; the desirability of the specific site (e.g. sun/shade, orientation, incline, proximity to natural or developed features etc); the cost of living in a given location (rates, transport, insurances, energy efficiency of the home) etc.
- 8 At this stage the only staff comment is that it can be assumed that the development of a flat site is likely to be cheaper than sites with a rolling topography. that said, the market value of properties developed in FDAs 1, 2 and 4 can be expected to vary significantly across the area offering a both premium and low-cost homes. Future and prices would be based on location (e.g. ridgeline or gully, proximity to Transpower infrastructure and whether they are north or south facing. The caveat to seeking estimated market values is that any average value will depend upon what the intentions of each developer for a subdivision proposal/site plan. Future section prices will vary across the FDAs being discussed. Officers would need to return to Council with additional evidence if a more detailed comparative market analysis (e.g., comparing housing in FDA14 against FDA 1, 2 and 4) was felt to be of assistance.
- 9 In addition, it is worth noting that the Racecourse Trust are understood to be in opposition. Their land itself is owned by the Department of Conservation (DOC). The process to transfer this land, even if the Trust were to agree to the proposal, is understood to be subject to Crown Land sale/offer process.
- 10 In the absence of the Trust being supportive, and given that they represent a significant chunk of the land associated with FDA14, it does mean there is a high risk of failure for pursuing more detailed planning at the current time. The same is not necessarily true for industrial activities at FDA 13.
- 11 Despite the synopsis of Andrew Ross, in Attachment 1, that the planning system is currently unfavourable to the proposal there is on the horizon a number of changes being signalled by the new Coalition Government for changes to the Resource Management system which could ultimately tip the balance away from the current thinking.
- 12 The first change on the horizon is the new fast-track consenting bill process which will be contained in a standalone Act. Its purpose statement is that it is focused on economic

development and makes it a priority for regionally and nationally significant infrastructure and development projects. One area currently in the bill for eligibility is whether a proposal will increase the supply of housing, address housing needs, or contribute to a well-functioning urban environment. While it is very early to speculate at this time it seems somewhat unlikely that this mechanism is intended for a proposal of this nature.

- 13 More promising, in relation to this proposition, in particular, is Minister of Housing, Infrastructure and RMA Reform, The Minister's recently indicated direction. The Government's intention<sup>3</sup> is to directly require the planning system regime to make more land available for housing. It would require some<sup>4</sup> Councils to make 30 years-worth of land available for development in the interim, with further reform signalled - ultimately leading to the amendment and replacement of the Resource Management Act. This stance is encouraging for the proposal in the future and may create an opportunity to complete work in relation to this site in a legislative environment that is conducive to a successful outcome for the proposal.

### Options and Preferred Option

- 14 The matter of bringing forward urban development in the area north of Washdyke via a Variation to the DPR (Option 1) is currently considered weighted against given the current policy settings. The signalled (but as yet unconfirmed) future policy settings may well be more enabling for developments to occur out of sequence, such as this matter (options 2 and 3). Council is encouraged to take a strategic view of the current situation especially the stage at which both the Regional Policy Statement and the Proposed Plan are at.
- 15 Options to bring FDA's forward.

<b>Variation to DPR (Option 1)</b>	<b><u>Future Private Plan Change (Option 2)</u></b>	<b><u>Future Council Plan Change (Option 3)</u></b>
<ul style="list-style-type: none"> <li>• <u>Council lead</u></li> <li>• <u>Impacts on the DPR process</u></li> <li>• <u>Cost sits with Council</u></li> </ul>	<ul style="list-style-type: none"> <li>• Developer/landowner lead</li> <li>• Would occur after the DPR process</li> <li>• Cost sits with Developer/Landowner</li> </ul>	<ul style="list-style-type: none"> <li>• Council lead</li> <li>• Would occur after the DPR process</li> <li>• Cost sits with Council</li> </ul>

<sup>3</sup> <https://www.beehive.govt.nz/speech/speech-wellington-chamber-commerce-5>

<sup>4</sup> At the time of writing this is intended to encompass Tier 1 and 2. Timaru is Tier 3.

This leads to two primary options and a hybrid option with respect of the above for consideration:

#### 15.1 Option 1

That Officer's expediate FDA13 and FDA14 by way of a variation at the same time as the PDP hearing process is running, while seeking to minimise both risk and cost to ratepayers from legal challenges. This option is essentially Council led and requires funding for additional Development Area Plans within FDA 13 and 14. Working towards Option 1 is currently unbudgeted expenditure and, if desired, Officers would look to amend the Long Term Plan accordingly.

#### 15.2 Option 2 (Preferred Option)

That the Proposed Timaru District Plan review proceeds without additional investigations in this regard until decisions from Hearings that address all submissions (particularly those in opposition) are finalised. At this time further investigation of greenfield growth options would be re-considered, in particular facilitating the incorporation of FDA14. Envisaged as a private plan change this Option is anticipated to be developer led and as such Option 2 can be considered as budgeted expenditure by way of the District Plan Review.

#### 15.3 Option 3

That Council reserves the right to move from Option 2 to 1 before decisions on submissions are released if either privately funded evidence or changes in national policy support the developers' proposal. This could be by way of either variation or future plan change, showing Council to be "enabling" while managing the risk and cost for ratepayers.

### **Consultation**

- 16 A Renotified Summary of Decisions Requested (Summary of Submissions) on the Proposed District Plan has been undertaken though at the time of writing it's too early to know whether any new further submissions have been received on the matter of FDA13 and FDA14.

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

- 17 Set out in Attachment 1 by Andrew Ross, independent consultant.

### **Financial and Funding Implications**

- 18 Set out in Attachments 1, 2 and 3.

### **Other Considerations**

- 19 No other considerations.

### **Attachments**

1. **Andrew Ross Report**  
2. **Timeline and Indicative Budget to Notification**  
3. **Process Options Shown Diagrammatically**  

## Background

The Environmental Services Committee Meeting held on Tuesday, 5 September 2023 determined an action point on the item 'investigation into a possible variation to the Proposed Timaru District Plan on Urban Growth'. The action required Council Officers to investigate how to deliver greenfield growth options on the northern margin of Timaru and consider legal and funding implications.

The purpose of this report is to identify the pathway, anticipated costs and benefits and any associated risks of undertaking a Variation to the Proposed Timaru District Plan (PTDP) in regard to the zoning of Future Development Areas (FDA) 13 and 14.

## Executive Summary

- 1 The sites are both located on the northern side of Washdyke, Timaru. Both are classified as Class III soils, and have overland flow paths and flood hazard overlays. State Highway 1 and Seadown Road adjoin FDA 13, and State Highways 1 and 8 adjoin FDA 14, which are currently identified in the PTDP to be developed beyond 10 years. There is little to no existing infrastructure in place at present, nor is any planned for this land in the short to medium term.
- 2 There are directions in the NPS-UD to provide for adequate provision of land for new housing and business development, and this national policy document also provides direction about selecting appropriate areas for growth. In general terms, both the NPS-UD and the PTDP seeks a consolidated and integrated settlement pattern. The NPS-HL then seeks to protect Class I – III soils, unless required for Urban Development (residential and business development) under the NPS-UD.
- 3 A Variation to the PTDP is possible under the RMA to provide for earlier development of any new FDA's, however the reports that have already been publicly released to support the district plan process do not provide strong support for this option, so there is a considerable risk that this process would not be successful, particularly if one of the directly affected landowners objects to the proposal.
- 4 If this option was to be progressed considerable new evidence would need to be obtained at Council's cost to support the Variation, on issues such as demand, hazards, infrastructure upgrades, and determining what is appropriate urban development for FDA 14. The supporting information for such Variation could then unfortunately have the ability to contradict the Growth Management Strategy 2022 and also present issues for justifying proposed zoning for other areas of the Timaru District in the PTDP. This conflict could create a clear legal risk for the Council both in terms of providing a strong foundation for the PTDP, and in seeking to justify the variation.
- 5 If provision was made for earlier development of these areas, costs associated with a Variation would be similar to that of a private plan change and estimated to be in the order of \$320,000 plus GST for each separate FDA area (\$640,000). This is in addition to the costs to Council associated with bringing FDA 13 and 14 'online' is estimated from a high-level desktop analysis to be upwards of \$12.5M. To determine a more accurate figure, a concept design and costing would need to be completed, contemplating the eventual development of these properties and the consequential supporting Council infrastructure.

- 6 On balance, in order to avoid creating conflicts with the existing growth strategy, and with Council evidence and reports supporting the PTDP, and to avoid potentially exposing Council to legal risk, it is recommended that Council continue with the District Plan Process as currently notified and explore alternative options following the adoption of the PTDP, such as the landowner potentially initiating a private plan change.

#### **FDA's 13 & 14**

- 7 These sites are located on the northern perimeter of the Timaru township and adjoin State Highways. FDA 14 is located between State Highway 1 and State Highway 8, while FDA 13 is located between State Highway 1 and Seadown Road. The owner of the majority part of FDA14 is understood not to be supportive of the variation proposal at this stage.
- 8 The topography of the sites is generally flat with subtle depressions that are recognised as overland flow paths in the PTDP. Both sites are located in Flood Hazard Assessment Areas, the level of flood risk on the sites will need to be determined by a site specific flood assessment. There is no known biodiversity or landscape values in, or within close proximity, to the sites.
- 9 The soil on the sites is characterised as Land Use Capability (LUC) Class III as mapped by the New Zealand Land Resource Inventory. LUC Class I - III land is protected by the NPS-HPL and urban development on this land needs to satisfy the requirements under the NPS-HPL. It is acknowledged that Class III is the lesser of three classes in determining rural production capacity.
- 10 There are nodes of verified and unverified contaminated land throughout the sites, notably in Timaru Racecourse. Because of this classification, as part of any future subdivision or change in land use, a Detailed Site Investigation and possible remediation work would be required for any earthworks associated with contaminated land under the NES-CS.
- 11 The PTDP does not identify the sites as being specifically Sites and Areas of Significance to Māori (SASM), although appropriate consultation and assessments will need to be undertaken during the planning process to determine cultural and archaeological effects.
- 12 FDA 13 and 14 are not connected to Council reticulated wastewater networks, nor is there a connection to Council's urban water drinking supply. Any stormwater is presently discharged to ground.

#### **Potential advantages of making new residential land available**

- 13 A range of potential benefits and advantages of making of new greenfield land available for development are identified in the National Policy Statement for Urban Development (NPS-UD). Availability of land for new residential and business development is helpful for ensuring that future demand for both housing and business premises can be met, and potentially also to contribute to housing affordability goals for the district.
- 14 The Council documents that are relevant to supporting planning for future growth include the Growth Management strategy, any future development strategy, strategic directions provided in the operative and proposed district plans, the Council's Long Term Plan and Annual Plan and the Timaru District Economic Development Strategy.



### Proposed Timaru District Plan – Future Development Areas

- 15 Schedule 15 of the PTDP identifies 15 Future Development Areas with indicated timeframes and anticipated zoning.
- 16 In regard to FDA 13 and 14 Development Area Plan timeframes, these are listed as 'future area - beyond 10 years'. The background to such timeframes is guided by the Growth Management Strategy (Reviewed 2022), and fundamentally, population growth projections, including in the reports obtained by Council to support the current form of the PTDP.
- 17 The zoning anticipated in FDA 13 is General Industrial, whilst FDA 14 anticipates Urban Development. The zoning of FDA 14 would need to be considered through consultation and a comprehensive master planning exercise. Submissions have been made on these parts of the plan, which are yet to be heard and determined by the Council hearings panel. Following that decision and Council's approval of the PTDP, any of these provisions might then be the subject of an appeal to the Environment Court.
- 18 The PTDP Strategic Directions Chapter refers to Urban Form and Development, in particular UFD-O1 seeks *a consolidated and integrated settlement pattern that:*
  - i. *efficiently accommodates future growth and capacity for commercial, industrial, community and residential activities, primarily within the urban areas of the Timaru township, and the existing townships of Temuka, Geraldine, and Pleasant Point;*
  - ii. *is integrated with the efficient use of infrastructure;*
  - iii. *reduces adverse effects on the environment, including energy consumption, carbon emissions and water use;*
  - iv. *protects drinking water supplies from the adverse effects of subdivision, use and development;*
  - v. *is well-designed, of a good quality, recognises existing character and amenity, and is attractive and functional to residents, business and visitors;*
  - vi. *avoids areas with important natural, cultural and character values;*
  - vii. *minimises the loss of versatile soils;*
  - viii. *enables papakāika, to occur on ancestral lands;*
  - ix. *avoids locating new growth in areas where the impacts from natural hazards are unacceptable or which would require additional hazard mitigation; and*
  - x. *controls the location of activities, primarily by zoning, to minimise conflicts between incompatible activities and avoid these where there may be significant adverse effects.*
- 19 The Future Development Area Chapter provides three (3) Objectives and six (6) Policies. Of relevance is the 'avoid ... unless' policy of FDA-P5 that seeks to *avoid unanticipated urban development outside the Future Development Area Overlay and out of sequence development within the Development Area Overlay unless it meets numerous strategic and assessment based factors.*

- 20 When planning for urban development in FDA 14, proposed zonings are required to achieve the consolidated and integrated pattern sought by the Strategic Directions in the PTDP. The area is effectively resulting in urban sprawl, this matter shall be carefully considered if residential zoning is sought as it is not connected to an existing residential zone.

**Options for changing plan to provide for earlier development of FDA's 13 & 14**

- 21 A variation to the PTDP to seek to rezone the land within FDA's 13 & 14 may be progressed by Council under schedule 1 of the RMA at any time before the final approval of the PTDP.
- 22 A private plan change request from a private landowner, which can take effect once the PTDP becomes operative.
- 23 It is understood Council has determined that a Variation to the Proposed District Plan at this stage of the process is possible and can be undertaken to ensure the original PTDP represents the communities existing and future needs. Provisions of Schedule 1 of the RMA shall apply as if the Variation were a change, so must be a Council led plan change.
- 24 The proposed Variation would need to be supported by a range of new information which Council does not have at present.

**Required Information / Supporting Documents for Variation**

- 25 Given the background information of the sites and considering relevant legislation, the following information would be required to support to a Variation and form a Development Area Plan:
- a) Preparation of the Master Plan and Development Area Plan
    - Including a vision for zoning, housing typologies, infrastructure, transportation routes and hazards.
  - b) Flood Hazard Assessment
    - Including modelling to determine risks, general suitability and mitigation etc.
  - c) Cultural and Archaeological Assessment Report(s)
    - Following Iwi consultation, this would determine the sites appropriateness for development.
  - d) Landscape Visual Assessment
    - Including initial design work on the master plan, this would determine boundary treatment of the perimeter of FDA's, greenspace areas and roading corridors, and complement an Urban Design Assessment.
  - e) Ecological Report
    - Including a site walkover and determination of any onsite ecology of significance.
  - f) Urban Design Assessment

- Including initial design work on the master plan and supporting assessment of zoning, layout and DAP.
  - g) Infrastructure Report
    - Including modelling of three waters infrastructure, stormwater control methods, and required upgrades.
  - h) Population Projection and Economic Analysis Report, including housing Supply and Demand Report)
    - Including a statistical review to guide population projections and local economic climate, including the District's housing demand and supply can be provided within the PTDP.
  - i) Detailed Site Investigation and Soil Contamination Report
    - Including on site soil testing for contamination to determine if any remedial works are required.
  - j) Land Use Capability Assessment
    - Including an assessment on the NPS-HPL, soil testing and production capacity.
  - k) Geotechnical Assessment
    - Including on site testing and report analysis to guide earthworks and future built form.
  - l) Integrated Transport Assessment
    - Including internal and external transportation effects, as well as active transport routes.
  - m) Planning Assessment
    - Including required planning assessments and high-level guidance of expert input, such as spatial guidance during master plan development. The planning assessment would also consist of a s32 Report, which is required to consider alternative sites.
- 26 At this stage it is anticipated that if new evidence was obtained on several of these topics that was supportive of the variation, then it is highly likely that parts of that evidence would also be contrary to or contradict parts of the evidence and reports already produced in support of the PTDP. This includes existing publicly released evidence on flood hazards, infrastructure, population projections and economic analysis, transport and planning.

#### **Cost and Timeframe**

- 27 A high-level overview of the indicative costs and timeframes associated with implementing FDA 13 and 14 are outlined in **Attachment A**. Please note that all costs are indicative estimates and subject to review and confirmation by the relevant pricing parties.
- 28 Timeframes to prepare a variation would be similar to that of a private plan change, being approximately eight (8) months. The notification and hearings process could then

take between four (4) to twenty four (24) months, depends on availability of resource, then followed by appeal.

- 29 Costs associated with a Variation would be similar to that of a private plan change and estimated to be in the order of \$320,000 plus GST for each separate FDA area. This estimate excludes cost to going through appeal which could vary from \$10,000 to over 1 million, depends the number and nature of appeal received following the decision on the variation/plan change. It would be expected that FDA 13 would be in the range of \$250,000 to \$320,000. These costs are purely indicative of the cost Council should expect and do not include Council internal processes.
- 30 For the purpose of assisting Council to begin to understand the potential expenditure of bringing these two FDA sites 'online', the **physical works** which would be expected to be undertaken by Council to service the sites boundary is estimated to be ~\$12,750,000 to ~\$15,000,000. These costs were based on a desktop exercise that looked at existing servicing, its proximity to the site(s), and the development type being Industrial for FDA 13 and Residential for FDA 14. From the information available, the final nature of urban development within FDA 14 is unknown.
- 31 The infrastructure figure listed above shall only be used to provide Council with an indicative figure to illustrate costs they should expect to incur at a minimum if FDA 13 and 14 were to be serviced. The key assumptions made during these calculations included:
  - A new wastewater main would be provided directly to the centre of each FDA area, with one pump station being provided for each FDA. The new wastewater main would be connected directly into the wastewater treatment facility in Washdyke. This needs further assessment.
  - Stormwater would be partially attenuated on new allotments, and that the downstream capacity of the stormwater system will not be sufficient to service future development. Potentially a new drain would be required to the coast.
  - That two new watermains would be required to service the sites (being extended from existing watermains in Washdyke).
  - The existing water supply mains would be upsized.
  - Consents and Approvals only make up 5% of the construction costs.
  - A contingency budget of 20% has been added given the high level nature of the estimated costs.
- 32 The following are excluded from any calculations:
  - Any required upgrades to the wastewater ponds or water supply.
  - Any flood mitigation works.
  - Any upgrades to the existing road infrastructure including state highway works (where applicable).
  - Any management areas for Council purchase, including roading, infrastructure, stormwater, roading and greenspace.

- 33 Detailed calculations would require an indicative design / structure plan to provide appropriate infrastructure analysis to determine an exact figure for financial planning purposes.

#### **Discussion and Risks**

- 34 Although the supporting documents will provide mechanisms to address the many components of future development, the required outcomes pose a risk and could derail the current Plan Review process.
- 35 The cost of each FDA and required supporting documents is substantial and reflects that of a private plan change. Usually Council would expect those costs to sit with the landowner.
- 36 A variation could take at least a year to process, and create potential conflicts with the plan provisions being considered in the parallel PTDP process.
- 37 At a high level, it is inconclusive to what degree information relating to demand would support such change, particularly given the revised GMS being as recent as 2022. Interrelated to the findings of the GMS 2022 is the NPS-HPL which to date, has created an obstacle for urban sprawl on Class I – III soils. If a variation were to be undertaken under the current legislation, Council would need strong supporting evidence that justifies the demand for new land and be confident that such evidence would withstand legal challenge.
- 38 The major risk here is that the new evidence does not provide sufficient rationale to support a Variation, or it contradicts the GMS 2022 and consequently dismisses the rationale for the proposed zoning in the PTDP. Ultimately, an economic assessment would determine such matters and is a requirement of clause 3.6(4) of the NPS-HPL.
- 39 In terms of FDA 13, the industrial area would adjoin existing industrial zoning and at a higher level, is more fitting from a spatial planning context. However, reports would need to support that there is sufficient demand for this rezoning along with suitable masterplanning outcomes.
- 40 The anticipated outcome of FDA 14 is for urban development. While this does not indicate what type of urban development specifically, if residential zoning was sought, it may promote urban sprawl and further protrude the urban boundary. A risk is that residential zoning on the site may not address those matters of the NPS-UD and Strategic Directions of the PTDP.
- 41 From prior reports, it is understood that the subject sites are preferred due to their topography and ability to provide greenfield development quickly. While flat land is generally cheaper to develop, overland flow of stormwater becomes an issue that needs to be managed. A Development Area Plan would need to consider such hazards through modelling and design provision, along with an assessment on hazards. These matters have the ability to make a site unsuitable for development, or reduce the anticipated yield with larger areas being required for stormwater management.
- 42 The location of the site also requires upgrading the infrastructure which can inadvertently promote development of the surrounding area. Generally, strategic infrastructure upgrades would enable future development of a wider catchment (for example, upgrading to service zoned land under a PDP, with an adjoining FDA).

- 43 It can be expected that infrastructure upgrades would be required by Council, however there is no current mechanism for Council to recoup costs associated with the required upgrades, such as a Development Contributions. Without such mechanisms, there may be limited scope for Council to recoup costs. A key example of this would be the Temuka Northwest Zone which defers residential density until such time the wastewater network is extended. The zoned area has been deferred for over 10 years which illustrates the demand for Development Contributions or the like to enable Council to provide key infrastructure extensions.
- 44 The affordability of housing is a key factor in rezoning FDA 14 which was acknowledged in the report prepared by Hamish Barrell on 5 September 2023. When considering affordability, in general the volume of allotments in a development can reduce the per/lot cost as there are more allotments to spread the cost of infrastructure over thereby reducing risk to the developer. In the context of a greenfield development, this would equate to a mixture of housing typologies, most of which being at a medium density, being located on narrow allotments to allow for a reduction in servicing and roading distance and costs.
- 45 Market factors include how these are sold, avoidance of land banking both of zoned greenfield sites, and residential allotments. Such mechanisms could ensure new dwellings are constructed promptly.
- 46 Ultimately, a developer will seek to sell sections at the highest market rate, so specific control methods could be implemented through a valuation assessment to ascertain what is 'affordable' within the Timaru urban area and restrict a certain number of sections to be sold at an 'affordable' rate within certain thresholds.
- 47 Affordability however is subjective and is largely driven in these times by building costs. Some pressure can be alleviated by rapidly bringing large numbers of lots to the market at once, but to really achieve affordability goals, an integrated process needs to be considered. The use of mechanisms such as careful masterplanning, Joint Ventures with the private sector including building providers and Council, deferred development contributions and other longer term funding mechanisms all offer opportunities which would lead to improving affordability locally.
- 48 An additional point to note is around public expectations of the implementation of FDAs and what is anticipated to be a private plan change process. Consideration shall also be had to appropriate consultation in justifying FDA 13 and 14 ahead of other FDAs, as well as the public expectation that Council will lead future rezoning exercises if they are located within an FDA.
- 49 Given the above, the key risks associated with the variation are:
- a) The lack of supporting information to address key matters of the NPS-UD and NPS-HPL, particularly that of population growth, housing demand and consequently the loss of productive soil.
  - b) The costs and timeframes of undertaking the variation and physical works.
  - c) The risks associated with Master Planning of residential activity adjoining, or being located near, rural and industrial land uses.

d) The risk of conflicting with the GMS 2022 for the Timaru urban area which was used to determine the zonings and FDAs in the PTDP.

- 50 If Council was successful in having the variation incorporated into the PTDP, it may still be appealed and it would then become necessary to defend the change in the Environment Court. If the Council's supporting evidence is found to be inadequate by the Court then this process could result in considerable potential liability for costs to the appellants (such as the owner of FDA 14 if they continued to oppose the variation).

#### **Recommendation**

- 51 The variation poses significant cost and time risk to the Timaru District Plan Review process that is required to be undertaken every 10 years. The OTDP was adopted in 2005, with the review period beginning in 2015. The timeframe of which has been delayed and reworked, and by the end of the hearings period scheduled in 2024, will cause further delays.
- 52 The PTDP hearings process is anticipated to take until the end of 2025. With the addition of a Variation, including additional consultation, expert reports and hearings would add significant costs and further time delay the PTDP.
- 53 Implementing FDA 13 and 14 relies on expert reports supporting such development in the proposed manner, which, in our opinion, is unmethodical and has risks associated with demand, the NPS-UD, NPS-HPL and PTDP. Additionally, there is no evidence to date that changes the statistical information that formed the GMS in 2022, and a favourable outcome is not ensured through a Variation.
- 54 Consequently, we recommend that Council continue with the District Plan Review process as currently notified to ensure the new District Plan becomes Operative promptly.

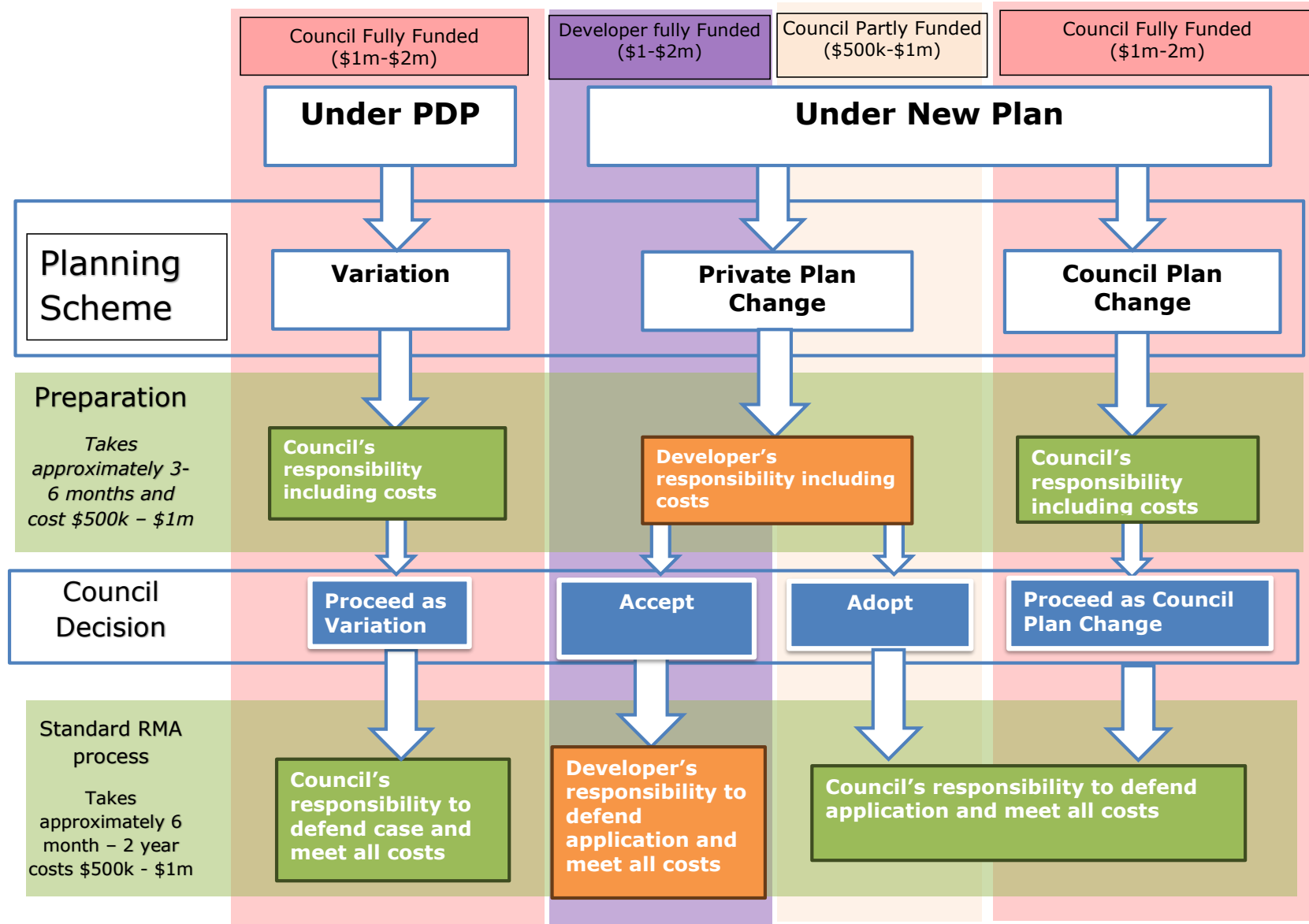
In terms of a next step following the adoption of the PTDP, economic and population projections could be revisited to ascertain the likelihood of supporting such development through a Plan Change process. This could be initiated by Council or the private sector, or undertaken through a joint venture.

TASK	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Engage with Local Iwi															
Third Parties															
Gain fee estimates, review, engage															
Gain draft reports															
Final reports															
Internal Approval and Council sign off															
Review Masterplan and input recommendations from Third Parties															
*Split plans down to staged areas															
Local consultation															
Review Masterplan / finalise third party reports															
Planning s32 Report															
Notification															
Hearings															
Decision															

Cashflow Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Cost	Check
Planning						\$ 4,444.44	\$ 4,444.44	\$ 4,444.44	\$ 13,333.33	\$ 13,333.33						\$ 40,000.00	\$ 40,000.00
Surveying					\$ 2,222.22	\$ 2,222.22	\$ 2,222.22	\$ 6,666.67	\$ 6,666.67							\$ 20,000.00	\$ 20,000.00
Engineering – Infrastructure					\$ 4,888.89	\$ 4,888.89	\$ 4,888.89	\$ 14,666.67	\$ 14,666.67							\$ 44,000.00	\$ 44,000.00
Engineering – Stormwater Modelling				\$ 25,450.00	\$ -	\$ 5,000.00	\$ 4,550.00									\$ 35,000.00	\$ 35,000.00
Meetings/Communication					\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33						\$ 20,000.00	\$ 20,000.00
Sub Total				\$ 25,450.00	\$ 10,444.44	\$ 19,888.89	\$ 19,438.89	\$ 29,111.11	\$ 38,000.00	\$ 16,666.67						\$ 159,000.00	\$ 159,000.00
Masterplan Urban Design					\$ 7,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00								\$ 15,000.00	\$ 15,000.00
Traffic Impact Assessment					\$ 12,500.00	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67								\$ 25,000.00	\$ 25,000.00
Geotechnical Report & Flood Hazard Report				\$ 18,000.00												\$ 18,000.00	\$ 18,000.00
Landscape and Visual Assessment					\$ 6,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00								\$ 12,000.00	\$ 12,000.00
Urban Design Assessment					\$ 5,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00								\$ 14,000.00	\$ 14,000.00
Economic Report					\$ 6,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00								\$ 12,000.00	\$ 12,000.00
Ecological Report					\$ 3,750.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00								\$ 7,500.00	\$ 7,500.00
Archeological Assessment					\$ 3,750.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00								\$ 7,500.00	\$ 7,500.00
Land Use Capability Assessment					\$ 3,750.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00								\$ 7,500.00	\$ 7,500.00
Contamination Assessment					\$ 7,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00								\$ 15,000.00	\$ 15,000.00
Consultation					\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00							\$ 12,500.00	\$ 12,500.00
Sub Total				\$ 18,000.00	\$ 58,250.00	\$ 22,416.67	\$ 22,416.67	\$ 22,416.67	\$ 2,500.00							\$ 146,000.00	\$ 146,000.00
Council Hearing Process													\$ 15,000.00				
Appeals																	
Sub Total										\$ -	\$ -	\$ -	\$ 15,000.00			\$ 15,000.00	\$ 15,000.00
TOTAL (ex. GST)			\$ -	\$ 43,450.00	\$ 68,694.44	\$ 42,305.56	\$ 41,855.56	\$ 51,527.78	\$ 40,500.00	\$ 16,666.67	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ 320,000.00	\$ 320,000.00

Disclaimer: All costs are indicative estimates and subject to review and confirmation by the relevant pricing parties.





### **9.13 Decision on Membership of Local Government New Zealand (LGNZ) for the period 1 April 2024 to 31 March 2025.**

**Author:** Mark Abbot, Acting Strategy and Corporate Planning Manager

**Authoriser:** Nigel Bowen, Mayor

#### **Recommendation**

That Council

1. Considers and agrees its decision on membership of Local Government New Zealand (LGNZ) for the period 1 April 2024 to 31 March 2025; and
2. Delegates to the Mayor the responsibility to advise LGNZ of the decision to retain or withdraw from membership.

#### **Purpose of Report**

- 3 This report is to seek Council's decision on renewing membership of LGNZ for the coming year.

#### **Assessment of Significance**

- 4 In terms of Council's Significance and Engagement Policy, this matter is of low significance as it does not affect levels of service, strategic assets directly, or rates.

#### **Background**

- 5 LGNZ is a membership body established in 1988 to represent councils and to lead best practice in the local government sector.
- 6 LGNZ's priorities are focused on Inclusion in ensuring everyone is able to participate in the local government process; Advocacy in championing local communities and influencing central government; Building capability for councils providing development opportunities; and connecting people across local government networks.
- 7 Council has been a member of LGNZ with the exception of the period 4 October 2021 to 8 November 2022, due to LGNZ's then stance on water reforms and lack of engagement with Council over that process.

#### **Discussion**

- 8 At Council's meeting 28 September 2021 it was resolved (Resolution 2021/128) that Timaru District Council withdraws its membership of Local Government New Zealand with the details of that withdrawal to be delegated to the Mayor to finalise.
- 9 Those details were formalised in the Mayor's letter to the President of LGNZ on 4 October 2021.
- 10 LGNZ President and Chief Executive were invited to Council's meeting 8 November 2022 where it was resolved (Resolution 2022/103) that Council re-join LGNZ.

- 11 The annual membership subscription for the year 1 April 2023 to 31 March 2024 was \$51,035.09. It is expected that membership fees, based on Council's population base, will remain at approximately that rate for the next financial year, with an adjustment for inflation.
- 12 Council has accessed LGNZ's learning and development hub for policy advice, induction training and development of elected members.

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

- 13 Council has the options of either remaining a member of LGNZ or withdrawing its membership.
- 14 Consideration around withdrawal would need to factor options for professional development, induction training, and networking opportunities including the regional forum and LGNZ Annual Conference, which Elected Members are asked to consider in their deliberations.
- 15 Elected Members are requested to strongly debate and confirm their preferred option, including options for training and development.

#### **Consultation**

- 16 Feedback is to be sought from Councillors.

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

- 17 Not applicable.

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

- 18 Membership has been budgeted in the Annual Plan 2023/24.

#### **Other Considerations**

- 19 There are no additional or further considerations

#### **Attachments**

**Nil**

## 9.14 Venture Timaru Limited: Director Appointment Extension

**Author:** Mark Abbot, Acting Strategy and Corporate Planning Manager

**Authoriser:** Nigel Bowen, Mayor

### Recommendation

That Council:

1. Resolves to extend or reconfirm the appointment terms of three directors, where current expiry has occurred or is due to occur, to the Board of Venture Timaru to align with the Council Organisation's Annual General Meeting (AGM) of 4 December 2024.

### Purpose of Report

- 1 To consider and agree the extension of three Venture Timaru Directors terms of appointment. Specifically, those director tenures are:
  - 1.1 Stacey Scott: Appointed 1 April 2021 for a period of two years, therefore expired 31 March 2023;
  - 1.2 Anthony Howey: Appointed 1 April 2021 for a period of three years, therefore due to expire 31 March 2024; and
  - 1.3 Anthony Brien: Appointed 1 April 2021 for a period of three years, therefore due to expire 31 March 2024.

### Assessment of Significance

- 2 This matter has a low significance in terms of Council's Significance and Engagement Policy.

### Background

- 3 Venture Timaru Limited has six Directors with tenure defined by Council's "External Governance Appointments Policy" (the Policy) which was last reviewed and approved by Council February 2024.
- 4 The tenure of one Director appointed 1 April 2021 for a period of two years has expired, with this reappointment required to be attended to immediately via either a retrospective extension of term of appointment or the initiation of a director appointment process as outlined in the Policy.
- 5 The tenure of two Directors will expire on the 31 March 2024 and will therefore require an extension, or the initiation of a director appointment process as outlined in the Policy.

### Discussion

- 6 The Policy specifies the approach to be taken to director appointments; the extensions of tenure and maximum terms to be served; and the appointment of elected members to Council Organisation boards.
- 7 At its meeting on 9 March 2021 Council resolved to appoint four directors with terms of appointment aligned to the cycle and rotation of directors serving at the time. On that basis, two Directors were appointed for a two-year term, and two for a period of three years.

- 8 With regards to the two-year term and the directors appointed, one has subsequently retired mid-term and the term of the second, Stacey Scott, expired on the 31 March 2023, this tenure failed to be extended at the time.
- 9 Council will need to rectify the term of Stacey Scott by way of extension or the initiation of a lengthy director appointment process.
- 10 The extension of time to align with the 2024 Annual General Meeting would seem appropriate and in line with processes and protocols adopted in the corporate sector.

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

- 11 Council has the options of either extending or reappointing, to align with the Annual General Meeting on 4 December 2024 or initiate a director appointment process.
- 12 With one director position having already expired, there is some urgency in addressing this, where an appointment process is likely to be lengthy.
- 13 Any appointment process is likely to be lengthy and extend beyond the expiry date of 31 March 2024, exposing Venture Timaru Limited to three director vacancies.

#### **Consultation**

- 14 Consultation has been undertaken with the three parties involved, all who have agreed to an extension or reappointment to the AGM in December 2024.

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

- 15 External Governance Appointments Policy
- 16 Section 57 of the Local Government Act 2002.

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

- 17 Nil

#### **Other Considerations**

- 18 Nil

#### **Attachments**

**Nil**

## 9.15 Council Social Housing

**Author:** Nicole Timney, Manager of Property Services and Client Representative

**Authoriser:** Nigel Trainor, Chief Executive

### Recommendation

That Council approve Option 1 (Preferred Option):

1. Approve a 17A Review be completed on Councils Social Housing Units.
2. That any change in Service Delivery and or rental amounts can be consulted on with the community.

### Purpose of Report

- 1 The purpose of this report is to request Council approve a 17A Review on Council Social Housing Units and that any change in Service Delivery and or rental amounts be consulted on with the community.

### Assessment of Significance

- 2 The 17A Review of Council Housing Units and any change in Service Delivery and or rental amounts is one of medium significance under Council's Significance and Engagement Policy, and consequently will affect members of the community depending on the findings and will require community engagement and consultation. Officers note that dependent on Council's decision in the future on receipt of a 17A Review the matter may become Significant.

### Background

- 3 Over the course of the last year Council has requested that a review of Councils Social Housing Units be conducted regarding options for Service Delivery and or rental amounts in line with other local authorities.
- 4 Further to that, a request was made to conduct a 17A Review. Local authorities must review the cost-effectiveness of current arrangements for meeting the needs within its district for existing Council infrastructure, good-quality public services and performance of regulatory functions.
- 5 A 17A Review will meet the requirements of the Local Government Act 2022. The Local Government Act was amended in 2014 and included new provisions relating to periodic reviews, at least every six years, so the request for a review is in line with the Act.
- 6 Council has a portfolio of 236 social housing units and provides a mixture of studio and one-bedroom small units across the district including Pareora, Timaru, Pleasant Point, Temuka and Geraldine.
- 7 Council also has a small portfolio of properties across the district, the eight in total are leased to the private sector at market rentals and will not form part of a 17A Review.

## **Discussion**

- 8 The Council Social Housing activity provides affordable housing for residents aged 55+ that receive permanent benefits linked to mental or physical impairment or retired persons 65+ on limited budgets and savings.
- 9 The review will focus on opportunities and challenges with the portfolio and seek to outline the most cost-effective way to deliver the service for the benefit of tenants, the community and Council operations. Basically, how does Council deliver the service in the most efficient and effective way.
- 10 It will focus on the possible future options on the ownership, management and service delivery of this activity whilst also addressing an appropriate rental for the units.
- 11 This paper serves as notice to the community that a 17A Review has been requested, that a review of the service is underway, and the outcome of the review will be brought back to Council for consideration followed by public consultation if the review suggests changes to the Service Delivery and or rental amounts.
- 12 Tenants will be informed in writing of the scope of the review as noted in this paper and it is assumed that the review will be completed and with Council in late May or early June 2024.

## **Options and Preferred Option**

- 13 It is noted that rentals are governed by the Residential Tenancies Act 1986 and can only be increased once a year on the anniversary of the rental agreement or at the time of an increase providing is no less than a year since the last increase.
- 14 Two options are presented to Council and are outlined below:
- 15 Option 1 - (Preferred Option) That Council approve a 17A Review of Council Social Housing Units to be completed and brought back to Council in late May or early June 2024.
- 16 That Council review rentals as part of the 17A Review where benchmarking and current market rental analysis information will be available with the review.
- 17 Rentals will be increased by the Council after public consultation on any outcomes approved by Council from the 17A Review results.
- 18 Option 2 – That Council approve a 17A Review of Council Social Housing Units to be completed and brought back to Council in late May or early June 2024.
- 19 That Council increase rentals immediately by 30% across all units (all units currently range from \$120 to \$171 dependent on age and size of property).
- 20 That any further Service Delivery and or rental amount changes in line with the outcome of the 17A Review be consulted on with the community.

## **Consultation**

- 21 Council will be required to consult with the community dependent on the outcome of the 17A Review and the level and detail of consultation will be outlined in the report at that time.
- 22 All Council Tenants of Councils Social Housing will be informed in writing following the confirmation of the outcomes of this paper regarding a 17A Review and possible rental increases and the timing of any increase.

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

23 Relevant legislation, Council Policy and Plans for this issue include:

- 1.1. Local Government Act 2002
- 1.2. Significance and Engagement Policy
- 1.3. Property Management Policy
- 1.4. Revenue and Financing Policy

### **Financial and Funding Implications**

- 24 Financial implications will be noted in the 17A Review document in May or early June 2024.
- 25 If an increase in rentals of 30% is adopted with this paper, an adjustment to income will be noted for Year 2023 2024 and a further update will be notified in the Long Term Plan 2024 2034 modelling.

### **Other Considerations**

- 26 Council owns a further eight properties that are not classed at Social Housing, these properties are leased to private tenants on a market rental basis.

### **Attachments**

**Nil**



## **9.16 Theatre Royal and Heritage Facility - Close out Detailed Design**

**Author:** Nicole Timney, Manager of Property Services and Client Representative  
Beth Stewart, Group Manager Community Services  
Andrea Rankin, Chief Financial Officer

**Authoriser:** Nigel Trainor, Chief Executive

### **Recommendation**

That Council approves Option 1 (Preferred Option):

1. Notes confirmation of receipt of Detailed Design from Southbase Construction.
2. Notes confirmation of receipt of a Cost Estimate for Detailed Design by Southbase Construction.
3. Approves Southbase Construction to proceed with the Tender Procurement Process to achieve a Fixed Lump Sum offer for construction.

### **Purpose of Report**

- 1 The purposes of this report are:
  - 1.1 For Council to be informed of the receipt of the Detailed Design from Southbase Construction.
  - 1.2 For Council to be informed of the receipt of a Cost Estimate for the Detailed Design from Southbase Construction.
  - 1.3 That approval be given for Southbase Construction to commence the process to provide a Fixed Lump Sum as per contract.

### **Assessment of Significance**

- 2 The Theatre Royal and Heritage Facility project is one of high significance under Council's Significance and Engagement Policy, and consequentially significant engagement and consultation has occurred.
- 3 This report is a further milestone report on the progression of the project and as such it is a matter of low significance as at this point there is no decision requested that is a departure from what Council has previously agreed after public consultation and subsequent reports with approvals to proceed as per budget. Officers note that dependent on Council's decision it may be that the matter becomes significant.

### **Background**

- 4 This report follows on from earlier agenda items for the Theatre Royal and Heritage Facility which include a Consultation Summary and Hearing and subsequent papers. The paper in November 2023 in public excluded tabled the Developed Design, costings and outlined the background and decisions made to date.
- 5 Following the adoption of Option 1 \$57.1M on 6 December 2022 the Project Team began negotiations with Southbase Construction to finalise the cost of Developed and Detailed Design as a separable portion of the Design and Construction Contract.

- 6 Council entered a contractual arrangement with Southbase Construction on the 4 April 2023 for Developed and Detailed Design. It was noted that when Southbase Construction reached the end of Developed Design, they would submit an updated Cost Estimate and would proceed to Detailed Design once agreed by Council.
- 7 The outcome of the November 2023 public excluded paper was to proceed with Detailed Design and return to Council once completed with confirmation of completion before beginning the Tender Procurement stage to confirm a Fixed Lump Sum.

### **Discussion**

- 8 We have received confirmation from the Project Team that Detailed Design and a Cost Estimate for the Detailed Design have been completed and submitted.
- 9 The approved project budget of \$57.1M is structured around Southbases previous Design Estimate, Developed Design Cost Estimate, along with known and Estimated Direct Costs, Contingencies, Escalation and FF&E.
- 10 It is noted that the Detailed Design includes the agreed scope in the Developed Design and a Cost Estimate has been received that reflects the agreed scope.
- 11 To conclude the contractual agreement Southbase Construction are now ready to begin the Tender Procurement Process to achieve a Fixed Lump Sum which must be within the agreed overall Project budget for Council to agree to construction.
- 12 It is noted that the Detailed Design and Detailed Design Cost Estimate are not available for review with this public paper for commercial reasons and to enable Council to carry out commercial activities whilst Southbase Construction complete the Tender Procurement Process.
- 13 At the conclusion of negotiations and acceptance of a Fixed Lump Sum by Council following this process, the agreed Fixed Lump Sum for construction will be made publicly available.
- 14 The process going forward is Southbase go to Tender Procurement, then a Fixed Lump Sum will be presented to Council in early July for Council decision.

### **Options and Preferred Option**

- 15 It is noted that Council is in a contractual arrangement with Southbase Construction for Developed and Detailed Design which includes the Tender Procurement Process and offer of a Fixed Lump Sum for Construction.
- 16 The Design and Construction contract with Southbase Construction has off ramps built into it; however, these do have various cost implications. Off ramps also come with time delays which incur further costs.
- 17 It is recommended that Council continues with the contract process to receive a Fixed Lump Sum offer for construction, then make the decision to accept the offer.
- 18 There is basically only one option that can be recommended at this time.
- 19 Option 1 – (Preferred Option) That Council note the confirmation by the Project Team of receipt of the Detailed Design and Detailed Design Cost Estimate from Southbase Construction.
- 20 That Council agree that Southbase Construction commence the Tender Procurement Process to achieve a Fixed Lump Sum offer for construction.

## **Consultation**

- 21 Extensive consultation took place for this project initially through the LTP process in 2018 which resulted in the appointment of an architect in early 2020. The project went through a further LTP process in 2021 resulting in an increase to the budget.
- 22 The Project Team, including the Architect, Project Managers, South Canterbury Museum Manager and TDC Client Lead held a series of workshops and meetings with a wide range of stakeholders across theatre and museums, local Iwi and general members of the community. Attendance at the stakeholder workshops also included the Chamber of Commerce, Venture Timaru, the Timaru CBD Group, Hospitality Representatives, and members of the commercial community. Multiple stakeholders were met face to face including special knowledge working parties in the design of the scope. With full a public consultation process for the final design Option 1 \$57.1M.
- 23 Stakeholders have been invited to Concept Plan return brief meetings and Council meetings to comment on the information, proposed designs, and options before being considered by Council. Further meetings have been held with industry specialists in Theatre and Museum Design to develop designs to meet specific stakeholder requests for theatre and museum fit out and functionality. Regular newsletters are sent to the stakeholder group and posted on the Council website for the project.
- 24 Due to the significance of the increases in estimated costs due to requested changes in scope and market conditions, Council decided in the 27 October 2022 Council Meeting that it was prudent to re consult with the community on the choice of a preferred option and costs before proceeding.
- 25 The final consultation process in November 2022 gave the community the opportunity to understand the options for the Theatre Royal and Heritage Facility with Council receiving 632 submissions and a vote of 81.49%, confirming Council to proceed with Option 1 \$57.1M.

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

- 26 Relevant legislation, Council Policy and Plans for this issue include:
  - 1.1. Local Government Act 2002
  - 1.2. Significance and Engagement Policy
  - 1.3. Annual Plan Process
  - 1.4. Long Term Plan 2015-25, 2018-28, 2021-31
  - 1.5. Revenue and Financing Policy
  - 1.6. Government Legislation governing Ministry for Business Innovation and Employment public records.

## **Financial and Funding Implications**

### **Background**

- 27 As noted earlier in the paper the agreed overall project budget is \$57.1M. The loan amount is assumed at \$45.5M after contributions by the Ministry for Business, Innovation and Employment of \$11.6M.
- 28 The project budget has been allocated across four general areas consisting of spend to date, contingency, client-side cost, and construction budget. It is made clear in this paper that the







construction cost allocated for the Theatre Royal and Heritage Facility is not \$57.1M but a component of the total overall project amount of \$57.1M after other costs noted above are deducted.

- 29 The cost to the community is assumed at \$45.5M after factoring the contribution from the Ministry for Business, Innovation and Employment.
- 30 The asset life of the Theatre Royal and Heritage Facility has been modelled on an asset life of 50 years, with depreciation calculated across this lifetime. This is in line with policy to depreciate an asset between 1 and 100 years. The majority of the Theatre Royal and Heritage Facility has been classified as an increase in level of service, which represents a new build rather than maintaining the existing asset.
- 31 To note that currently the Theatre Royal building is treated as having a useful life of 99 years. Across the elements of the building, there is a residual life of between 67 to 79 years. There is a current cost value of \$5.68M and we have depreciated \$1.8M.
- 32 For debt repayment, operational surplus is used to fund debt repayment. The operational surplus consists of rates and other income less operating expenses. Operating expenses include staff employees, general expenses and allocation of internal overheads.
- 33 Operational surplus is budgeted at a breakeven position for accounting purposes. However, from a cash (and Funding Impact Statement) perspective a surplus exists due to non-cash transactions, principally depreciation.
- 34 Debt will be repaid on the loan for the Theatre Royal operating surplus each year, after payment for any capex renewals.
- 35 Therefore, the value of depreciation expense each year represents the amount of cash available to repay debt (after payments of capex renewals etc).
- 36 Debt for the project has been modelled in the Long Term Plan 2024-2034 for a 50-year period. Therefore, rates over a 50-year period would pay off the spend on the Theatre Royal and Heritage Facility. This ensures that the full cost of the project is not burdened on the current generation of ratepayers, rather it is applied to the inter-generational users of the asset.
- 37 The other factor that would be remodelled is interest rates at the time of drawdown, this would influence the loan with a debt life of 25 years.
- 38 The loan is modelled on a 25-year basis. Timaru District Council draws down general debt funding to cover all activities, rather than specific tranches for projects. Therefore, repayment is not required to be achieved by 25 years from Theatre Royal and Heritage Facility surpluses as the repayments required are sourced from surpluses arising from activities across whole of council.
- 39 As Council has traditionally always had multiple tranches of debt with differing terms, the specific Theatre Royal and Heritage Facility asset is not required to be repaid within a 25-year window.
- 40 The affect on rates to fund the Theatre Royal and Heritage Facility project is tied to the asset life for depreciation purposes of 50 years, the length of the loan payment of 25 years and the interest rates at the time of borrowing.
- 41 It is noted in the publicly available workshop information for the Long Term Plan that the drawdown of the assumed \$45.5M is spread across the first and second year of the Long Term Plan. At the time of borrowing, interest rates will affect the loan amounts.

## Other Considerations

- 42 Following the 14 November 2023 Community Services Standing Committee meeting, Councillor's directed officers to set up an internal working group to determine a feasible draft operational model and estimated costings to manage the proposed Theatre Royal and Heritage Facility. That work is underway and will evolve over the next year once the project is under construction.
- 43 The costings and the specifics of the proposed operational models are expected to be refined as the project is nearer completion and any changes will be submitted through the Annual Plan amendment process. This includes any decisions regarding the ongoing use of the Perth Street site and in what capacity in the future, once the new facility is operational.
- 44 In February 2022 a Preliminary Concept Budget was developed which detailed the fitout and exhibition content costs for preparing the Museum component of the new Theatre Royal and Heritage Facility. The anticipated cost for these works totalled an estimated \$3.0M for design and construction of exhibits and the required internal fitout.
- 45 Some of the costs have already been partially met by bequeathed funds, as well as the South Canterbury Museum Development Trust, and by budget reserved from the 2021-31 LTP. To date the combined amounts from the Council and the Trust fundraising efforts total \$1.2M. The Museum has since accessed bequeathed funds totalling \$847K.
- 46 This project was viewed and assessed along with other projects based on priority for community benefit and wellbeing and any effect on Councils debt position at that time and through subsequent Long Term Plans.
- 47 Officers note other broader considerations that were part of the impetus for the Project, including the intent to rejuvenate the City Centre and stimulate the local economy, and the expectation that this would encourage private sector and local building owners to also invest in this part of the CBD.

## Attachments

1. **1. TR&HF Project Front Render** [!\[\]\(86b7331e04fe40a56bcff2e9c065738b\_img.jpg\)](#) 
2. **2. Floor Plans TR&HF Project** [!\[\]\(497b6684f704c0aa6fbea9f0fd4d56c7\_img.jpg\)](#) 
3. **3. Theatre Royal Side Cut** [!\[\]\(25e9c4c673069177325c65bf4771169e\_img.jpg\)](#) 
4. **4. Heritage Centre Education and Exhibition Space** [!\[\]\(2f530a7d490199e92998d46739a98d2c\_img.jpg\)](#) 
5. **5. Heritage Centre Atrium and Entrance** [!\[\]\(1e547046bf46be3af94c1ef718de74cb\_img.jpg\)](#) 
6. **6. Heritage Centre Museum Design Draft** [!\[\]\(6b0789bcaa521602c5b85d0a737fd77a\_img.jpg\)](#) 



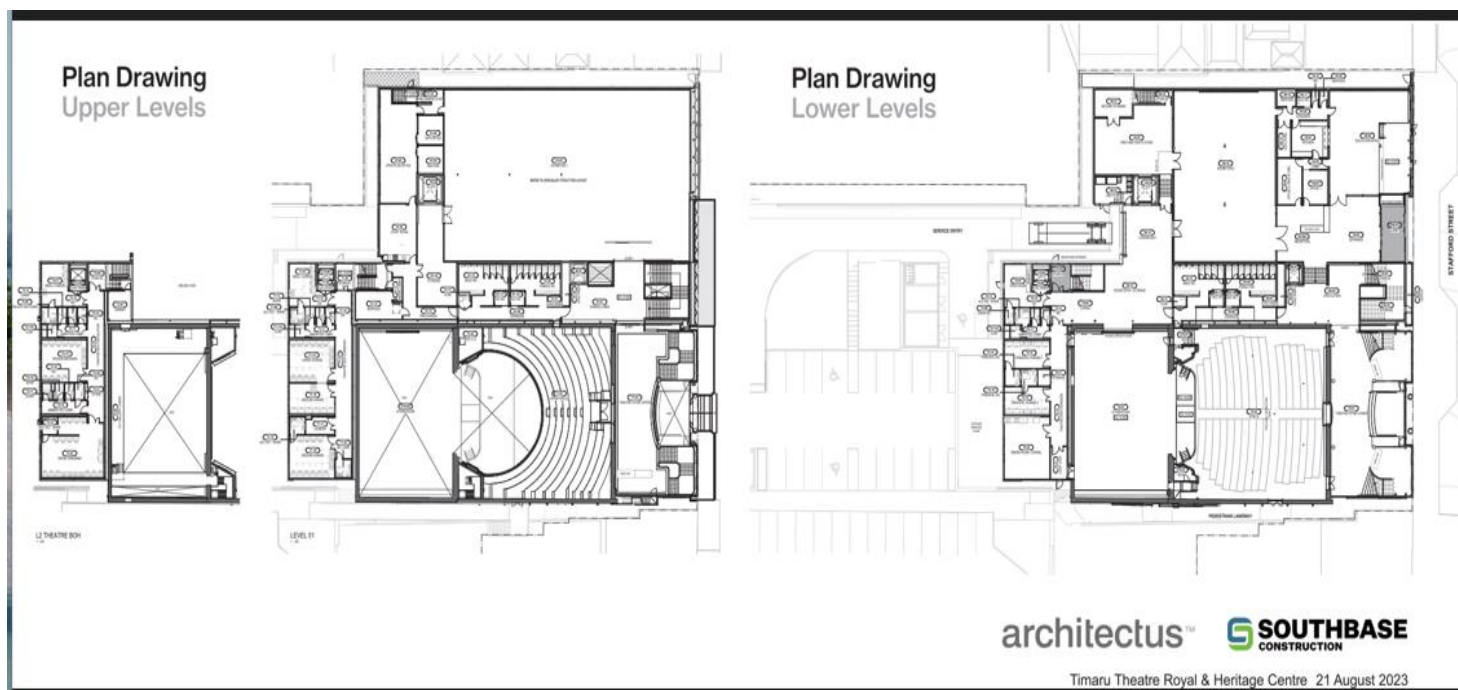
**The Theatre Royal is to be upgraded and  
a new Heritage Centre to be built next door.**



**THEATRE ROYAL**  
TIMARU

**SOUTH CANTERBURY**  
**MUSEUM**

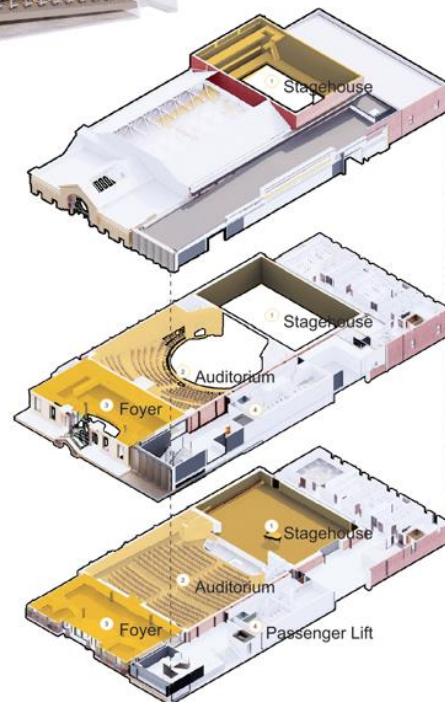
## Floor Plans





## Theatre Royal Back-of-House

- ① Stafford Street
- ② Raised Entry
- ③ Circulation
- ④ Upper Theatre Foyer
- ⑤ Existing Control Room
- ⑥ Lower Auditorium
- ⑦ Upper Auditorium
- ⑧ Gantry
- ⑨ Upper Fly Gallery
- ⑩ Lower Fly Gallery
- ⑪ Stage
- ⑫ Dressing Room
- ⑬ Parking







Heritage Facility Atrium and Entrance



## Heritage Centre Exhibition Design in Draft



## Heritage Centre

### 1. Permanent Exhibition Space

- |                         |                       |
|-------------------------|-----------------------|
| ① Shaping the land      | ⑦ Mahika kai          |
| ② Mountains to the sea  | ⑧ Place of production |
| ③ Voyages and seafarers | ⑨ Wheels of industry  |
| ④ Takata whenua         | ⑩ Keeping house       |
| ⑤ Putting down roots    | ⑪ Who are we?         |
| Town and around         | ⑫ Our place in nature |

*The design, build and installation of the new exhibition displays for this 650m2 area are being fundraised for by the registered charity, South Canterbury Museum Development Trust.*

- 10      Consideration of Urgent Business Items**
- 11      Consideration of Minor Nature Matters**
- 12      Public Forum Items Requiring Consideration**



## **13 Exclusion of Public**

### **13.1 Public Excluded Minutes of the Council Meeting held on 13 February 2024**

### **13.2 Parks and Greenspaces s17a Review Options**

### Recommendation

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
<b>13.1 - Public Excluded Minutes of the Council Meeting held on 13 February 2024</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	To protect a person's privacy, including the privacy of deceased persons  To enable Council to carry out commercial or industrial negotiations
<b>13.2 - Parks and Greenspaces s17a Review Options</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	To protect commercially sensitive information