AGENDA

Ordinary Council Meeting
Tuesday, 12 December 2023

Date	**Tuesday, 12 December 2023**
Time	**3pm**
Location	**Council Chamber** **District Council Building** **King George Place** **Timaru**
File Reference	**1635821**

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 12 December 2023, at 3pm.

Council Members

Mayor Nigel Bowen (Chairperson), Clrs 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

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 Reports

7.1 Actions Register Update

Author: **Jessica Kavanaugh, Corporate Planner**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

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)

Information Requested	Workshop and site visit to Timaru Airport		
Date Raised:	27 June 2023	**Status:**	Complete
Issue Owner	Group Manager Infrastructure	**Completed Date:**	5 December 2023
Background: A workshop and possible site visit to the Timaru Airport was requested together with the supporting information to the hub including the report to council on 06 September 2022 Update: The visit to the Timaru Airport occurred on 5 December 2023.			

Information Requested	Report on Delegations Manual (Budget Reallocation)		
Date Raised:	08 August 2023	**Status:**	Complete
Issue Owner	Group Manager Commercial and Strategy	**Completed Date:**	
Background: The Councillors requested that officers report back to the Councillors to explore options and further advice on Financial Delegations specifically Budget Reallocation. Update: Report included the Council meeting agenda on 17 October 2023.			

Information Requested	Aorangi Stadium Trust to meet with Council		
Date Raised:	17 October 2023	**Status:**	Complete

Issue Owner	Group Manager Commercial and Strategy	**Completed Date:**	7 November 2023
Background: The Councillors requested that the Council meet with the Aorangi Stadium trust pre Christmas to discuss the future of the trust. Update: This was spoken about in the Aorangi Stadium Trust Meeting 7 November 2023.			

Information Requested	Budget Reallocation Trial		
Date Raised:	17 October 2023	**Status:**	On Going
Issue Owner	Group Manager Commercial and Strategy	**Completed Date:**	
Background: 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. 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.			

7.2 Affixing of the Common Seal

Author: **Alana Hobbs, Governance & Executive Support Administrator**

Authoriser: **Nigel Trainor, Chief Executive**

Recommendation

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

1. 29 November 2023 – 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 - 29.11.23** ⇩

TIMARU
DISTRICT COUNCIL
Te Kaunihera ā-Rohe
o Te Tihi o Maru

Approval of warrants

I, Bede Carran, 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.

THE COMMON SEAL OF THE TIMARU DISTRICT COUNCIL
PROCLAIMED 1989

Nigel Bowen

Bede Carran

29/11/2023

Date

Name	Title	Unit
[redacted]	Enforcement Officer	Environmental Services - Contractor

#1634021

7.3 Release of Public Excluded Reports

Author: **Jessica Kavanaugh, Corporate Planner**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

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

1. Disposal of Land 3 Russell Square Timaru
2. Meadows Road Land Transfer

Purpose of Report

1 The purpose of this report is to provide the Council with an updated status of Public Excluded Reports released to the Public.

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 following reports have been released to the public and are available on the Timaru District Council website under the following links;

(i) Disposal of Land 3 Russell Square Timaru

https://www.timaru.govt.nz/council/council-and-committee-meetings/meeting-dates-calendar/council/2023/council-09.05.23

(ii) Meadows Road Land Transfer

https://www.timaru.govt.nz/council/council-and-committee-meetings/meeting-dates-calendar/council/2023/council-09.05.23

Attachments

Nil

7.4 Presentation of Timaru District Holdings Limited Annual Report 2022/23

Author: **Jessica Kavanaugh, Corporate Planner**

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

Recommendation

That Council receives and notes the audited Timaru District Holdings Limited Annual Report for the financial year 01 July 2022 – 30 June 2023.

Purpose of Report

1 To receive and note Timaru District Holdings Limited (TDHL) audited Annual Report for the financial year 01 July 2022 – 30 June 2023.

Assessment of Significance

2 This matter is of low significance in terms of Council's Significant and Engagement policy. The priorities, business, and financial and non-financial performance of the company are in line with the agreed Statement of Intent for 2022/23.

Discussion

3 As a Council Controlled Organisation, TDHL is required to present an audited annual report including its financial statements to Council.

4 The Local Government Act 2002 sets out the statutory timeframe for which a Council Controlled Organisation must complete an Annual Report on the organisation's operations during the financial year. The timeframe for completion of the Annual Report is within three months after the end of the financial year.

5 TDHL received an unmodified audit report on 02 October 2023. The audited annual report was authorised by the Chairperson and Deputy Chairperson on the 02 October 2023. The audited annual report and accompanying financial statements were presented to the shareholders at TDHL's annual meeting held on 06 December 2023.

6 The year end results are in line with the progress and forecasts reported to Council on a quarterly basis during the year.

7 The service level highlights were presented to Council on the 17 October 2023 in the TDHL Annual Management Report to 30 June 2023.

Attachments

1. Timaru District Holding Limited Annual Report 2022/23 ⇩

TDHL
Timaru District Holdings Ltd
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Annual Report 2023

www.tdhl.co.nz

Timaru District Holdings Ltd
Annual Report **2022**/2023

Report Contents

TDHL
Timaru District Holdings Ltd
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Timaru District Holdings Ltd
Annual Report 2022/2023

Directors declaration

In the opinion of the Directors of Timaru District Holdings Limited ('the Company') the financial statements and notes, on pages 8 to 26:

- Comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 30 June 2023 and the result of operations for the year ended on that date;
- Have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Timaru District Holdings Limited for the year ended 30 June 2023.

RLKeoghan

Mark F. Rogers (Chairperson)
Date: 2 October 2023

Rebecca L. Keoghan (Deputy Chairperson)
Date: 2 October 2023

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Directory

Incorporation number	881487
Principal activities	Property - non-residential - renting or leasing
Registered office	2 King George Place Timaru 7910 New Zealand
Directors	Aaron W.K Bethune Peter J. Burt Rebecca L. Keoghan Sally B. Parker Mark F. Rogers
Shareholders	Timaru District Council 49,550,000 ordinary shares 49,550,000 ordinary shares
Auditor	Audit New Zealand, Christchurch On behalf of the Auditor-General

Highlights & Challenges

Net Surplus after tax
$20.7M
up from $13M

Net Cash from Operations
$2.3M
down from $2.7M

Dividends from Associates
$2.3M
down from $2.4M

Property Revenue
$2.9M
up from $2.8M

Investment Property Valuation
$62.7M
up 37.8% including investment in new property assets

Share of Associate Surplus
$10.6M
up from $10.1M

Total Dividend to TDC
$1M
consistent with 2021/22

Total Equity
$179.9M
up from $149.5M

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Chairman and General Manager Report

At TDHL, we continue to focus on our core priorities, being our investments in associates, the property portfolio and the provision of a sustainable cash return to our shareholder. This is all underpinned by strong relationships with our shareholder, joint venture partners, associates and wider stakeholders. Our relationships remain our greatest asset, the foundation of our future growth and the means by which we ensure we add the greatest value.

To articulate and illustrate this, 2022/23 has seen TDHL undertake a full refresh of its strategy culminating in the delivery of an updated and more focused Statement of Intent. This reinforces that the core purpose of TDHL is to provide a sustainable intergenerational return to our shareholder and that we will achieve this through focusing on commercial priorities and relationships.

The Statement of Intent also recognises that for TDHL to continue to deliver a sustainable financial return, we need to re-invest and consider diversification options. Critically, these must be balanced against our existing priorities and be consistent with our shareholder's values. The beginning of this re-investment can be seen already through the Aorangi Road industrial land acquisition and the growing balance sheet. This land will be progressively developed and positioned to respond to market opportunities.

Our strengthened relationship with our intergenerational associate investments of PrimePort Timaru and Alpine Energy has enabled us to better understand the unique challenges each of these companies face in their respective sectors. Proactively managing Board appointments and joint venture partner relationships is our primary means of ensuring that these companies are equipped with the highest calibre directors, achieve their objectives and provide a financial return. As we move into 2023/24, mindful of the economic and political uncertainties that lie ahead, we are confident that TDHL is well placed to achieve our objectives, align closer with our shareholder through their Long Term Plan, and continue to re-invest in the company's capability and capacity.

Financial performance

The recent property acquisitions, positive portfolio revaluation and incorporation of associate surplus have driven a strong operating surplus after tax of $31.1M. Within this is a net cash surplus from operations of $2.3M, down from $2.7M last year. This includes a growing return from the property portfolio and steady dividends from the associates. We have maintained our financial support to our shareholder through the $1M dividend payment and $1.2M in interest payments throughout the year. This resulted in total cash payments to Timaru District Council of $2.2M. The total assets have increased by $34.9M to $209.9M while total liabilities have increased by $4.5M to $30M, thus lifting shareholders equity by $30.4M to a total of $179.8M.

Commercial property portfolio

Re-investment and prioritisation on our assets within the port related property portfolio has continued with the commencement of several capital improvement projects which will be completed early in the 2023/24 year. This will add value to our tenants, their operations and the overall effectiveness of the port zone. The acquisitions this year of land in Washdyke at Aorangi Road and Martin Street provide TDHL with the opportunity to further support our industrial and primary industry sector tenants, as well as to diversify within the property sector.

In closing, we would like to thank the Mayor, Councillors, Chief Executive and Council Officers for their support throughout the year. We look forward to ongoing collaboration as TDHL continues to manage and grow a sustainable intergenerational return for the benefit of the Timaru District.

Mark F. Rogers **Chairman**

Frazer Munro **General Manager**

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TDHL has a 50% shareholding in PrimePort Timaru Limited with the other 50% shareholding held by Port of Tauranga Limited. PrimePort plays a critical role connecting our district's exporters and importers to the world.

TDHL has a 47.5% shareholding in Alpine Energy Limited. The principal activity of Alpine Energy is electricity distribution to households and businesses in the South Canterbury region via its electricity distribution network.

TDHL owns 48ha of industrial and commercial land and buildings across the Timaru District. The priority areas being 30ha within the Timaru Port zone and 16ha in the Washdyke industrial area.

Timaru District Holdings Ltd

Annual Report 2022/2023

Statement of objectives and performance

For the year ended 30 June 2023 in New Zealand dollars

The objectives of the company for this financial year are specified in the Statement of Intent which was approved by the shareholders. These objectives are listed below and the performance achieved during the financial year.

General Objectives

a. To maximise the value of the subsidiary and associate and joint venture trading companies to the Council, as the shareholder in TDHL.

Achievement: TDHL monitors the performance of its associate investments through their financial, safety and activity metrics. TDHL also regularly engages at a governance and management to management level, to ensure maximum value for the shareholder is being achieved.

b. To ensure, insofar as it is reasonably and lawfully able, that the Statements of Intent of each of TDHL's subsidiaries and associates reflects the policies and objectives of the Council and TDHL in the area of activity or operation of that subsidiary or associate.

Achievement: All Statements were reviewed and considered to be in line with applicable policies and objectives.

c. To monitor the activities of the companies, comprising the group, to ensure that the respective Statements of Intent are adhered to.

Achievement: The performance and activities of the companies are monitored through regular reporting and in-person updates.

d. To keep the TDC informed of matters of substance affecting the group.

Achievement: The Timaru District Council was informed on a quarterly basis on the performance of the Company and its associates. Presentations were also made to the Council on various matters.

e. To obtain a commercial return and build long term strategic value from the port property portfolio, but to have regard to the broader port economy including working in conjunction with PrimePort to ensure operations contribute to the port business as far as practicable.

Achievement: The commercial return is achieved through diligent management of the leases and regular market rent reviews. A close relationship with PrimePort is maintained by regular engagement at a management and Board level.

f. To evaluate and consider commercial development options.

Achievement: TDHL actively maintains a watching brief for development opportunities and improvement options, with several projects investigated over the year and others coming to fruition.

g. To undertake asset purchases, partner with external parties, or assist future developments that, taking into account the strategic priorities of the shareholder, contribute to the economic capacity of the district.

Achievement: TDHL continues to take a proactive approach with an outlook to pursue opportunities where considered appropriate. TDHL is actively engaging with external parties on current and future projects and will continue to do so. An example of this is the acquisition of the Aorangi Road industrial properties.

h. To maintain current best practices of risk management including health and safety.

Achievement: Risk management is incorporated into every decision TDHL considers. Health and Safety at an operational and associate level has been reviewed by the Board.

I. To ensure activities around TDHL's property portfolio mitigate risk to the Company and its Shareholders.

Achievement: TDHL continually reviews its investment portfolio, specifically around the tradeable property assets.

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Timaru District Holdings Ltd

Annual Report 2022/2023

Statement of objectives and performance (continued)

Specific Objectives for 2022/2023

Objective	Performance Target	Achieved
Engage with Council to ensure TDHL contributes to Council's Strategic Framework. Keep Council informed on a no surprises basis of TDHL's activities.	Hold at least two strategic workshops with Council per annum. Quarterly reporting to Council in accordance with SoI.	Five workshops were held over the 2022/23 financial year. Quarterly reporting in accordance with the SoI was achieved.
Building on previous engagement with Council, refine the strategic plan for the company.	Refine the medium to long term investment strategy in alignment with Council's strategic priorities.	Achieved and reflected in the updated and refreshed 2023/24 SoI
Effectively and prudently manage TDHL's property assets, obtaining a satisfactory return on investment on commercial properties. Property held for non-financial reasons shall achieve good community outcomes over the medium term. Continue with business-as-usual approach acknowledging there will be some optimisation on the fringes of the portfolio.	To achieve a three-year rolling return on investment of 7% or greater on the leasable port property portfolio held for investment purposes.	A return on investment of 7.5% was achieved.
To continue debt reduction and shareholder distributions subject to no major investments being undertaken subject to available cashflow.	The current intention is to maintain $3M of cash reserves, provide a dividend to Timaru District Council as indicated below, with any remaining surplus to be used for debt reduction. The above is subject to the solvency test and no new major investments being undertaken.	$3M of cash reserves maintained and $1M dividend paid.

Financial Performance Targets	Target	Actual	Achieved
EBITDA Earnings before Interest Tax Depreciation and Amortisation	$3,376,837	$3,749,767	Yes
Net profit after tax to shareholders funds	2%	1.24%	No*
Net tangible assets per share	4.4	5.8	Yes
Earnings per fully paid share	0.08	0.07	No
Dividends paid per fully paid share	0.03	0.03	Yes
Shareholder funds to total assets	80%	86%	Yes

*The net profit after tax to shareholder funds target is calculated based on a forecast position which did not consider the gains as a result of the revaluation of investment property or share of associate surplus. The actual result saw increases in both the investment property portfolio value and equity values of PrimePort Timaru Limited and Alpine Energy Limited which increased shareholder funds beyond forecast and as a result this target was not met. The Local Government Act 2002 requires CCOs to include forecast financial statements in their SOI for the financial year to which the statement of intent relates, and each of the 2 following financial years. In 2023 it was identified that these forecast financial statements must be prepared in accordance with generally accepted accounting practice and consistent with the accounting policies applied by the CCO in the annual report. TDHL published budget information in its SOI in 2022 relating to the 2022/2023 year which only partially complies with GAAP. As a result no comparison of the forecast financial statements has been presented in the annual report.

Timaru District Holdings Ltd

Annual Report 2022/2023

Statement of comprehensive income

For the year ended 30 June 2023 in New Zealand dollars

	Note	2023 $000	2022 $000
Revenue	3	2,943	$2,808
Share of associate surplus	11	10,564	10,096
Revaluation of investment properties	9	10,167	2,212
		23,674	**15,116**
Operating expenses	5	(1,502)	(1,299)
Gain on sale of property held for sale	9	31	-
Operating profit before financing costs		**22,203**	**13,817**
Finance income		184	34
Finance expenses		(1,607)	(710)
Net financing costs	4	**(1,423)**	**(676)**
Profit before income tax		20,780	13,141
Income tax expense	6	(92)	(131)
Profit for the year		20,688	13,010
Other comprehensive income			
Share of associate surplus - other comprehensive income	11	10,683	2,793
Other comprehensive income for the year, net of income tax		10,683	2,793
Total comprehensive income for the year		31,371	15,803

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Timaru District Holdings Ltd

Annual Report 2022/2023

Statement of financial position

As at 30 June 2023 in New Zealand dollars

	Note	2023 $000	2022 $000
Assets			
Current assets			
Cash and cash equivalents	7	1,663	785
Other financial assets		1,500	2,500
Trade and other receivables	8	634	565
Property held for sale	10	432	979
Total current assets		**4,229**	**4,829**
Non-current assets			
Right of use assets	12	16	5
Investment properties	9	62, 684	45,488
Investments in associates	11	142,831	123,862
Property held for sale	10	-	432
Deferred tax asset	6	131	356
Total non-current assets		**205,662**	**170,143**
Total assets		**209,891**	**174,972**

	Note	2023 $000	2022 $000
Liabilities			
Current liabilities			
Trade and other payables	13	1,020	215
Employee benefits	14	22	14
Income tax payable	6	899	1,075
Lease liabilites	12	7	5
Total current liabilities		**1,948**	**1,309**
Non-current liabilities			
Interest bearing loans and borrowings	15,17	28,081	24,181
Lease liabilities	12	9	-
Total non-current liabilities		**28,090**	**24, 181**
Total Liabilities		**30,038**	**25,490**
Equity			
Share capital	18	31,000	31,000
Retained earnings		123,337	103,649
Asset revaluation reserve		25,516	14,833
Total equity		**179,853**	**149,482**
Total liabilities and equity		**209,891**	**174,972**

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Timaru District Holdings Ltd

Annual Report 2022/2023

Statement of changes in equity

For the year ended 30 June 2023 in New Zealand dollars

	Note	Share capital $000	Retained earnings $000	Asset revaluation reserve $000	Total $000
Balance at 1 July 2022	18	31,000	103,649	14,833	149,482
Total comprehensive income for the year					
Profit for the year		-	20,688	10,683	31,371
Total comprehensive income for the year		-	20,688	10,683	31,371
Transactions with owners of the Company					
Dividends paid during the year		-	(1,000)	-	(1,000)
Total transactions with owners		-	(1,000)	-	(1,000)
Balance at 30 June 2023		31,000	123,337	25,516	179,853
Balance at 1 July 2021	18	31,000	91,639	12,040	134,679
Total comprehensive income for the year					
Profit for the year		-	13,010	2,793	15,803
Total comprehensive income for the year		-	13,010	2,793	15,803
Transactions with owners of the Company					
Dividends paid during the year		-	(1,000)	-	(1,000)
Total transactions with owners		-	(1,000)	-	(1,000)
Balance at 30 June 2022		31,000	103,649	14,833	149,482

Statement of cash flows

For the year ended 30 June 2023 in New Zealand dollars

	Note	2023 $000	2022 $000
Cash flows from operating activities			
Cash received from customers		3,407	3,242
Cash paid to suppliers and employees		(2,131)	(1,738)
Interest received		184	34
Interest paid		(1,435)	(1,307)
Dividends received		2,278	2,428
Net cash from operating activities		2,303	2,659
Cash flows from investing activities			
Proceeds from other financial assets		4,000	-
Acquisition of other financial assets		(3,000)	-
Proceeds from sale of property held for sale		1,023	-
Aquisition of investment property		(6,343)	-
Net cash (to)/from investing activities		(4,320)	-
Cash flows from financing activities			
Proceeds from loans and borrowings		3,900	-
Repayments of loans and borrowings		-	(1,500)
Dividends paid		(1,000)	(1,000)
Lease payments		(5)	(9)
Net cash from/(to) financing activities		2,895	(2,509)
Net increase		878	150
Opening cash and cash equivalents 1 July		785	635
Closing cash and cash equivalents 30 June	7	1,663	785

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Timaru District Holdings Ltd

Annual Report 2022/2023

Notes to the financial statements

1 Reporting entity

Timaru District Holdings Limited ("the Company") is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002. The Company is wholly owned by Timaru District Council. The Company began operation on 29 October 1997. The entity consists of Timaru District Holdings Limited, and associated entities, PrimePort Timaru Limited (50%) and Alpine Energy Limited (47.50%). All entities are incorporated in New Zealand. The Company's principal activity is property - non-residential - renting or leasing. The financial statements presented are for Timaru District Holdings Limited as at and for the year ended 30 June 2023.

2 Basis of preparation

The financial statements of Timaru District Holdings Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and the New Zealand International Financial Reporting Standards.
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), 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 Tier-2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR") on the basis that 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 accounting policies set out below have been consistently applied to all periods presented in these financial statements. Where applicable, certain comparatives have been restated to comply with the accounting presentation adopted in the current year to ensure consistency with the current year classification.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property which are measured at fair value, and associates which are equity accounted. Fair values have been determined for measurement purposes based on the methods outlined in the notes specific to the asset. Where applicable, further information about the assumptions made in determining fair value is also disclosed in the notes specific to that asset or liability. These financial statements are presented in New Zealand dollars ($) which is the Company's functional currency, rounded to the nearest thousand dollars ($000). They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The principal areas of judgement in preparing these financial statements are set out below. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 Valuation of investment property.
- Note 12 Leases, on determining whether a contract contains a lease, lease terms, incremental borrowing rate, and lease renewal options.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense. Timaru District Holdings Limited became registered for GST in January 2007 and all parent transactions prior to this time were recorded inclusive of GST.

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Basis of preparation continued

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Cash and cash equivalents policy

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management.

Derivative financial instruments and hedge accounting

Derivatives held by associates are initially measured at fair value. Subsequent to initial recognition derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

3 Revenue

	2023 $000	2022 $000
Property rentals	2,943	2,808
	2,943	2,808

Revenue is recognised when the performance obligation associated with the respective contract is satisfied and can be reliably measured. Rental income from the investment property is recognised in the Statement of Comprehensive Income when due and paid by the Lessee and is spread evenly over the lease period. Rental income from investment property solely comprises of operating lease income from lease contracts in which the Company acts as a lessor (refer to note 12).

4 Net financing costs

	2023 $000	2022 $000
Interest income	184	34
Finance income	184	34
Interest expense	(1,607)	(710)
Finance expense	(1,607)	(710)
Net financing costs	(1,423)	(676)

Finance income and expenses policy
Finance income comprises interest income on funds invested using the effective interest method.
Finance costs comprise interest expense on interest bearing loans and borrowings. The interest expense component of interest bearing loans and borrowings is recognised as an expense using the effective interest rate method

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5 Operating expenses

	2023 $000	2022 $000
Directors' fees	208	195
Audit fees - Audit fees relating to the previous financial year	17	6
Audit fees - Annual accounts audit	27	28
Holding Company operating costs	1,258	1,040
Impairment (reversal of impairment)	(13)	22
Depreciation - Lease assets	5	8
	1,502	1,299

6 Income tax

	2023 $000	2022 $000
Tax recognised in profit or loss		
Current tax expense		
Current period	(132)	485
Total current tax expense	(132)	485
Deferred tax expense		
Origination and reversal of temporary differences	224	(354)
Total deferred tax expense/(benefit)	224	(354)
Total income tax expense	92	131
Reconciliation of effective tax rate		
Profit before tax	20,780	13,141
Income tax using the Company's domestic tax rate of 28%	5,818	3,678
Permanent differences	(5,088)	(2,867)
Imputation credits received on dividends	(638)	(680)
Income tax expense	92	131
Deferred tax		
Investment property	122	346
Property held for sale	4	6
Employee benefits	6	4
Lease liability	4	1
Right of use assets	(5)	(1)
Net deferred tax asset	131	356

The current tax liability of $899,000 (2022: 1,075,000) represents the amount of income taxes payable in respect of current and prior periods.

Income tax policy

Tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is recognised as an adjustment against the item to which it relates. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of goodwill. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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7 Cash and cash equivalents

	2023 $000	2022 $000
Current assets		
Bank accounts	1,663	785
Total cash and cash equivalents in the statement of cash flows	**1,663**	**785**

Reconciliation of cash flows from operating activities

	2023 $000	2022 $000
Cash flows from operating activities		
Profit for the year	20,688	13,010
Adjustments for:		
Gain on sale of property held for sale	(31)	-
Share of associate surplus	(8,286)	(7,669)
Deferred tax expense (income)	224	(354)
Impairment (reversal) of property held for sale	(13)	22
Gain on FV of investment property	(10,167)	(2,212)
	2,415	2,797
Change in trade and other receivables	16	13
Change in trade and other payables	(128)	(151)
Net cash from operating activities	**2,303**	**2,659**

8 Trade and other receivables

	2023 $000	2022 $000
Debtors	546	565
GST receivable	88	-
	634	**565**

No bad debt expenses have been recorded for this financial year (2022: nil).

Trade and other receivables policy

Trade and other receivables are initially recognised at fair value, being their cost, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Impairment is calculated based on an expected credit loss (ECL) model under NZ IFRS 9.
No provision is recognised as at 30 June 2023 (2022: nil).

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Notes to the financial statements continued

9 Investment properties

	2023 $000	2022 $000
Opening balance	45,488	43,645
Change in fair value	10,167	2,212
Acquisition of investment property	7,029	-
Transfer Stafford Street Properties to property held for sale	-	(369)
Closing balance	62,684	45,488

Amounts recognised in profit or loss for investment properties	2023 $000	2022 $000
Rental income from operating leases	2,943	2,807
Direct operating expenses from property that generated rental income	(563)	(583)
Direct operating expenses from property that did not generate rental income	(54)	(97)
Fair value gain recognised in other income	10,167	2,212
	12,493	4,339

Measuring investment property at fair value

Investment properties held by the Company were independently valued as at 30 June 2023 by Hayden Doody (VPM), SPINZ, ANZIV a registered valuer at Telfer Young (Canterbury) Limited. The valuation is based on fair value. In determining fair value, Mr Doody has used the rental capitalisation approach. This method uses unobservable inputs (level 3 as defined by NZ IFRS 13). This method is based upon assumptions including future rental income and appropriate discount rates. The valuations have been completed in accordance with international valuation standards by an experienced valuer with extensive market knowledge in the types of investment property owned by the company. Where property is leased as land and buildings generally on short term lease terms, the property has been valued at freehold land value. Where land is subject to a ground lease, the property has been valued at the lessor's interest in the land. There are no investment properties where title is restricted. There are no current contractual obligations to purchase, construct or develop investment property.

Investment property policy

Land and buildings held to earn rental income or for capital appreciation or both are deemed port related investment property. This includes land held for a currently undetermined use that is not owner-occupied property or for short term sale. Investment property is valued at the end of each financial year. Valuation is at fair value as determined by a qualified independent valuer. They are recorded at valuation and are not subject to annual depreciation. Variation in value is recorded in the profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Stafford Street buyback and reclassification

In July 2022 three properties located in Stafford Street Timaru were sold to a third-party. As at 30 June 2022 these properties were under contract for sale and classified as property held for sale in the annual report. In January 2023 the properties were subsequently repurchased by Timaru District Holdings Limited and are classified as Investment Property as at 30 June 2023.

10 Property held for sale

Property held for sale is classified as held for sale if the carrying amount will be recovered principally through a sale transaction within the next financial year. Property held for sale is valued at the lower of carrying amount and fair value to sell less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the profit or loss. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Property held for sale is not depreciated or amortised while it is classified as held for sale.

Sale of Showgrounds	2023 $000	2022 $000
Sale of property held for sale	663	-
Opening carrying value of Showgrounds	(620)	-
Reversal of impairment	(12)	-
Gain recognised as income	31	-

Timaru District Holdings Limited has the following commitments as at 30 June 2023 and 30 June 2022. During the 2023 financial year settlement was received for the contract of the sale of lot 5 of the Showgrounds Property. A contract has been signed for the remaining lots 8 and 9 with an expected settlement date of October 2023. The remaining value of the property is reflected on the balance sheet as property held for sale.

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Notes to the financial statements continued

11 Investments in associate companies

The interest in the associate companies has been reflected in the financial statements on an equity accounting basis, which shows the share of surplus/deficits in the statement of comprehensive income and the share of post-acquisition increases/decreases in net assets in the statement of financial position. For the purpose of equity accounting, all property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses with the exception of land which is recognised at fair value. An impairment assessment has been completed for the Company's investment in associate entities (Alpine Energy Limited and PrimePort Timaru Limited) as at 30 June 2023. No impairment loss is required to be recognised.

PrimePort Timaru Ltd

Principal activity: Port operator

Ownership: 50.0% (2022: 50.0%)

Balance date: 30 June

Results of Associate

	2023 $000	2022 $000
Share of Profit before tax	3,636	5,482
Taxation	(964)	(949)
Share of Profit After Tax	2,672	4,533
Share of Other Comprehensive Income	10,065	2,793
Share of Total Comprehensive Income	12,737	7,326

Interest in Associate

	2023 $000	2022 $000
Balance at Beginning of Year	39,471	33,395
Recognised total comprehensive income	12,737	7,326
Dividends	(1,100)	(1,250)
Balance at End of Year	51,108	39,471
Share of Recognised total comprehensive income	12,737	7,326
Dividends Paid	(1,100)	(1,250)
Total Movement in Investment	11,637	6,076

Summarised financial information of PrimePort Timaru Limited presented on a gross basis

	2023 $000	2022
Current Assets	4,211	5,467
Non Current Assets	152,583	121,247
Current Liabilities	30,511	5,374
Non Current Liabilities	24,070	42,401
Revenues	28,977	28,350
Profit or loss from continuing operations	5,344	9,068
Other Comprehensive Income	20,130	5,585
Total Comprehensive Income	**25,474**	**14,653**

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Notes to the financial statements continued

Alpine Energy Ltd

Principal activity: Electricity Distribution
Ownership: 47.50% (2020: 47.50%)
Balance date: 31 March
The financial statements of Alpine Energy are prepared for the year to 31 March 2023.
There have been no significant transactions or events between that date and 30 June 2023
that require adjustments for equity accounting purposes.

Results of Associate

	2023 $000	2022 $000
Share of Profit before tax	10,194	7,458
Taxation	(2,302)	(1,895)
Share of Profit After Tax	7,892	5,563
Share of Other Comprehensive Income	618	-
Share of Total comprehensive income	**8,510**	**5,563**

Interest in Associate

	2023 $000	2022 $000
Balance at Beginning of Year	84,391	80,006
Recognised total comprehensive income	8,510	5,563
Dividends	(1,178)	(1,178)
Balance at the End of Year	91,723	84,391
Share of Recognised total comprehensive income	8,510	5,563
	8,510	5,563
Dividends Paid	(1,178)	(1,178)
Total movement in investment	**7,332**	**4,385**

Summarised financial information of Alpine Energy Limited presented on a gross basis

	2023 $000	2022 $000
Current Assets	21,806	22,256
Non Current Assets	324,126	302,703
Current Liabilities	17,387	19,733
Non Current Liabilities	135,446	127,705
Revenues	80,346	68,402
Profit or loss from continuing operations	16,094	11,711
Other Comprehensive Income	1,301	-
Total comprehensive income	**17,395**	**11,711**

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12 Leases

As a lessee

Right-of-use asset	Motor Vehicle 2023 $000	Motor Vehicle 2022 $000
Balance at 1 July 2022	5	14
Additions	16	-
Depreciation charge for the year	(5)	(9)
Balance at 30 June 2023	**16**	**5**

Lease Liabilities	Motor Vehicle 2023 $000	Motor Vehicle 2022 $000
Current	7	5
Non-current	9	-
Total lease liabilities	**16**	**5**

The interest rate applied to lease liabilities is 7.60% and the lease matures in June 2025.

Amounts recognised in the statement of cash flows Cash outflows for leases totalled $5,000 (2022: $9,000) during the year.

Leases policy

Recognition and measurement

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Impairment

The right-of-use asset is regularly assessed for impairment (see further detail in note 2).

As a lessor

The Company leases out its investment properties. The Company classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Assets held under operating leases are included within Investment property in note 9. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2023 $000	2022 $000
Less than one year	2,254	2,027
One to two years	1,878	1,479
Two to five years	3,791	3,396
More than five years	13,343	14,242
	21,266	**21,144**

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13 Trade and other payables

	2023 $000	2022 $000
Trade creditors and accruals	844	126
Interest payable	164	81
Sundry payables	12	8
	1,020	**215**

Trade and other payables policy

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

14 Employee benefits

	2023 $000	2022 $000
Current		
Annual leave accrual	22	14
	22	**14**

Employee benefit policy

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid for outstanding annual leave balances if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

15 Interest bearing loans and borrowings

	Note	2023 $000	2022 $000
Non-Current			
Bank loans		6,400	2,500
Loans from Timaru District Council	17	21,681	21,681
		28,081	**24,181**

The interest rates for the loans from Timaru District Council range from 4.03% to 7.04% (2022: 1.75% to 4.03%). These loans have no fixed repayment terms and are repayable within 366 days (2022: 366 days) after notice by the Council seeking repayment of the outstanding amount. The interest rate applied is linked to the bank bill rate for the period plus basis points agreed with the Council.
The interest rates for the bank loan facilities range from 3.46% to 6.95% (2022: 1.67% to 3.46%). The $6,400,000 borrowing is on a fixed interest rate of 6.95% until 24 July 2023. The interest rate applied to the wholesale money market borrowing is reviewed every month by reference to the bank bill rate for that period. The average rate on the wholesale money market borrowing during the year is 5.47%.
Maturity dates of the interest rate instruments within the long term facility are:

	2023 $000	2022 $000
One to two years	6,400	2,500

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Notes to the financial statements continued

Security

Timaru District Holdings Limited commercial bills are secured by a first ranking general security agreement over all property of the company.
Loan from Timaru District Council to the Company is secured by Debenture over the company's assets.

Interest bearing loans and liabilities policy

Borrowings are initially recognised at fair value, net of transaction costs incurred.
Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

16 Financial instruments classification

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract. They include cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, interest bearing loans and borrowings, lease liabilities, shares in associate companies, related party receivables, and related party payables.
Financial assets (except for trade receivables without a significant financing component) and liabilities are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.
Financial assets and liabilities are classified into the following categories:

Financial assets held at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss. Financial assets held at amortised cost comprise: cash and cash equivalents, short term investments, trade and other receivables, and related party receivables.

Financial assets held at fair value through profit and loss
All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss. Financial assets at FVTPL comprise derivative financial instruments.

Financial assets held at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income (FVOCI) if it meets both the following conditions, and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial liabilities held at amortised cost
Financial liabilities not designated as at FVTPL on initial recognition are classified as at amortised cost. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss. Financial liabilities held at amortised cost comprise: trade and other payables, interest bearing loans and borrowings, related party payables, and lease liabilities.

Impairment - financial assets
The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The carrying value of financial assets and liabilities are as follows:

Financial assets as per balance sheet	2023 $000	2022 $000
Measured at amortised cost:		
Cash and cash equivalents	1,663	785
Other financial assets - short term deposits	1,500	2,500
Receivables	634	565
Total financial assets	**3,797**	**3,850**

GST receivable and prepayments do not meet the definition of a financial asset and have been excluded from the above table.

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Notes to the financial statements continued

Financial assets as per balance sheet	2023 $000	2022 $000
Measured at amortised cost:		
Payables and accruals	1,020	215
Term loans	28,081	24,181
Total financial liabilities	**29,101**	**24,396**

GST payable, fringe benefit taxes and employee entitlements do not meet the definition of a financial liability and have been excluded from the above table.

17 Related parties

Key management personnel

Key management personnel comprise the Directors and the General Manager

Key management personnel compensation comprised of:

	2023 $000	2022 $000
Short term employee benefits	447	389
Post-employment benefits	8	7
	455	**396**

Dividends paid

During the year a dividend of $1,000,000 (2022: $1,000,000) was paid.

Transactions involving related entities

The entities, the nature of the relationship and the types of transactions which the Company entered into during the period are detailed below:

Related entity	Nature of relationship	Types of transactions
Timaru District Council	Parent	Sales, purchases, loan payable, balance payable
Alpine Energy Limited	Partially owned	Sales, balance receivable
PrimePort Timaru Limited	Partially owned	Sales, balance receivable

The following transactions between related parties occurred during the year:

2023	Sale of goods and services	Purchase of goods and services	Balances receivable	Balances payable	Loan payable
Related party	$000	$000	$000	$000	$000
Timaru District Council	40	2,722	-	125	21,681
Alpine Energy Limited	2	-	-	-	-
PrimePort Timaru Limited	96	-	3	-	-
	138	**2,722**	**3**	**125**	**21,681**

2022	Sale of goods and services	Purchase of goods and services	Balances receivable	Balances payable	Loan receivable/ payable
Related party	$000	$000	$000	$000	$000
Timaru District Council	32	896	-	77	21,681
Alpine Energy Limited	1	-	-	-	-
PrimePort Timaru Limited	89	-	7	-	-
	122	**896**	**7**	**77**	**21,681**

Related party receivable and payable balances are interest free, unsecured, and are repayable on demand. No related party debts have been written off or forgiven during the year. Refer to note 15 for Timaru District Council loan policy.

During the financial year the company purchased industrial land assets from Timaru District Council for a purchase price of $1.1 million, being the original cost price incurred by the Timaru District Council. These assets are classified as investment property by the Company and were independently revalued at 30 June 2023 as part of the Company's investment property portfolio. The fair value of the assets at 30 June 2023 was independently assessed at $8.945 million. The increase in value has been recognised by the Company as a gain on investment property in the surplus and deficit in line with the Company's investment property accounting policy. No outstanding amount was owing to the Timaru District Council as at 30 June 2023 relating to the Properties.

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Notes to the financial statements continued

18 Share capital and reserves

	Number of shares 2023	2022	2023	2022
Shares			$000	$000
Balance 1 July	49,550,000	49,550,000	31,000	31,000
Balance 30 June	**49,550,000**	**49,550,000**	**31,000**	**31,000**

At 30 June 2023, share capital comprised 49,550,000 shares (2022: 49,550,000). 18,550,000 shares (2022: 18,550,000) issued at a price of $1.35 each have been paid to $185.50 (2022: $185.50). This uncalled capital is security for the Letter of Credit facility of $19,000,000 with ANZ Bank for the credit facilities. All issued shares rank equally.

Share capital policy
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

19 Capital management

The Company's capital is its equity, which comprises issued shares, retained earnings and revaluation reserves. Equity is represented by net assets. Section 5 of the Port Companies Act 1988 states that the principal objective of every port Company shall be to operate as a successful business. PrimePort Timaru's principal objective is to operative as a successful business, exploiting opportunities and managing risk thereby ensuring the maintenance and growth in equity. Alpine Energy's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns to shareholders, consumers and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

20 Contingencies

No contingent assets or contingent liabilities exist at balance date for Timaru District Holdings Limited (2022: nil).
No contingent assets or contingent liabilities exist at balance date for PrimePort Timaru Limited (2022: nil).
Alpine Energy Limited group has contingent liabilities of $730,000 as at 31 March 2023 in the form of performance and import guarantees to cover ongoing project work (2022: $4,090,000).

21 Capital commitments

As at 30 June 2023 the Company has outstanding contracted commitments for capital of $1,610,000 relating to investment property (2022: nil). These commitments are expected to be due within the next financial year.

22 Subsequent events

There are no subsequent events to disclose.

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Statutory information

Directors	Mark Rogers (Chairperson)
Timaru District Holdings Limited	Rebecca L. Keoghan (Deputy Chairperson)
	Peter J. Burt
	Aaron W. K. Bethune
	Sally B. Parker

Entries made in the interests register

The following entries were recorded in the interests registers of the Company:

Mark Rogers	Men at Work Limited - Independent Chairman
Chairperson	Institute of Directors Canterbury Branch - Committee Member
	PrimePort Timaru Limited - Director
	Kingsdown - Salisbury Hall Society Incorporated - Treasurer
	MVHB Professional Services Limited - Shareholder and Director
	Te Runanga o Arowhenua Limited - Chairman
	The Rogers Family Trust - Trustee
	Westroads Limited - Director
	Cumberland Property Group Limited - Director
	Cumberland Rural Properties Limited - Chairman
	Takapo AMW Limited - Chairman
Rebecca L Keoghan	Keoghan Farm Limited - Director
Deputy Chairperson	Gravity Dance Studio - Director
	Fire and Emergency NZ - Chairman and Director
	Alpine Energy Ltd - Director
	Glen Elgin Family Trust - Trustee
	Glenfiddich Family Trust - Trustee
Peter J Burt	Timaru District Council - Councillor
	Environment Canterbury - Zone Manager South Canterbury
	Aspect Trust - Chairman
	Aorangi Stadium Trust - Chairman
	Roncalli Development Trust - Trustee
	Burt Family Trust - Trustee
Sally B. Parker	Timaru District Council - Councillor
	Te Whatu Ora - Employee
	NZNO New Zealand Nursing Organisation - Member
	Aorangi Stadium Trust - Trustee
	Timaru Town and Country Club - Member
Aaron Bethune	Tainui Group Holdings Limited - Head of Financial Planning and Analytics
	Spirit of Adventure Trust - Trustee
	Bethune Consulting Limited - Director
	Bethune Family Trust - Trustee

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Statutory Information continued

Interest in transactions

- All transactions with Directors were entered into during the normal course of business and at normal terms and conditions.

Use of Company information

- During the year there were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would otherwise have been available to them.

Shareholding by directors

There are no shareholdings held by directors.

Remuneration and other benefits to directors

Timaru District Council independently chose to undertake a review of Directors fees in August 2021. The fees were last set in 2014.

	Timaru District Holdings Limited	2023	2022
Director FY2023	Mark Rogers (Chairperson)	$60,000	$50,000
Director FY2023	Rebecca L. Keoghan (Deputy Chairperson)	$43,750	$45,200
Director FY2023	Peter J. Burt	$35,000	$35,000
Director FY2023	Sally B. Parker (8 December 2021 to present)	$35,000	$18,900
Director FY2023	Aaron Bethune (10 May 2022 to present)	$35,000	$5,100
Ceased 8 December 2021	Richard L. Lyon	$-	$16,200
Ceased 30 November 2021	Ian R. Fitzgerald	$-	$25,000
	Total	**$208,750**	**$195,400**

Indemnity and Insurance: Directors and Employees

Timaru District Holdings Limited

- The Company has entered into an agreement to indemnify all Directors, Company Secretary, and Executive Officer, against loss resulting from the actions which arise out of the performance of their normal duties as director or advisor.

Dividends

Net dividends of 3 cents per fully paid share were paid during the year.

Short term employee benefits

The Company paid short term employee benefits to key management personnel of between $220,001 and $230,000 during the year; (2022: between $200,001 and $210,000).

Donations

During the year Timaru District Holdings Limited made donations of $175. (2022: $Nil).

Auditors' Remuneration

During the year the following amounts were payable to the auditors of the company:

Company	Audit Work	Other Services
Timaru District Holdings Limited	$27,233	$0

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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the shareholders of Timaru District Holding Limited's financial statements and statement of objectives and performance for the year ended 30 June 2023

The Auditor-General is the auditor of Timaru District Holdings Limited (the Company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 10 to 24, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Company on pages 8 and 9.

In our opinion:

- the financial statements of the Company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime; and
- the statement of objectives and performance of the Company presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2023.

Our audit was completed on 2 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of objectives and performance , we comment on other information, and we explain our independence.

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Auditors Report

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparison of forecast financial statements with historical financial statements

Without modifying our opinion, we draw attention to the note on page 7, which outlines that the Company did not present a comparison of the forecast financial statements with the historical financial statements in the annual report.

Responsibilities of the Board of Directors for the financial statements and the statement of objectives and performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of objectives and performance for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of objectives and performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of objectives and performance , the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of objectives and performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of objectives and performance , as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders, taken on the basis of these financial statements and the statement of objectives and performance.

For the performance targets reported in the statement of objectives and performance , our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of objectives and performance .

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of objectives and performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported statement of objectives and performance within the Company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of objectives and performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of objectives and performance, including the disclosures, and whether the financial statements and the statement of objectives and performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 7, 25 and 26, but does not include the financial statements and the statement of objectives and performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of objectives and performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of objectives and performance , our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of objectives and performance, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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7.5 Timaru District Holdings Limited Quarterly Report for the period 01 July to 30 September 2023

Author: **Toni Morrison, LTP Technical Lead**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

That the Timaru District Holdings Limited quarterly report for the period 1 July – 30 September 2023 be received and noted.

Purpose of Report

1 To present the Timaru District Holdings Limited quarterly report for the period 1 July – 30 September 2023.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a regular report to the Council on progress of Timaru District Holdings Limited (TDHL) against its Statement of Intent (SoI) which is considered by Council annually.

Discussion

3 TDHL's quarterly report for the period ending 30 September 2023 is attached. This is provided by TDHL to Council (as shareholder) as required by the SoI.

4 Following the presentation of the updated SoI to Council at the August 2023 meeting, a key areas of focus for TDHL has been supporting strong relationships with shareholders and completing the 2023 audit.

5 The 2023 audit was successfully completed on 2 October 2023, with an unmodified opinion issued by Audit NZ. This ensures TDHL continues to achieve regulatory compliance.

6 The activity updates for the period and commentary on the financial statements are outlined in the attached report. These indicate that there has been a positive start to the year, with TDHL being well placed to meet year-end forecasts.

7 The General Manager of Timaru District Holdings Limited will be in attendance to speak to the report.

Attachments

1. Timaru District Holdings Limited Quarterly Report to 30 September 2023 ⇩

The Chief Executive
Timaru District Council
bede.carran@timdc.govt.nz

6 November 2023

Dear Bede

Report for the period 1 July 2023 to 30 September 2023

TDHL is pleased to present this report for the period 1 July 2023 to 30 September 2023.

The statements and activity updates below show a positive start to the year with Net Income well above budget.

With the majority of TDHL's revenue forecast to be received in the second and fourth quarters of the financial year, we are well placed to meet our year end forecasts.

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

Further descriptions and details are provided below.

Financial Performance

The financial statements for the three months ending 31 September 2023 are attached.

Profit and Loss

- The year-to-date operating surplus is $68k, well ahead of YTD budget. This is primarily due to higher operating profit and lower than budgeted interest costs.

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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 will be allocated to a dividend payment to Council at the end of December and the final payments for the 3 Fraser St sealing project.

Governance

Timaru District Council

- A key priority for TDHL is to foster and support a strong relationship with our shareholders on matters of substance.
- Following the submission of the updated Statement of Intent (SoI) in June, TDHL has continued to engage with TDC management and Council on the SoI, including talking to the SoI at the 8 August Council meeting.
- Unaudited Annual Financial statements were submitted within the statutory timeframe and presented to Council on 17 October.
- This has been followed by a successful audit which resulted in an unmodified audit opinion being issued and the completion of the TDHL Annual Report within statutory timeframes. A copy of the 2022/23 Annual Report can be found here.

PrimePort Timaru Limited

- PrimePort announced their annual results on 24 August. A copy of the press release can be found here and the full Annual Report here.
- The Port of Tauranga Board visited PrimePort in July. The TDHL Chair joined for a health and safety walkaround and dinner.
- A TDHL and PrimePort Board to Board meeting was held in late September.
- It is noted that 2023 is the 10-year anniversary of the joint venture with Port of Tauranga in PrimePort. This has been a highly successful venture and brought significant benefits to the wider District.

Alpine Energy Limited

- Meetings with fellow shareholders have continued, with officers meeting in August and September.
- A Board to Board meeting was held in early August followed by the Alpine AGM.

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- Further shareholder engagement is planned for late October and a presentation from the Alpine Chair is to be received in December.
- It is noted that the renewed Alpine Board are taking pro-active steps to improve the efficiency and effectiveness of the business as evidence by amalgamating NetCon in with Alpine Energy.

Property

- Work continues on the 3 Fraser St site sealing project and is expected to be complete in mid-December. This major capital project adds significant value to a key port tenant.
- The resource consent for demolition of the 101 to 107 Stafford St buildings was granted in October. Asbestos assessment are now being completed a with demolition anticipated in 2024.

Sincerely

Mark Rogers

TDHL Chair

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admin@tdhl.co.nz
PO Box 178 Timaru 7910

Profit and Loss - For the 3 months ended 30 September 2023

PROFIT & LOSS	2022/2023 (YTD)	2023/2024 (YTD)	Budget 2023/2024 (YTD)	Budget 2023/2024 (Full Year)
Revenue	$672,341	$735,273	$718,007	$3,180,520
Cost of Sales	$178,737	$219,502	$232,993	$847,952
Gross Profit	**$493,605**	**$515,770**	**$485,014**	**$2,332,568**
Expenses	$222,145	$271,408	$338,595	$1,536,482
Operating Profit	**$271,460**	**$244,363**	**$146,419**	**$796,086**
Other Income	$235,709	$235,570	$235,570	$2,232,383
Earnings Before Interest & Tax	**$507,169**	**$479,933**	**$381,989**	**$3,028,469**
Interest Income	$12,226	$70,159	$0	$0
Interest Expenses	$297,314	$481,475	$539,753	$2,183,529
Earnings Before Tax	**$222,081**	**$68,616**	**-$157,764**	**$844,940**
Net Income	**$222,081**	**$68,616**	**-$157,764**	**$844,940**

Balance Sheet - As at 30 September 2023

BALANCE SHEET	2022/2023 (YTD)	2023/2024 (YTD)
ASSETS		
Cash & Equivalents	$4,358,048	$2,614,257
Accounts Receivable	$5,861	$80,334
Other Current Assets	$360,770	$147,643
Total Current Assets	**$4,724,679**	**$2,842,234**
Investments or Other Non-Current Assets	$170,401,130	$206,349,219
Total Non-Current Assets	**$170,401,130**	**$206,349,219**
Total Assets	**$175,125,808**	**$209,191,453**
LIABILITIES		
Accounts Payable	$106,643	$230,470
Tax Liability	$1,071,725	$879,992
Other Current Liabilities	$68,209	$84,664
Total Current Liabilities	**$1,246,577**	**$1,195,125**
Long Term Debt	$24,180,613	$28,080,613
Total Non-Current Liabilities	**$24,180,613**	**$28,080,613**
Total Liabilities	**$25,427,190**	**$29,275,739**
EQUITY		
Retained Earnings	$112,286,001	$130,180,912
Current Earnings	$222,081	$68,616
Other Equity	$37,190,536	$49,666,186
Total Equity	**$149,698,618**	**$179,915,714**
Total Liabilities & Equity	**$175,125,808**	**$209,191,453**

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Statement of Cash Flows - For the 3 months ended 30 September 2023

Cash Flow Statement	2022/2023 (YTD)	2023/2024 (YTD)
OPERATING ACTIVITIES		
Cash was provided from:		
Rentals	$858,972	$834,869
Interest received	$12,226	$70,159
Dividends Received from Alpine Energy	$706,709	$706,709
Total Cash was provided from:	**$1,577,907**	**$1,611,737**
Cash was disbursed to:		
Payments to suppliers and employees	$604,020	$600,535
Interest Payments & Line of Credit	$260,611	$498,263
Total Cash was disbursed to:	**$864,631**	**$1,098,798**
Cash Flow from Operating Activities	**$713,276**	**$512,939**
CAPITAL WORKS		
Cash Flow From Capital Works	**$360,000**	**($1,061,135)**
Change in Cash & Equivalents	**$1,073,276**	**($548,196)**
Cash & Equivalents, Opening Balance	$3,284,772	$3,162,454
Cash & Equivalents, Closing Balance	$4,358,048	$2,614,257

Movements in Equity - For the 3 months ended 30 September 2023

Movements in Equity	2023/2024 (YTD)
Equity - Opening Balance	$179,847,098
Current Year Earnings	$68,616
Total Equity	**$179,915,714**

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7.6 Presentation of Venture Timaru Limited Annual Report 2022/23

Author: **Jessica Kavanaugh, Corporate Planner**

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

Recommendation

That the Council receives and notes the audited Venture Timaru Limited Annual Report for the financial year 01 July 2022 – 30 June 2023.

Purpose of Report

1 To receive and note the audited Venture Timaru Limited Annual Report for the financial year 01 July 2022 – 30 June 2023. This includes a financial summary, non-financial monitoring indicator results and service level highlights for the year.

Assessment of Significance

2 This matter is is considered to be of low significance in terms of Council's Significance and Engagement policy. This is a regular report to the Council on progress of Venture Timaru against its Statement of Intent (SoI) which is approved by Council annually.

Financial Results

3 This section summarises the key financial results for the year:

(i) Total Revenue was $3,198,547, with $990,000 sourced from Timaru District Council grants. Other funding sources include central government, Bayhill Development Limited and Aoraki Multicultural Council.

(ii) The audited surplus for the year end 30 June 2023 is $16,676 compared to the budgeted amount which was a deficit of ($1,026).

(iii) As a non-profit organisation, Venture Timaru does not generate income or a dividend for its shareholder Timaru District Council.

Non Financial Performance Indicator Results

4 The monitoring indicator results for the year are as follows:

Indicator	Result
GDP Contribution - Timaru District vs NZ	Timaru's economy grew by 2.7% over the year to June 2023, just behind the national growth of 3.1%. and lower then the Canterbury region 4.1%.
Unemployment Rate – Timaru District vs NZ	Timaru's labour market remains very tight, with Timaru's unemployment rate trending down over the year to 2.8% which is a 10-year low. This is lower than the Canterbury region (3%) and nationally (3.4%).
Housing Affordability	As of June 2023 the Timaru District multiplier was 4.6x (median income $109,000, median house price $503,000).

(median multipliers - dividing median household income into median house price)	This places the Timaru District 11/60 of all the NZ territorial authorities in terms of Affordable Housing. Nationally the multiplier was 7.2%.
Visitor and Consumer Spend	Tourism expenditure increase of 12.6% equates to $194m for the year end to June 2023. This is lower than the Canterbury region (26.9%) and nationally (31.7%). Consumer expenditure increase of 7.2% which is just below the Canterbury region (9.5%) and nationally (11.8%).

Service Highlights

5 The key service highlights for the year are outlined in the attached report with particular note to:

(i) Attraction and retention of Central Government funding bringing in an estimated $17m benefit to the district.

(ii) Facilitating a partnership with Energy Efficiency and Conservation Authority to launch the completion of Decarbonisation Plan for Mid-South Canterbury.

(iii) Establishment of a new coastal shipping service in partnership with Primeport, Port of Tauranga and local import and export industries.

(iv) Timaru was acknowledged nationally as the best non-metropolitan area to live.

Consultation

6 Consultation is not required on this matter. The year end results will be publically reported in the Venture Timaru Annual Report and the Timaru District Council Annual Report.

Relevant Legislation, Council Policy and Plans

7 Venture Timaru of Intent 2022/23

8 Local Government Act 2002

9 Timaru District Council Long Term Plan 2021-31

Financial and Funding Implications

10 There are no financial or funding implications as a result of reporting the year end results to Council.

Other Considerations

11 There are no other considerations.

Attachments

1. Venture Timaru - Annual Report for the year ended 30 June 2023 ⇩

Venture Timaru

DISTRICT - ECONOMIC & TOURISM AGENCY

Financial Statements

for the year ending 30th June 2023

Contents

DIRECTORS' DISCLOSURE

In the opinion of the directors of Venture Timaru Ltd trading as Venture Timaru, the financial statements, and notes on pages 4 to 22:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 30 June 2023 and the results of its operations and cash flows for the year ended on that date

- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate preparation of the financial statements with Tier 2 Public Benefit Entity Accounting Standards.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

These financial statements were authorised for issue by the Board on 29th September 2023.

Tony Howey
Chairperson

Raeleen de Joux
Deputy Chairperson

3

Statement of Comprehensive Revenue & Expenses

Venture Timaru
For the year ended 30 June 2023

	NOTES	2023	2022	BUDGET 2023
Revenue from Non-Exchange Transactions				
Funding from central & local government		3,056,765	2,840,152	3,645,699
Revenue from Exchange Transactions				
Funding from non government sources		100,031	87,972	42,750
Investment Income		41,752	13,247	4,550
Total Revenue		**3,198,547**	**2,941,371**	**3,692,999**
Gross Revenue		**3,198,547**	**2,941,371**	**3,692,999**
Expenses				
Employee related costs		526,200	536,406	476,268
Administration & overhead costs		313,845	305,686	348,960
Tourism administration		298,623	287,171	262,371
Other Programmes		2,035,775	1,722,651	2,606,426
Provision for Tax		7,428	29,108	-
Total Expenses		**3,181,871**	**2,881,021**	**3,694,025**
Surplus /(deficit) for the year		**16,676**	**60,349**	**(1,026)**
Other Comprehensive Revenue		-	-	-
Surplus plus other Comprehensive Income		**16,676**	**60,349**	**(1,026)**

These financial statements should be read in conjunction with the Independent Auditor's Report and accompanying notes.

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Statement of Changes in Equity

Venture Timaru
For the year ended 30 June 2023

	NOTES	2023	2022	BUDGET 2023
Equity				
Opening Balance		442,509	382,160	442,509
Current Year Earnings		16,676	60,349	(1,026)
Total Equity	11	459,185	442,509	441,483

These financial statements should be read in conjunction with the Independent Auditor's Report and the accompanying notes.

Statement of Financial Position

Venture Timaru
As at 30 June 2023

	NOTES	30 JUN 2023	30 JUN 2022	BUDGET 2023
Assets				
Current Assets				
Cash & cash equivalents	6	545,448	1,178,591	700,000
Short Term Investments	6	494,796	828,161	500,000
Exchange Receivables	6	7,549	35,774	20,000
Non-exchange Receivables	6	172,207	39,142	250,000
Total Current Assets		1,220,000	2,081,668	1,470,000
Non-current Assets				
Plant & Equipment	10	39,961	50,101	40,000
Total Non-current Assets		39,961	50,101	
Total Assets		1,259,961	2,131,769	1,510,000
Liabilities				
Current Liabilities				
Trade & other payables	6	119,370	92,776	140,000
Funding unallocated		626,423	1,528,497	873,517
Employee Benefits		54,983	67,987	55,000
Total Current Liabilities		800,776	1,681,184	1,068,517
Total Liabilities		800,776	1,681,184	1,068,517
Net Assets		459,185	442,509	441,483
Equity				
Equity	11	459,185	442,509	441,483
Total Equity		459,185	442,509	

These financial statements should be read in conjunction with the Independent Auditor's Report and accompanying notes.

6

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Statement of Cash Flows

Venture Timaru
For the year ended 30 June 2023

	Notes	Actual 2023 $	Actual 2022 $	Budget 2023 $
<u>Cash Flows from Operating Activities</u>				
Non-exchange transactions				
Funding from central & local government		2,030,149	3,628,670	2,000,000
Exchange transactions				
Receipts from non governmental sources for providing goods or services		87,850	10,820	70,000
Interest, dividends and other investment receipts (net)		28,218	1,272	4,000
Net GST		25,127	-	24,000
		2,171,344	3,640,762	2,098,000
Cash was applied to:				
Payments to suppliers and employees		3,106,725	2,828,081	2,864,161
Terminal tax paid		9,339	16,247	9,400
Provisional tax paid		30,122	11,372	30,000
net GST		-	45,817	
		3,146,186	2,901,517	2,903,561
Net Cash Flows from Operating Activities		(974,842)	739,245	(805,561)
<u>Cash flows from Investing and Financing Activities</u>				
Receipts from investments maturing		342,773	100,283	328,161
Cash was applied to:				
Payments to acquire property, plant and equipment		1,074	6,189	1,191
Payments to purchase investments		-	600,000	-
Net Cash Flows from Investing and Financing Activities		341,699	(505,906)	326,970
Net Increase / (Decrease) in Cash		(633,143)	233,339	(478,591)
Opening Cash and Cash Equivalents 1 July		1,178,591	945,252	1,178,591
Closing Cash and Cash Equivalents 30 June		545,448	1,178,591	700,000
This is represented by:				
Bank Accounts and Cash	8	545,448	1,178,591	700,000

These financial statements should be read in conjunction with the Independent Auditor's Report and accompanying notes.

7

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VENTURE TIMARU

Notes to the financial statements

For the year ended 30 June 2023

1. **Reporting entity**
Venture Timaru Limited (the "company") trading as Venture Timaru is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002. The company, is wholly owned by Timaru District Council, is registered under the Companies Act 1993 and is domiciled in New Zealand. The company began operation on 23 June 2010.

The company's principal activity is to facilitate and support smart, sustainable economic development and to deliver tourism and business services for the district.

2. **Basis of preparation**
The financial statements of the company have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and the New Zealand International Financial Reporting Standards.

The company has elected to report in accordance with Tier 2 PBE Accounting Standards and has applied disclosure concessions. The company is eligible to report in accordance with Tier 2 PBE Accounting Standards as it is not publicly accountable and has expenses of less than $30 million.

The financial statements of the company have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand PBE IPSAS Reduced Disclosure Regime (PBE IPSAS RDR), and other applicable Financial Reporting Standards, as appropriate for Public Benefit entities.

For the purposes of complying with NZ GAAP, the company is eligible to apply PBE IPSAS Reduced Disclosure Regime (PBE IPSAS RDR) on the basis that 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 PBE IPSAS RDR and has applied disclosure concessions.

Going Concern
The company has sufficient liquidity and solvency to continue as a going concern. The Board of Directors considers that the company has sufficient working capital and appropriate funding from Timaru District Council for a period of at least 12 months from the date of the financial statements are approved.

These financial statements were authorised for issue by the Board on 29th September 2023.

Nexia Marked for Identification Purposes Audit Christchurch

3. **Summary of Accounting Policies**

Basis of measurement

The financial statements have been prepared on the historical cost basis.

These financial statements are presented in New Zealand dollars ($) which is the company's functional currency. They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There are no material judgements or estimates applied in these Financial Statements.

Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

Impairment of Debtors & other receivables.

The recoverable amount of the company's investments in Debtors & other receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Debtors & other receivables with a short duration are not discounted. Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach. For Debtors & other receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Goods and Services Tax

All items on the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

Cash and cash equivalents

Cash and cash equivalents means cash balances on hand and short term investments (with original maturities of 90 days or less) held in bank accounts, in which the company invests as part of its day-to-day cash management.

Revenue

Revenue transactions are classified either as "exchange" transactions or "non-exchange" transactions:

Revenue from Exchange Transactions
Exchange transactions are transactions in which the company received assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Revenue from exchange transactions are accounted for when it is probable that the economic benefits or service potential associated with the transaction will flow to the company and the amount of the revenue can be measured reliably. The exchange revenue transactions for the company are Investment Income. Interest income is recorded as it is earned during the year.

Revenue from Non-Exchange Transactions
In a non-exchange transaction, the company either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. The company's non-exchange revenue transactions include funding from central and local government. Funding is recognised as revenue when it becomes receivable unless there is an obligation to return funds if conditions of the funding is not met. No such obligation is attached to the Council contributions received. Where conditions are attached to central government funding, these specify that the future economic benefits or service potential is required to be consumed as specified or must be returned to the transferor.

Stipulations that are 'conditions' specifically require the company to return the inflow of resources received if they are not used in the way stipulated, resulting in the recognition of a liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

The Government Grants received under these conditions were for Regional Apprenticeship Initiative and RTO Covid Recovery Funding, included as revenue as and when the appropriate expenditure was made.

Income Tax
Tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current tax and deferred tax are recognised in profit and loss. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investments
Term Deposits with banks are recognised at cost. Term Deposits with original maturities of three months or less are classified as cash and bank. Term Deposits with maturities greater than three months but less than one year are current assets and investments with maturities in excess of one year are non-current assets.

Financial Instruments
The company categorises its financial assets as Trade & Other Receivables as being at amortised cost, and its financial liabilities as being at amortised cost (Trade and Other Payables).

Financial Assets and Liabilities
Financial assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's financial assets and liabilities comprise Bank accounts and Cash, Trade & Other Receivables, and Trade and Other Payables. Financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost.

Creditors and Other Payables
Creditors and Other Payables are initially measured at the amount payable and subsequently measured at amortised cost.

Trade and other receivables
Trade & other receivables are classified as either relating to exchange transactions or non-exchange transactions.
Trade & other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The company applies the simplified ECL model of recognising lifetime ECLs for short-term receivables. In measuring ECLs, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. Short-term receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Trade and other payables
Trade and other payables are measured at cost, being their fair value. These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Benefits
Defined contribution Scheme – Kiwi Saver. Contributions to defined pension schemes are charged to the income statement in the year to which they relate. A provision is recognised for the amount expected to be paid for outstanding annual leave balances if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably. Non vesting benefits such as sick leave are not recognised.

Property, Plant & Equipment
Recognition and measurement
All items of property, plant and equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation
Depreciation is recognised in the profit or loss using a diminishing balance method over the estimated useful lives of each part of an item of property, plant, and equipment. The estimated useful lives for the current and comparative periods are as follows are included within Note 12.

Change in Accounting Policies
Prior to the current financial year, the company elected to apply PBE SR-A(PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Service) Tier 3. As the two previous financial years total expenses have exceeded $2mill, Venture Timaru Limited has now elected to apply Tier 2 as above.

Except for the new standards adopted there have been no changes in the accounting policies during the period. All accounting policies have been consistently applied throughout the period covered by these Financial Statements. The presentation of revenue is now classified into exchange and non-exchange transactions, this has also been applied to prior year comparatives. This policy is outlined in more details in the Revenue section of the Significant Accounting Policies.

The following is the company's Statement of Financial Position as at 1 July 2022 evidencing the only change being the reclassification of Debtors to now appropriate Exchange and Non-exchange Receivables.

Statement of Financial Position

Venture Timaru
As at 1 July 2022

	NOTES	1 JULY 2022
Assets		
Current Assets		
Cash & cash equivalents		1,178,591
Short Term Investments		828,161
Exchange Receivables		35,774
Non-exchange Receivables		39,142
Total Current Assets		**2,081,667**
Non-current Assets		
Plant & Equipment		50,101
Total Non-current Assets		**50,101**
Total Assets		**2,131,768**
Liabilities		
Current Liabilities		
Trade & other payables		92,776
Funding unallocated		1,528,497
Employee Benefits		67,987
Total Current Liabilities		**1,689,260**
Total Liabilities		**1,689,260**
Net Assets		**442,509**
Equity		
Equity		442,509
Total Equity		**442,509**

4. **Leases**

The company leases office premises, motor vehicles and office equipment. The office premises is an operating lease. The lease runs for three years with two rights of renewal. Final expiry date 31 October 2025.

The two motor vehicles are operating leases and each for a three year term.

The photocopier, an operating lease, is for a term of five years.

Commitments to lease or rent assets	Explanation and timing	At balance date this year	At balance date last year
	Less than one year	72,156	70,651
	Between one and five years	97,056	136,634
	Over five years	nil	nil

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5. **Transactions with Key Management Personnel**

Key management personnel are classified into the following categories:

- Chair & Directors (of the governing body)
- Executive
-

The Chair and Directors of the governing body receive an annual fee of fifteen thousand and ten thousand respectively. The Executive officer is an employee of the Company and are on a standard employment contract. The table below depicts the aggregate remuneration of key management personnel and the number of individuals determined on a full-time equivalent basis, receiving remuneration with the category. Compensation of the Group's key management personnel includes salaries and non-cash benefits.

	2023		**2022**	
In thousands of NZD	**Remuneration**	**Number**	**Remuneration**	**Number**
Chair	15	1	15	1
Directors	10	6	10	6
Executive	100-200	1	100-200	1

6. **Directors Remuneration**

The directors received the following remuneration during the year:

T Howey (Chair)	$15,000
R de Joux	$10,000
A Brien	$10,000
S Scott	$10,000
E McNaught	$10,000
K Te Raki	$10,000
A Booth	$10,000

7. **Employee Remuneration**

Employee Remuneration and other benefits exceeding $100,000:

Salary Range	Employees
$100,000 - $120,000	1
$160,000 - $180,000	1

8. **Financial Instruments classification**

Financial instruments are recognised in the Balance Sheet when the Company becomes party to a financial contract. They include cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, related party receivables and related party payables. The carrying value of financial assets and liabilities are as follows:

	2023	**2022**
Financial assets as per balance sheet		
Measured at amortised cost		
Cash and Cash equivalents	545,448	1,178,591
Other financial assets - short term deposits	494,796	828,161
Exchange Receivables	7,549	40,156
Non-Exchange Receivables	62,421	8,970
TOTAL FINANCIAL ASSETS	**1,110,214**	**2,055,878**

GST receivable and prepayments do not meet the definition of a financial asset and have been excluded from the above table.

	2023	2022
Financial Liabilities as per balance sheet		
Measured at amortised cost		
Payables and accruals	59,754	53,751
TOTAL FINANCIAL LIABILITIES	**59,754**	**53,751**

GST payable, fringe benefit taxes and employee entitlements do not meet the definition of a financial liability and have been excluded from the above table.

9. **Related Party Transactions**

		2023	**2022**
Description of Related Party Transaction	**Description of Transaction**	**Value of transaction**	**Value of transaction**
Timaru District Council - shareholder	Economic Grant	640,000	640,000
Timaru District Council - shareholder	Tourism Grant	350,000	350,000
Timaru District Council - shareholder	Events Support	230,000	150,000
Bayhill Development Limited	Carparking	6,767	4,815
Aoraki Multicultural Council	Major Events Support Fund	11,422	0

10. **Contingencies**
No contingent assets or liabilities exist at balance date for Venture Timaru Limited (2022:nil)

11. **Subsequent events**
On 5 July 2023, Timaru District Council accepted a contract for the Timaru CityTown Programme Tranche 5 – Private Sector Partnership to be led by Venture Timaru Limited for $195,000.

12. **Plant & Equipment**
Plant & Equipment are stated at cost less accumulated depreciation.
Depreciation is calculated to write off the cost of the items of plant & equipment using the diminishing value method.
The depreciation rates of plant & equipment are as follows:

Plant	20%
Office Fitout	10-13%
Furniture & Fittings	10-25%
Office Equipment	20-50%
Computers	40-50%

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THIS YEAR					
Asset Class	Cost	Book Value as at 1st July 2022	Purchases	(Current Year Depreciation)	Book Value as at 30th June 2023
Plant	10,756	6,654		1,331	5,323
Office Fitout	19,875	11,905		1,291	10,614
Furniture & fittings	36,434	19,250	1,074	2,705	17,619
Office Equipment	11,824	1,023		320	703
Computers/Electronic Equipment	32,780	10,650		5,258	5,392
Website	33,965	619		310	309
	145,634	**50,101**	**1,074**	**11,215**	**39,960**

LAST YEAR					
Asset Class	Cost	Book Value as at 1st July 2021	Purchases	(Current Year Depreciation)	Book Value as at 30th June 2022
Plant	10,756	8,318		1,664	6,654
Office Fitout	19,875	13,357		1,452	11,905
Furniture & fittings	35,360	20,616	1,488	2,854	19,250
Office Equipment	11,824	1,541		518	1,023
Computers/Electronic Equipment	32,780	14,870	4,142	8,362	10,650
Website	33,965	1,238		619	619
	144,560	**59,940**	**5,630**	**15,469**	**50,101**

13. **Equity**

	2023	2022
Issued Capital 1,000 shares	1,000	1,000
Retained Earnings	465,610	441,509
TOTAL EQUITY	**466,610**	**442,509**

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Statement of Service Performance

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

OVERVIEW

Through the year Timaru District, like most of New Zealand, saw the effects of an increased cost of living environment, higher interest rates and general inflationary pressures. That said, our substantially diversified economy provided a strong foundation for the District to navigate these challenges.

Identified key enablers of economic and community prosperity and welling are People, Water, Energy, Infrastructure - and we also include Housing.

Locally we have recognised headwinds across all of these enablers most notably our challenges in attracting and retaining the workforce needed (noting we are back at traditionally low unemployment levels of 2.8% as at end June 2023) whilst we also require more diversity across our housing stock to provide more options for those we attract here - many of whom these days have substantially different dwelling type preferences.

Equally, Energy is a critical enabler to existing business growth and also our ability to attract new business to the area. We are working closely with Alpine Energy to develop a sub-regional energy strategy to "power up" ensuring we have the capacity & accessibility associated with a sustainable, renewable, and resilient energy supply to grow and prosper in the years ahead.

ACHIEVEMENTS

As the Economic Development and Tourism agency for the Timaru District, Venture Timaru's mandate is to support and grow our district "as one", with an operational focus on delivering consistent district promotional and attraction activities, along with facilitated business support and project work.

The following summarise some of our key achievements through 2022/23:

- **Attraction & retention of Central Government funding bringing an estimated $17m benefit to the District across:**
  - Regional Apprenticeship Initiative supporting over 120 local apprentices
  - My Next Move Youth transition initiative "exposing educating and exciting' our secondary school students on their future career pathways. Contract extension obtained for a further two years for an initiative started here in Timaru and utilised by the Ministry of Education now in approx. 30 locations nationwide.
  - Tourism Support Recovery and Reset funding supporting the development of new, and enhancement of existing, visitor attraction offerings and associated promotional resources.

- **Completion of Decarbonisation Plan for Mid-South Canterbury**
  - Proud to have facilitated a partnership with Energy Efficiency and Conservation Authority (EECA) to launch and complete the Mid-South Canterbury Regional Energy Accelerator Transition plan (RETA) - being only the second region nationally to do so. A collaborative approach to decarbonising 90% of process heat emissions in the region by 2036 (a reduction of 504kt out of a total 542kt).

- **Continued advocacy for diversity in our housing stock:**
  - With ever changing buyer preferences, we have an urgent need for more diversity in our housing stock to meet demand. Releasing new land for medium to large scale residential developments is as important as ever, however we also need to meet the market by providing inner & near city/town apartments and town houses alongside new medium density options.

- We continue to actively advocate to ultimately help establish an enabling environment that is bold and innovative in its approach to educate, excite and inspire property owners, developers, and investors step into the future of housing in our district.

- **A stronger voice into Central Government and enhanced collaboration locally**
  - Beneficial central government relationships across all key government ministries ensuring the contribution of our central south island area is both rightfully acknowledged and at the forefront of government support and funding decisions. Noting a jointly commissioned report (Venture Timaru with Mayor Bowen) highlighted >7% (nearly $4bn) of New Zealand's Food and Fibre Exports were generated in South Canterbury from just over 1% of the population. Clear evidence of the significant contribution we make to "NZ Inc".
  - Growth of our Business Connection Groups across a variety of key sectors collaboratively addressing workforce attraction & retention, energy and waste management opportunities, NZ leading Sustainable is Attainable initiative etc...
  - We continue to grow a strong foundation of collaboration with our neighbouring districts ensuring a "fly in formation" cohesive approach across economic development and visitor attraction activities.

- **Expansive Promotional, Visitor Attractions and Events Activities**
  - Timaru acknowledged nationally as the best non-metropolitan area to live – Mayor Bowen and Venture Timaru Chief Executive Nigel Davenport appearing separately on national television to further promote the district.
  - Increasing prominence of a variety of promotional and educational activities aligned to the Scott Base Redevelopment project due to commence Q3 2023.
  - Facilitation of the 2022/23 Cruise season which saw an unprecedented 14 vessels call into Timaru's Primeport disembarking nearly 10,000 international visitors worth an estimated $2.80m locally - let alone significant reputational benefits with Timaru widely recognised as one of New Zealand's friendliest ports of call. The 2023/24 season is shaping up well with 11 vessels/11,800 passengers already confirmed.
  - A large number of existing and new events were supported via the Council funded and Venture Timaru administered Major Events Fund. New events included Brews on the Bay, Seaside Festival, and Illuminate in the Botanic Gardens.

- **Timaru District: 75,000 by 2050 aspirational project**
  - Starting with a high-level projection based on four key economic drivers, it became abundantly clear that continuing with the status quo was not an option for our district as we effectively go backwards.
  - The focus across 2023/24 will be on developing a 2050 strategy for the district and a plan to implement - aligned to and helping inform Council's 2024 Long Term Plan review.

- **Establishment of a new Coastal Shipping Service**
  - Pleased to have worked alongside PrimePort, Port of Tauranga and our local import & export industries to attract Swire/Pacifica as a new coastal shipping service. Now well established and opportunities to expand the service frequency are a focus I the year ahead.

- **Virtual Reality Driver Simulators in all Mid-South Canterbury Secondary Schools**
  - Venture Timaru and Timaru District Council have been at the forefront as facilitators and supporters of this exciting pilot programme (**a first for New Zealand**) which delivers driver education into all local secondary schools.
  - Fellow partners included Fulton Hogan, Centre of Digital Excellence (Dunedin), Kanoa Regional Development Agency, Ashburton & Waimate District Council's, Ministry of Social Development and Community Trust Mid-South Canterbury
  - Driving on local roads (virtually), our future drivers complete a variety of modules via accessible real-world driving experiences without the real world consequences.

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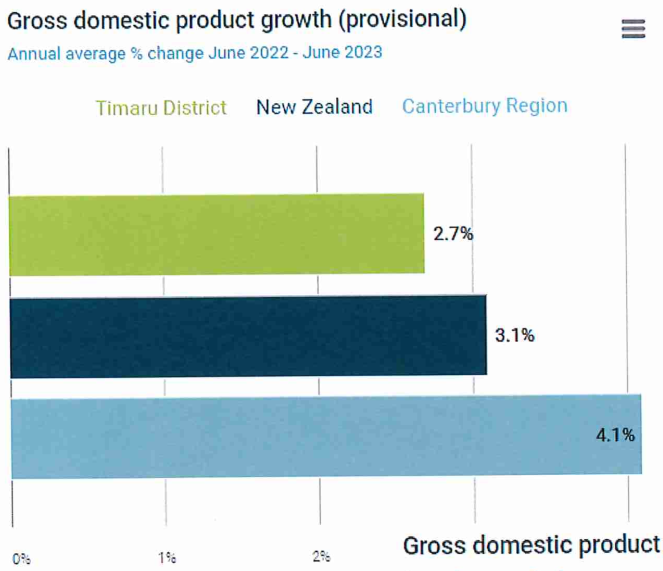
MONITORING INDICATORS (non-financial)

1. **Gross Domestic Product – Timaru District v NZ** – *source Infometrics*

Timaru's economy grew by a solid 2.7% over the year to June 2023, just behind national growth of 3.1%, according to Infometrics provisional GDP estimates.

However, on a quarterly basis, Timaru's GDP fell 0.6%, which largely reflects higher input costs squeezing margins in agriculture and manufacturing.



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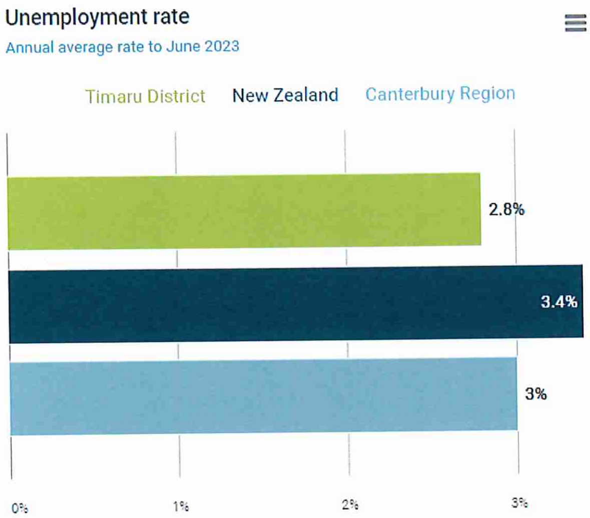
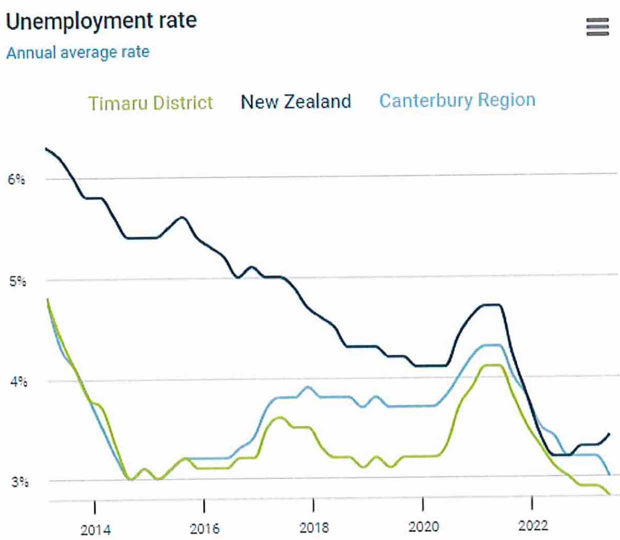
2. **Unemployment Rate – Timaru District v NZ**– *source Infometrics*

Timaru's labour market remains very tight, with Timaru's unemployment rate trending down over the year to June 2023, to 2.8% (a 10 year low), at the same time as the national unemployment rate has started to pick up.

Employment of Timaru residents grew 1.5% over the year to June 2023, an impressive outcome given the district's low unemployment rate.





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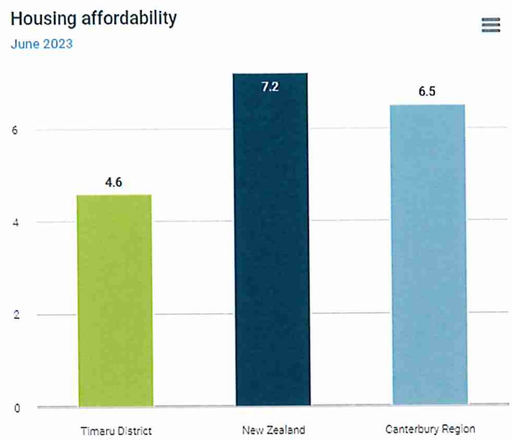
3. **Housing Affordability** – *source Infometrics/Corelogic*

For Timaru 4.6x the average household income buys you the average house value.

- average current house values (Timaru $503K) and
- average household incomes (Timaru $109K)

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.



Note the below table as at 30/6/23 Timaru ranked 11/60 of all NZ territorial authorities when it comes to Affordable Housing. By comparison at the top end of least affordable areas were:

- Nelson City 8.3
- Tauranga City 9.4
- Mackenzie District 10.8
- Queenstown-Lakes District 12.9
- Thames-Coromandel District 15.7

	Housing affordability index			House values		
Area	Jun 2022	Jun 2023	Change	Jun 2022	Jun 2023	Chang
South Waikato District	4.0	3.4	▼	$477,307	$429,427	▼
Ruapehu District	4.1	3.6	▼	$399,147	$372,830	▼
Tararua District	4.3	3.6	▼	$454,855	$407,854	▼
Grey District	3.7	3.6	▼	$361,982	$365,807	▲
Rangitikei District	4.8	3.9	▼	$495,029	$422,777	▼
Wairoa District	3.9	4.0	▲	$389,859	$424,985	▲
Buller District	4.0	4.0	▶	$322,944	$336,951	▲
Waitomo District	4.0	4.1	▲	$359,339	$399,781	▲
South Taranaki District	4.7	4.3	▼	$464,983	$439,074	▼
Westland District	4.6	4.6	▶	$379,981	$398,351	▲
Timaru District	5.0	4.6	▼	$513,369	$501,312	▼
Kawerau District	5.4	4.7	▼	$453,923	$389,719	▼
Gisborne District	5.8	4.8	▼	$674,826	$588,894	▼
Porirua City	5.9	4.8	▼	$918,666	$800,078	▼
Waitaki District	5.6	4.8	▼	$505,721	$467,052	▼
Clutha District	5.2	5.0	▼	$384,401	$392,454	▲
Invercargill City	5.4	5.0	▼	$464,205	$455,820	▼
Manawatu District	6.0	5.1	▼	$689,724	$609,769	▼
Southland District	5.2	5.1	▼	$464,311	$489,707	▲
Ōtorohanga District	5.4	5.2	▼	$525,754	$522,946	▼
Whanganui District	6.0	5.2	▼	$556,148	$501,370	▼

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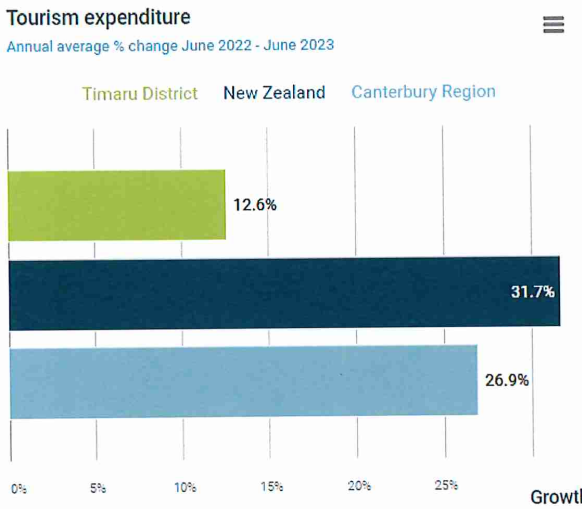
4. **Visitor & Consumer Spend** - *source Infometrics.*

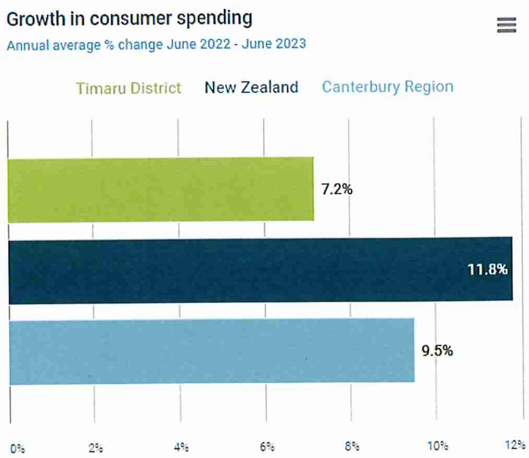
Visitor Spend: International border reopening and the re-emergence of international tourism has seen our tourism expenditure growth v NZ revert to traditional levels.

That said the 12.6% growth in local tourism spend equates to **$194m for the June 23** year v $174m a year ago – so a very strong and positive increase of $20m.

Consumer Spend: Spending activity across New Zealand rose further in the June 2023 quarter, buoyed by strong employment growth and growing visitor spending. Although annual spending levels pushed to a new record-high of nearly 12%pa according to Marketview data, quarterly spending was only up 4.0%pa – behind inflation of 6.0%pa.

Softer recent spending growth points to household budgets being squeezed more over time by high inflation and rapidly increasing interest rates. The recent migration influx has expanded the pool of available workers and bolstered employment, but New Zealand's labour market is still very tight and wage growth remains elevated, which will support spending levels from easing as significantly in the near-term as they otherwise would.





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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF VENTURE TIMARU LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Venture Timaru Limited (the company). The Auditor-General has appointed me, Sam Naylor, using the staff and resources of Nexia Audit Christchurch, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 4 to 16, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 17 to 22.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with PBE Standards Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 29 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's Statement of Intent and budget.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence
We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

Sam Naylor
Nexia Audit Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand

7.7 Venture Timaru Quarterly Report for the period 01 July to 30 September 2023

Author: **Toni Morrison, LTP Technical Lead**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

That Venture Timaru's quarterly report for the period 01 July – 30 September 2023 be received and noted.

Purpose of Report

1 To present the Venture Timaru quarterly report for their Economic Development and Visitor Promotion operations for the period 01 July – 30 September 2023.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a regular report to the Council on the progress of Venture Timaru against its Statement of Intent (SoI) which is considered by Council annually.

Discussion

3 Venture Timaru's Quarterly Report for the period ending 30 September 2023 is attached. This is provided by Venture Timaru to Council (as shareholder) as required by the SoI.

4 The financial statements and progress on the non-financial monitoring indicators to 30 September 2023 are also outlined in the attached report.

5 Key highlights include: Private Sector Partnership tranche of the City Town Project including progress in the development of the Inner/Near City Urban Living Guidelines; attendance at an initial session with key stakeholders on a regional energy strategy; preparation for the upcoming cruise ship season; and support for a number of major events and attractions.

6 The Chief Executive of Venture Timaru will be in attendance to speak to the report.

Attachments

1. Venture Timaru Quarterly report to 30 September 2023 ⇩

MEMORANDUM

FROM: Nigel Davenport – Venture Timaru Chief Executive

TO: Timaru District Mayor and Councillors

SUBJECT: Venture Timaru Operational Update for the three months to 30 Sept 2023

DATE: 15th November 2023

Background

Please find attached an update relating to our Economic Development and Visitor Promotion operations for the quarter to 30 Sept 2023.

General Commentary

Cost pressures on Timaru District's primary and manufacturing sectors have had an impact in the latest economic report, with the region's GDP for the year to September growing at a level slightly under the national growth figure. Infometrics new quarterly economic report prepared for Venture Timaru shows GDP growth of 1.3 percent for the year to September, compared with 1.7 percent nationally. The figures show that the district's growth particularly slowed in the September quarter.

Meanwhile consumer spending over the year to September dropped a little to 5.7 percent, but the September quarter fared better, picking up to 6.2 percent growth, which was slightly ahead of inflation. This shows that Timaru household's, are managing to maintain their spending, which is pretty good overall for our community in the current environment.

Employment of Timaru residents also shows growth, up 2.1 percent over the year, which is the fastest growth experienced in the district since 2018. No big surprise to learn that this employment growth had been led by one our biggest industry groups, the manufacturing sector, which added another 350 jobs over the year.

There has also been a small growth in Timaru District's population, of 0.8 percent, and also a small increase in the unemployment rate, which now stands at 3 percent, which is below the national rate of 3.5%.

Recovery of the tourism sector in the district is continuing, although it has slowed, and domestic guest nights have pulled back over the June and September quarters.

There was a very small rise in Timaru house values in the September quarter of 0.1 percent, but nationally a drop in house values of 5.9 percent. We don't see the big peaks and ebbs in house values compared to areas like Auckland, and that's backed up in these figures.

In summary it's a bit of a mixed bag at present as whilst we are maintaining some good momentum with our economic performance, there remains potential for a more subdued outlook moving forward as we ride out the inflationary and cost of living pressures that face us currently.

ENABLER PRIORITY – Diversity of Housing stock

- We continue to work 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.
- We are also progressing the Private Sector Partnership tranche of the City Town project focusing on encouraging inner/near city living opportunities and developments:
  - A number of local architect /designer professionals have provided their feedback on rules and regulations, processes, and perceived barriers to urban living development within or near our CBD.
  - In collating and workshopping their feedback, it has been pleasing to discover that a large number of perceived barriers are not due to inconsistent interpretations and or restrictive rules and regulations but more that the existing rules and regulations are in fact very permissive/flexible – they have just not been fully communicated as such.
  - There are a small number of rules, regulations and processes that will require further assessment and potential "dial shifts" to become more enabling – all of which could have a very positive impact on exciting and inspiring new residential development in and near our CBD.
  - Having recently positioned the summarised feedback with Council SLT we are now progressing the first draft of the new Inner/Near City Urban Living Guidelines which will incorporate:
    - Better/clearer communication of what is possible within existing regulatory framework – e.g. did you know? imagery, suggested "sites for types" etc
    - Subject to confirmation - detail of process improvements that Council would commit to implementing i.e. enhanced pre-application process and formation of a "development team".
    - Case studies of new developments – recently completed, planned, underway…
    - Overview of the geo-tech report and potential positive impacts on existing EPB assessment %'s.
  - 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.
- Aiming to distribute our "Future Preferences Housing Survey pre-Xmas seeking 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

- 33 of our largest process heat users continue to progress their individual plans to decarbonise and convert to renewable and resilient energy. We are engaging with EECA, Alpine Energy and the Energy academy on how best we monitor, celebrate, and communicate the progress being made as we see this as an ideal platform to position the region as a leader in this space.
- We also took part in an initial session with Alpine Energy, Council's, Iwi, and other key stakeholders to progress a regional energy strategy. We will be part of the steering group progressing this in the coming months.

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

Cruise Season 2023/24

With the first ship of the season due 20th November – the coming cruise season is shaping up as a massive one with up to 33,000 international visitors due to arrive across Nov – March. Last seasons 14 Visits/11,000 generated an economic benefit of $2.80m – this seasons 19 visits/33,000 passengers are forecast to generate **$6.60m economic benefit** and wider reputational and social benefits.

Last season's expenses were met approx. 50/50 by VT (ex-reserves) and Primeport, however we are seeking support of up to $40K towards this cruise season costs from the Councils Economic Development Fund.

Schedule

SHIP	DATE	ARRIVAL TIME	DEPARTURE TIME	PASSENGERS
Noordam	Mon 20 Nov 2023	07:00	17:00	1972
Pacific Explorer	Thurs 23 Nov 2023	08:00	18:00	1998
Seabourn Odyssey	Tue 28 Nov 2023	08:00	18:00	458
Seabourn Odyssey	Thurs 28 Dec 2023	08:00	18:00	458
Noordam	Thurs 28 Dec 2023	10:00	18:00	1972
Europa	Sat 30 Dec 2023	06:00	18:30	408
Norwegian Spirit	Mon 8 Jan 2024	09:00	19:00	2018
Noordam	Sun 21 Jan 2024	07:00	15:00	1972
Norwegian Spirit	Weds 24 Jan 2024	07:00	16:30	2018
Noordam	Thurs 1 Feb 2024	08:00	17:00	1972
Norwegian Spirit	Thurs 1 Feb 2024	07:00	TBC	2018
Vasco De Gama	Sat 10 Feb 2024	07:00	19:00	1260
Norwegian Spirit	Sun 25 Feb 2024	09:00	19:00	2018
Noordam	Tues 27 Feb 2024	08:00	17:00	1972
Volendam	Fri 8 Mar 2024	08:00	18:00	1432
Norwegian Spirit	Tues 12 Mar 2024	07:00	16:30	2018
Noordam	Sun 17 Mar 2024	07:00	16:00	1972
Resilient Lady	Mon 18 Mar 2024	10:00	19:00	2700
Norwegian Spirit	Wed 20 Mar 2024	09:00	19:00	2018

Double visit days   3 in 4 days

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

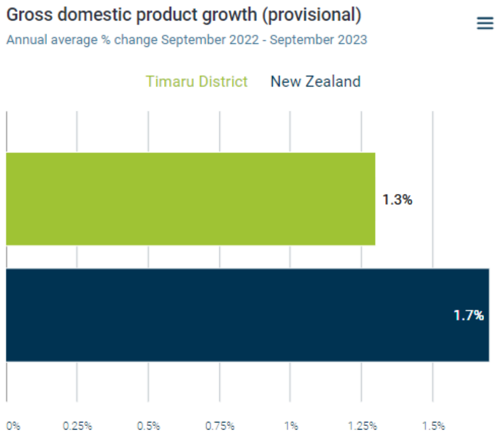
Additional snapshot updates:

- **Scott Base –** At time of writing all parties are in an "push pause and reset phase" which sees them completing an options analysis on how best to ensure the project is completed within the now max budget of c507m. We expect to hear the outcome of this options analysis soon and remain hopeful a new start date for the project early I the new year.
- **Timaru District 2050 –** this aspirational project will be progressed across 2023/24 to be aligned to, and help inform, Council's LTP deliberations but most importantly provide an exciting aspirational goal for our whole district. We await the outcome of an application to Council's Economic Development Fund for $25K to partner fund 50/50 of stage one of this project.
- **Major Events Fund -** Twelve events to be held in the Timaru District in the next year have been successful in securing funding in the August 2023 round of applications for the Major Events Support Fund (MESF). This year there was $245,000 available, with applications totaling $363,000. The successful applicants range 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 experienced event management company, Event Hire.
  The successful events being supported this 2023/24 events season are:
    - Caroline Bay Carnival
    - 4 & Rotary South Island Championships
    - Illuminate Light & Sound Experience
    - Caroline Bay Rock and Hop
    - Rally South Canterbury
    - Matariki Twilight Market
    - The Geraldine Festival
    - Christmas on the Bay
    - Colour Festival
    - Multicultural Festival
    - Pasifika o Aoraki Festival
    - Seaside Festival
- **Kaylee Bell –** we are thrilled to have secured Kaylee as the headline act for the Timaru Xmas Carnival where she will perform Thursday 4th January. https://www.stuff.co.nz/timaru-herald/300974591/kaylee-bell-announced-in-lineup-for-caroline-bay-carnival
- **SCOFF** again very successful with extensive social and print media coverage. Within the first week of SCOFF there were 20,493 SCOFF website visits alone !!
    - https://www.stuff.co.nz/timaru-herald/132793129/outstanding-food-festival-returns-to-menu-in-south-canterbury
    - https://www.stuff.co.nz/timaru-herald/132967744/south-canterbury-outstanding-food-festival-keeps-pleasing-punters-and-eateries-alike
- **Audited Financial Statements –** A clean audit of our financial results for the year to 30th June 2023 was achieved and submitted to Council by end Sept 2023.

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

Monitoring Indicators (non-financials) as per 2022/23 Statement of Intent - as at 30th Sept 2023

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

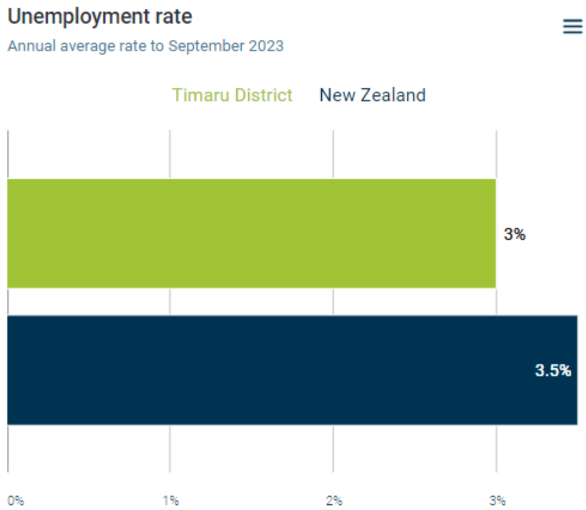


GDP in the Timaru District was provisionally up 1.3% for the year to September 2023, compared to a year earlier. Growth was lower than in New Zealand (1.7%).

Provisional GDP was $3,563 million in Timaru District for the year to September 2023 (2022 prices).

Annual GDP growth in Timaru District peaked at 7.7% in the year to June 2021.

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

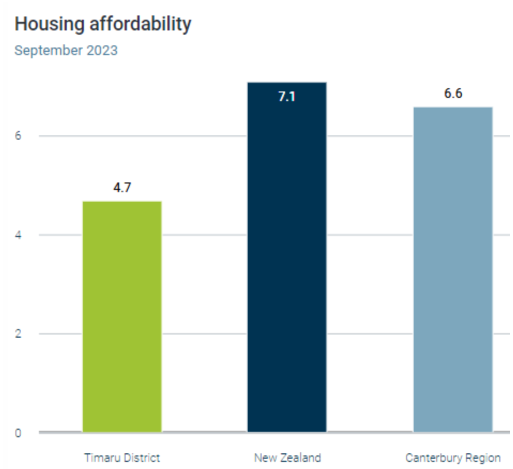


The annual average unemployment rate in Timaru District was 3.0% in the year to September 2023, the same as in the previous 12 months.

In the year to September 2023, the annual average unemployment rate in Timaru District was lower than in New Zealand (3.5%).

Over the last ten years the annual average unemployment rate in Timaru District reached a peak of 4.1% in June 2021 and a low of 2.8% in June 2023.

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



For Timaru 4.7 times the average household income $109K buys you the average house valued at $511K.

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.

	Housing affordability index			House values		
Area	Sep 2022	Sep 2023	Change	Sep 2022	Sep 2023	Change
South Waikato District	3.9	3.3	▼	$469,970	$416,707	▼
Ruapehu District	4.2	3.3	▼	$431,914	$357,617	▼
Wairoa District	4.0	3.6	▼	$400,290	$383,742	▼
Tararua District	4.3	3.6	▼	$461,241	$413,441	▼
Grey District	3.5	3.6	▲	$344,931	$371,495	▲
Rangitikei District	4.4	3.8	▼	$453,520	$419,556	▼
Waitomo District	4.7	3.9	▼	$416,581	$368,528	▼
Buller District	4.1	3.9	▼	$332,422	$332,716	▲
South Taranaki District	4.6	4.2	▼	$450,267	$434,449	▼
Westland District	4.8	4.4	▼	$396,174	$382,713	▼
Timaru District	4.9	4.7	▼	$510,613	$511,242	▲
Waitaki District	5.4	4.8	▼	$492,892	$465,778	▼
Clutha District	5.8	4.8	▼	$434,272	$379,681	▼
Kawerau District	5.0	4.9	▼	$407,652	$394,990	▼
Manawatu District	5.4	4.9	▼	$622,704	$598,181	▼
Invercargill City	5.2	4.9	▼	$456,472	$458,040	▲
Gisborne District	5.5	5.0	▼	$631,977	$596,121	▼
Porirua City	5.7	5.0	▼	$883,343	$824,166	▼
Southland District	5.6	5.0	▼	$505,120	$488,974	▼
Whanganui District	5.8	5.1	▼	$534,395	$490,210	▼
Gore District	5.2	5.1	▼	$383,651	$393,454	▲
Upper Hutt City	6.1	5.2	▼	$808,727	$727,042	▼
Waimate District	5.7	5.2	▼	$429,032	$417,712	▼

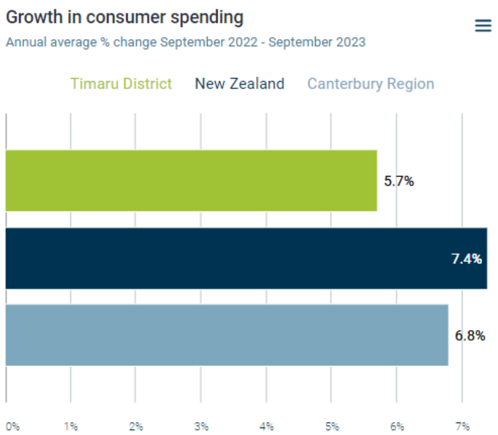
Note the table opposite – as at 30/9/23 Timaru ranked 11/60 of all NZ territorial authorities when it comes to Affordable Housing. By comparison at the top end of least affordable areas were:

Ashburton	5.6
Christchurch	6.3
Mackenzie District	10.4
Queenstown-Lakes District	12.2
Thames-Coromandel District	15.5

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

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

At the time of collating this report visitor spend data to end Spt 2023 was not yet available. The most recent data available up to July 2023 showed Visitor Spend $181.6m v $169m the year before - boosted by the arrival of 14 Cruise Ships during the 2022/23 summer cruise season – 11,000 passengers.



Consumer Spending rise 5.07% inb the year to 30 Sept 2023 which equates to **$761m** v $720m.

By comparison the year to 30 Sept 2019 (pre covid) was $620m and to 30 Sept 2021 (immediately post Covid) was $661m

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Financials

Venture Timaru
Profit & Loss Statement

1 July 2023 - 30 Sept 2023

	YTD ACTUAL	YTD BUDGET	TDC SOI BUDGET
INCOME	30/09/2023	30/09/2023	2023/24
Economic Development Grant - TDC	$ 180,000	$ 180,000	$ 720,000
Tourism Grant - TDC	$ 98,751	$ 98,748	$ 395,000
MyNextMove Contract - ex MSD	$ 36,251	$ 36,249	$ 177,300
Reg Apprenticeship Initiative - ex Kanoa (Provincial Development Unit)	$ 138,315	$ 138,315	$ 520,000
Major Events Funding - Tourism ex TDC	$ 89,552	$ 35,000	$ 245,000
Regional Events Funding - Tourism ex Central Government	$ 15,000	$ 15,000	$ 15,000
Other Income - ED	$ 76,561	$ 76,475	$ 81,500
Other Income - Tourism	$ 23,663	$ -	$ -
TOTAL INCOME	**$ 658,093**	**$ 579,787**	**$ 2,153,800**
EXPENDITURE			
Economic Development	$ 83,871	$ 88,432	$ 328,585
Human Resources	$ 55,558	$ 57,935	$ 300,290
Tourism	$ 124,029	$ 104,576	$ 414,970
MyNextMove	$ 31,380	$ 30,953	$ 180,470
Reg Apprenticeship Initiative	$ 138,315	$ 138,315	$ 520,000
Major Events Funding	$ 89,552	$ 35,000	$ 245,000
Regional Events Funding	$ 15,000	$ 15,000	$ 15,000
Special Project	$ 8,556	$ 8,500	$ 150,000
TOTAL EXPENSES	**$ 546,261**	**$ 478,711**	**$ 2,154,315**
OPERATING SURPLUS/(DEFICIT)	**$ 111,832**	**$ 101,076**	**-$ 515**

The first three months of the 2023/24 year sees us tracking veryu much in line with budget with variances in actual v budget largely o/a timings.

Additional Tourism income represents new Official Visitor Guide placementy charges and residual Central Govt funding carried forward and expnses YTD.

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

Success for 12 events securing slice of Major Events Support Fund

Yashas Srinivasa . 17:23, Sep 19 2023

JOHN BISSET/STUFF

Timaru's Illuminate light and sound show will return in 2024 thanks to the Major Events Support Fund.

We Love Timaru
6d ·

SCOFF
September 18 at 11:26 AM ·

Did you know there's a SCOFF GRAND PRIZE worth over $1000?
That's right OVER $1000!
How do you enter? Just order one of the many SCOFF specials!

We Love Timaru
4d ·

KAYLEE BELL IS COMING TO TIMARU!
Yes, you read that right, multi-award winning country music artist Kaylee Bell is coming to Timaru THIS SUMMER to play a FREE concert at the Caroline Bay Carnival!
Venture Timaru has worked with the Caroline Bay Association to bring Kaylee and her band to town for this concert.
Who are you going to go with? — feeling excited.

STUFF.CO.NZ
Kaylee Bell announced in lineup for Caroline Bay Carnival
Multi-award winning country music artist Kaylee Bell has been announced in the lineup for the fre...

Wendy Smith, Sheryl Bradley and 83 others 14 comments 3 shares

Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

We Love Timaru
August 14 at 3:54 PM ·

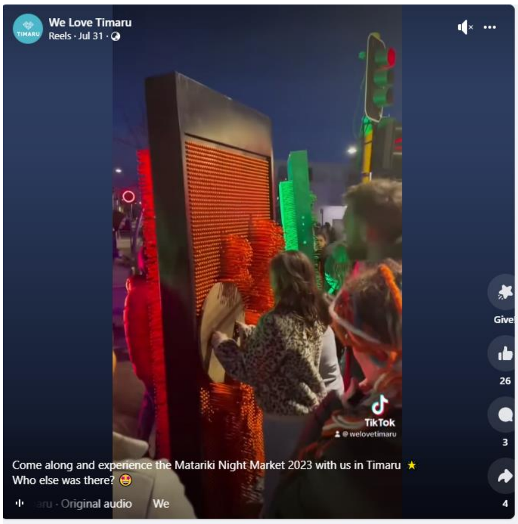
A massive congratulations to The Raptor Experience who have received a Qualmark Silver rating 🥳

A Qualmark accreditation is recognition of an organisation's commitment to sustainable tourism. Something that is becoming more of a factor when travellers are choosing activities to do while visiting New Zealand.

Haven't done The Raptor Experience yet? Book it here - https://nzraptor.org/

We Love Timaru
September 22 ·

What's on these school holidays? Plenty as always 😉
#schoolholidays #welovetimaru #timarunz #nz #geraldinenz



7.8 Cemeteries Bylaw Amendment: Decision

Author: **Brendan Madley, Policy Advisor**
Steph Forde, Parks Policy/ Asset Analyst

Authoriser: **Andrew Dixon, Group Manager Infrastructure**

Recommendation

1. That Council receive and note the submissions.
2. That Council amend Clause 905.2 of the Cemeteries Bylaw to read:
   Natural burials are defined as chemical free interments (without embalming and using shrouds or coverings or rapidly biodegradable caskets) in a separate area and does not have a traditional headstone or memorial on the grave. Burials may be recorded separately in a book, via approved on-site signage, or digitally. This approach enables natural processes to take place, returning the body's nutrients to the ecosystem rapidly and without pollution.

Purpose of Report

1 To update Council on the submissions received from the Cemeteries Bylaw Consultation and determine whether to amend the relevant clause of the Bylaw.

Assessment of Significance

2 This matter has medium significance in terms of Council's Significance and Engagement Policy. The level of significance has been determined by the relatively minor nature of the change, but which ultimately does not materially affect the overall purpose of the Bylaw. However, section 156(1) (b) of the Local Government Act 2002 (LGA) provides that public consultation is required pursuant to section 82 of the LGA to effect the change to the Bylaw.

Background

3 On 17 October 2023, a paper was brought to Council seeking to amend a Bylaw to allow for natural burials, at this meeting Council resolved: *That Council endorse the proposed amendment to Cemeteries Bylaw Chapter 9, Clause 905.2, by deleting the words "which is subsequently planted to form a native bush or forest area" and to undertake a public consultation process on the proposed change.*

4 Community consultation was undertaken between 3 November and 19 November 2023. Summary information was prepared to assist the community to make an informed and considered submission. This material is attached to this report. (Attachment 1)

5 The consultation was promoted via Council's website, official social media channels, and the Noticeboard in the Timaru Courier. Identified stakeholders were advised of the consultation directly, via email.

6 Submissions were able to be made electronically via the Council website, or by completing and returning a hard copy submission form.

7 17 submissions were received in total and they all supported the proposed amendment, these are included in Attachment 2.

8 As part of the consultation submitters were not invited to speak. Therefore, no hearings are being held as part of the consultation.

Discussion

9 The current wording of the clause is:

> 905.2. Natural burials are defined as chemical free interments (without embalming and using rapidly biodegradable caskets) in a separate area which is subsequently planted to form a native bush or forest area and does not have a traditional headstone or memorial on the grave. Burials may be recorded separately in a book, on site signage, or digitally. This approach enables natural processes to take place, returning the body's nutrients to the ecosystem rapidly and without pollution.

10 The proposed wording of the clause which was consulted on removed the words, "which is subsequently planted to form a native bush or forest area".

11 As a result of the submissions received, officers have amended the recommended wording to include the words "shrouds or coverings or" and "via approved on-site signage".

12 Two submissions recommended that the amendment specifically refer to shrouds or covering, in-so-far as not all natural burials utilise rapidly biodegradable caskets, such as Muslim burials. Officers believe that this is an important clarification, and the recommended wording has been updated accordingly.

13 Further, it is confirmed that Council will permit on-site signage that meets the requirements of Muslim burials, as per the photo below.

14 Carren Stuart's submission requested that the graves of natural burials be able to be marked with a headstone or other physical indicator.

15 There is not currently industry guidance around physical markers for natural burials, due to the legislation being under review. Council expects that the review of the Burial and Cremation Act 1964 will improve this guidance. In the meantime, officers have focused on ensuring alignment with other territorial authorities (such as Christchurch City Council), and commit to working with applicants on a case by case basis where they wish to mark a natural burial site. Notwithstanding this discretion, officers would not permit headstones or memorial-esque

structures that are common features of a standard gravesite to be erected on natural burial sites.

16 Officers believe that it is important to explicitly state in the bylaw that approved on-site signage is permitted, in addition to marking the grave via a book or digitally. Council retains the discretion to determine what on-site signage is permitted. The recommended wording has been updated accordingly.

Options and Preferred Option

Option One: Amend Clause 905.2 to recommended option (Preferred Option)

17 The advantage of this option is that it more accurately reflects the multicultural composition of the District, and allows a wider variety of faiths to bury their loved ones within the District. There are no identified disadvantages.

Option Two: No wording changes to the Bylaw (Retain the status quo)

18 There are no identified advantages to this option. The disadvantage of this option is that the internment options within the Timaru District will not reflect, nor be suitable for, the full diversity of its residents.

Relevant Legislation, Council Policy and Plans

19 Burial and Cremation Act 1964

20 Local Government Act 2002

21 Timaru District Council Consolidated Bylaw – Chapter 9

Financial and Funding Implications

22 Any natural burials for the Muslim faith will require the construction of a concrete beam that is aligned to Mecca. The cost of the concrete beam will be recovered through burial fees and existing processes.

Other Considerations

23 The Ministry of Health is currently undertaking a review of the Burial and Cremation Act 1964. The review commenced in 2019 but was delayed by the COVID-19. At the time of writing, the timeframe for completion has not been confirmed.

Attachments

1. **Cemeteries Bylaw Consultation information** ⇩
2. **Cemeteries Bylaw Consultation submissions received** ⇩

Cemeteries Bylaw Consultation

Timaru District Council is reviewing the wording of the Cemeteries Bylaw.

We are proposing to remove some words in part of the bylaw to allow for burials to occur in accordance with a wider range of beliefs and cultures.

We want to know what you think.

[Insert link to submission form]

Submissions close on Sunday 19th November 2023 at 5pm.

Background

The Burial and Cremation Act 1964 has been undergoing a review by the Ministry of Health.

The New Zealand Law Commission has advised the Ministry of Health that this law does not meet the requirements of current legislation, in particular the Bill of Rights.

While the review has stalled, Timaru District Council has decided to proactively consider updating the relevant bylaw to reflect the diversity of beliefs within the District.

The current wording of bylaw 905.2 requires any natural burial to then be planted to form a native bush or forest area.

905.2. Natural burials are defined as chemical free interments (without embalming and using rapidly biodegradable caskets) in a separate area which is subsequently planted to form a native bush or forest area and does not have a traditional headstone or memorial on the grave. Burials may be recorded separately in a book, on site signage, or digitally. This approach enables natural processes to take place, returning the body's nutrients to the ecosystem rapidly and without pollution.

This prevents any other type of natural burial, such as one that does not have a native bush or forest area planted on top of the body.

Consequently, some Timaru residents have needed to lay their loved ones to rest outside of the District – such as in Christchurch or Dunedin – as their belief does not permit for a tree to be planted over the grave.

What is being proposed?

Timaru District Council is proposing a minor amendment to the Bylaw to allow burials that more accurately meet the needs of the diversity of people that call the Timaru District home.

A full review of Chapter 9 of the bylaw will occur once the review of the Burial and Cremation Act is completed by the Government.

Proposed amendment	**Rationale**
Remove the words "which is subsequently planted to form a native bush or forest area" .	Removing these words provides greater options to the residents of the District. It does not change the ability to have a natural burial which may include the planting of a tree, but removes the requirement that it must occur.

Have your say

Let us know what you think about our proposed change to the Cemeteries Bylaw.

You can do this by:

- Completing the online submission form [insert link], or;
- Completing the physical submission form and posting it back to Council, or;
- Completing the physical submission form, scanning it and emailing it to submission@timdc.govt.nz.

Submissions open on Friday 3rd November and close on Sunday 19th November 2023 at 5pm.

If you have any questions about the proposed changes, email: brendan.madley@timdc.govt.nz

If you have any questions about the submissions process, email: submission@timdc.govt.nz

Alternatively, contact us via telephone: 07 687 7200.

Privacy Statement

All submissions are public information and will be included on Council's website or in public documents located at Council offices and Libraries/Service Centres. This will include your name.

Your contact information (phone number and/or email address and/or postal address) will not be made publicly available.

Your contact information will be accessible to, and used by, Council staff for submission administration purposes.

All information is held by Council in accordance with the Privacy Act 2020. You have the right to access and correct personal information.

Submission Form (physical submission)

Complete this form to make a submission on the proposed change to Bylaw Chapter 9: Cemeteries.

**=* *required*

*First name**

*Surname**

Organisation (if applicable)

Phone number

*Email**

*Postal address**

Do you support the proposed removal of the words from the Bylaw 905.2? *Yes/ No*

Make any comments about why you do or do not support the removal of the words.

Please use extra paper if you need more room, and attach these and any supporting documents with your submission.

Privacy Statement

All submissions are public information and will be included on Council's website or in public documents located at Council offices and Libraries/Service Centres. This will include your name.

Your contact information (phone number and/or email address and/or postal address) will not be made publicly available.

Your contact information will be accessible to, and used by, Council staff for submission administration purposes.

All information is held by Council in accordance with the Privacy Act 2020. You have the right to access and correct personal information.

<u>Make your submission by either</u>

1) *Putting this form in a sealed envelope and posting it to*

    FreePost Authority Number 95136
    Policy Review Consultation
    Timaru District Council
    PO Box 522
    TIMARU 7940

or

2) *Scanning this form and emailing it to submission@timdc.govt.nz*

All submissions must be received by Council by the close of consultation, Sunday 19th November 2023 at 5pm.

[Note: the online submission form will include the ability to upload electronic documents]

Submission #	First name	Surname	Organisation (if applicable)	Do you support the draft proposal?	What changes, if any, would you like to see to what is proposed?	Do you have any supporting documents that you would like to be considered as part of your submission?
1	Raewyn	Burke		Yes	Families should be allowed a natural burial without having to plant a tree on top. This would be more inclusive for those of diverse beliefs.	No
2	Luana	Dominey		Yes		No
3	Karen	Tilley		Yes		No
4	Shayne	Hutchings		Yes	No changes	No
5	Carren	Stuart		Yes	I am fine with this change, but I am NOT fine with the fact that one who chooses a natural burial is not permitted to have a headstone or some kind of physical marker, at the site of burial. Why should having a natural burial mean one can't acknowledge one's resting place?	No
6	Sarah	Smith		Yes		No
7	Nichola	Rosanowski		Yes		No
8	Deb	Quested		Yes		No
9	Kathryn	Hill		Yes		No
10	Linda	Murray		Yes		No
11	Michelle	Bunt		Yes	The wording of "rapidly biodegradable caskets" should also be removed if the intention is to support different cultural / religious burials as some do not use any form of casket at all i.e. Muslim shrouds. Perhaps this could be changed to "rapidly biodegradable casket or covering" to maintain the sustainability element while not prohibiting shrouds. Please ensure you have factored in the other technical aspects to different cultural burial requirements e.g. orientation/direction that bodies are laid in and wider cemetery plots that may be required. Please engage with the Timaru Muslim Educational Trust, Bilal Mosque and Islamic Resource Centre.	No
12	Jaclyn	Smith		Yes		No
13	Tracey	Miron	PSSC Refugee Settlement	Yes	thrilled that this change is taking place to enable a culturally responsive and local burial ground for our Muslim community.	No
14	Jessica	Relihan		Yes		No
15	Pauline	Robertson		Yes	I submitted on this in the ltp many years ago so stoked to see that a tree can be planted over my corpse. Will have to update my will. I'm happy with the proposed amendments, the more ways we can support burials without heaps of chemicals the better. Forest cemeteries are still better though.	No
16	Chris	Konings		Yes		No
17	Ismail	Waja	WTG Muslim Funeral Service	Yes	On our end, we added a reference to shroud burials (no casket) and hoped to get a confirmation that the WTG standard polycarbonate plaque does fall under the "on site signage" reference.	Yes

Cemeteries Bylaw Consultation Submission Form

Complete this form to make a submission on the proposed amendment to the Cemeteries Bylaw.

First name*: Ismail

Last name*: Waja

Organisation (if applicable): WTG Muslim Funeral Service

Phone (landline or mobile):

Email*: [redacted]

Postal address:*

*we require your email address and/or your physical postal address.

Make your submission by either:

1) Putting this form in a sealed envelope and posting it to

FreePost Authority Number 95136
Policy Review Consultation
Timaru District Council
PO Box 522
TIMARU 7940

or

2) Scanning this form and emailing it to submission@timdc.govt.nz

All submissions must be received by Council by the close of consultation, being Sunday 19th November at 5pm.

Your feedback

Do you support the draft proposal?(tick a box): (X) Yes ( ) No

Make any comments about why you do or do not support the proposal.

What changes, if any, would you like to see to what is proposed?

905.2. Natural burials are defined as chemical free interments (without embalming and using rapidly biodegradable caskets or shrouds) in a separate area ~~which is subsequently planted to form a native bush or forest area~~ and does not have a traditional headstone or memorial on the grave. Burials may be recorded separately in a book, on site signage, or digitally.

We added "or shrouds" in green to include Muslim shroud burials, we also agree with your proposed omission (in red). We just need a confirmation that "on site signage" does include the WTG MFS standard plaques

7.9 Aorangi Stadium Trust 2022/23 half year report.

Author: **John Liddiard, Senior Accountant**

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

Recommendation

That Council receives and notes the unaudited Aorangi Stadium Trust half-yearly report for 2022/23.

Purpose of Report

1 To receive and note the Aorangi Stadium Trust (AST) unaudited half-yearly report for the six months from 1 July 2022- 31 December 2022.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little impact on or implications for Council policies or financing.

3 The report relates to presenting the half-yearly report of a council controlled organisation (CCO).

Discussion

4 As a Council Controlled Organisation AST is required to prepare a six-monthly unaudited report including financial statements which is subsequently advised to Council.

5 This half-yearly report has not previously been advised to Council.

6 As at December 2022 the annual grants from Council had not been paid or accrued so there was no significant income and the primary cost was for insurance which would subsequently be funded through the annual insurance grant.

7 No significant maintenance work was done while consideration was given to the future of the stadium.

Attachments

1. Aorangi Stadium Trust half-yearly report to December 2022 ⇩

AORANGI STADIUM TRUST

Report

for the six months to

31 December 2022

CONTENTS

Entity information: Who we are

Aorangi Stadium Trust ("the Trust") was incorporated on 14 August 2001 under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council as a council controlled organisation as defined in section 6 of the Local Government Act 2002.

The registration number for the Trust on the Charities Register is CC22027.

Contact details

Physical address:	70 Morgans Road, Timaru 7910
Postal address:	P.O. Box 522, Timaru 7940
Phone:	(03) 687 7200
Email:	John.liddiard@timdc.govt.nz

The Trust has a Board of four Trustees who oversee governance of the Trust and Timaru District Council manage the facility and administer the Trust.

The Trustees during the to 30 June 2022 were:

Peter Burt (Chairman)

Allan Booth

Sally Parker

Stu Piddington

The main source of resources for the Trust is grants and support from the Timaru District Council. The Trust has engaged in external fundraising in this financial year but does not use volunteers.

Trustees' Report and what we do, with statement of service performance

The purpose of the Trust is to continue development, maintenance and operation of the Timaru (or Aorangi) Stadium and adjoining areas on Aorangi Park in Timaru.

The Stadium is leased to Timaru District Council which is responsible for day to day maintenance with the Trust being responsible for the landlord elements of the property.

The Trust works with Timaru District Council to manage the Stadium in the interests of the people of Timaru and South Canterbury and the Council provides expertise to assist in this process.

Statement of service performance:

There are specifically agreed objectives for the Trust as a Council Controlled Organisation to ensure that it is being managed effectively:

Description and outcomes of agreed targets for the Trust:	Six months actual: 2023	FY Actual 2022
Ratio of equity to total assets remains above 90%	Not a target for 2023	Not met -50.0%
Regular liaison occurs with the tenant (Timaru District Council) on at least a six monthly basis.	Met	Met
Audited annual report completed within 3 months of financial year end.	Not yet applicable	Not met
Promote ongoing development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve.	Partially met	Met
Undertake, with Timaru District Council, a review of the future costs and funding of maintenance and depreciation; and the options for the ownership structure of the stadium.	Partially met	Partially met

During the first half of the 2023 financial year the Trust continued exploring options for the future ownership and funding of the stadium with Timaru District Council.

No significant maintenance work has been performed on the stadium as its future is being considered, including deferred maintenance work provided for in the deferred maintenance provision or earthquake strengthening work included in contingent liabilities.

The 2023 budget has not yet been revised to take account of potential changes in funding or ownership or the 2021/22 results. It is anticipated that forecasts and budgets will be substantially revised following the conclusion of discussions regarding the future of the stadium.

Statement of Financial Performance

for the six months to 31 December 2022

	Notes	Actual 6 months 2023 $	Budget FY 2023 $	Actual FY 2022 $
Revenue				
Subsidies and grants	2	0	94,000	353,557
Finance revenue	2	9,532	4,000	4,636
Total Revenue		**9,532**	**98,000**	**358,193**
Expenses				
Maintenance expenses	3	0	(45,000)	(1,055,971)
Other expenses	4	(80,234)	(45,000)	(121,203)
Depreciation	8	0	(166,340)	(176,953)
Total expenses		**(80,234)**	**(256,340)**	**(1,354,127)**
Net surplus/(deficit) for the year		**(70,702)**	**(158,340)**	**(995,934)**

Statement of Financial Position

as at 31 December 2022

	Notes	Actual 6 months 2023 $	Budget FY 2023 $	Actual FY 2022 $
Assets				
Current Assets				
Cash and cash equivalents	5	590,822	346,437	711,584
Receivables	7	1,260	25,000	10,809
Prepayments	7	4,242	-	3,547
Total Current Assets		**596,324**	**371,437**	**725,940**
Non-Current Assets				
Property, plant and equipment	8	317,432	309,171	317,432
Total Non-Current Assets		**317,432**	**309,171**	**317,432**
Total Assets		**913,756**	**680,608**	**1,043,372**
Liabilities				
Current Liabilities				
Payables and deferred revenue	9	(81,531)	(5,001)	(153,782)
Provisions	10	(250,803)	-	(265,204)
Total Current Liabilities		**(332,334)**	**(5,001)**	**(418,986)**
Non-Current Liabilities				
Provisions	10	(1,173,875)	-	(1,146,137)
Total non-current liabilities		**(1,173,875)**	**-**	**(1,146,137)**
Total Liabilities		**(1,506,209)**	**(5,001)**	**(1,565,123)**
Net Assets (Total Assets less Total Liabilities)		**(592,453)**	**675,607**	**(521,751)**

	Notes	Actual Six months 2023 $	Budget FY 2023 $	Actual FY 2022 $
Accumulated Funds				
Capital contributed by members	13	3,050,631	3,050,631	3,050,631
Accumulated surpluses/(deficits)	13	(3,643,084)	(2,375,024)	(3,572,382)
Reserves	13	-	-	-
Total Accumulated Funds		**(592,453)**	**675,607**	**(521,751)**

_______________________________ _______________________________

Trustee Trustee

Statement of Cash Flows

for the six months to 31 December 2022

		Actual 6 months 2023 $	Budget FY 2023 $	Actual FY 2022 $
Cash Flows (to)/from Operating Activities				
Cash was received from:				
Donations, fundraising and other similar receipts		-	94,000	444,747
Interest, dividend and other investment receipts		9,532	4,000	4,698
Net GST		9,549	-	611
Cash was applied to:				
Payments to suppliers		(139,843)	(140,999)	(50,845)
Net Cash Flows from Operating Activities		**(120,762)**	**(42,999)**	**399,211**
Net increase/(decrease) in cash				**399,211**
Opening Cash		711,584	389,436	312,373
Closing Cash		590,822	346,437	711,584
This is represented by:				
Bank current account and short-term deposits	5	590,822	346,437	711,584

Notes to the Financial Statements

for the six months to 31 December 2022

1 Statement of Accounting Polices

REPORTING ENTITY

Aorangi Stadium Trust (the Trust) is a charitable trust incorporated on 14 August 2001 under the Charitable Trusts Act 1957 (CTA).

The Trust is controlled by Timaru District Council (the Council) as a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002 (LGA), with all Trustees being appointed by the Council.

It is fully domiciled and operated in New Zealand.

The purpose of the Trust is to continue the development, maintenance and operation of the Aorangi/Timaru Stadium and adjoining areas on Aorangi Park in Timaru. As a charity the Trust does not operate to make a financial return.

The reporting date of the Trust is 30 June.

The Trust has been designated as a Public Benefit Entity (PBE) for the purpose of complying with Generally Accepted Accounting Practice (GAAP).

The financial statements of the Trust are for the year ended 30 June 2022.

The financial statements were authorised for issue by the Trustees on 8 February 2023.

BASIS OF PREPARATION

The financial statement are prepared in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) or PBE SFR-A (PS), as the Trust is deemed to be a public entity subject to public sector standards and has total annual expenses of equal to or less than $2,000,000. All transactions are reported using the accrual basis of accounting. The Annual Report is prepared under the assumption that the Trust will continue to operate in the foreseeable future.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year however some disclosures have been modified to agree with Group presentation practices and principles. There have been no changes in the reported outcomes as a result of any presentational changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions as it is deemed a charitable trust for taxation purposes.

Budget figures

The budget figures presented in this report are those approved by the Trustees for 2021/22 unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Trust in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are:

- Estimating the provisions for deferred maintenance (Note 10)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Valuation methodology for property, plant and equipment (Note 8)

Note 2: Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest revenue is recognised using the effective interest method.

Note 3: Maintenance Expenses

Maintenance expenses are expensed as they are incurred except that where related to a provision an offsetting release from that provision is made.

Note 5: Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Note 6: Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Trust, and expenditure payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Trust.

Note 8: Property, plant and equipment

Property, plant and equipment consists of operational assets including buildings and buildings improvements and furniture and equipment, which are utilised by the Trust to deliver services.

Buildings and building improvements and furniture and equipment are measured at cost less accumulate depreciation and impairment losses.

Unless specifically stated, acquisitions are initially valued at cost.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably and is greater than $3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and building improvements	1% - 30% Straight line

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount and the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit.

Note 9: Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Payables are generally non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Note 10: Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

• there is a present obligation (either legal or constructive) as a result of a past event;

• it is probable that an outflow of future economic benefits will be required to settle the obligation; and

• a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed annually to determine their appropriateness, including the value of the provision.

Note 13: Equity/Accumulated Funds

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed capital: this represents the funds initially contributed by the members of the Trust particularly from public fundraising;

Accumulated surpluses/(deficits): this represents the accumulation of all financial results since the inception of the Trust;

Reserves: this represents funds set aside relating to specific purposes or relating to funding from hypothecated sources.

Note 15: Events after balance date

Events which are deemed to actually or potentially have a material impact on the Trust, but which occur after balance date, will be disclosed including a statement regarding why they have been assessed as being of significant materiality.

2 Revenue

i. Subsidies and grants

	Actual Six months 2023 $	Actual 2022 $
Grants from Timaru District Council: General funding	-	52,000
Grants from Timaru District Council: Insurance reimbursement	-	42,345
Grants from Trust Aoraki	-	259,212
Total	-	353,557

ii. Finance revenue

	Actual Six months 2023 $	Actual 2022 $
Interest revenue:		
- term deposits	9,532	4,636
Total	9,532	4,636

3 Maintenance expense

	Actual Six months 2023 $	Actual 2022 $
Maintenance costs incurred	-	(60,879)
Maintenance provision release	-	65,346
Increase in provision for maintenance costs	-	(1,060,438)
Total maintenance costs	-	(1,055,971)

4 Other expenses

	Actual Six months 2023 $	Actual 2022 $
Audit fees for financial statement audit: current year	-	(3,900)
Audit fees: other	-	(2,000)
Earthquake strengthening report	-	(71,061)
Insurance	50,206	(39,014)
Other expenses	30,028	(5,228)
Total	80,234	(121,203)

Other expenses includes an adjustment to the asset impairment provision of $28k following an initial asset review. Assets will be comprehensively assessed at year-end as part of the process of reviewing the values held in the asset register.

5 Cash and cash equivalents

	Actual

	Six months 2023 $	Actual 2022 $
Cash at bank	40,822	12,584
Short term deposits maturing 3 months or less from date of acquisition	550,000	699,000
Total	590,822	711,584

6 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actual Six months 2023 $	Actual 2022 $
Surplus/(deficit)	(70,702)	(995,934)
Add/(less) non-cash items:		
Depreciation and impairment charges	-	176,953
Movement in provisions	13,337	995,629
Other movements		(3,550)
Add/(less) movements in working capital items:		
Accounts receivable	8,854	80,381
Accounts payable	(72,251)	145,730
Net cash inflow/(outflow) from operating activities	(120,762)	399,211

7 Receivables

	Actual Six months 2023 $	Actual 2022 $
Other receivables	1,260	10,809
Related party receivables	-	-
	1,260	10,809
Prepayments	4,242	3,546
Total	5,502	14,356

No receivables are past due as at 31 December 2023 and no impairment provisions have been made relating to them.

8 Property, plant and equipment

Asset Class	Opening Carrying Value $	Purchases $	Disposals $	Depreciation/ Impairment $	Closing Carrying Value $
Six months 2023					
Buildings	317,432	-	-	-	317,432
Total	**317,432**	**-**	**-**	**-**	**317,432**
2022					
Buildings	494,385	-	-	(176,953)	317,432
Total	**494,385**	**-**	**-**	**(176,953)**	**317,432**

9 Payables and deferred revenue

	Actual Six months 2023 $	Actual 2022 $
Trade payables and accrued expenses	81,531	72,062
Amounts due to related parties	-	81,720
Total	81,531	153,782

10 Provisions

i. Provision for deferred maintenance

Current provision	Actual Six months 2023 $	Actual 2022 $
Opening balance	265,204	256,962
Additional provisions made during the year	-	-
Transfer from non-current provision	-	73,588
Amounts used during the year	(14,401)	(65,346)
Closing balance	250,803	265,204

Non-current provision	Actual Six months 2023 $	Actual 2022 $
Opening balance	1,145,600	158,750
Additional provisions made during the year	-	1,060,438
Transfer from non-current provision	-	(73,588)
Closing balance	1,145,600	1,145,600

Total provision	Actual Six months 2023 $	Actual 2022 $
Opening balance	1,410,804	415,712
Additional provisions made during the year	-	1,060,438
Amounts used during the year	(14,401)	(65,346)
Closing balance	1,396,403	1,410,804

During 2021 a report was received regarding maintenance requirements for the stadium and the deferred maintenance provision has been made based on that report.

ii. Provision for asset impairment

Non-current provision	Actual Six months 2023 $	Actual 2022 $
Opening balance	537	-
Additional provisions made during the year	27,738	537
Amounts used during the year	-	-
Closing balance	28,275	537

A review of the accounting for assets was undertaken during 2022 and it was identified that some assets were being accounted for on a diminishing value basis rather than a straight line basis. Consequently insufficient depreciation has been charged on those assets and this will be adjusted for during the 2023 year, however this will be done for the year-end process so has not yet been done as at 31 December.

11 Contingencies

Earthquake strengthening

During 2022 a report was received regarding earthquake strengthening requirements for the stadium. The potential cost estimates relating to this currently range from $3.85m to $6.05m with an average of the range of $4.63m. It is likely that following a review of the future of the stadium that this work will be included in the overall stadium development project as part of the development of Aorangi Park.

No contingent assets have been identified.

12 Commitments

There are no capital commitments or financial guarantees at 31 December (2022: Nil).

13 Accumulated funds

December 2023

Description	Capital contributed by owns or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	**3,050,631**	**(3,572,382)**	**-**	**(521,751)**
Surplus/(deficit)	-	(70,702)	-	(70,702)
Other movements	-	-	-	-
Transfer to/from reserves	-	-	-	-
Closing balance	**3,050,631**	**(3,643,084)**	**-**	**(592,453)**

June 2022

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	**3,050,631**	**(2,576,449)**	**-**	**474,182**
Surplus/(deficit)	-	(995,934)	-	(995,934)
Other movements	-	1	-	1
Transfer to/from reserves	-	-	-	-
Closing balance	**3,050,631**	**(3,572,382)**	**-**	**(521,751)**

14 Related party transactions

		Value of transactions		Amount outstanding	
Description of related party relationship	Transaction description (cash or in-kind)	Six months 2023 $	Full year 2022 $	Six months 2023 $	Full year 2022 $
Services received from Timaru District Council	Cash	1,000	1,000	-	-
Capital contribution grant received from Timaru District Council	Cash	-	52,000	-	-
Grant for the reimbursement of insurance expenses by Timaru District Council	Cash	-	42,345	-	-
Site lease fee	Cash	-	-100	-	-

15 Events after balance date

The applicability of the Trust continuing to be registered for Goods and Services Tax (GST) was being addressed by the Inland Revenue Department as part of a review of entities registered for GST which are normally claiming refunds and whether such entities are engaging in taxable activities. This has now been resolved in favour of the Trust and it continues to be registered for GST.

16 Going concern

The Trust is considered to be a going concern as it has sufficient resources to support current planned expenditure and liabilities and Trustees believe that anticipated future income flows will be adequate for future requirements based on the information available as at the time of the preparation of this report.

7.10 Presentation of Aorangi Stadium Trust Annual Report 2022/23

Author: **John Liddiard, Senior Accountant**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

1. That Council receives and notes the audited Aorangi Stadium Trust Annual Report for 2022/23

Purpose of Report

1 To receive and note the Aorangi Stadium Trust's (Trust) audited Annual Report for the financial year 1 July 2022 – 30 June 2023.

Assessment of Significance

2 This matter is of low significance in terms of Council's Significance and Engagement policy. The report relates to presenting the annual report of a council controlled organisation (CCO) including the statement of service performance. The financial and non-financial performance of the Trust are in line with the agreed Statement of Intent for 2022/23. It does not affect strategic assets, levels of service or rates.

Discussion

3 The Trust is a CCO and is required to present an audited annual report to Council.

4 The Board of Trustees did not comply with section 67 of the Local Government Act in that the Board did not report by 30 September 2023, three months after the financial year end, by which CCOs are required to have completed their annual report and delivered it as stipulated by the Act.

5 The main expense variances which impacted on the Trust for the year related to the proposed redevelopment of Aorangi Park and the stadium with planning costs being borne by the Trust which had been funded in the previous year.

6 A full review of assets accounted for in the Trust has resulted in a reduction in deprecation as assets were disposed of.

7 Planned income for the year had been predicated on Council providing grant funding to cover anticipated maintenance work previously provided for however substantial non-essential maintenance work has been put on hold pending further decisions regarding the future of the stadium.

Attachments

1. Aorangi Stadium Trust Annual Report 2023 ⇩

AORANGI STADIUM TRUST

Annual Report

for the year ended 30 June 2023

CONTENTS

Entity information: Who we are

Aorangi Stadium Trust ("the Trust") was incorporated on 14 August 2001 under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council as a council controlled organisation as defined in section 6 of the Local Government Act 2002.

The registration number for the Trust on the Charities Register is CC22027.

Contact details

Physical address:	70 Morgans Road, Timaru 7910
Postal address:	P.O. Box 522, Timaru 7940
Phone:	(03) 687 7200
Email:	John.liddiard@timdc.govt.nz

The Trust has a Board of four Trustees who oversee governance of the Trust and Timaru District Council manage the facility and administer the Trust.

The Trustees during the year to 30 June 2023 were:

Peter Burt (Chairman)

Allan Booth

Sally Parker

Stu Piddington

The main source of resources for the Trust is grants and support from the Timaru District Council. The Trust engaged in external fundraising in the previous financial year. It does not use volunteers.

Trustees' Report and what we do, with statement of service performance

The purpose of the Trust is to continue development, maintenance and operation of the Timaru (or Aorangi) Stadium and adjoining areas on Aorangi Park in Timaru.

The Stadium is leased to Timaru District Council which is responsible for day to day maintenance with the Trust being responsible for the landlord elements of the property.

The Trust works with Timaru District Council to manage the Stadium in the interests of the people of Timaru and South Canterbury and the Council provides expertise to assist in this process.

Statement of service performance:

There are specifically agreed objectives for the Trust as a Council Controlled Organisation to ensure that it is being managed effectively:

Description and outcomes of agreed targets for the Trust:	Actual 2023	Actual 2022
Ratio of equity to total assets remains above 90%	Not applicable	Not met -50.0%
Regular liaison occurs with the tenant (Timaru District Council) on at least a six-monthly basis.	Met	Met
Audited annual report completed within 3 months of financial year end.	Not met	Not met
Promote ongoing development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve.	Met	Met
Undertake, with Timaru District Council, a review of the future costs and funding of maintenance and depreciation; and the options for the ownership structure of the stadium.	Partially met	Partially met

During the year the main focus of the Trust was considering the future development of the stadium and the funding of that, and this continues into 2024. The plans for the development of Aorangi Park, including the stadium, are being developed and considered by Council however work cannot be done on the stadium without the agreement of the Trust. While there may be potential funding possibilities outside of Timaru District Council it is likely that the majority of funding would come from Council and while the future is being considered no substantive work is being completed on the stadium.

The stadium has continued to be a valuable asset for the sporting community and the Trustees and Council are committed to ensuring that this continue to be the case.

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The provisions for work have been continued this year, however the projected income from all sources will not be accounted for until it is received resulting in negative equity being reported. The cash available means, however, that essential work can continue to be done as necessary. As noted last year the previous target of maintaining the ratio of equity to total assets has been removed as a target for 2023.

The cost of potential earthquake strengthening to increase the stadium earthquake rating is now estimated at $12m but this work is also being considered in the context of the overall Park development and potential options for the stadium.

The Trustees believe that the financial net value of the stadium is likely to be negative if the cost of the work required is considered, however the carrying value of the stadium continues to be positive in 2023. In 2024 a separate, independent, valuation will be undertaken.

The Board of Trustees did not comply with section 67 of the Local Government Act in that the Board did not report by 30 September 2023, three months after the financial year end, by which CCOs are required to have completed their annual report and delivered it as stipulated by the Act.

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Statement of Financial Performance

for the year ended 30 June 2023

	Notes	Actual 2023 $	Budget 2023 $	Actual 2022 $
Revenue				
Subsidies and grants	2(i)	102,901	254,657	353,557
Gain on sale of assets	2(iii)	30,219	-	-
Finance revenue	2(ii)	22,592	3,500	4,636
Total Revenue		**155,712**	**258,157**	**358,193**
Expenses				
Maintenance expenses	3	(56,046)	-	(1,055,971)
Other expenses	4	(184,506)	(63,431)	(121,203)
Depreciation	9	(45,611)	(173,000)	(176,953)
Total expenses		**(286,163)**	**(236,431)**	**(1,354,127)**
Net surplus/(deficit) for the year		**(130,451)**	**21,726**	**(995,934)**

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Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

Statement of Financial Position

as at 30 June 2023

	Notes	Actual 2023 $	Budget 2023 $	Actual 2022 $
Assets				
Current Assets				
Cash and cash equivalents	6	546,368	737,942	711,584
Receivables	8	240,233	10,000	10,809
Prepayments	8	4,242	-	3,547
Total Current Assets		**790,843**	**747,942**	**725,940**
Non-Current Assets				
Property, plant and equipment	9	179,079	150,385	317,432
Total Non-Current Assets		**179,079**	**150,385**	**317,432**
Total Assets		**969,922**	**898,327**	**1,043,372**
Liabilities				
Current Liabilities				
Payables and deferred revenue	10	(233,033)	(514,212)	(153,782)
Provisions	11	(334,443)	(595,754)	(265,204)
Total Current Liabilities		**(567,476)**	**(1,109,966)**	**(418,986)**
Non-Current Liabilities				
Provisions	11	(1,054,650)	(5,446,751)	(1,146,137)
Total non-current liabilities		**(1,054,650)**	**(5,446,751)**	**(1,146,137)**
Total Liabilities		**(1,622,126)**	**(6,556,717)**	**(1,565,123)**
Net Assets (Total Assets less Total Liabilities)		**(652,204)**	**(5,658,390)**	**(521,751)**

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Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

	Notes	Actual 2023 $	Budget 2023 $	Actual 2022 $
Accumulated Funds				
Capital contributed by members	14	3,050,631	3,050,631	3,050,631
Accumulated surpluses/(deficits)	14	(3,702,835)	(8,709,021)	(3,572,382)
Reserves	14	-	-	-
Total Accumulated Funds		**(652,204)**	**(5,658,390)**	**(521,751)**

Trustee

Trustee

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Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

Statement of Cash Flows

for the year ended 30 June 2023

		Actual 2023 $	Budget 2023 $	Actual 2022 $
Cash Flows (to)/from Operating Activities				
Cash was received from:				
Donations, fundraising and other similar receipts		-	254,657	444,747
Interest, dividend and other investment receipts		22,592	3,500	4,698
Net GST		12,208	-	611
Cash was applied to:				
Payments to suppliers		(200,015)	(63,431)	(50,845)
Net Cash inflow/(outflow) from operating activities		**(165,215)**	**194,726**	**399,211**
Cash Flows (to)/from Investing Activities				
Receipts from sale of property, plant and equipment		-	-	-
Purchase of property, plant & equipment		-	-	-
Net cash inflow/(outflow) from investing activities		-	-	-
Net increase/(decrease) in cash		**(165,215)**	**194,726**	**399,211**
Opening Cash		711,584	189,094	312,373
Closing Cash		546,369	383,820	711,584
This is represented by:				
Bank current account	6	546,369	383,820	711,584

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Notes to the Financial Statements

for the year ended 30 June 2023

1 Statement of Accounting Polices

REPORTING ENTITY

Aorangi Stadium Trust (the Trust) is a charitable trust incorporated on 14 August 2001 under the Charitable Trusts Act 1957 (CTA).

The Trust is controlled by Timaru District Council (the Council) as a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002 (LGA), with all Trustees being appointed by the Council.

It is fully domiciled and operated in New Zealand.

The purpose of the Trust is to continue the development, maintenance and operation of the Aorangi/Timaru Stadium and adjoining areas on Aorangi Park in Timaru. As a charity the Trust does not operate to make a financial return.

The reporting date of the Trust is 30 June.

The Trust has been designated as a Public Benefit Entity (PBE) for the purpose of complying with Generally Accepted Accounting Practice (GAAP).

The financial statements of the Trust are for the year ended 30 June 2023.

The financial statements were authorised for issue by the Trustees on 7 November 2023.

BASIS OF PREPARATION

The financial statements are prepared in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) or PBE SFR-A (PS), as the Trust is deemed to be a public entity subject to public sector standards and has total annual expenses of equal to or less than $2,000,000. All transactions are reported using the accrual basis of accounting. The Annual Report is prepared under the assumption that the Trust will continue to operate in the foreseeable future.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year however some disclosures have been modified to agree with Group presentation practices and

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principles. There have been no changes in the reported outcomes as a result of any presentational changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions as it is deemed a charitable trust for taxation purposes.

Budget figures

The budget figures presented in this report are those approved by the Trustees for 2022/23 unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Trust in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are:

- Estimating the provisions for deferred maintenance (Note 11)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

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- Valuation methodology for property, plant and equipment (Note 9)

Note 2: Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest revenue is recognised using the effective interest method.

Note 3: Maintenance Expenses

Maintenance expenses are expensed as they are incurred except that, where related to a provision, an offsetting release from that provision is made.

Note 6: Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Note 7: Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Trust, and expenditure payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Trust.

Note 9: Property, plant and equipment

Property, plant and equipment consists of operational assets including buildings and buildings improvements and furniture and equipment, which are utilised by the Trust to deliver services.

Buildings and building improvements and furniture and equipment are measured at cost less accumulate depreciation and impairment losses.

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Unless specifically stated, acquisitions are initially valued at cost.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably and is greater than $3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and building improvements	1% - 30% Straight line

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount and the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit.

Note 10: Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Payables are generally non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Note 11: Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed annually to determine their appropriateness, including the value of the provision.

Note 14: Equity/Accumulated Funds

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed capital: this represents the funds initially contributed by the members of the Trust particularly from public fundraising;

Accumulated surpluses/(deficits): this represents the accumulation of all financial results since the inception of the Trust;

Reserves: this represents funds set aside relating to specific purposes or relating to funding from hypothecated sources.

Note 17: Events after balance date

Events which are deemed to actually or potentially have a material impact on the Trust, but which occur after balance date, will be disclosed including a statement regarding why they have been assessed as being of significant materiality.

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2 Revenue

i. Subsidies and grants

	Actual 2023 $	Actual 2022 $
Grants from Timaru District Council: General funding	52,000	52,000
Grants from Timaru District Council: Insurance reimbursement	50,901	42,345
Grants from Trust Aoraki	-	259,212
Total	102,901	353,557

There are no unfulfilled conditions and other contingencies attached to recognised grants.

ii. Finance revenue

	Actual 2023 $	Actual 2022 $
Interest revenue:		
- term deposits	22,592	4,636
Total	22,592	4,636

iii. Other gains/(losses)

	Actual 2023 $	Actual 2022 $
Gain on sale of assets	30,219	-
Total	30,219	-

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3 Maintenance expense

	Actual 2023 $	Actual 2022 $
Maintenance costs incurred	(77,757)	(60,879)
Maintenance provision release	21,711	65,346
Increase in provision for maintenance costs	-	(1,060,438)
Total maintenance costs	(56,046)	(1,055,971)

4 Other expenses

	Actual 2023 $	Actual 2022 $
Audit fees for financial statement audit: current year	(6,690)	(3,900)
Audit fees: other	(689)	(2,000)
Earthquake strengthening report	-	(71,061)
Insurance	(50,206)	(39,014)
Professional services – consultants fees	(126,152)	-
Other expenses	(769)	(5,228)
Total	(184,506)	(121,203)

5 Tax

Aorangi Stadium Trust is a charitable organisation and not subject to income tax.

	Actual 2023 $	Actual 2022 $
Surplus/(deficit) before tax	(130,451)	(995,934)
Tax credit/(expense) at 28% (2022: 28%)	36,526	278,862
Non-taxable income @ 28%	43,599	100,294
Non-deductible expenditure @28%	(80,125)	(379,156)
Tax expense/(benefit)	-	-

6 Cash and cash equivalents

	Actual 2023 $	Actual 2022 $
Cash at bank	546,369	12,584
Short term deposits maturing 3 months or less from date of acquisition	-	699,000
Total	546,369	711,584

7 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actual 2023 $	Actual 2022 $
Surplus/(deficit)	(130,451)	(995,934)
Add/(less) non-cash items:		
Depreciation charges	45,611	176,953
Movement in impairment provision	(537)	-
Movement in provisions	(21,711)	995,629
Other movements	-	(3,550)
Add/(less) items classified as investing activities:		
(Gains)/losses on disposal of property, plant and equipment	(30,219)	-
Add/(less) movements in working capital items:		
Accounts receivable	229,424	80,381
Accounts payable	(257,332)	145,730
Net cash inflow/(outflow) from operating activities	(165,215)	399,211

8 Receivables

	Actual 2023 $	Actual 2022 $
Other receivables	5,402	10,809
Related party receivables	234,831	-
	240,233	10,809
Prepayments	4,242	3,546
Total	244,475	14,356

No receivables are past due as at 30 June 2023 and no impairment provisions have been made relating to them.

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9 Property, plant and equipment

Asset Class	Opening Carrying Value $	Purchases $	Disposals $	Depreciation $	Closing Carrying Value $
2023					
Buildings	317,432	4,436	(97,178)	(45,611)	179,079
Total	**317,432**	**4,436**	**(97,178)**	**(45,611)**	**179,079**
2022					
Buildings	494,385	-	-	(176,953)	317,432
Total	**494,385**	**-**	**-**	**(176,953)**	**317,432**

During 2023 a comprehensive review of Trust assets was undertaken. Previously some assets were depreciated on a diminishing value or on a straight line (current) basis and these have either been disposed of or moved to a straight line basis however the majority of the value of disposals relates to assets held by the Trust relating to the internal operation of the stadium, which has been contracted to Timaru District Council, and these assets have now been sold to Council at net written down book value. Assets held by Council which related to the Trust's stadium obligations have been acquired at net written down book value.

Insurance on assets

	Actual 2023 $	Actual 2022 $
The maximum amount to which insured assets are insured	25,310,000	20,505,000
The total value of all Trust assets covered by insurance contracts*	25,310,000	20,505,000
The total value of all Trust assets covered by financial risk-sharing arrangements	-	-
Maximum amount available to the Trust under financial risk-sharing arrangements	-	-
Total value of assets that are self-insured	-	-
Value of funds maintained for self-insurance	-	-

*The carrying value of assets is calculated on deemed cost, separate insurance valuations are obtained for significant assets.

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10 Payables and deferred revenue

	Actual 2023 $	Actual 2022 $
Trade payables and accrued expenses	190,865	72,062
Amounts due to related parties	42,169	81,720
Total	233,034	153,782

All payable and deferred revenues are exchange transactions.

11 Provisions

i. Provision for deferred maintenance

Current provision	Actual 2023 $	Actual 2022 $
Opening balance	265,204	256,962
Additional provisions made during the year	-	-
Transfer from non-current provision	90,950	73,588
Amounts used during the year	(21,711)	(65,346)
Closing balance	334,443	265,204

Non-current provision	Actual 2023 $	Actual 2022 $
Opening balance	1,145,600	158,750
Additional provisions made during the year	-	1,060,438
Transfer to current provision	(90,950)	(73,588)
Closing balance	1,054,650	1,145,600

Nexia Marked for Identification Purposes Audit Christchurch

Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

Total provision	**Actual 2023 $**	**Actual 2022 $**
Opening balance	1,410,804	415,712
Additional provisions made during the year	-	1,060,438
Amounts used during the year	(21,711)	(65,346)
Closing balance	1,389,093	1,410,804

During 2021 a report was received regarding maintenance requirements for the stadium and partially provided for. In 2022 projected costs until 2024 were fully provided for. No additional provisions have been made in 2023.

ii. Provision for asset impairment

Non-current provision	**Actual 2023 $**	**Actual 2022 $**
Additional provisions made during the year	-	537
Closing balance	-	537

A provision was made in 2022 for adjusting the depreciation of assets from a diminishing value basis to a straight line basis. A comprehensive review of assets was completed in 2023 and all remaining assets are now depreciated on a straight line basis.

12 Contingencies

Earthquake strengthening

During the year an updated report was received regarding earthquake strengthening requirements for the stadium. The estimate cost relating to this is now $12m (2021: $3.85m to 6.05m range; $4.63m average).

No contingent assets have been identified.

13 Commitments

There are no capital commitments or financial guarantees at balance date (2022: Nil).

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Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

14 Accumulated funds

2023

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	**3,050,631**	**(3,572,382)**	**-**	**(521,751)**
Surplus/(deficit)		(130,451)	-	(130,451)
Other movements		(2)	-	(2)
Closing balance	**3,050,631**	**(3,702,835)**	**-**	**(652,204)**

2022

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	**3,050,631**	**(2,576,449)**	**-**	**474,182**
Surplus/(deficit)	-	(995,934)	-	(995,934)
Transfer to reserves	-	1	-	1
Transfer from reserves	-	-	-	-
Closing balance	**3,050,631**	**(3,572,382)**	**-**	**(521,751)**

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Aorangi Stadium Trust Annual Report for the year ended 30 June 2023

15 Related party transactions

During the year to 30 June 2023, the Trust entered into various transactions with its parent, Timaru District Council. Related party disclosures have not been made for transactions with Council that are within normal supplier or client/recipient relationships and on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the Council at arm's length in the same circumstances.

		Value of transactions		Amount outstanding	
Description of related party relationship	Transaction description (cash or in-kind)	2023 $	2022 $	2023 $	2022 $
General grant received from Timaru District Council	Cash	52,000	52,000	-	-
Insurance grant received from Timaru District Council	Cash	50,901	42,345	-	-
Sale of Assets	Cash	131,930	-	-	-
Accounting Services	Cash	-1000	-1000	-	-
Site lease fee	Cash	-105	-100	-	-

16 Explanation of major variances against budget

Revenue and expenditure	2023 $
Planned surplus	21,726
Increases/(reductions)	
Grants	(151,756)
Gains/(losses) on disposal of assets	30,219
Finance revenue	19,092
Maintenance	(56,046)
Depreciation	127,389
Other expenses	(121,075)
	(152,177)
Annual Report surplus/(deficit)	(130,451)

The major reasons for the variance between the actual and budgeted net surplus/(deficit) are:

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- Grants expected to be received of approximately $145k to cover maintenance costs were not required as the planned work was not done.

- Trust assets reported at nil value were sold for $30k to Timaru District Council at their assessed value.

- Higher levels of cash retained due to the delayed maintenance work and higher interest rates resulted in the finance revenue variance of $19k.

- Maintenance costs not covered by the provision totalled $56k, however it was assumed in the budget that all maintenance costs would be covered.

- During the year the basis of depreciation was adjusted to straight line (cost) from diminishing value and straight line (current) and this combined with the net impact of the comprehensive review and rationalisation of assets whereby some assets were acquired from Council and others sold to Council resulted in the lower than budgeted depreciation.

17 Events after balance date

No material events have occurred after balance date.

18 Going concern

The Trust is considered to be a going concern due to the support that it has received from Timaru District Council. The Council guarantees the liabilities of the Trust for twelve months from the date of the approval of the audited financial statements. Trustees are confident therefore that the Trust has sufficient resources to support current planned expenditure and liabilities.

19 Statutory Disclosure

The Board of Trustees did not comply with section 67 of the Local Government Act in that the Board did not report by 30 September 2023, three months after the financial year end, by which CCOs are required to have completed their annual report and delivered it as stipulated by the Act.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF AORANGI STADIUM TRUST'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Aorangi Stadium Trust (the Trust). The Auditor-General has appointed me, Sam Naylor, using the staff and resources of Nexia Audit Christchurch, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion
We have audited:

- the financial statements of the Trust on pages 6 to 24, that comprise the statement of financial position as at 30 June 2023, the statement of financial performance and the statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 3 to 5.

In our opinion:

- the financial statements of the Trust:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector); and
- the performance information of the Trust presents fairly, in all material respects, theTrust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2023.

Our audit was completed on 7 November 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion
We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements and the performance information
The Board of Trustees is responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is also responsible for preparing the performance information for the Trust.

The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Trustees is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Trustees intends to liquidate the Trust or to cease operations, or it no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information
Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence
We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.

Sam Naylor
Nexia Audit Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand

7.11 Aorangi Stadium Trust Statement of Intent 2023/24

Author: **John Liddiard, Senior Accountant**

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

1. That the Aorangi Stadium Trust (AST) Statement of Intent be received.
2. That Council provides feedback to Aorangi Stadium Trust on its Statement of Intent.

Purpose of Report

1 To provide Council with Aorangi Stadium Trust's Statement of Intent (SoI) for 2023/24 and obtain feedback to the Trust.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little direct impact on or implications for Council policies or financing, however future decisions regarding the ownership structure and funding will likely have a higher significance. The SoI for 2023/24 does not include any significant or material shift in the agreed objectives or priorities in the work AST undertakes as a Council Controlled Organisation (CCO).

Discussion

3 As a CCO, AST is required to prepare an annual SoI for delivery to the Council before commencement of the financial year to which it relates under the Local Government Act 2002, Schedule 8 Part 1(3), which for the 2023/24 SoI is 30 June 2023.

4 The Local Government Act 2002, Schedule 8 Part 1(4) allows the controlling local authority to extend the deadline, by written notice, for a period not exceeding one calendar month however due to uncertainty surrounding the preparation of the annual report and other issues relating to the stadium no extension was sought for 2023/24.

5 Council is a key stakeholder in the Trust as it is responsible for the appointment of the Trustees.

6 The Statement of Intent for 2024 includes the financial forecasts for 2024 to 2030 including the period planned for redevelopment of the stadium and the surrounding park. As there is still uncertainty surrounding the proposed development plan the SoI financial plans included are predicated on a "business as usual" basis, excluding substantial maintenance, development or earthquake strengthening costs or commitments.

7 The following statement has been added in Section 8: Annual Report: "The Trust financial reporting will comply with Timaru District Council Group accounting policies and deliver its financial results, including the Notes to The Accounts as applicable and compatible, consistent with the Group financial reporting structure." This has been included to encourage increased consistency within the Timaru District Council Group and its CCOs. AST is substantively compliant with this requirement in 2022/23.

Attachments

1. **Aorangi Stadium Trust Statement of Intent 2023/24** ⇩
2. **Aorangi Stadium Trust budget and plans from 2023/24** ⇩

Aorangi Stadium Trust

Statement Of Intent

2023/24

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Aorangi Stadium Trust
Statement of Intent
2023/24

1 Preamble

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

This Statement of Intent sets out the overall intentions and objectives for Aorangi Stadium Trust for the period 1 July 2023 to 30 June 2024 and the two succeeding financial years.

Aorangi Stadium Trust contracts its administration from the Timaru District Council and therefore does not employ staff and Trustees are not remunerated. Under a management contract activities undertaken within the Stadium are managed by Timaru District Council.

2 Objectives Of The Trust

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

General objectives are:

a. To promote the development and ongoing maintenance of the Aorangi Sports Stadium on the Morgans Road Recreation Reserve and for that purpose to enter into satisfactory arrangements with the owner of the land, Timaru District Council.

b. To support and promote facilities for indoor and outdoor sport or any other recreational pursuit.

c. To acquire any real or personal property for the purpose of the Trust to extend the buildings and to develop land for the general purposes of the Trust.

d. To promote and encourage community activities and to assist sports bodies, community organisations and organisations devoted to the welfare of youth in the region of South Canterbury.

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3 Nature And Scope of Activities To Be Undertaken

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

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

4 Governance

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

5 Financial management

The Trust will seek agreement from Timaru District Council that the Council will underwrite agreed expenditure exceeding established funding streams.

5 Statement Of Accounting Policies

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

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

6 Performance Targets

a. Necessary maintenance projects are completed on time and on budget.

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

c. Undertake, with Timaru District Council, a review of the future costs and funding of maintenance, depreciation and capital expenditure; and the options for the ownership structure of the stadium.

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7 Financial Forecasts

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

8 Reporting To Shareholders

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

a. Draft Statement of Intent

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

b. Completed Statement of Intent

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

c. Half Yearly Report

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

i. A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures

ii. A Statement of Financial Position

iii. A commentary on the results for the first six months, together with a report on the outlook for the second six months.

d. Annual Report

i. Within three months after the end of each financial year, the Trustees shall deliver to the Council, and make available to the public, an annual report and audited financial statements of that financial year, containing the following information as a minimum:

   - A Trustees' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives;
   - A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures;

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- A Statement of Financial Position;
- A Statement of Cashflows;
- An Auditor's report on the above statements and the measurement of performance in relation to objectives.

The Trust financial reporting will comply with Timaru District Council Group accounting policies and deliver its financial results, including the notes as applicable and compatible, consistent with the Group financial reporting structure.

9 Distribution Policy

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

10 Procedures For Acquisition Of Other Interests

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

11 Activities For Which Compensation Is Sought From Any Local Authority

The Trust will continue to seek compensation from Timaru District Council relating to funding maintenance and administration costs for the stadium and reimbursement of insurance costs.

12 Estimate Of Commercial Value Of The Shareholders Investment

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

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Appendix A: Statement of Accounting Policies as at 30 June 2023

REPORTING ENTITY

Aorangi Stadium Trust (the Trust) is a charitable trust incorporated on 14 August 2001 under the Charitable Trusts Act 1957 (CTA).

The Trust is controlled by Timaru District Council (the Council) as a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002 (LGA), with all Trustees being appointed by the Council.

It is fully domiciled and operated in New Zealand.

The purpose of the Trust is to continue the development, maintenance and operation of the Aorangi/Timaru Stadium and adjoining areas on Aorangi Park in Timaru. As a charity the Trust does not operate to make a financial return.

The reporting date of the Trust is 30 June.

The Trust has been designated as a Public Benefit Entity (PBE) for the purpose of complying with Generally Accepted Accounting Practice (GAAP).

The financial statements of the Trust are for the year ended 30 June 2023.

The financial statements were authorised for issue by the Trustees on 7 November 2023.

BASIS OF PREPARATION

The financial statements are prepared in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) or PBE SFR-A (PS), as the Trust is deemed to be a public entity subject to public sector standards and has total annual expenses of equal to or less than $2,000,000. All transactions are reported using the accrual basis of accounting. The Annual Report is prepared under the assumption that the Trust will continue to operate in the foreseeable future.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year however some disclosures have been modified to agree with Group presentation practices and principles. There have been no changes in the reported outcomes as a result of any presentational changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

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Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions as it is deemed a charitable trust for taxation purposes.

Budget figures

The budget figures presented in this report are those approved by the Trustees for 2022/23 unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Trust in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are:

- Estimating the provisions for deferred maintenance (Note 11)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Valuation methodology for property, plant and equipment (Note 9)

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Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest revenue is recognised using the effective interest method.

Maintenance Expenses

Maintenance expenses are expensed as they are incurred except that, where related to a provision, an offsetting release from that provision is made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Trust, and expenditure payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Trust.

Property, plant and equipment

Property, plant and equipment consists of operational assets including buildings and buildings improvements and furniture and equipment, which are utilised by the Trust to deliver services.

Buildings and building improvements and furniture and equipment are measured at cost less accumulate depreciation and impairment losses.

Unless specifically stated, acquisitions are initially valued at cost.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential

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associated with the item will flow to the Council and group and the cost of the item can be measured reliably and is greater than $3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and building improvements	1% - 30% Straight line

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount and the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit.

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Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Payables are generally non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed annually to determine their appropriateness, including the value of the provision.

Equity/Accumulated Funds

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed capital: this represents the funds initially contributed by the members of the Trust particularly from public fundraising;

Accumulated surpluses/(deficits): this represents the accumulation of all financial results since the inception of the Trust;

Reserves: this represents funds set aside relating to specific purposes or relating to funding from hypothecated sources.

Events after balance date

Events which are deemed to actually or potentially have a material impact on the Trust, but which occur after balance date, will be disclosed including a statement regarding why they have been assessed as being of significant materiality.

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Aorangi Stadium Trust

Aorangi Stadium Trust

Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
					(21/22)		(22/23)	(22/23)	(22/23)	(22/23)	(22/23)
(uninflated)	Actual	Actual	Actual	Actual	Plan	Budget	Plan	Plan	Plan	Plan	Plan
Income											
Grants - Other: TDC	52,000	52,000	311,212	52,000	602,354	52,000	52,000	52,000	52,000	52,000	52,000
Grants - Insurance reimbursement: TDC	38,117	39,190	42,345	50,901	58,224	53,000	58,300	64,130	70,543	77,597	83,357
Interest	2,292	773	4,636	22,592	2,500	3,500	1,500	1,500	1,500	1,500	1,500
Other Income				30,219							
	92,409	91,963	358,193	155,712	663,078	108,500	111,800	117,630	124,043	131,097	136,857
Expenditure											
Insurance	38,117	39,190	39,014	50,206	58,224	53,000	58,300	64,130	70,543	77,597	85,357
Repairs & maintenance	1,116	5,788	1,055,971	56,046	90,950	50,000	55,000	60,500	66,550	73,205	80,526
Deferred maintenance provision		415,712		0	-90,950	0	0	0	0	0	0
Earthquake strengthening provision			71,061								
Accounting & admin. fee: TDC	1,000	2,000	2,000	126,841	5,000	5,000	5,500	6,050	6,655	7,321	8,053
Audit fees	5,000	3,850	3,900	6,690	5,000	7,608	8,548	9,403	10,343	11,377	12,515
Other	-465	5	5,228	769	500	18,860	20,746	22,821	25,103	27,613	30,374
	44,768	466,545	1,177,174	240,552	68,724	134,468	148,094	162,903	179,194	197,113	216,824
Depreciation	172,839	172,396	176,953	45,611	148,985	45,611	45,611	45,611	0	0	0
Net Surplus/(Deficit)	**-125,198**	**-546,978**	**-995,934**	**-130,451**	**445,369**	**-71,579**	**-81,905**	**-90,884**	**-55,151**	**-66,016**	**-79,967**
Assets											
Bank	9,210	8,311	12,584	546,368	10,000	308,742	272,448	227,175	214,270	148,254	68,286
Investments	298,065	304,062	699,000	0	736,992	400,000	400,000	400,000	400,000	400,000	400,000
Other current assets	53,074	91,190	14,356	244,475	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	360,349	403,563	725,940	790,843	756,992	718,742	682,448	637,175	624,270	558,254	478,286
Land and Buildings	666,783	494,385	317,432	179,079	0	133,468	87,857	42,246	0	0	0
Work in Progress											
Total non-current assets	666,783	494,385	317,432	179,079	0	133,468	87,857	42,246	0	0	0
Total assets	1,027,132	897,948	1,043,372	969,922	756,992	852,210	770,305	679,421	624,270	558,254	478,286
Liabilities											
Creditors & accrued expenses	5,972	8,054	153,782	233,033	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Revenue in advance				0	609,212						
Provision for maintenance <12 months		256,962	265,204	334,443	0	425,393	588,593	620,043	638,343	779,443	1,486,043
Total current liabilities	5,972	265,016	418,986	567,476	614,212	430,393	593,593	625,043	643,343	784,443	1,491,043
Provision for maintenance >12 months		158,750	1,146,137	1,054,650	5,355,801	1,145,600	982,400	950,950	932,650	791,550	84,950
Total non-current liabilities >12 months	0	158,750	1,146,137	1,054,650	5,355,801	1,145,600	982,400	950,950	932,650	791,550	84,950

Total liabiities	5,972	423,766	1,565,123	1,622,126	5,970,013	1,575,993	1,575,993	1,575,993	1,575,993	1,575,993	1,575,993
Net assets	**1,021,160**	**474,182**	**-521,751**	**-652,204**	**-5,213,021**	**-723,783**	**-805,688**	**-896,572**	**-951,723**	**-1,017,739**	**-1,097,707**
Equity											
Capital	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631
Accumulated surpluses/deficits b/fwd	-2,047,392	-2,225,754	-2,576,448	-3,572,384	-8,709,021	-3,702,835	-3,774,414	-3,856,319	-3,947,203	-4,002,354	-4,068,370
Current year surplus/deficit	-125,198	-546,978	-995,934	-130,451	445,369	-71,579	-81,905	-90,884	-55,151	-66,016	-79,967
Transfers to/from reserves	-53,164	196,283		0	0		0	0	0	0	0
Accumulated surpluses/deficits c/fwd	-2,225,754	-2,576,449	-3,572,382	-3,702,835	-8,263,652	-3,774,414	-3,856,319	-3,947,203	-4,002,354	-4,068,370	-4,148,338
Maintenance reserve b/fwd	143,119	196,283		0	0	0	0	0	0	0	0
Transfers to reserve	54,280	0		0	0	0	0	0	0	0	0
Transfers from reserve	-1,116	-196,283		0	0	0	0	0	0	0	0
Maintenance reserve c/fwd	196,283	0	0	0	0	0	0	0	0	0	0
Total equity	**1,021,160**	**474,182**	**-521,751**	**-652,204**	**-5,213,021**	**-723,783**	**-805,688**	**-896,572**	**-951,723**	**-1,017,739**	**-1,097,707**
Difference			*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Equity to Total Assets ratio (90% target)	*99.4%*	*52.8%*	*-50.0%*	*-67.2%*	*-688.6%*	*-84.9%*	*-104.6%*	*-132.0%*	*-152.5%*	*-182.3%*	*-229.5%*

7.12 Aorangi Park Sports Stadium Options

Author: **Bill Steans, Parks & Recreation Manager**

Authoriser: **Andrew Dixon, Group Manager Infrastructure**

Recommendation

That Council endorses the proposal to build a new stadium facility (Option 1) within the area currently used for the netball courts at Aorangi Park, and undertakes further community consultation on this proposal.

Purpose of Report

1 To consider options for the increase in court numbers of the Aorangi Park Sports stadium and confirm the preferred option.

Assessment of Significance

2 This matter is of medium-high significance as although an approved key project in the Long Term Plan 2021-31 the project scope has changed significantly.

Background

3 The Aorangi sports stadium is situated in Aorangi Park that is a Council owned recreation reserve (Attachment 1). Aorangi Park is host to a number of sporting codes and associated facilities.

4 The original building was constructed in 1973 and has been modified several times since the initial development. The events centre was officially opened in 1974 with the majority of refurbishment and further development occurring through the 1990's.

5 The upgrading of the Aorangi Park sports stadium was a key project in the Timaru District Long Term Plan 2021-31 (LTP). The LTP proposed the extension of the existing stadium with the addition of 3 courts providing a total of 6 courts. The budget estimate for this project and funding was based on this scope.

6 The LTP consultation was based on the timing of the project and whether the community supported an earlier construction period.

7 The consultation outcome was that the users of the stadium overwhelmingly supported the earlier construction timelines, but the general community support was 50:50.

8 At the LTP deliberations Council resolved the following:

That Council;

1. *Considered the feedback from the community on the options consulted on regarding when Council should undertake development of Aorangi Park and Stadium.*
2. *Council determines to carry out planning and design in 2021/2022 and 2022/2023 – Years One and Two of the LTP at a cost of $300,000 per annum, with the build commencing in 2023/2024 – Year Three of the LTP, including considering:*
   a) *6 new courts instead of the proposed 3 new courts*

b) For procurement to be explored as a design and build option.

Also

3. That a Gym for the 50 plus age group be provided within Aorangi Park.

4. That a fundraising goal be set at $2.3m for the sporting codes that are involved with the Aorangi Park and Stadium.

9 The total funding allocated in the LTP was not changed and no increase provided for doubling the size of the extension from 3 to 6 courts.

10 A Detailed Seismic Assessment for the Stadium building was completed in February 2022. The Detailed Seismic Assessment (DSA) indicates that the facility has an overall seismic rating of less than 15%NBS (IL4). This indicates that the building is expected to constitute a very high seismic risk (25 times greater than that of an equivalent building designed to new building standards). Subsequentially the building has been posted as an Earthquake Prone Building.

11 The stadium complex consists of six interconnected building units with each having a distinct structural system and their existing own unique characteristics. During the Detailed Seismic Assessment the concerns about the safety of the precast floor units were confirmed and the requirement for propping was identified to remain in place until remedial work and strengthening upgrades can be completed. The first floor lounge may continue to be used without restriction on occupancy numbers provided the propping remains in place. However, the first floor lounge should not be used for events where there is likely to be dancing or similar activities which may cause dynamic vibration in the floor.

Discussion

12 The Aorangi Park sports stadium has a fundamental purpose of providing courts for indoor sports.

13 As a secondary purpose it also provides some supporting facilities for external sporting codes, office space for sports administration and a meeting area. There is also currently a small-scale gym.

14 The existing Stadium building is owned by the Aorangi Stadium Trust. Any work on the existing building will require approval by this Trust.

15 There are several options available ranging from refurbishment of the existing stadium and extension to increase the number of courts, a new facility at Aorangi Park, a new facility on another site and status quo.

16 An options assessment has been prepared in consultation with stakeholders and Elected Members testing the options against the outcomes desired. The options were assessed against several investment objectives and anticipated benefits as shown in the table below:

1	Achieve better alignment between Timaru's indoor stadium/recreational facilities and the current and forecast demand from sporting organisations and the community.	Existing and future needs of sporting organisations and community are met.
2	Promote inclusiveness and encourage participation in sports and events across the Timaru district.	Increased participation in sports (across existing /new sporting codes).

3	Promote Aorangi Park as a regional sporting/recreational destination and (secondarily) as an event centre.	Economic benefits to the Timaru district, including future financial sustainability of Aorangi Park facilities.
4	Increase the number of facilities in Timaru capable of being used in an emergency event.	Timaru is able to accommodate displaced people in the event of a large-scale emergency.
5	Identify and rectify all deficiencies impacting community users and employees.	Council meets its statutory obligations as a building owner and operator.
6	Ensure financial sustainability of any project.	An affordable project that meets community and operational needs (within a defined budget envelope).

Options and Preferred Option

17 The options assessment identified two feasible options that provided good alignment with the investment objectives.

18 **Option 1 Construction of a new stadium (preferred option)**

This option is the construction of a new stadium on the existing outdoor netball courts. Based on the available footprint a total of 10 indoor Netball or Basketball courts could be accommodated. A concept is provided in Attachment 2. The existing Netball Pavilion would be retained. Little change is required to road layouts and other sports are not impacted. Part of this proposal is the demolition of the existing stadium. The site can then be developed to provide some outdoor courts and new changing facilities for other outdoor sports. The construction of the new stadium can occur while the existing stadium remains operational. However, Netball would have a significant disruption as the existing outdoor courts and pavilion will not be available for use during this time. Construction is planned to occur over one calendar year therefore one season would be disrupted for Netball users.

19 **Option 2 Extension of existing stadium**

This option is constructing an extension to the existing Stadium to the west over the existing Hockey field and car parking. It is possible to add another 6 courts (nine in total). This option includes the strengthening and upgrade of the existing Stadium to meet required earthquake code. There would be significant disruption during the construction for a number of sporting users in Aorangi Park including outdoor users such as Hockey. This option allows for the construction of a new hockey turf on the current netball courts area and extensive changes to the road network and construction of new roads/car parks would be required.

20 **Option 3 Defer the project**

This option is to maintain the existing stadium and defer the extension/upgrade project to a later date. This date will be driven by the need to ensure minimal disruption to sports codes and one winter season closure.

Consultation

21 Through the business case development there has been engagement with stakeholder groups on issues, options and priorities.

22 There has also been engagement with the Stadium users reference group.

23 Further community consultation will be required if Council proceeds with the new stadium option as this option was not consulted on with the community during the 2021-31 Long Term Plan. To carry out this consultation we would need to engage a consultant to run the process to ensure timeframes within the project plan are able to be met as all available resource in this space is currently dedicated to the LTP.

Relevant Legislation, Council Policy and Plans

24 The Trusts Act 2019

25 Building Act 2004

26 Timaru District Long Term Plan 2021-31

27 Resource Management Act 1991

28 Aorangi Park Management Plan and Reserves Act 1977

Financial and Funding Implications

29 The estimated costs for the two options are based on the following:

- Option 1 - A similar 10 court netball stadium in Christchurch (Netsal) is currently under construction. This is a new stadium on a greenfields site. The cost of this stadium is approximately $14 million with an additional $7 million of surrounding site works such as car parks and stormwater retention.
- Option 2 - The feasibility cost estimate to upgrade and extend the existing stadium to add an additional 6 courts is $43.7 million. The works required to strengthen the existing stadium contribute $11.58 million to this figure. This cost also includes the construction of a new hockey field in another location and changes to the road layouts.

30 The project will be funded using a combination of Timaru District loan funding identified in the 2021- 31 LTP budget, community fundraising and part of the 3Waters tranche 1 'Better Off funding' related to the three waters transition.

31 The funding currently available is as follows:

Funding Source	**$ Amount (million)**
Long Term Plan 2021-31	$23.0
3Waters Better Off funding	$2.0
Community Fundraising (proposed)	$2.3
Trust Aoraki funding	$0.8
Total	$28.1

Other Considerations

32 Discussion with potential building contractors has indicated that new build is the most cost effective option and the lowest risk.

33 The stakeholder group has indicated a preference for the construction of a new facility similar to the one currently under construction in Christchurch. If Council proceeds with this option the proposal is for a 'no frills' 10 court multi-sport facility.

34 Previously Council had resolved that a gym for the 50 plus age group be included, this is currently not included in the proposed new build.

35 The proposed new build would have limited office space and therefore be unable to accommodate Sport Canterbury. Council would support Sport Canterbury to investigate alternative options.

36 The existing Stadium is owned by the Aorangi Stadium Trust. The modification, alteration or demolition of this existing stadium would require the consent of the Trust.

Attachments

1. **Aorangi Sports Stadium Site Plan** ⇩
2. **Proposed New Stadium location concept** ⇩

TIMARU DISTRICT COUNCIL

TDC SERVICES PLAN

Printed on 5/12/2023

by Andrea Denton

SCALE 1:1500

Meters: 0 65 130 260

24A Grants Road

Timaru

Services in the vicinity, see appropriate clause* below:

Cadastral information derived from Land Information New Zealand.
CROWN COPYRIGHT RESERVED.

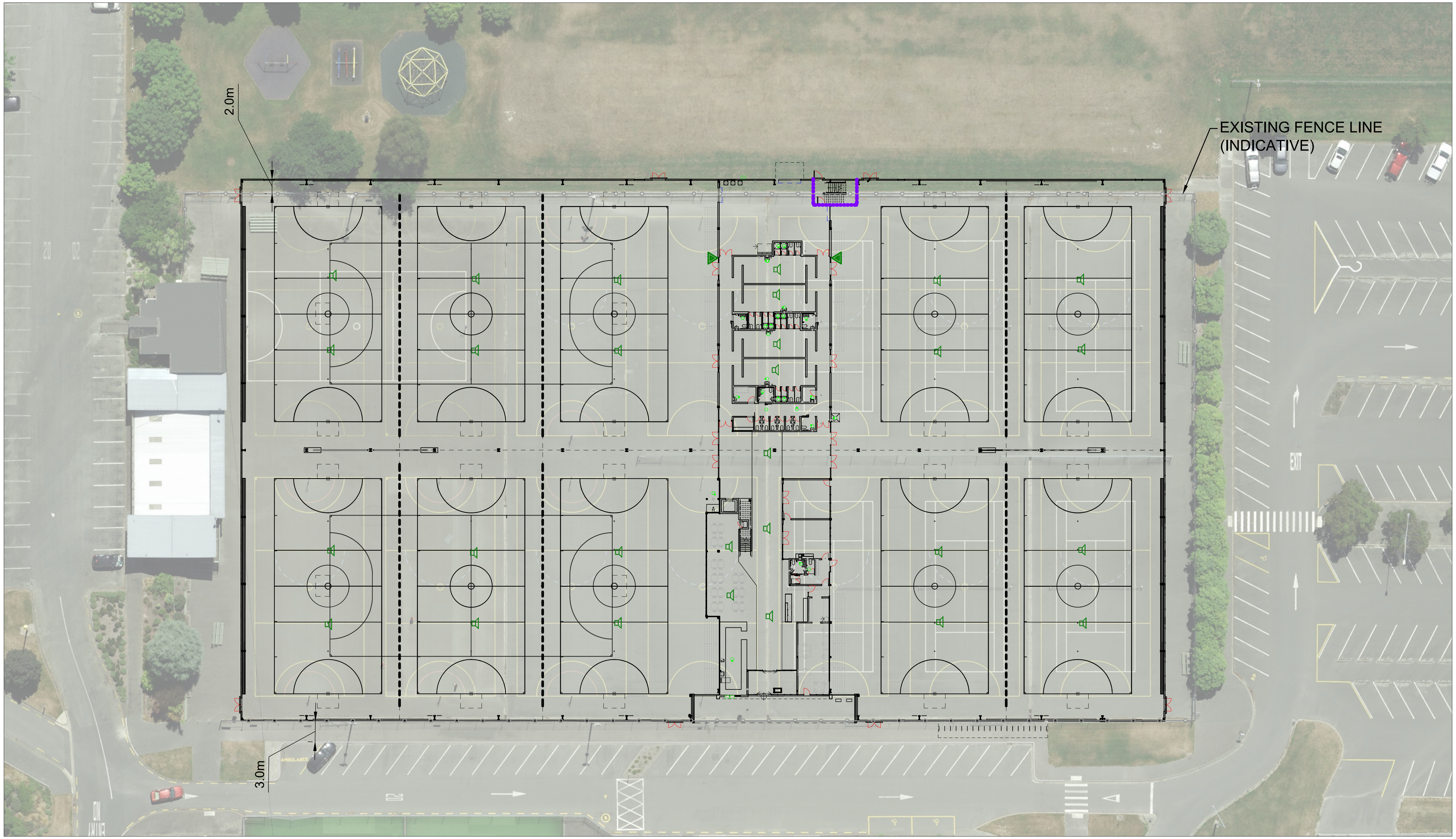
Information shown is the currently assumed knowledge as at date printed.

Please note the position of pipelines shown on this map are to be used as an indication only. On site location of pipelines can be arranged by contacting Timaru District Council.

- Rural Water Hydrant
- Rural Water Unknown / Misc
- Rural Water Facility
- Rural Water Meter
- Rural Water Tank
- Underground LTU Assets
- Rural Water Valve
- Rural Water Abandoned
- Rural Water Main
- Rural Water Trough
- Gas Pipes
- Non-fill Hazards
- Urban Misc
- Urban Backflow
- Urban Valve
- Urban Meter
- Urban Hydrant
- Urban Water Main
- Urban Water Lateral
- Urban Water Abandoned
- Urban Sewer Misc
- Urban Sewer Manhole
- Urban Sewer Valve
- Urban Sewer Node
- Urban Sewer Mains
- Urban Sewer Laterals
- Urban Sewer Abandoned
- Rangitata Water Race
- Urban Storm Misc / Outlet
- Urban Storm Inlet
- Urban Storm Manhole
- Urban Storm Node
- Urban Storm Lateral
- Urban Storm Abandoned

** see seperate attached PDF document*

AORANGI STADIUM, TIMARU
PROPOSED POTENTIAL LAYOUT



TIMARU DISTRICT COUNCIL
Te Kaunihera ā-Rohe o Te Tihi o Maru
Land Transport Connecting Our Community
NOVEMBER 2023

7.13 Airport Upgrade Update

Author: **Stanley Hansen, Airport Operations & Safety Manager**

Authoriser: **Andrew Dixon, Group Manager Infrastructure**

Recommendation

That the Infrastructure Committee confirms support for the proposal to extend the existing passenger terminal at Timaru Richard Pearse Airport to meet future requirements and that tenders are called for design services.

Purpose of Report

1 To provide an update on the Timaru Richard Pearse Airport Terminal extension design and seek support to proceed to call for design service proposals.

Assessment of Significance

2 This matter is considered of low significance in terms of the Timaru District Council Significance and Engagement policy as the airport terminal extension project is identified as an approved project in the Long Term Plan 2021 -31 and Annual Plan 2023/24.

Background

3 The terminal underwent a refresh to enhance the experience of passengers in November 2018. During the construction phase, Air New Zealand increased the aircraft capacity size from a 19 seat passenger aircraft to a 50 seat passenger aircraft for the scheduled flights which are now operating at a higher occupancy.

4 The Timaru airport has experienced a substantial increase in use since 2019 with total aircraft movements (including private recreational aircraft) increasing from 8,072 in 2019 to 16,005 in 2022. The current year is anticipated to exceed 2022 numbers.

5 Passenger numbers on Air New Zealand scheduled flights continue to be very good demonstrating the high value that the community places on the service. The Air New Zealand service from Timaru to Wellington carries approximately 45,000 passengers per year. This is an average flight loading of 76%.

6 Due to the terminal building nearing peak capacity during times of high demand, there is a need to future proof the terminal for operational capacity and to develop the infrastructure to support the continuation of scheduled flight services to and from Timaru. These services are essential to provide effective links for our community, business and to promote tourism growth.

7 There are other key drivers for the terminal upgrade that are more future focussed. These are noted as follows.

8 Business travel opportunities: Air New Zealand have stated that the customer demographic for their services is heavily weighted to business travel and frequently we have requests for meeting rooms to conduct business. Currently, customers are having to wait until after all passengers have left the terminal and the meetings are conducted inside the waiting area. The

industry norm across 95% of other terminals in the domestic network is to have dedicated meeting room facilities within the airport for this purpose.

9 Tourism travel opportunities: As outlined in the draft Tourism Destination Plan, the airport is considered to be essential for this to be successful. The extended terminal presents a critical “first impression” opportunity whereby the visitor experience is curated as a memorable one. An engaging and positive initial impression can set the right tone for customer travel, presenting Timaru as a key gateway to access the wider Timaru and South Canterbury areas.

10 Aviation Security: Aviation security standards may potentially increase in the near future. There are discussions in Government regarding regional airports requiring passenger screening to increase security. The Ministry of Transport have indicated that funding would be available to install the required facilities, but at present the terminal does not have sufficient space to house this equipment.

11 The business case for the terminal upgrade project is based around retaining the scheduled Air New Zealand service and the potential to expand scheduled services with them or other service providers. The existing aircraft servicing Timaru will be replaced in the next four years and phased out during this time. A larger aircraft is likely to replace the current one and therefore more people in the terminal. If this service is to be retained, the terminal needs expansion and to future proofed.

Discussion

12 The airport terminal extension project is an approved project in the Long Term Plan 2021-31. At the Infrastructure Committee meeting on 6 September 2022 a progress report was presented and it was resolved that:

(1) That the Infrastructure Committee confirms support the proposal to develop a master plan.

(2) That council propose to extend the existing passenger terminal at Timaru Richard Pearse Airport to meet future demand and in alignment with the master plan for the airport.

(3) That the proposed demolition of the observation tower, be subject to further consultation.

13 The airport is a strategic asset for not just Timaru but the South Canterbury Region and part of Waitaki being the nearest airport that provides scheduled services. The airport is also used by charter or private flights including small jet aircraft. It is also a critical infrastructure facility from an emergency management perspective in a significant emergency event. The airport would be a used supply lifeline and is capable of servicing military transport aircraft.

14 A Master Plan has been prepared for the future development of the Timaru Airport. This Master Plan incorporates the potential future needs of the airport on both airside (runways, taxiways) and non airside (terminal, parking, other development). The Master Plan is provided in Attachment 1.

15 It is proposed that the

16 The proposal is to construct and extension to the existing terminal building structure, extending the footprint of the existing waiting area that can provide additional capacity for passengers and visitors if a larger aircraft is used to service Timaru or additional flights.

17 The extended area would also future proof the airport allowing for new activities such as Aviation security screening if required and potential separation of arrivals and departures. Internal fit-out requirements would be minimal initially with the focus of creating floor space.

Fitouts for Ministry of Transport Aviation Security Service (AVSEC) works, and Air New Zealand changes are expected to be funded by the relevant organisation if required.

18 There is also an opportunity to use additional terminal space as a showcase area, for example to promote Timaru's aviation history with the Aviation Heritage Society.

Options

19 Option 1 is to extend the Airport terminal building in accordance with the Long Term Plan ensuring the extension floor area will meet potential future demands and levels of service. This option may require the demolition of the former airport observation tower. This is the preferred option.

20 Option 2 is to extend the Airport terminal building in accordance with the Long Term Plan to meet current requirements only with a reduced additional floor area. This option is not recommended as it does not allow for future growth or increased levels of service.

21 Option 3 is to build a new terminal. There is insufficient funding in the Long Term Plan or Annual Plan budgets for this option. In addition the logistical challenges to achieve this would be significant and is not recommended.

22 Option 4 is maintain status quo and not undertake or defer an airport terminal extension. There is a risk of Timaru Airport losing scheduled flight services with this option and is not recommended.

Consultation

23 The proposed airport terminal extension parameters have been discussed with Air New Zealand to ensure future needs are met.

24 The terminal extension concepts have also been discussed with the airport users group and there was general support for the extension proposal.

25 Some members of the Historic Aviation Society oppose the demolition and claim it has historic significance. It is not a Heritage New Zealand listed structure and was constructed by the Ministry of Transport when Timaru Airport operated with an airport traffic controller.

Relevant Legislation, Council Policy and Plans

26 Timaru District Council Long Term Plan 2021-31

27 Timaru District Annual Plan 2022-23

28 Civil Aviation Act 1990

Financial and Funding Implications

29 The proposed airport terminal extension has $2.7 million funding allocated in the 2023/24 Annual Plan.

30 Further funding has been proposed in the draft Long Term Plan for the runway extension in the 2025/26 and 2026/27 financial year.

Other Considerations

31 The extension footprint may require the former flight observation tower to be demolished. This building is currently used by the Timaru Heritage Aviation Society as it is near the museum building. The building is used for society meetings, storage and for breaks. The current lease

has expired, but there is agreement for continued use until such time as a decision is made regarding the extension of the terminal. There is a commitment to provide support for the Timaru Heritage Aviation Society so they are able to continue to operate from the airport location and alternative premises have been offered to them. It should be noted that the observation tower contains asbestos and is registered on the Council's hazard register, maintenance will need to continue on this building to manage this risk and further consideration will need to be given to it's use if it is not demolished due to this risk.

Attachments

1. **Richard Pearse Airport Master Plan** ⇩

Technical Memorandum

To:	Andrew Dixon, Stan Hansen	**Date:**	9 November 2023
From:	Rick Pemberton	**Our Ref:**	3324648-782387889-17
Copy:	Richard Holyoake, Adam Vorstermans		
Subject:	Timaru Airport – Summary of Development Opportunities (Version 2)		

The following table documents the range of potential development projects discussed during our meeting of 30 November 2022. We have documented each project along with a description of the project "drivers" and what supporting studies would be required to initiate the implementation of the project.

Priorities have been assigned to each project and have been assessed against the criteria noted in the table below. Priorities will inevitably change in response to changing economic conditions and as supporting studies to implement each project (ie businesses cases) are completed and the project scope and risks are more fully understood.

As noted in the "Area" column each project has been assigned a number which corresponds to a proposed area of development on the two attached plans.

Priority Assessment Criteria

Colour	Priority	Criteria/Typical Project Attributes
Green	**High**	▪ High likelihood of operational requirement or business development opportunity in the short to medium term ▪ High likelihood of support by Timaru District Council and/or Aerodrome operators and/or local business community ▪ Funding likely to be available ▪ Strong business case (TBC for most projects), low risk of failure to achieve acceptable return on investment
Yellow	**Medium**	▪ Possible operational requirement or business development opportunity in the short to medium term ▪ Likely to be supported by Timaru District Council and/or Aerodrome operators and/or local business community ▪ Funding likely to be available ▪ Good business case (TBC for most projects), medium risk of failure to achieve acceptable return on investment
Red	**Low**	▪ Low likelihood of operational requirement or business development opportunity in the short to medium term. ▪ Not fully supported by Timaru District Council and/or Aerodrome Operators and/or local business community ▪ Funding will be difficult to raise ▪ Challenging business case (TBC for most projects), possible risk of failure to achieve acceptable return on investment

Technical Memorandum

Area	Project	Description	Drivers/Triggers for Development	Comments	Supporting Studies to Implement	Priority
Airside/Aeronautical						
1	Runway Extension to North East	▪ Provide longer runway to facilitate Code C/D aircraft types	▪ Resilience – provide a facility that can accommodate larger aircraft types such as C-130 during civil emergencies (ie Rangitata flooding 2019) ▪ Retirement or replacement of Dash 8 fleet with ATR-72 on longer regional routes ▪ Requirement for larger aircraft type to support freight operations	▪ District Plans allow for runway extensions +262m to north, +395 to south ▪ 1600m estimated for ATR-72 operations to Wltn ▪ Northern extension more likely due to better obstacle environment. Southern extension unlikely ▪ Northern extension (within existing aerodrome boundary) may not deliver sufficient length for ATR operations.	▪ Mat Sisson to confirm runway requirement for ATR operations to Akl. ▪ Review District Plan to confirm safeguarded area for extension, zoning, noise boundary ▪ OLS check to confirm obstacles environment ▪ Confirm RESA requirements (Full 240m shown on plans)	
2	Runway Extension to South West					
3	Parallel Code C taxiway to North East	▪ Taxiway extending north to Rwy 20 Threshold from Taxiway A.	▪ Would provide improved operational safety and increase runway capacity ▪ Increase capacity unlikely to required in the short to medium term issue unless an international training school were established at aerodrome	▪ Runway 20 is the predominant runway. ▪ MS believes a short taxiway section to the SW would provide more benefit than the section to the NE	▪ No supporting studies required unless an aeronautical study requirement is triggered by a significant increase in aviation activity	
4	Parallel Code C taxiway to South West	Taxiway extending south to Rwy 02 Threshold from Taxiway A.				
5	Apron Expansion	▪ Expand to allow 2 x Code C turboprops and Exec Jet ▪ Expand to allow better GSE storage	-	▪ CONSTRUCTION NOW COMPLETE – REMOVED FROM PLAN	-	
6	Runway Lighting Improvements	▪ Upgrade runway lighting for low visibility operations ▪ Improve lighting control systems	▪ Currently diverts are experienced due to low lying fog resulting in inadequate runway viability ▪ Improve runway availability ▪ Improved operational safety	▪ Airways appear to be continuing with "PLEXIT", returning power and lighting infrastructure to aerodrome operators. ▪ May be opportunity to improve with simple approach system or REILs? ▪ Current system cannot be activated during daylight hours. ▪ 22 "unavailable" days per year (6% so considered significant) ▪ Option to investigate alternative lighting systems (Charts)	▪ Beca to provide fee for existing condition assessment and maintenance/upgrade options ▪ Evaluation of cost/benefit in consideration of historical divert records and potential reductions achievable with lighting upgrades	
7	Additional General Aviation Hangars	▪ Provide a more structured approach to the development of G/A hangar areas	▪ Demand ▪ Provides a baseline of aviation activity	▪ There is a strong G/A - Aeroclub community at the aerodrome which the airport management is supportive of. ▪ Hangar locations/developments have been "organic", no real structure	▪ Guideline on hangar development	
8	Additional Commercial Hangars	▪ Aircraft Maintenance Facilities ▪ Helicopter Services ▪ Aviation museum	▪ Museum could make the airport more of a "destination" ▪ Support local commercial aviation activity ▪ Business demand will drive development	▪ "Museum" not open to public?? ▪ AVTEK – current service provider ▪ Helicopter Firm?	▪ TDC to progress discussions with Museum and Holding company to determine development strategy ▪ Discuss opportunities with local Iwi ▪ Identity suitable areas for development	

Technical Memorandum

Area	Project	Description	Drivers/Triggers for Development	Comments	Supporting Studies to Implement	Priority
Landside/Airside Commercial						
1	Terminal Expansion	▪ Increased areas for: Passenger Lounge Air NZ Operations Air NZ Lounge Future security screening	▪ Inadequate areas for Air New Zealand Staff ▪ Inadequate areas for passengers/public for 2 concurrent operations. ▪ Inadequate area if security screening implemented ▪ Refer to terminal building capacity review included with this memorandum	▪ Recent terminal project was refurbishment of existing facility.	▪ TDC to discuss with Architect to evaluation size and cost options ▪ Current requirement	
2	Freight/Logistics Hub	▪ Provide (refrigerated) storage/freight handling facility	▪ Provides opportunity for local primary industry	▪ To be financially viable is it likely that a source of high value perishable goods needs to be identified as the alternative is land transport to Christchurch airport. ▪ Cannot access international markets directly without a significant runway extension project.	▪ Review CIAL Dakota Park Development ▪ Discuss potential with South Canterbury Chamber of Commerce and potential customers ▪ Business case study to confirm potential industry partners and markets	
3	Flight School	▪ Classroom, Hangar and Accommodation facilities for a flight school operation	▪ Opportunity dependant on recovery of international aviation industry	▪ Short listed for Singapore airlines training opportunity in 2006. ▪ Preliminary planning undertaken in support of bid, no significant road blocks to this opportunity identified at that time.	▪ Refresh previous studies in consideration of potential operators	
4	Aeropark Development	▪ Hangar development with owner/occupier opportunities	▪ Demand for this category of residential development	▪ Recent existing example to be investigates as exemplars (ie Alexandra, Korimiko/Sounds Air, Pukaki airport, Omaka, Dairy Flat Aero Park/Nth Shore) ▪ There has not been strong demand for this type of development	▪ Business Case	
Landside Commercial						
1	Terminal Expansion	▪ Business Center/Meeting rooms	▪ Local demand	▪	▪ Business case	
2	Vehicle Parking Expansion	▪ Expansion of parking areas adjacent to the terminal Provide parking and valet area	-	▪ CONSTRUCTION NOW COMPLETE – REMOVED FROM PLAN	-	
3	Rental Car Parking/Valet Area	▪ Parking areas with vehicle washing bay and basic office facility	▪ Increased passenger aircraft activity	▪ No current facility ▪ Vehicles must be “delivered” to the airport by car rental companies	▪ Discussion with rental car agencies ▪ Simple business case	
4	Self Storage units	▪ Public self storage facility	▪ Local demand ▪ Not a core activity but could provide an income stream from land not likely to be required for aeronautical purposes.	▪ Suitable land is available	▪ Simple business case	
5	Solar Farm Need to confirm typical siting and area requirements	▪ Solar farm located on areas not critical to existing or possible future aeronautical requirements	▪ Not a core activity but could provide an income stream from land not likely to be required for aeronautical purposes. ▪ The addition of electric aircraft to airline fleets, noting Air NZ aim to do this by 2030.	▪ Good use of land that is height restricted ▪ Current project being investigated for Hawkes Bay Airport as a JV ▪ Napier?	▪ Business case/aeronautical study with respect to glare risk ▪ Engineering study to confirm viability	

Technical Memorandum

Area	Project	Description	Drivers/Triggers for Development	Comments	Supporting Studies to Implement	Priority
6	Residential Development	▪ Residential housing development adjacent to the aerodrome	▪ Demand	▪ Scheme had been developed but not implemented ▪ Not core business for aerodrome ▪ Risk of reverse sensitivity problems (noise) ▪ Significant area within the district available for residential development	▪ Business Case	
Infrastructure Maintenance/District Plan (Non – Capex)						
1	AGL System Maintenance	▪ Renewal of existing infrastructure (lighting, cabling, standby generator)	▪ Condition assessment will determine urgency of maintenance	▪ Cables installed 1958 ▪ Asbestos ducting ▪ Airways intention (pre-Covid) is to divest itself of all AGL and maintenance capability	▪ Condition assessment to confirm maintenance requirement/scope	
2	Terminal septic system renewal	▪ TBA	▪ TBA	▪ TBA	▪ TBA	TBA
3	Inputs to District Plan	▪ Review aviation activity forecast and runway configuration to set noise boundaries	▪ District Plan Timeline	▪ Important to ensure potential for future activity is safeguarded	▪ Review proposed plan against aerodrome development plan. ▪ Prepare submissions as may be required	

Technical Memorandum

Terminal building capacity review

The terminal capacity has been reviewed in consideration of possible growth scenarios at Timaru Airport. Terminal capacity evaluation has been done using the following inputs:

- Monthly passenger and aircraft movement data from Air New Zealand (December 2021 – June 2023)
- Existing terminal floor plan (provided by Timaru District Council)

Terminal areas analysis using IATA ADRM guidance

Terminal capacity requirements have been calculated with guidance from the IATA Airport Development Reference Manual (ADRM) – 11th Edition. The scenarios considered are summarised in the following table.

Table 1 - Terminal capacity evaluation scenarios.

Scenario	1	2	3	4	5	6	7
Primary busy hour aircraft (1no. arrival + departure movement)	Q300 (50 seats)	ATR72 (68 seats)	ATR72 (68 seats)	ATR72 (68 seats)	ATR72 (68 seats)	ATR72 (68 seats)	ATR72 (68 seats)
Secondary busy hour aircraft (1no. arrival + departure movement)	-	-	-	-	-	20-seat airline/charter	ATR72 (68 seats)
Runway extension	No	No	Yes	No	Yes	Yes	Yes
Security screening	No	No	No	Yes	Yes	Yes	Yes
Busy hour departing pax.	40	47	54	47	54	70	107
Busy hour arriving pax.	40	54	54	54	54	70	107
Meeters and greeters	40	51	54	51	54	70	107
Staff/other allowance	4	4	4	4	4	6	6
Total busy hour pax	**124**	**156**	**166**	**156**	**166**	**216**	**327**

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Assumptions used for terminal capacity analysis include:

- All scenarios target the mid-range of the 'optimum' level of service, as described by the ADRM Section 3.4.
- 79% load factor assumed for all aircraft movements. Equivalent to the average Air New Zealand load factor July 2021 – June 2023.
- Departing ATR72 aircraft are limited to 60 seats prior to completion of a runway extension.
- 60% of passengers using airport check-in desks
- 2no. check-in counters provided, no self-service kiosks
- 0.5 meeters and greeters / farewellers per passenger
- 30s processing time per passenger at security screening
- 90% of pax in departure lounge (or pre-security departure area for Scenarios 1-3) are seated.
- For scenarios 4-7, 50% of pax in the pre-security departure area are seated.
- Secondary flight movements are assumed to arrive/depart 20minutes after the primary flight movement.
- No allowance for an airline lounge (eg. Koru Lounge) for any scenario, noting that air new Zealand does not currently provide Koru Lounge services as smaller regional airports, including Timaru, Taupo, Kerikeri or Gisborne (refer to benchmarking below).
- Baggage claim sizing allows for installation of a bag collection belt.
- Nominal 50% increase to back-of-house baggage facilities to accommodate a second busy-hour flight movement.

Terminal area estimates for each scenario are summarised against the existing areas provision in the Table 2.

Please note that the number described in Table 2 are a preliminary assessment of terminal areas to inform airport planning and decision making and should not be used as a basis for architectural design.

Findings from this analysis show that the existing terminal has some room for passenger number growth and would provide an optimal level of service for ATR72 movements with the runway at its current length (ie. Scenario 2). However, should busy hour passenger numbers increase beyond this, either due to the extension of the runway, the requirement to provide passenger security screening, or the addition of a second flight movement (either charter or airline) during the busy hour, the service level will reduce below optimum. Of these influences, extending the runway has the least significant influence on passenger numbers, and the addition of a second passenger flight movement during the busy hour has the largest.

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Table 2 - Terminal area estimates for Scenarios 1-7.

Scenario	Existing	1	2	3	4	5	6	7
Check-in area	12 m^2	12 m^2	20 m^2	20 m^2	20 m^2	20 m^2	20 m^2	27 m^2
Circulation (departures)	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2
Departures area (pre-security)	139 m^2	115 m^2	138 m^2	156 m^2	60 m^2	67 m^2	70 m^2	81 m^2
Security screening area	N/A	N/A	N/A	N/A	41 m^2	41 m^2	41 m^2	41 m^2
Departure lounge (post-security)	N/A	N/A	N/A	N/A	92 m^2	104 m^2	128 m^2	177 m^2
Airline lounge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Circulation (arrivals)	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2	55 m^2
Baggage claim*	0 m^2	0 m^2	0 m^2	0 m^2	65 m^2	65 m^2	70 m^2	81 m^2
Other: Offices BoH baggage handling Toilets	193 m^2	193 m^2	193 m^2	213 m^2	213 m^2	213 m^2	268 m^2	268 m^2
Structure, ancillary areas (10% of total)	45 m^2	43 m^2	46 m^2	50 m^2	60 m^2	62 m^2	71 m^2	78 m^2
Total	**500 m^2**	**473 m^2**	**506 m^2**	**548 m^2**	**660 m^2**	**682 m^2**	**777 m^2**	**863 m^2**

* assumes baggage belt is implemented once screening becomes a requirement.

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Benchmarking

We have also done a benchmarking exercise, comparing Timaru Airport (approx. 50,000 pax annually) to other similar New Zealand regional airports. For this exercise we considered Taupo, Kerikeri and Gisborne airports, all of which have completed new terminal buildings within the last 5 years. Approximate terminal footprint areas (measured from Google Earth) and annual passenger movements (as of 2019) for these airports are:

Taupo – 1,300m^2 terminal footprint – 70,000 pax annually

Kerikeri – 1,200m^2 terminal footprint – 110,000 pax annually

Gisborne – 2,200m^2 terminal footprint – 190,000 pax annually

While there are many variables the effect the growth of passenger numbers and terminal size demand, the above comparison suggests that the calculated estimates for terminal footprint area for Timaru under scenarios as tabulate above, may be less than required to provide a facility that is of equivalent standard to other regional airports in New Zealand[1]. It is worth noting that these modern terminals typically have cafés and meeting room areas to support local business activity.

The annual growth rate (in passenger numbers) required to achieve a similar scale of operation to Taupo or Kerikeri within 20 years is 2-3%. This would be considered a typical growth rate for most airports and therefore a terminal building in the order of 1,200-1,300m^2 could reasonably be expected.

Other terminal sizing considerations

We understand (from Timaru District Council) that the fire rated capacity for the existing terminal building is 128 people. Table 1 suggests that this limit may currently occasionally be exceeded, particularly on days where there are higher numbers of meters and greeters or very busy days where load factors are closer to 100%. Options to increase the terminal fire rated capacity should therefore be looked at as ATR72 operations start to become more regular, as this may drive an expansion of, or modifications to, the terminal building sooner than required to meet security screening obligations.

Conclusion and recommendations

From these findings we recommend that a terminal extension be considered ahead of implementing security screening for passengers, which is expected to become a CAA requirement for regional domestic flights in New Zealand within 5 years (though timing remains uncertain). At this time, consideration should be given to a terminal with a footprint in the order of at least 850m^2 to safeguard for growth and the possible introduction of a second busy hour movement by Air New Zealand or another airline (ie. Scenario 7).

Prior to confirming the terminal size and preparing project cost estimates a detailed terminal sizing exercise should be undertaken with a terminal planner and architect, noting that recent terminal developments elsewhere in New Zealand suggest that a terminal in the order of 1,200-1,300m^2 may be more appropriate.

[1] The ADRM methodology has been developed in consideration of evaluating much larger terminal airport facilities and in our experience does give conservative (low) area estimates for small regional terminals.

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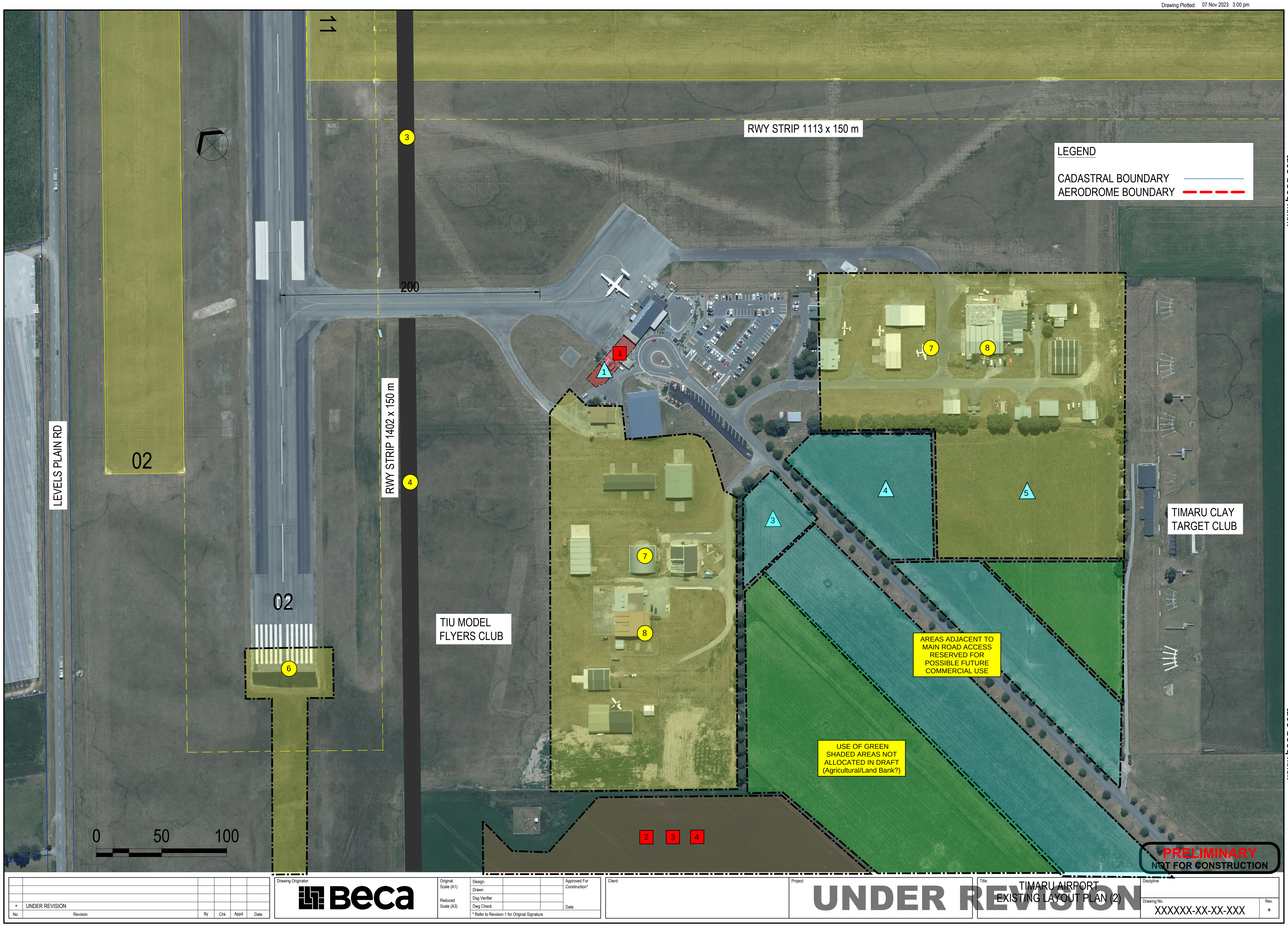
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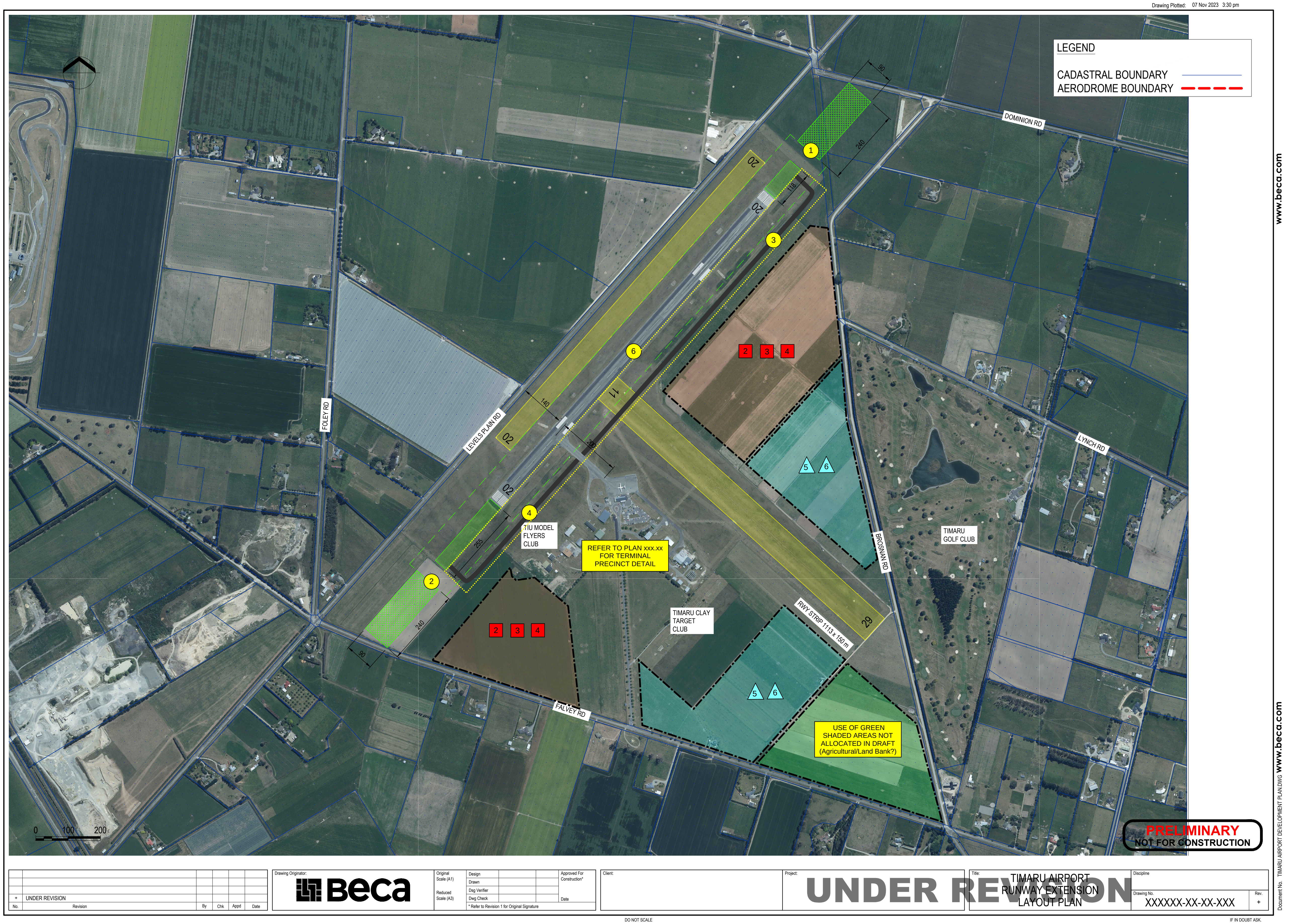
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7.14 Section 17A Review - Parks

Author: **Bill Steans, Parks & Recreation Manager**

Authoriser: **Andrew Dixon, Group Manager Infrastructure**

Recommendation

That Council

1. Receive the report from Rationale on the Parks and Greenspaces Services Review.
2. Note that Rationale's recommended option is that Council pursue a mixed inhouse and outsourced service delivery model.
3. Requests further investigation into the cost of delivering a mixed in-house and outsourced model relative to the status quo; and
4. Provides direction on any other service delivery model it considers merits further investigation.

Purpose of Report

1 To receive the Parks and Greenspace Service Delivery Review carried out under section 17A of the Local Government Act.

1 Assessment of Significance

2 This matter has been assessed as low in accordance with Council's Significance and Engagement Policy as no changes are proposed at this stage that will affect levels of service or rates. If Council were to decide to change the present arrangements for service delivery the matter would need to be reassessed.

Background

3 Under section 17A of the Local Government Act 2002, Council has an obligation to review the cost-effectiveness of current service delivery arrangements for meeting the needs of communities within its district for good quality infrastructure, public services, and the performance of regulatory functions. The last review of the parks and greenspace service delivery was undertaken in May 2017.

4 The Section 17A review of Parks and greenspace delivery was undertaken with the assistance of Rationale Consultants. This independent external review was to reduce bias towards a particular outcome.

2 **Options and Preferred Option**

5 The section 17A review considered and assessed five service delivery options as follows:

3 Option	4 Description
Option 1 - Outsourced (status quo)	Council continues to be responsible for governance and funding, and contracts delivery of all parks and garden services to external organisations.

Option 2 - Mixed in-house and outsourced model	Council continues to be responsible for governance and funding and takes on responsibility for delivering high profile park maintenance services while contracting external organisations to deliver the remainder.
Option 3 - In-house	Council continues to be responsible for governance and funding and takes on responsibility for delivering all parks and greenspace services. This
Option 4 - Council-controlled organisation (CCO)	Council continues to be responsible for governance and funding with service delivery through a CCO partially or wholly owned by the Council.
Option 5 - Shared services delivery model	Council enters into a shared services arrangement for delivery of some or all services, through a joint committee or CCO with neighbouring councils.

5

6 Potential benefits and disbenefits/risks were identified for each option and assessed against the following critical success factors:

- Strategic fit and business needs – does it align with the strategic and financial priorities of Council and the community?
- Potential value for money – is it the right solution, at the right time, at the right price?
- Supplier capacity and capability – is it a sustainable arrangement (suppliers can support development/implementation)?
- Potential affordability – is funding available to make the change?
- Potential achievability – is the ability and skills to deliver available (internal capacity to implement in the timeframe)?

7 Any option that did not meet one or more critical success factors was discounted from further assessment. Option 5 – Shared Services was therefore discounted on the basis that it did not meet with Council's strategic fit and business needs, potential value for money or potential achievability.

8 Options 1, 2, 3, and 4 were carried forward for further analysis against business needs, risks, and costs. The multi-criteria analysis favoured Option 2 – a mixed in-house model of service delivery.

9 The preferred option is that Council progresses a change to the current service delivery arrangements to a mixed in-house and outsourced model so that delivery of services at high profile and premium parks and gardens be carried out by Council staff, and that other locations continue to be maintained by external contractors.

Consultation

10 Depending on which option Council elects to proceed with, community consultation on a change in service delivery and funding requirements may be required. A further update will be provided to the February meeting which will set out consultation requirements if any.

Relevant Legislation, Council Policy and Plans

11 Section 17A of Local Government Act 2002

12 Reserves Act 1977

13 Reserve Management Plans

Financial and Funding Implications

14 Details of resourcing requirements are yet to be worked through and a more detailed operational model and costs will come back to the Council in February if Council resolves to seek this information.

15 A change to in-house delivery of services, partially or fully will incur initial set up costs with recruitment, plant and vehicles and training particularly safety and traffic management. The purchase of plant and vehicles is a capital cost that would also require on-going depreciation funding and maintenance funding.

Other Considerations

16 It is considered that the preferred option of a mixed in-house and outsourced model could also be an interim solution that will transition to full in-house model in the longer term once its performance has been evaluated over time.

17 If a fully in-house model is a preferred option from the outset, then the implementation timeframe will need to be pushed out and will likely require a transitional period of having a mixed in-house/outsourced model by design i.e., an in-house team will manage the outsourced contracts to get the work done until an in-house parks team is fully resourced.

18 Physical services provided in-house, fully or partially have potential liabilities particularly in relation to Health and Safety obligations, human resources obligations and supervisory resources. These would need to be considered and potentially additional support resourcing would be required.

19 If the Council wishes to retain the status quo, then it is recommended that the current 16 contracts are consolidated to just one or two plus specialist services, to derive efficiencies and streamline contract management.

20 A recent benchmarking assessment on how parks maintenance services are procured identified that 38% of participating Parks units use contracts to procure maintenance services, 55% use a mix of in-house and contracts and 7% all in-house.

21 Of the Councils that participated in the benchmarking, Timaru District scored that highest in the independently assessed overall best practice category.

Attachments

1. Parks and Greenspaces Service Delivery Review - Rationale ⇩

Parks and Greenspaces Service Delivery Review

Timaru District Council Service Delivery Review – Section 17A Local Government Act

November 2023

IMPROVING INFRASTRUCTURE OUTCOMES

Document Title:

Parks and Greenspaces Service Delivery Review

Prepared for:

Timaru District Council

Quality Assurance Statement

Rationale Limited	Project Manager:	Chris Bowie
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Table of Contents

Executive Summary

Purpose of this report

Timaru District Council has an obligation under Section 17A of the Local Government Act 2002 to review the cost effectiveness of current arrangements for meeting the needs of communities within its district for good quality local infrastructure, local public services, and the performance of regulatory functions[1].

This report provides a review of the current arrangements and cost effectiveness of the parks and greenspace activity for Council. It seeks to:

- Describe the current arrangements and identify the strengths and weaknesses of these.
- Recommend cost-effective options to improve parks and greenspace service delivery.
- Ensure that TDC is meeting its obligations under S17A of the Local Government Act 2002 (LGA).

Current method of service delivery for parks and greenspaces

Council governs the parks and greenspace activity with input from Council Standing Committees and Community Boards. Funding is provided by Council using revenue from rates and user charges.

Service delivery is wholly outsourced through 16 contracts, based around 10 core maintenance contracts delivered by two local providers and six specialist contracts delivered by smaller suppliers.

Opportunities for service delivery improvement

Timaru District Council's service delivery of parks and greenspace activities is wholly outsourced to a range of external contractors. This arrangement has generally served Council and the community well over the last 20 plus years, though this review has identified several areas where improvement is needed to deliver better outcomes and/or value for money. Specifically:

1. Council has struggled to procure contractors to recent contracts, resulting in several contracts being expired and operating under extension. With further contracts up for renewal soon an effective procurement process is needed to successfully award new contracts.
2. Labour and material costs have sharply increased, this combined with artificially low contract rates on historic contracts is making it difficult for contractors to deliver the agreed works for the contract price and resulting in significant price increases when contracts are renewed.
3. While Council is generally happy with contractor performance, there are some areas of dissatisfaction. This is most evident for high profile / premium gardens including Timaru Botanic Gardens and other urban / central city gardens, particularly streetscape gardens.
4. Recruitment and retention of skilled and experience staff is an issue nationally, especially in the horticulture field. Council's contractors are currently working with a less than desirable number of FTEs, especially for premium horticulture activities, this is linked to issue 3 above.
5. Community expectations in some areas exceed agreed levels of service in Council's contracts, leading to dissatisfaction. In the most extreme example volunteers at the Trevor Griffiths Rose Garden have stopped working due to their unhappiness. This is linked to 3 and 4 above and is hampered by Council's lack of in-house resources to divert to priority areas when needed.

This review concludes that the preferred option for future service delivery is a mixed in-house and outsourced model, with Council taking on responsibility for delivering high profile horticulture activities while contracting external organisations to deliver the remainder.

The issues above could be addressed by retaining the status quo. However, given the importance of these activities to the community, especially the Timaru Botanic Gardens which have Garden of

[1] LGA 2002: S17A Delivery of services https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM6236168.html

National Significance status, the preferred option is considered the most effective to achieve Council's community wellbeing outcomes and level of service targets.

Recommendation

This service delivery review, under Section 17A of the Local Government Act 2002, of Timaru District Council's parks and greenspace activity recommends a change to the existing delivery arrangement in response to identified issues and opportunities, and to meet the current needs and demands of Council and the community.

Based on engagement we recommend that Council investigates taking responsibility for delivery of services at some high profile / premium parks and gardens including Timaru Botanic Gardens, Trevor Griffiths Rose Garden (Caroline Bay), Aigantighe Art Gallery gardens, and premium central city garden beds, including civic spaces.

Under this arrangement in-house services are expected to include amenity horticulture (garden maintenance and planting), open space and garden planning, and weeding. Hand mowing is recommended to could also be delivered by Council's in-house team, however given the cost to purchase and maintain mowing equipment Council may decide to outsource this. Some activities at these locations will continue to be outsourced to external contractors, including arboriculture (tree management), rubbish bin servicing, facility maintenance, and town centre cleaning.

Further investigation is required to fully understand the costs and requirements to enable Council to make an informed decision to proceed. The actual number of staff required will depend on the scope and area to be serviced (e.g. just Timaru or also rural towns), there will also need to be supervisory, health and safety, temporary traffic management, training, and administration resources in addition to those carrying out the physical work. For a district wide approach, the staffing requirement may be in the order of 15-20 FTE, these costs will be somewhat offset by a reduction in external contractor costs.

No change is recommended to service delivery for other locations / activities, continuing to be outsourced to external contractors. However, it is recommended Council reviews contract arrangements (including total number of individual contracts) and procurement approach for these to address issues discussed in this report.

Any change, if approved by Council, should be implemented in a phased manner, and will require engagement with and involvement of external contractors to transition. Further investigation and planning is needed to develop / understand:

- Scope of in-house services and geographic area.
- Organisational structure and roles.
- Resource requirements (FTE) and recruitment strategy.
- Forecast capital and operating expenditure, and sources of funding.
- Transition from contractor to in-house delivery.
- Contract arrangements for continued outsourcing of some activities.

Next steps

1. Seek Council endorsement of the preferred service delivery option.
2. If in-house service delivery is endorsed, commence investigations and implementation planning.
3. If not endorsed and status quo retained, proceed with procurement planning to incorporate the recommended improvements to service delivery from this review.

Table 1: Summary of service delivery and outcomes by quality standard tier

	Premium: Quality Standard 1	High LOS: Quality Standard 1-2	Standard LOS: Quality Standard 2-3
Level of Service Category			
Public Gardens			
Community Recreation			
Amenity Parks			
Sports Parks			
Cemeteries			
Neighbourhood Parks			
Nature Parks			
Service Delivery Priorities and Drivers			
Quality (LOS)	**High priority** High horticultural standard maintained with visitor and community expectations in mind.	**Medium priority** High-use spaces with recreation, landscape, and beautification purposes.	**Lower priority** Open spaces for community use and/or protection of natural environments.
Staff Capability and Capacity (FTE)	**High priority** Requires highly skilled and experienced staff to plan and oversee works, sufficient FTEs required to continuously meet LOS and community expectations.	**Medium priority** Skilled and experienced staff needed to plan and oversee works. Activities can generally be planned to maximise staff utilisation.	**Lower priority** Works are generally routine and lack complexity so can be delivered by less experienced / qualified staff.
Delivery Flexibility / Responsiveness	**High priority** Need to be responsive and divert resources to priority tasks as and when needed.	**Lower priority** Works are generally planned on a routine / periodic basis.	**Lower priority** Works are generally planned on a routine / periodic basis.
Price	**Lower priority** Price is of lower importance to quality / LOS.	**Medium priority** Balancing price and quality.	**High priority** Price is a primary driver for 'bulk' works.
Outcomes			
Status quo	**Negative** Current outsourced model is not achieving desired LOS, largely due to insufficient contractor capability & capacity, low contract price, and lack of incentives to hire and train cadets / apprentices.	**Neutral** Council is generally happy with quality and performance, through contractors are struggling to deliver some of the works for the contract price.	**Positive** Lump sum model in current contracts is well suited to these routine / bulk works completed to a lower quality standard.

Table 2: Summary recommendations by quality standard tier

	Premium: Quality Standard 1	High LOS: Quality Standard 1-2	Standard LOS: Quality Standard 2-3
Level of Service Category			
Public Gardens			
Community Recreation			
Amenity Parks			
Sports Parks			
Cemeteries			
Neighbourhood Parks			
Nature Parks			
Recommendations			
Governance	Timaru District Council (status quo)		
Funding	Timaru District Council (status quo)		
Service Delivery	**Timaru District Council in-house (change)** 6-12 FTE to deliver amenity horticulture (garden maintenance and planting), open space and garden planning, and weeding. See note above for mowing.	**Outsourced (status quo)** No substantive change to service delivery proposed with these activities / areas continuing to be outsourced to external maintenance and specialist contractors. TDC will implement their new level of service framework via updated contract specifications and quantities.	
Procurement & Contracting	Specialist activities will continue to be outsourced e.g. arboriculture. Some activities will continue to be outsourced, included in other maintenance contracts, e.g. rubbish bin servicing, facility maintenance, town centre cleaning.	Recommend the total number of contracts is reduced to: 1. Two area-based 'core maintenance contracts a. Timaru (excl. Botanic Gardens, Trevor Griffiths Rose Garden, and premium central city garden beds). b. Temuka, Pleasant Point, Geraldine, and Rural Areas. 2. Seven specialist contracts (status quo).	

1 Introduction

1.1 Why is Council reviewing this service?

In accordance with Timaru District Council's (TDC) obligations under Section 17A (S17A) of the Local Government Act 2002 (LGA), this service delivery review assesses "cost-effectiveness of current arrangements for meeting the needs of communities within its district for good quality local infrastructure, local public services, and performance of regulatory functions".[2]

The focus of this review is TDC's parks and greenspace service delivery, it seeks to:

- Describe the current arrangements and identify the strengths and weaknesses of these.
- Recommend cost-effective options to improve parks and greenspace service delivery.
- Ensure that TDC is meeting its obligations under S17A of the LGA.

The last review was undertaken in May 2017, since then several major contracts are due, or coming up for, renewal with several major contracts entered following that review are due, or coming up for, renewal.

Recently, Council has experienced issues with delivery of the existing contracts, and procurement of contractors to new contracts. Based on this, an independent review of service delivery for parks and greenspace was recommended and approved by the Group Manager Infrastructure in August 2022.

1.2 Scope of the Review

Council's parks and greenspace activities include:

- Parks and garden maintenance, including gardens on roads and roadside mowing.
- Botanic gardens maintenance.
- Cemetery operations.
- Street trees.
- Aviary maintenance.
- Specialised turf services, including sport parks.
- Swimming pool grounds (new addition from 2023).

1.3 Section 17A Review Requirements

Section 17A was included in the LGA 2002 by an amendment in 2014. It requires every local authority to review their delivery of services under the following conditions:

1. When considering any significant changes to relevant service levels.
2. Within two years before the expiry of any contract or other binding agreement relating to the delivery of an infrastructure, service, or regulatory function.
3. Other such times as the local authority considers desirable, but not later than six years following the last review.

Where a review is required to be undertaken, it must consider options for the governance, funding, and delivery of infrastructure services, and regulatory functions, including:

a) Responsibility for governance, funding, and delivery is exercised by the local authority alone.

b) Responsibility for governance, funding, and delivery is exercised by:

    - A council-controlled organisation (CCO) of the local authority; or

[2] LGA 2002: S17A Delivery of services https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM6236168.html

- A CCO in which the local authority is one of several shareholders; or
- Another local authority (e.g., shared service arrangement); or
- Another person or agency (e.g., outsourced via contract).

c) Responsibility for governance and funding is delegated to a joint committee or shared governance arrangement, and responsibility for delivery is exercised by an entity or person as listed above.

2 Current Arrangements

2.1 Governance

Council governs the parks and greenspace activity with input from:

Council standing committees

- Community Services Committee
- Infrastructure Committee
- Audit and Risk Committee

Community Boards

- Geraldine Community Board
- Pleasant Point Community Board
- Temuka Community Board

Internally the Parks and Recreation Manager reports to the Infrastructure Group Manager.

2.2 Funding

2.2.1 FUNDING ARRANGEMENTS

Parks

- Rates 90-100% (60% Uniform Annual Charge, 40% General Rate).
- User Charges 0-10% (sport ground leases and user charges).
- Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan.

Cemeteries

- Rates 30-60% (60% Uniform Annual Charge, 40% General Rate).
- User Charges 40-70% (plot purchases and interment fees).

2.2.2 OPERATING COSTS

The existing contracts for this activity have an approximate cost of $4m/annum, excluding cemetery internments which are provided at an agreed unit rate.

2.3 Service Delivery

Service delivery is wholly outsourced through 16 separate contracts. These are based around 10 core maintenance contracts delivered by two local providers and 6 specialist contracts delivered by smaller suppliers. Most of the contracts expire before 30 June 2024, exceptions are noted below.

Timaru District has enjoyed a tight market for parks and greenspace maintenance, as many contracts are expiring price adjustments will need to be made, there are also increasing costs for compliance such as temporary traffic management.

As the open spaces are dynamic in nature the values below do not include additional unscheduled work. Unscheduled work includes irrigation, storm damage, vandalism, removing and planting vegetation, pest control, mulching, major pruning, installing furniture and signs, event extras, some litter, and some compliance costs.

Table 3: Timaru District Council parks and greenspace contracts

Contract	Type	$/annum
Caroline Bay	Parks Maintenance	$ 536,000
Botanic Gardens	Parks Maintenance	$ 526,000
Timaru Urban Parks	Parks Maintenance	$ 491,000
Sports Parks	Parks Maintenance	$ 321,000
Pleasant Point Parks & Cemetery	Parks Maintenance	$ 152,000
Geraldine Parks & Cemetery	Parks Maintenance	$ 113,417
Temuka Parks & Cemetery	Parks Maintenance	$ 599,950
Rural Parks	Parks Maintenance	$ 83,511
Coastal Revegetation	Specialist	$ 107,603
Temuka Aviary	Specialist	$ 12,000
Timaru Aviaries	Specialist	$ 50,727
Specialised Turf Services	Specialist	$ 90,726
Arorangi Oval	Specialist	$ 6,935
Cemeteries Internments	Specialist	
Timaru Street Trees	Streetscape (LTU)	$ 340,894
Timaru Street Gardens	Streetscape (LTU)	$ 528,905
TOTAL		**$ 3,960,668**

All contracts have or will be expired by 30 June 2024, and most will be extended until that date which will give flexibility to change the delivery method. The exceptions are Specialised Turf Services which will expire on 30/09/2024, Coastal Revegetation on 30/06/2025, Temuka Aviary on 30/06/2026 and Timaru Street Trees on 30/10 2027.

3 Service Delivery Review

3.1 Overview

The service delivery review was undertaken via:

1. Interviews with representatives from Mid-LAND Contracting and Corde Ltd, the two primary maintenance contractors responsible for service delivery.
2. Workshop with sector specialists including external Council and contractor staff.
3. Workshop with Timaru District Council staff (current and previous) from the Parks and Roading teams.

Engagement focused on several key areas:

- **Current contract arrangements:** structure and scope, costs (historic and projected), and performance.
- **Levels of service:** operating level of service targets, level of service delivery, external factors, changes to levels of service
- **Market conditions:** supplier market (local and national), staff recruitment, training, and retention, procurement.

3.2 Review Findings

Key engagement findings are described below, a number of issues along with benefits of the current arrangement or opportunities for future arrangements were discussed.

Note that the discussion below is sourced from a range of individuals and organisations, as identified above, and many are the commercial viewpoints from incumbent contractors. So, these statements are not representative of an adopted Council viewpoint or decision.

Table 4: Service delivery review identified issues, benefits, and opportunities

Focus area	Issues	Benefits / Opportunities
Current contract arrangements	**Structure and scope**	
	• Many individual contracts for core maintenance activities (~12) creates duplication of contract administration, especially where there are different specifications and/or unit rates between contracts. • Risk of confusion in split of works between contracts and contractors working in the same location (e.g. greenspace and roading vegetation control). TDC has resolved these issues once identified. • Smaller contracts can disincentivise investment in plant, equipment, and staff training as there is less confidence in holding a large contract value for 5+ years. Can be addressed through long-term 'core' contracts with a high value and quantity of works. • Primary issue for incumbent contractors is expired contracts they are operating on extensions awaiting renewal. These contracts have historic specifications and unit rates that need to be renegotiated and are difficult to deliver now.	• Offset timing of contract expiry dates ensures (incumbent) contractors always have some work ongoing. Lowers risk of all contracts or a large single contract coming to an end at once. • Smaller contracts create opportunity for local small to medium sized enterprises to deliver most works. Combination into a single large contract, as done elsewhere, may not be feasible for the local supplier market and require entry of a large national organisation.
	Performance	
	• Issues identified for premium parks (e.g. Botanic Gardens, Caroline Bay, CBD / town centre gardens) with not all parks meeting Council and/or community expectations. • If future service delivery at the Botanic Gardens and Trevor Griffiths Rose Garden were to decline, there is a risk of losing their status as a Garden of National Significance.	• Council is generally happy with the overall performance of the maintenance contracts. • Timaru scores well for many measures against the peer group and rest of New Zealand with an overall best practice score of 85% compared to 60.7% nationally. • An outcomes-based approach to contracting is seen as a good initiative along with flexibility in contract works (e.g. use a range for some activities). Requires good management and communication between the client and contractor, with advance notice needed if quantities are likely to be exceeded, or if they

Focus area	Issues	Benefits / Opportunities
		will come in under there is an opportunity to divert savings to other works. Mowing and weeding are primary activities where this could work. • Potential for greater sharing of risk, and emphasis on the contractor to forecast and monitor works to collaboratively respond. • Take a collaborative and fair value approach to variations to ensure the works are appropriately costed.
	Cost	
	• Historic under-pricing of contracts has led to artificially low prices that contractors are struggling, or cannot, now deliver for the contracted price. This is also impacting a contract signed as recently as 2019. • Wage bands are increasing, and contractors are having to compete with increasing wages in adjacent sectors. • Current contracts use CPI to adjust unit rates, this index has not kept up with actual inflation in the contracts which are mostly driven by fuel, plant and labour costs. • Compliance costs are increasing particularly traffic management and health and safety. • Council expects substantially increased prices for contract renewals.	• Seek alternative inflation index, or re-weight index components, to better reflect the inflationary pressures on these contracts. • Timaru's direct annual operation cost per hectare is comparable to national figures, and the annual operation cost per 1,000 residents is moderately lower (though it could be argued this is currently too low).
Market conditions	**Supplier market**	

	• Issues with recently tendered contracts:
	  o High pricing, substantial increase in unit rates.
	  o Lack of interest, one contract received no tenders.
	• There is evidence that the incumbent suppliers have substantially lower pricing on some activities than new entrants based on tender responses.
		• Timaru District is well serviced by a combination of locally based small to medium sized contractor organisations.
		• The current model drives local competition and ensures smaller one-to-two-person type businesses can delivery aspects of the work on subcontract or be responsible for smaller specialist contracts (e.g. coastal revegetation maintenance contract).

Focus area	Issues	Benefits / Opportunities
	Given the issues experienced on some recent contracts with unit rates being difficult to deliver there is concern about ensuring pricing on upcoming contract renewals / tenders is reflective of the works and appropriate for the duration of contract.	
	Staff resources	
	• Recruitment and retention of skilled and experienced staff to contractor organisations is challenging, this is not just a local issue with the sector constrained for resources nationally. • Apprenticeship and training programmes are not producing many graduates nationally. • Outsourced service delivery and relatively short nature of the contracts provides job security only for the duration of each contract. This limits contractor's ability to recruit, train, and retain the best staff for local service delivery. • Staff resource constraints are especially felt in the premium horticulture space. For example, the current Botanic Gardens contract has two FTE horticulture staff, the optimum number (as demonstrated when this was delivered in-house) is likely to be at least six.	• Recruitment and training of apprentices and cadets can be better supported by the contracts to develop local skills and provide employment opportunities for the community. • Making some specialist horticulture positions permanent (within Council) may help to address some risk. • Opportunity to improve the community ambassador function of some roles.
Levels of service	**Level of service targets and delivery**	
	• Main challenge is delivering agreed level of service within available budgets. • Climate change is impacting local seasons, contractors are seeing variation in the frequency of mowing and irrigation requirements.	• In general, the levels of service set by the contracts are working.
	External factors	
	• Community expectations in some areas (e.g. sport fields) are not well aligned with lump sum quantities / rates. This is	• Include new plantings in TDC contracts (none currently) as the contractor invariably does this but has not planned for

Focus area	Issues	Benefits / Opportunities
	compounded by a lack of unit rate review over long term contracts. • Vegetation is not depreciated so there is often limited budget available to replace plants as it comes from operational budgets. Funding mechanism to be considered.	it in the programme and resourcing. Provisional sum is a potential approach.
	Changes to levels of service	
	• If costs are increasing TDC may need to consider lower level of service expectations. • Currently some areas are being maintained to a higher level of service than necessary, due to a blanket approach to these within some contracts. There are opportunities for cost savings / diversion of resources to areas requiring a higher level of service.	• TDC are introducing a three-tiered approach to levels of service which will address some of these issues.

4 Service Delivery Options

S17A of the LGA 2002 requires Council to consider options for governance, funding, and delivery of infrastructure, services, and regulatory functions and provides some options as the basis for the review (see Section 1.3).

Through the engagement interviews and workshops these service delivery options were refined into five options for further development and assessment by TDC:

1. **Outsourced (wholly):** TDC continues to be responsible for governance and funding, and contracts delivery of all the services to external organisations. Status quo.
2. **Mixed in-house and outsourced:** TDC continues to be responsible for governance and funding and takes on responsibility for delivering some of the services while contracting external organisations to deliver the remainder.
3. **In-house (wholly):** TDC continues to be responsible for governance and funding and takes on responsibility for delivering all the services.
4. **Council-controlled organisation (CCO):** TDC continues to be responsible for governance and funding and delivery by a CCO partially or wholly owned by Council.
5. **Shared services:** TDC enters a shared service arrangement for some or all the services, likely through a CCO or joint committee / alliance with neighbouring Councils.

These are discussed below followed by an analysis of the options.

4.1 Outsourced (wholly) – status quo

TDC continues to be responsible for governance and funding, and contracts delivery of all the services to external organisations.

Potential benefits

- Cost-effectiveness as the contractor has greater focus on cost and delivering within an agreed price.
- Access to specialists for certain activities that are not practical for Council to employ internally.
- Access to national expertise, knowledge, processes, and systems through competitively tendered contracts.
- Support local small to medium sized businesses that deliver services to other groups in the community, not just Council.
- Reduction in Council's own capital, operational, and staff costs as financed externally.

Potential disbenefits / risks

- Contractor staff do not have same customer / community focus as in-house staff, and are not effective ambassadors for the activity (e.g. botanic gardens).
- Council lacks specialist expertise and knowledge in-house to support good decision making (e.g. horticultural expertise sits with the contractor not with Council).
- Challenges maintaining desired levels of service and meeting community expectations.
- Loss of local knowledge when contracts expire.
- Exposed to supplier market trends with no ability to mitigate this with in-house staff resources.
- Requires strong contract management skills in-house or to be contracted from other agencies.
- Lack of flexibility to respond to emerging issues and trends such as diverting resources to urgent or high-profile activities when needed (e.g. annual planting at high profile gardens).

4.2 Mixed in-house and outsourced

TDC continues to be responsible for governance and funding and takes on responsibility for delivering some of the services while contracting external organisations to deliver the remainder. Through this review high profile / premium parks and gardens were identified as of most benefit to be delivered in-house, this includes:

- Timaru Botanic Gardens.
- Trevor Griffiths Rose Garden (Caroline Bay).
- Premium central city garden beds, including civic spaces.
- Potential premium areas in Temuka and Geraldine Domains along with CBD gardens in the three towns.

Potential benefits

- Council takes responsibility for specific, generally premium / high profile (e.g. botanic gardens) activities in-house to ensure performance expectations and outcomes are met.
- Council staff have customer / community focus and become ambassadors for the activity (e.g. botanic gardens).
- Council can employ key staff on permanent positions to improve recruitment and retention and has leading *to* a greater role in training and development of staff.
- Flexibility to respond to emerging issues and trends such as diverting resources to urgent or high-profile activities when needed (e.g. annual planting at high profile gardens).
- Ability to respond to changes in service delivery without requiring contract re-negotiation or re-tendering.
- Council builds specialist expertise and knowledge in-house to support good decision making
- Contractor responsible for delivering lower profile and volume-based activities that have greater focus on cost and delivering within an agreed price.
- Access to specialists for certain activities that are not practical for Council to employ internally.
- Access to national expertise, knowledge, processes, and systems through competitively tendered contracts.
- Support local small to medium sized businesses that deliver services to other groups in the community, not just Council.

Potential disbenefits / risks

- Council bears the challenge of maintaining desired levels of service and meeting community expectations.
- Increase in Council's capital, operational, and staff costs (relative to the status quo).
- Council takes on recruitment and ongoing staff management responsibility, a risk within a sector where recruitment of suitably experienced / qualified staff is a national issue.
- Health and safety management and risk sits more directly with Council, though Council already has a role in ensuring the health and safety of staff employed by its contractors.
- Council is directly exposed to market trends such as plant, equipment, and consumables costs.
- Requires clear understanding of roles and responsibilities for the activity.
- Council will be competing with current contractors and neighbouring Councils to recruit staff to a newly created in-house team.

4.3In-house (wholly)

TDC continues to be responsible for governance and funding and takes on responsibility for delivering all the services. This is the model TDC previously operated for these services by before outsourcing service delivery.

Certain specialist activities, e.g arborists may continue to be contracted from external suppliers.

Potential benefits

- Council takes responsibility for all activities to ensure performance expectations and outcomes are met.
- Council staff have customer / community focus and become ambassadors for the activity.
- Council can employ key staff on permanent positions to improve recruitment and retention, and has a greater role in training and development of staff.
- Flexibility to respond to emerging issues and trends such as diverting resources to urgent or high-profile activities when needed (e.g. annual planting at high profile gardens).
- Council builds specialist expertise and knowledge in-house to support good decision making
- Access to specialists for certain activities that are not practical for Council to employ internally.

Potential disbenefits / risks

- Significant increase in Council's capital, operational, and staff costs (relative to the status quo).
- Council bears the challenge of maintaining desired levels of service and meeting community expectations.
- Council takes on recruitment and ongoing staff management responsibility, a risk within a sector where recruitment of suitably experienced / qualified staff is a national issue.
- Health and safety management and risk sits more directly with Council, though Council already has a role in ensuring the health and safety of staff employed by its contractors.
- Council is directly exposed to market trends such as plant, equipment, and consumables costs.
- Requires clear understanding of roles and responsibilities for the activity.
- Council will be competing with current contractors and neighbouring Councils to recruit staff to a newly created in-house team.

4.4Council-controlled organisation (CCO)

TDC continues to be responsible for governance and funding with delivery by a CCO partially or wholly owned by Council. Two options are identified for ownership:

- TDC establishes a new CCO wholly owned by Council, this could be through establishment of an entirely new organisation, or purchase of an existing one.

The Controller and Auditor General provides advice for the potential benefits and disadvantages of CCOs:[3]

Potential benefits

- Improved commercial focus – that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency.
- Ring-fencing financial risk by using an incorporated structure to insulate a local authority from financial liability for an activity or venture involving other parties (such as a joint venture).
- Empowering local communities – that is, creating a trust with a set budget funded by a local authority but managed by members of the community for a specific purpose.
- Tax-effectiveness – local authorities can derive tax credits from commercial subsidiaries that pay dividends.
- Independence – separation from political direction.
- Streamlining bureaucracy, enabling nimbleness and agility – CCOs have less "process" to follow in making decisions than local authorities.
- The ability to recruit and retain high-quality board members and staff who might not be available to be members or employees of a local authority.

[3] https://oag.parliament.nz/2015/cco-governance/part3.htm

Potential disbenefits / risks

- The local authority's lack of direct accountability to the community for the services the CCO delivers.
- Tensions between the objectives of pursuing profit and delivering community outcomes.
- Additional ongoing costs – the costs incurred by the local authority in monitoring performance of the CCO, and the CCO's own costs, can increase overall service delivery costs.
- Reduced ability to manage risk – an arm's length delivery can make managing risks to the reputation of the local authority more difficult.

4.5 Shared services with another council

TDC's neighbouring Councils are similarly responsible for parks and greenspace activities in their district but have differing approaches to service delivery:

- Ashburton District Council delivers its open spaces activity in-house.
- Waimate District Council delivers its open spaces activity in-house.
- Mackenzie District Council outsources delivery of its parks and open spaces activity.
- Waitaki District Council outsources delivery of its parks and reserves activity.

Local Government New Zealand's Shared Services for Local Government[4] review provides a body of knowledge on shared services to inform these activities in New Zealand, this includes potential benefits and limitations or constraints to achieving these:

Potential benefits

- Cost savings
- Access to skills and expertise
- Exchange of best practice
- Procurement savings and practice
- Improved community outcomes and strategic plan
- Improved service delivery
- Improved compliance with legislation and standards

Limitations and constraints

- Political and behavioural
- Uncertain benefits
- Conflicting objectives between parties
- Complexity of process

TDC's previous S17A review did not favour shared service arrangement, the reasons for this are provided below with some updated comment based on the current review in italics:

- A change to governance or delivery is not feasible at the point as some contracts run for longer than a 2-year period from the review date.

  With several large contracts currently expired and others coming up for renewal this may be less of a barrier than previously.
- There has been no significant dissatisfaction from the community with the current model of delivering services via contracts.

[4] https://www.lgnz.co.nz/assets/Uploads/Shared-services.pdf

There is evidence of some dissatisfaction with performance outcomes of the current model, though these are not widespread and could be addressed without such a major change to service delivery.

- Potential risks include significant set up costs, risks associated with employing staff, compromising levels of service, potential increase in overhead costs associated with owning equipment and owning / leasing facilities.
- Questionable if the size of parks activities, even with those from other local authorities, would be large enough to justify a CCO structure and its associated overheads/set up costs of joint CCO ownership.
- There are likely to be duplication of governance costs.

5 Options Analysis

The five options were assessed using multi-criteria analysis against Critical Success Factors, Business Needs, Risks, and Costs to develop an overall score for each and relative ranking between them (Table 5).

The initial assessment identified Option 2: Mixed in-house and outsourced as preferred, followed by Options 3, 1 and 4 which scored relatively even but with different benefits among them. Option 5 was discounted from the assessment for not meeting all Critical Success Factors.

The full multi-criteria analysis is included in Appendix 1.

Table 5: Summary of service delivery options multi-criteria analysis assessment

	Option 1	Option 2	Option 3	Option 4	Option 5
Option	Outsourced (status quo)	Mixed in-house and outsourced	In-house	Council-controlled organisation (CCO)	Shared services
Description					
Governance	Timaru District Council (status quo)				
Funding	Timaru District Council (status quo)				
Service Delivery	TDC contracts delivery of all the services to external organisations (status quo).	TDC takes on responsibility for delivering high profile horticulture activities while contracting external organisations to deliver the remainder.	TDC takes on responsibility for delivering all the services.	Delivery by a CCO partially or wholly owned by TDC.	TDC enters a shared service arrangement for some or all the services, likely through a CCO or joint committee / alliance with neighbouring Councils.
Assessment					
Score	235	269	238	215	
Ranking	**3**	**1**	**2**	**4**	**Discount**

6 Conclusion

Timaru District Council's service delivery of parks and greenspace activities is wholly outsourced to a range of external contractors. This arrangement has generally served Council and the community well over the last 10 plus years, though this review has identified several areas where improvement is needed deliver better outcomes and/or value for money. Specifically:

1. Council has struggled to procure contractors to recent contracts, resulting in several contracts being expired and operating under extension. With further contracts up for renewal soon an effective procurement process is needed to successfully award new contracts.
2. The cost of labour, and materials and compliance has sharply increased, this combined with artificially low contract rates on historic contracts is making it difficult for contractors to deliver the agreed works for the contract price and resulting in significant price increases when contracts are renewed.
3. While Council is generally happy with contractor performance, there are some areas of dissatisfaction. This is most evident for high profile / premium gardens including Timaru Botanic Gardens and other urban / central city gardens.
4. Recruitment and retention of skilled and experienced staff is an issue nationally, especially in the horticulture field. Council's contractors are currently working with a less than desirable number of FTEs in some specialist areas, this is linked to issue 3 above.
5. Community expectations in some areas exceed agreed levels of service in Council's contracts, leading to dissatisfaction. In the most extreme example volunteers at the Trevor Griffiths Rose Garden have stopped working due to their unhappiness. This is linked to issues 3 and 4 above and is hampered by Council's lack of in-house resources to divert to priority areas as and when needed.

This review concludes that the preferred option for future service delivery is a mixed in-house and outsourced model, with Council taking on responsibility for delivering high profile horticulture activities while contracting external organisations to deliver the remainder.

The issues above could be addressed by retaining the status quo. However, given the importance of these activities to the community, especially the Timaru Botanic Gardens and Trevor Griffiths Rose Garden, which have Garden of National Significance status, the preferred option is considered the most effective to achieve Council's community wellbeing outcomes and level of service targets.

7 Recommendation

This service delivery review, under Section 17A of the Local Government Act 2002, of Timaru District Council's parks and greenspace activity recommends a change to the existing delivery arrangement in response to identified issues and opportunities, and to meet the current needs and demands of Council and the community.

Based on engagement we recommend that Council investigates taking responsibility for delivery of services at some high profile / premium parks and gardens including Timaru Botanic Gardens, Trevor Griffiths Rose Garden (Caroline Bay), Aigantighe Art Gallery gardens, and premium central city garden beds, including civic spaces.

Under this arrangement in-house services are expected to include amenity horticulture (garden maintenance and planting), open space and garden planning, and weeding. Hand mowing is recommended to could also be delivered by Council's in-house team, however given the cost to purchase and maintain mowing equipment Council may decide to outsource this. Some activities at these locations will continue to be outsourced to external contractors, including arboriculture (tree management), rubbish bin servicing, facility maintenance, and town centre cleaning.

Further investigation is required to fully understand the costs and requirements to enable Council to make an informed decision to proceed. The actual number of staff required will depend on the scope and area to be serviced (e.g. just Timaru or also rural towns), there will also need to be supervisory, health and safety, temporary traffic management, training, and administration resources in addition to those carrying out the physical work. For a district wide approach, the staffing requirement may be in the order of 15-20 FTE, these costs will be somewhat offset by a reduction in external contractor costs.

No change is recommended to service delivery for other locations / activities, continuing to be outsourced to external contractors. However, it is recommended Council reviews contract arrangements (including total number of individual contracts) and procurement approach for these to address issues discussed in this report.

Any change, if approved by Council, should be implemented in a phased manner, and will require engagement with and involvement of external contractors to transition. Further investigation and planning is needed to develop / understand:

- Scope of in-house services and geographic area.
- Organisational structure and roles.
- Resource requirements (FTE) and recruitment strategy.
- Forecast capital and operating expenditure, and sources of funding.
- Transition from contractor to in-house delivery.
- Contract arrangements for continued outsourcing of some activities.

Appendix 1: Service delivery options multi-criteria analysis

Timaru District Council Parks & Greenspace S17a Review

Investor: Timaru District Council
Facilitator: Chris Bowie, Neil Jorgensen
Initial Workshop: 14-Dec-22
Version No.: 1.0
Last Modified by: Chris Bowie

	Activity options				
	Option 1	**Option 2**	**Option 3**	**Option 4**	**Option 5**
	Outsourced (status quo)	Mixed in-house and outsourced	In-house	Council-controlled organisation (CCO)	Shared services
Governance	Timaru District Council (status quo)				
Funding	Timaru District Council (status quo)				
Service Delivery	TDC contracts delivery of all the services to external organisations (status quo).	TDC takes on responsibility for delivering high profile horticulture activities while contracting external organisations to deliver the remainder.	TDC takes on responsibility for delivering all the services.	Delivery by a CCO partially or wholly owned by TDC.	TDC enters a shared service arrangement for some or all the services, likely through a CCO or joint committee / alliance with neighbouring
Critical Success Factors (as these are crucial, not desirable, any options that score a "no" are automatically discounted from further consideration)					
Strategic fit and business needs - *does it align with the strategic and financial priorities of Council and the community?*	Yes	Yes	Partial	Partial	No
Potential value for money - *is it the right solution, at the right time, at the right price?*	Yes	Yes	Yes	Partial	No
Supplier capacity and capability - *is it a sustainable arrangement (suppliers are available to support development/implementation)?*	Partial	Yes	Partial	Partial	Partial
Potential affordability - *is funding available to make the change?*	Partial	Partial	Partial	Partial	Partial
Potential achievability - *is the ability and skills to deliver available (internal capacity to implement in the timeframe)?*	Yes	Yes	Partial	Yes	No
Critical Success Factors Assessment	Continue	Continue	Continue	Continue	Discount
Business Needs					
Recruitment, training and retention of staff capability & knowledge.	Medium	High	High	High	
Staff (in-house or external) are ambassadors to the community.	Medium	High	High	Medium	
Provide high quality premier parks and gardens	Low	High	High	Medium	
Achieve level of service targets	Medium	High	High	Medium	
Meet community expectations	Medium	Medium	High	Medium	
Risks					
Technical - can it be delivered?	Low	Low	Low	Medium	
Operational - how easy will it be to manage going forward?	Low	Medium	Low	Medium	
Financial - funding certainty?	Medium	Medium	Medium	Medium	
Legal - will it be challenged?	Low	Low	Low	Low	
Political - will it be supported by the politicians?	Low	Low	Medium	Medium	
Economic - will it affect economic growth?	Low	Low	Medium	Medium	
Stakeholder/Public - will it be supported by the general public?	Low	Low	Low	Medium	
Cost					
Staff costs	Low	Medium	High	Low	
Operating expenditure	High	Medium	Medium	Medium	
Capital expenditure	Low	Low	High	High	
0%					
Ranking					
Score	232	269	238	215	0
Ranking	**3**	**1**	**2**	**4**	

Appendix 2: Future procurement of contracts and services

TDC's challenges procuring contractors to recent contracts was a key driver of this review. Regardless of Council's chosen approach for service delivery, mixed in-house and outsourced or wholly outsourced (status quo), changes are recommended to future procurement and contracting:

1. Reduce the total number of contracts

There are currently 16 separate contracts for delivery of the activity:

- 10 core maintenance contracts delivered by two local providers.
- 6 specialist contracts delivered by smaller suppliers.

Historically the preference for multiple contracts was to support smaller local suppliers, however over time two primary local contractors have been delivering the work. Each contractor holds several higher value contracts forming the core of their services and enabling them to take on the remaining lower value contracts.

It is recommended the total number of contracts is reduced to:

1. **Two area-based 'core' maintenance contracts:**
    a. Timaru (excl. Botanic Gardens, Trevor Griffiths Rose Garden, and premium central city garden beds).
    b. Temuka, Pleasant Point, Geraldine, Rural Areas

    This will require existing contracts to be merged into two new larger contracts, the current value of these is approximately $3.2m/annum, with more than $0.5m/annum for Botanic Gardens and other premium activities reallocated to in-house budgets.

    Note that the total value for these contracts is likely to increase when re-tendered, so these figures are reflective of current value only. Extensions to current contracts will be required to align expiration dates and allow multiple contracts to be replaced by the two new contracts.

    It is recommended the two new core maintenance contracts are tendered at the same time to provide an opportunity for contractors to respond to one or both opportunities, and to ensure TDC can maintain consistent levels of service and technical specifications between the two.

2. **Seven specialist contracts (status quo).**

    These smaller contracts, with a current value of approximately $0.3m/annum are delivered by multiple small local suppliers. No change is proposed to the procurement structure for these, with the preferred procurement approach (e.g. direct negotiation, closed / competitive tender) determined on a contract basis.

The benefits expected of implementing this change are:

- Reduced contract management and administration for both Council and contractor staff, resulting in improved value for money.
- Agglomeration of works with contractors responsible for delivery of all activities in each geographic area.
- Streamlining of levels of service and unit rates in each geographic area.
- Potential for new entrants to provide a more competitive marketplace with each contract of sufficient scale to support a small to medium sized entity.

2. Competitive open tender of future contracts

A recommendation of TDC's previous S17A was to go to market for a portion of the contracts, and to directly negotiate the remainder.

By reducing the total number of contracts, the value of each separate contract will increase, likely requiring competitive open tender of new contracts by TDC's Procurement Policy for contracts exceeding $300,000 in value.

3. Take a weighted attribute approach to procurement

Historically TDC has used a Direct Appointment or Lowest Price Conforming Tender approach to procurement of these contracts.

With the increased contract size and considering emerging issues for service delivery quality, a weighted attribute approach that assesses both supplier quality and nominated price is recommended. For many items price remains the primary driver to Council, though ensuring the quality of these areas on behalf of the community and to preserve and enhance the amenity of these areas is critical.

4. Review contract pricing, and mechanisms for inflation and contract variations

Artificially low prices in previous long-term contracts, combined with inadequate inflation adjustment of prices over the contract length, means contractors are struggling, or cannot, now deliver for the contracted price. This is also impacting a contract signed as recently as 2019. Compounding the above, is actual increases to material, fuel, labour, and compliance costs.

Low pricing from the incumbent contractors has kept new entrants out of the market place who cannot compete on price. But with subsequent variations to contract and poor delivery on some works these savings are somewhat of a fallacy.

For upcoming procurement and contracting it is recommended:

- Council compares submitted prices against the engineers estimate and other respondents, with any substantially low prices queried to ensure they are accurate and will cover the full quantity and level of service in the contract specification.
- An alternate method of annual adjustment to unit rates is agreed. Current contracts use CPI to adjust unit rates, this index has not kept up with actual inflation in the contracts which are mostly driven by fuel, plant, and labour costs.

  TDC should engage with other Councils to see what methods are in use, or if necessary develop a bespoke index weighting individual components appropriately.

7.15 Annual Plan 2023/24 Three Month Performance Report to 30 September 2023

Author: **Jessica Kavanaugh, Corporate Planner**
Diana Somerville, Senior Finance Business Partner
Andrea Rankin, Chief Financial Officer

Authoriser: **Paul Cooper, Acting Group Manager Commercial and Strategy**

Recommendation

That Council receives and notes the three month report to 30 September 2023 with particular attention to the:

1. Key performance indicators progress report to 30 September 2023;
2. Council's financial performance as at 30 September 2023; and the
3. Capital work programme progress report to 30 September 2023.

Purpose of Report

1 The purpose of this report is to outline progress on implementing the Annual Plan 2023/24 (Year One of the 2024-34 Long Term Plan (LTP). This includes the key performance indicators, work programme and the financial results for the three months ended 30 September 2023.

Assessment of Significance

2 This matter is considered to be of low significance in terms of Council's Significance and Engagement Policy. It is a regular report to Council on its financial performance, activity performance and delivery of capital work programme during the current financial year.

Background and Discussion

3 Council's three month reporting cycle includes progress reporting of key performance indicators, capital work programme, and financial results to Council for the quarterly periods 01 July – 30 September, 01 October – 31 December, 01 January – 31 March and an Annual Report for the 12 month period ended 30 June each year.

Activity Highlights and Issues

4 This section summarises the key activity highlights and issues during the reporting period:

(i)Public Toilets:

- Two new self-contained portaloo toilets have been installed, one in Torepe fields Temuka Domain and one in Pleasant Point Cemetery.
- There has been significant damage to the Pareora Domain toilets with all the bowls destroyed by vandalism. The toilets have been boarded up until the repairs can take place. The future of the toilet block has been questioned as it on Silver Fern Farms land rather than Timaru District Council land.
- The vandalism of toilet blocks in Pareora and ANZAC Square has been reported to the police with no results reported back to Council.

(ii) Cemeteries: The roof of the lynch gate entrance to the Timaru Cemetery has been replaced.

(iii) Emergency Management:

- The Timaru volunteer response team participated in a South Island wide exercise in Christchurch on the 26-27 August. The team performed well and came away with additional confidence to commit to the national accreditation later this financial year.
- The recruitment process is currently being undertaken to fill the Team Leader of Emergency Management vacancy.

(iv) Community Funding:

- In the recent round of funding there were eight funding applications for events.
- There were recommendations to support Mokihi Havora which is the amalgamation of Caroline House and the Victoria Trust.

(v) Safer Communities: The Age Friendly Strategy was presented to Council by the Safer Communities Committee in the period, and the Safer Communities Strategy was adopted at the Council meeting on 21 September subject to minor changes.

(vi) Social Housing: One block at Clyde Street has been reclad and repainted and received positive feedback from the tenants. Planning is now underway for the second block to receive the same maintenance.

(vii) Building Control:

- The annual competency assessment programme has been completed. Ongoing support to Waimate BCA has been provided.
- The target of an average of less than 12 days to process building consents has been achieved in the quarter. The average time to process building consents in the period was 9.86 days. This is partially reflective of reduced numbers of building consents being received.

(viii) District Planning

- The District Plan review process progressed through to the further submissions stage, with 89 further submissions being received.
- Higher levels of resource consent applications were received in the period, and this is expected to continue in the period leading up to Christmas. During this quarter 79% of resource consent applications were processed within statutory timeframes.

(ix) Environmental Compliance: Animal control activities are up 15% compared with the same quarter for the previous year. Recruitment for additional staffing is being undertaken in this area. All KPIs are on track to be achieved.

(x) Libraries and the Museum experienced strong visitor numbers in the quarter.

(xi) Recreational Facilities: highlights included increases in patronage for both the CBay fitness gym and café. Visitor numbers to CBay were largely similar to the same quarter last year, slightly lower due to the closure of the pool for 12 days for maintenance.

(xii) Parks: CPLAY playground is progressing well. Cost savings have been achieved in the quarter by reducing some areas of annual flower displays and rationalising other plantings. All KPIs are on track to be achieved.

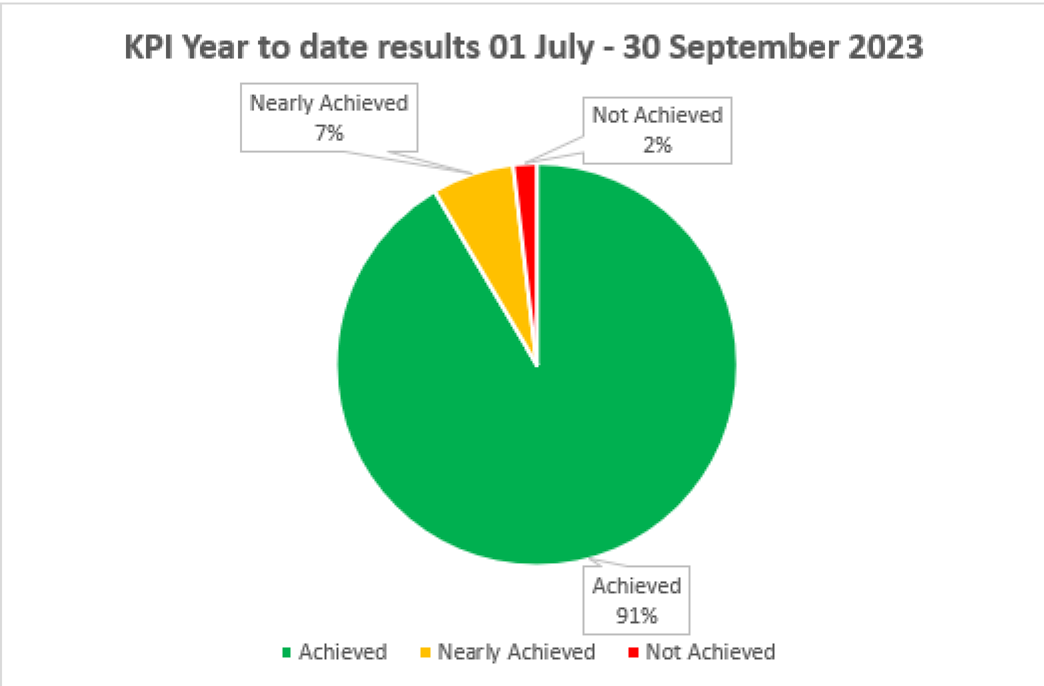
(xiii) Roading and Footpaths:

- A joint project with Drainage and Water was completed on Ewen Road, resulting in a new pavement rehabilitation. This was well received by the community living alongside the heavy traffic route. The Crown Climate Emergency relief fund projects are progressing well with all detailed designs complete and working through to an extended completion date of 30/06/2025. This will result in the connection of active paths through the port offering a separated cycleway connecting Hectors Coastal Track through to Caroline Bay. Work was also undertaken on community engagement for the speed management plan.
- There are ongoing challenges with alignment of community expectations with Council's financial constraints.

(xiv) Waste Minimisation – The new landfill cell was completed and will be commissioned soon. The new gas flare has been installed to reduce emissions, and is awaiting commissioning. Industrial and commercial waste volumes increased in the quarter.

Key Performance Indicator Results

5. The Key Performance Measures (KPIs) for 2023/24 are set in the Long Term Plan 2021-31. At the end of September, the majority of KPIs that are measured quarterly are tracking satisfactorily.



Note: results exclude annual and biennial measures which are reported annually or every two years.

6. The most significant measures that are currently marginal or not on target include:

KPI	Result to 30 September	Mitigation

Art Gallery 19,000 visitors per annum.	There were 3,834 visitors to the Art Gallery in the quarter.	Visitor numbers are steady, and are expected to increase in the next quarter.
Sewer Median attendance time of less than one hour to sewage overflow faults in the network (Mandatory).	There were 9 overflows for the period with a median attendance time of 1 hour.	This target is expected to be achieved by year end.
Waste Minimisation Materials Recovery Facility – level of contamination of recycling is less than 10%.	16.8% for the quarter.	This may change with the implementation of standardising kerbside collections, and additional advertising and communication. Consideration may be given to kerbside auditing process changes.
Roading 70% of customer service requests responded to within 10 working days.	42.5% of customer service requests have been responded to within 10 working days.	There were 556 service requests in the quarter. While the 42.5% is still not meeting target, there has been an improvement in response times due to changes carried out to systems and processes. These changes result in better linkages to contractor work instructions. It is anticipated this will keep improving.
Environmental Services 100% of resource consents processed within statutory timeframes.	79% of resource consents have been processed within statutory timeframes in the quarter.	Higher levels of resource consent applications were received in the period, and this is expected to continue in the period leading up to Christmas.
Governance Annual Plans, Reports and Long Term Plans adopted within statutory timeframes.	The Annual Report 2021/22 was not adopted until the 25 July 2023 due to Audit NZ not having the staff available to complete. The statutory requirement for this was the 31 December 2022.	Audit NZ formally noted resourcing constraints the reason for auditor capacity shortages and as the reason for being unable to deliver the audit report to the Annual Report within the statutory timeframe.

Financial Results

Actuals Vs Budget

6 The following is a summary of the financial performance for the quarter ending 30 September 2023 (refer to Attachment 1 for the Council Financial Performance & Variance Analysis Summary, including a full year reforecast, as at 30 September 2023).

7 Council achieved an operating deficit of ($874,000) for the period ending 30 September 2023. This is a favourable variance to budget by $2.6 million.

8 Total Operating Revenue was $28.0 million which is ($5.0) million lower than budgeted revenue.

9 Total operating expenditure of $28.5 million (comprising personnel costs, operating costs, finance costs and depreciation costs), which is $2.5 million lower than the budgeted operating expenditure to 30 September 2023.

10 Total capital expenditure of $11.0 million was incurred compared to $10.0 million budgeted.

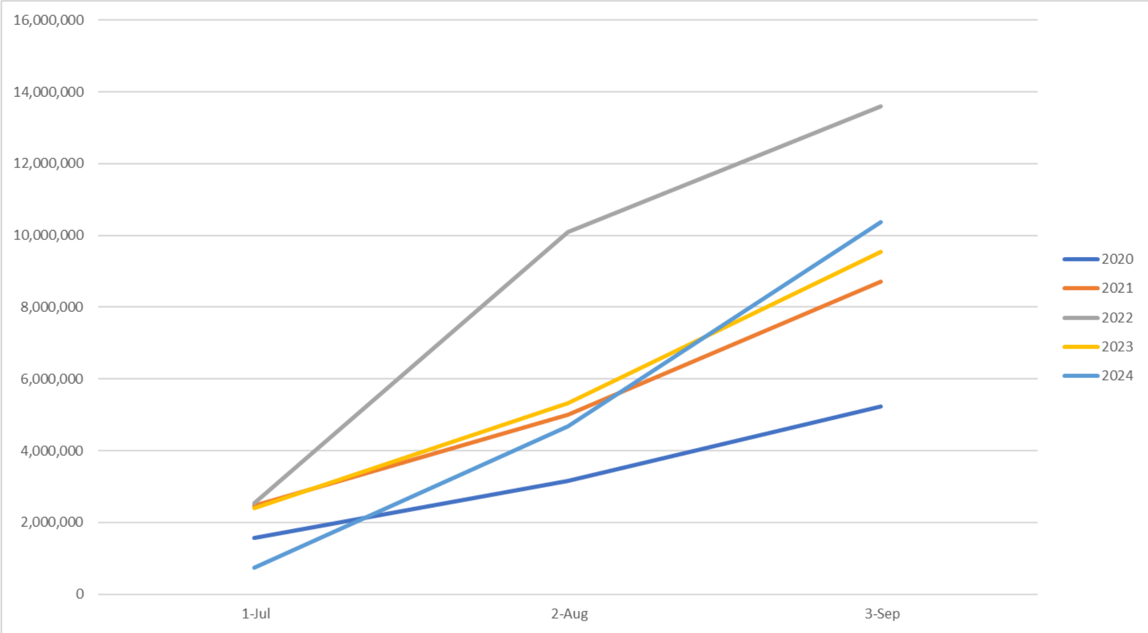
Capital Work Programme

11 Timaru District Council’s Annual Plan 2024 has a capital expenditure programme comprising of 122 projects and amounting to a value of $90.8 million for 2023/2024 financial year (including Downlands Water Supply Scheme at 82%).

12 An assumption of 90% capital delivery was used during the 2024-34 Long Term Plan resulting in a capital budget of $81.7 million for 2023/2024 financial year.

13 As of 30 September 2023, the total capital expenditure was $10.0 million comprising of $9.2 million for TDC and $0.83 million for the Downlands Water Supply scheme (82%).

14 This capital expenditure represents an increase compared to the previous year with total capital expenditure as at 30 September 2023 of $9.46 million and prior years, however the capital expense as of 30 September 2023 is lower than the capital expense as of 30 September 2022 as shown in the graph below.



15 Several large projects are currently in the construction phase, in progress or are planned to be completed by the end of the financial year. Those projects include:

i. Theatre Royal ($1.0m spent as of 30 September 2023, $9.6m annual budget).

ii. CityHub Strategy ($376,000 spent as of 30 September 2023, annual budget of $1.0 million).

iii. Urban Water Reticulation ($1.0 spent as of 30 September 2023, annual budget of $2.0 million).

iv. Urban Water Fixed Plant & Equipment ($63,119 spent as of 30 September 2023, annual budget of $11.8 million).

v. Seadown Water Reticulation ($69,588 spent as of 30 September 2023, annual budget of $1.8 million).

vi. Timaru Storm Water Drainage ($113,388 spent as of 30 September 2023, annual budget of $2.7 million).

vii. Roading Reseals and Renewals ($2.0m spent as of 30 September 2023, annual budget of $3.5 million).

viii. Landfill Cells Development ($12,117 spent as of 30 September 2023, annual budget of $207,000).

ix. Art Gallery Earthquake Strengthening ($24,000 spent as of 30 September 2023, annual budget of $3.4 million).

x. Downlands Water Supply Reticulation Renewals and Upgrades (82%: $828,450 spent as of 30 September 2023, annual budget $923,580).

xi. Museum New Capital – Improved Level of Service ($8,730 spent as of 30 September 2023, annual budget of $790,350).

xii. Aorangi Stadium ($101,106 spent as of 30 September 2023, annual budget of $2.2 million).

xiii. Timaru Airport Terminal Upgrade ($nil spent as of 30 September 2023, annual budget of $2.5 million).

xiv. Parking Facilities – New Capital Growth ($nil spent as of 30 September 2023, annual budget of $5.0 million).

Risks

15 Ongoing risks associated with the capital work programme are attributed to:

i. Market Saturation: Insights from the market reveal that our local contractors are extremely busy at present. Going forward, we may need to consider allowing for longer construction period to ensure sufficient participation from the market and / or to reduce the financial impact of this constraint.

ii. Emergency Works: As a consequence of flooding events last year which impacted our district, emergency improvement work, in particular within our roading network, will continue to be carried-out.

iii. Other Cost Escalations: There is likely to be cost escalation on a number of other projects given the state of the global and national economy and the current inflationary environment. Combined, this may be significant. Key contract escalations for three water renewals and roading maintenance are estimated to be between 16% to 20%.

Consultation

16 As a regular scheduled report consultation is not required. The year end results are publically reported in the audited Annual Report.

Relevant Legislation, Council Policy and Plans

17 Local Government Act 2002

18 Timaru District Plan Long Term Plan 2021-31

19 Annual Plan 2023/24

Financial and Funding Implications

20 There are no financial or funding implications as a result of reporting progress to Council.

Other Considerations

21 There are no other considerations.

Attachments

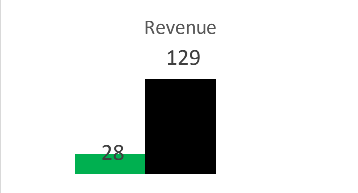
1. Council Financial Performance Variance Analysis - Sept 2023 ⇩

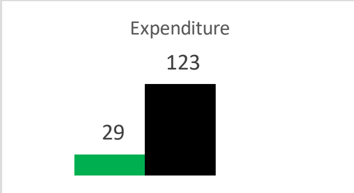
Council Financial Performance & Variance Analysis Summary as at 30 September 2023

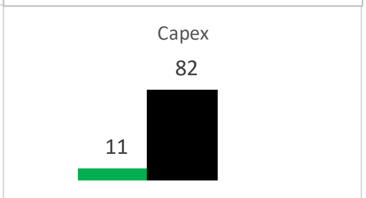
as at 30 Sep 2023

YTD $ Actual vs FY $ Budget

YTD Actual	Full Year Budget	

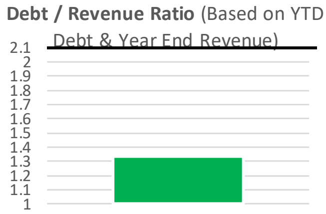


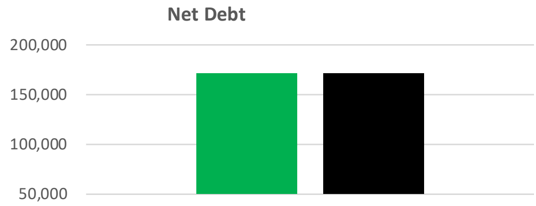




Financial Strategy

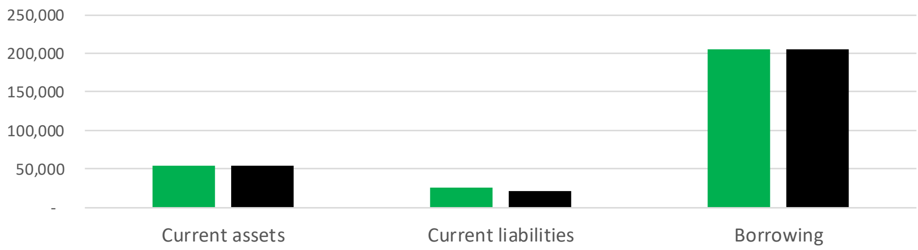
YTD Actual	30th June 2023



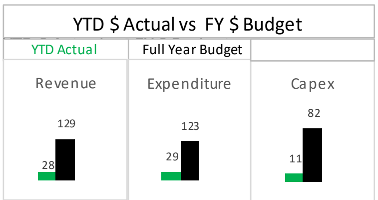


Financial Position - Balances ($000's)

YTD Actual	30th June 2023



WHOLE OF COUNCIL



Council Performance as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Variance Budget $000's	*YTD 2022 Actual $000's*	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue						
Rates revenue	18,192	18,139	53	*16,368*	72,556	25%
Subsidies and grants	2,288	6,717	(4,429)	*2,668*	26,869	9%
Fees & charges	4,926	5,416	(490)	*4,858*	20,557	24%
Other revenue	1,202	1,442	(240)	*929*	5,768	21%
Finance revenue	941	445	496	*634*	1,781	53%
Dividend revenue	-	279	(279)	-	1,115	0%
Development and financial contributions	79	-	79	-	-	0%
Other gains	-	-	-	*1,087*	-	0%
Total Operating Revenue	**27,628**	**32,438**	**(4,810)**	***26,544***	**128,646**	**21%**
Operating Expenditure						
Personnel costs	6,387	6,429	42	*5,942*	25,716	25%
Depreciation expense	8,197	8,250	53	*6,300*	33,000	25%
Finance costs	2,440	1,695	(745)	*1,263*	6,780	36%
Other expenses	11,478	14,379	2,901	*11,803*	57,514	20%
Total Operating Expenditure	**28,502**	**30,753**	**2,251**	***25,308***	**123,010**	**23%**
Operating Surplus/(Deficit)	**(874)**	**1,685**	**2,559**	***1,236***	**5,636**	
Capital Expenditure						
Community Support	93	109	16	*438*	2,841	3%
Corporate Support	906	519	(387)	*556*	3,050	30%
Recreation and Leisure	1,904	2,174	270	*1,479*	21,714	9%
Roading and Footpaths	4,466	4,718	252	*549*	26,123	17%
Sewer	728	827	99	*676*	4,434	16%
Stormwater	127	131	4	*208*	3,874	3%
Waste Minimisation	349	394	45	*3,031*	1,838	19%
Water Supply	2,414	1,094	(1,320)	*2,526*	17,827	14%
Total Capital Expenditure	**10,987**	**9,966**	**(1,021)**	***9,463***	**81,701**	**13%**

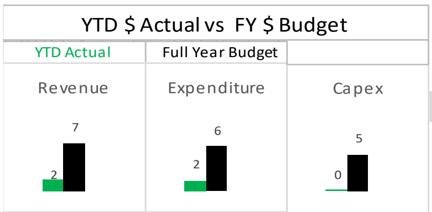
YTD Variance for Activity Groups Actuals 2023/24 to Budget 2023/24

Notes to the Financial Statements for 30th September 2023

Interpretation

1. Variances greater than $100,000 are explained below.
   i. **F** (favourable variance) means that either actual revenue is greater than budget or actual expenditure is less than budget.
   ii. **U** (unfavourable variance) is when actual revenue is less than budget or actual expenditure is greater than budget.
2. Downlands Water is reported at 82% (TDC's shareholding in the scheme) in these financial reports.
3. Variance analysis for year to date actuals against budget for each Activity Group (Actuals 2023/24 to Budget 2023/24) is presented on the following pages:

1. COMMUNITY SUPPORT



Community Support as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	1,138	1,132	6	4,529	25%
Subsidies and grants	-	14	(14)	56	0%
Fees & charges	545	572	(27)	2,286	24%
Other revenue	77	12	65	48	160%
Total Operating Revenue	**1,760**	**1,730**	**30**	**6,919**	**25%**
Operating Expenditure					
Personnel costs	79	221	142	884	9%
Depreciation expense	186	186	-	743	25%
Finance costs	79	79	-	316	25%
Other expenses	1,265	1,131	(134)	4,524	28%
Total Operating Expenditure	**1,609**	**1,617**	**8**	**6,467**	**25%**
Operating Surplus/(Deficit)	**151**	**113**	**38**	**452**	
Capital Expenditure					
Community Support	93	109	16	5,398	2%
Total Capital Expenditure	**93**	**109**	**16**	**5,398**	**2%**

1.1 Personnel Costs - $142K F

Reason for variance

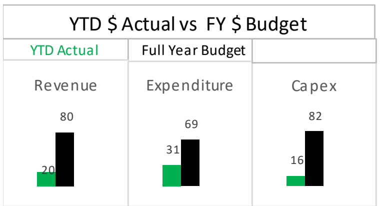
- The overall variance consists of multiple favourable below $100K, mainly attributable to employees sitting under Corporate Activities.

1.2 Other Expenses - $134K U

Reason for variance

- Economic development donations are $520K U year to date a result of a timing difference vs budget on when the Prime Port Scott Base and Venture Timaru payments have been made. This unfavourable variance is offset by the following favourable variances:
  - Community & Social Development - $145K F driven by timing of advertising and community grants being provided
  - The remaining variance consists of multiple favourable below $100K, mainly related to community housing and cemetery operations.

2. CORPORATE ACTIVITIES



Corporate Activities as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	98	340	(242)	1,358	7%
Subsidies and grants	-	92	(92)	370	0%
Fees & charges	183	228	(45)	913	20%
Other revenue	385	595	(210)	2,381	16%
Finance revenue	939	445	494	1,781	0%
Dividend revenue	-	279	(279)	1,115	0%
Total Operating Revenue	**1,605**	**1,979**	**(374)**	**7,918**	**20%**
Operating Expenditure					
Personnel costs	3,296	3,173	(123)	12,692	26%
Depreciation expense	305	305	-	1,220	25%
Finance costs	1,112	443	(669)	1,770	63%
Other expenses	852	569	(283)	2,277	37%
Total Operating Expenditure	**5,565**	**4,490**	**(1,075)**	**17,959**	**31%**
Operating Surplus/(Deficit)	**(3,960)**	**(2,511)**	**(1,449)**	**(10,041)**	
Capital Expenditure					
Corporate Support	906	519	(387)	5,795	16%
Total Capital Expenditure	**906**	**519**	**(387)**	**5,795**	**16%**

2.1 Rates Revenue - $242K U

Reason for variance

- Rates rebates $209K U were processed in Sept contributing to the variance.

2.2 Other Revenue - $210K U

Reason for variance

- Drainage & Water transition support payments are $100K U than budget.
- Vehicle revenue of $100K U than budget, due to less than the budgeted number of fleet vehicles available for charge.

2.3 Finance Revenue - $494K F

Reason for variance

- Interest received from Banks and Specials funds are above the budget due to rising interest rates.

2.4 Dividend Revenue - $279K U

Reason for variance

- Dividends are received periodically with $nil received year to date.

2.5 Personnel Costs - $123K U

Reason for variance

- Personnel costs are showing as above budget, largely related to Community Support employees being coded to the wrong activity. All labour budgets and employee activities will be reviewed in October and corrected accordingly. The overall Council budget will remain unchanged.

2.7 Finance Costs - $669K U

Reason for variance

- Interest rates paid are higher than budgeted (interest rates were based upon weighted average cost of borrowings of 3.62%).

2.6 Other Expenses - $283K U

Reason for variance

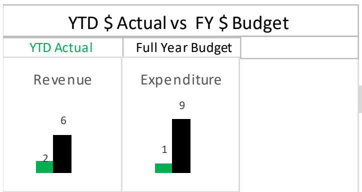
- Other expenses are unfavourable due to internal charges relating to wages yet to be recoded to capital expenditure projects

2.8 Capital Expenditure - $387K U

Reason for variance

- IT – Computer Hardware and Software Projects are above budget year to date due to the Palo Alto Network, Firewall, Security and WAN upgrade.

3. ENVIRONMENTAL SERVICES



Environmental Services as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	Full year Forecast $000's	YTD Actual % of FY Budget
Operating Revenue						
Rates revenue	507	503	4	2,010	-	25%
Fees & charges	1,292	1,233	59	3,827	-	34%
Other revenue	9	67	(58)	269	-	3%
Total Operating Revenue	**1,808**	**1,803**	**5**	**6,106**	**-**	**30%**
Operating Expenditure						
Personnel costs	999	1,102	103	4,408	-	23%
Depreciation expense	2	2	-	10	-	20%
Finance costs	13	13	-	51	-	25%
Other expenses	482	1,034	552	4,135	-	12%
Total Operating Expenditure	**1,496**	**2,151**	**655**	**8,604**	**-**	**17%**
Operating Surplus/(Deficit)	**312**	**(348)**	**660**	**(2,498)**	**-**	
Capital Expenditure						
Total Capital Expenditure	**-**	**-**	**-**	**-**	**-**	**0%**

3.1 Personnel Costs - $103K F

Reason for variance

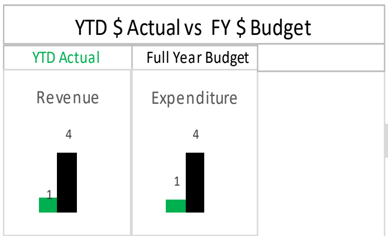
- The overall variance consists of multiple favourable below $100K, mainly related to District Plan Review, Building Control, Animal Control, and Environmental Health.

3.2 Other Expenses - $552K F

Reason for variance

- District Plan Review costs are $391K F, due to lower project spend to date. This work is expected to occur throughout the year.
- The remaining variance relates to favourable variances below $100K in Building Control, Animal Control & Environment Health

4. GOVERNANCE AND STRATEGY

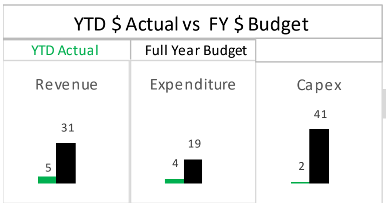


Governance and Strategy as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	989	985	4	3,940	25%
Total Operating Revenue	**989**	**985**	**4**	**3,940**	**25%**
Operating Expenditure					
Personnel costs	205	197	(8)	789	26%
Other expenses	702	788	86	3,150	22%
Total Operating Expenditure	**907**	**985**	**78**	**3,940**	**23%**
Operating Surplus/(Deficit)	**82**	**-**	**82**	**-**	
Capital Expenditure					
Total Capital Expenditure	**-**	**-**	**-**	**-**	**0%**

4.1 No variances above $100K to report.

5. RECREATION AND LEISURE



Recreation and Leisure as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	3,658	3,646	12	14,585	25%
Subsidies and grants	29	3,024	(2,995)	12,098	0%
Fees & charges	261	397	(136)	1,587	16%
Other revenue	708	576	132	2,305	31%
Total Operating Revenue	**4,656**	**7,643**	**(2,987)**	**30,575**	**15%**
Operating Expenditure					
Personnel costs	1,457	1,595	138	6,381	23%
Depreciation expense	592	592	-	2,367	25%
Finance costs	205	200	(5)	800	26%
Other expenses	1,395	2,258	863	9,034	15%
Total Operating Expenditure	**3,649**	**4,645**	**996**	**18,582**	**20%**
Operating Surplus/(Deficit)	**1,007**	**2,998**	**(1,991)**	**11,993**	
Capital Expenditure					
Recreation and Leisure	1,904	2,174	270	41,258	5%
Total Capital Expenditure	**1,904**	**2,174**	**270**	**41,258**	**5%**

5.1 Subsidies and Grants - $2,995K U

Reason for variance

- Theatre Royal grants are budgeted on a quarterly basis at $1,550K year to date with $nil actual received. These grants are received in lump sums based on stage of completion.
- Better off funding grants are budgeted on a quarterly basis at $779K for shared tracks, $500K for Aorangi Stadium and $175K for Aigantighe Art Gallery. These grants are drawn down from DIA as required.

5.2 Fees and Charges - $136K U

Reason for variance

- CBay Learn to Swim $33K and Aquatics $56K not received due to pools being closed for a fortnight between 17 – 28 July for annual maintenance.

5.3 Other Revenue - $132K F

Reason for variance

- CPlay donations previously held in Trust were received in July to fund construction on this project – budgeted to be received on a quarterly basis.

5.4 Personnel Costs - $138K F

Reason for variance

- The overall variance consists of multiple favourable below $100K, mainly related to Libraries, CBay, Museum and Art Gallery.

5.5 Other Expenses - $863K F

Reason for variance

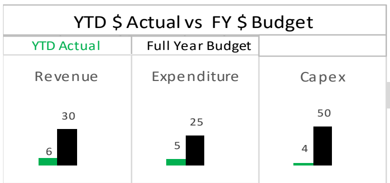
- Parks maintenance costs are $ 207K F year to date.
- Aorangi stadium costs are $165K F relating to on-charges between TDC and the Aorangi Stadium Trust.
- The remaining favourable variance relates to multiple activities below budget, none above $100K within CBay, Museum, Art Gallery, motor camps and fishing huts.

5.6 Capital Expenditure - $270K F

Reason for variance

- Parks and Recreation capital projects are currently $462K F, a timing difference against budgeted spend.
- Theatre Royal capital works are currently $134K U, a timing difference against budgeted spend.
- The remaining favourable variance relates to multiple projects with minor variations to budget.

6 ROADING AND FOOTPATHS



Roading and Footpaths as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	3,874	3,848	26	15,393	25%
Subsidies and grants	2,122	3,361	(1,239)	13,445	16%
Fees & charges	363	271	92	1,082	34%
Other revenue	16	22	(6)	87	18%
Total Operating Revenue	**6,375**	**7,502**	**(1,127)**	**30,007**	**21%**
Operating Expenditure					
Personnel costs	53	32	(21)	127	42%
Depreciation expense	3,321	3,321	-	13,284	25%
Finance costs	186	186	-	743	25%
Other expenses	1,723	2,721	998	10,883	16%
Total Operating Expenditure	**5,283**	**6,260**	**977**	**25,037**	**21%**
Operating Surplus/(Deficit)	**1,092**	**1,242**	**(150)**	**4,970**	
Capital Expenditure					
Roading and Footpaths	4,466	4,718	252	49,634	9%
Total Capital Expenditure	**4,466**	**4,718**	**252**	**49,634**	**9%**

6.1 Subsidies and Grants - $1,239K U

Reason for variance

- Subsidies received from Waka Kotahi are $1,239K U year to date. Subsidy income is reflective of actual capital and operating expenditure incurred with favourable variances in both operating and capital expenditure offseting this favourable variance.

6.2 Other Expenses - $998K F

Reason for variance

- CBD maintenance (CityTown) costs are below budget by $408K F.
- Subsidised roading maintenance costs are below budget by $285K F.
- Roading emergency costs are $184K F. If unspent, these budget savings will be used to replenish the Disaster Relief Fund.

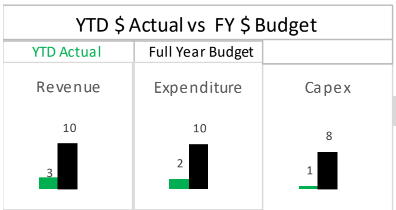
6.3 Capital Expenditure - $252K F

Reason for variance

- Subsidised roading capital expenditure is below budget as a result of a timing delay with expenses expected to fall into October/November. Variances currently exist withing the following roading budgets:
    - Purchase of Land $447K U
    - Road Capital Works $334K U
    - Bridge and Culvert $299K F
    - Kerb and Channel $171K F
    - Levels of Service Upgrades $238K F

- Parking Facilities $215K F
- CityTown $80K F
- Street Lighting $64K F

7 SEWER



Sewer as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	1,701	1,701	-	6,806	25%
Fees & charges	829	765	64	3,059	27%
Other revenue	-	23	(23)	93	0%
Development and financial contribution	10	-	10	-	0%
Total Operating Revenue	**2,540**	**2,489**	**51**	**9,958**	**26%**
Operating Expenditure					
Personnel costs	101	-	(101)	-	0%
Depreciation expense	1,265	1,265	-	5,059	25%
Finance costs	342	342	-	1,366	25%
Other expenses	528	883	355	3,532	15%
Total Operating Expenditure	**2,236**	**2,490**	**254**	**9,957**	**22%**
Operating Surplus/(Deficit)	**304**	**(1)**	**305**	**1**	
Capital Expenditure					
Sewer	728	827	99	8,425	9%
Total Capital Expenditure	**728**	**827**	**99**	**8,425**	**9%**

7.1 Personnel Costs - $101K F

Reason for variance

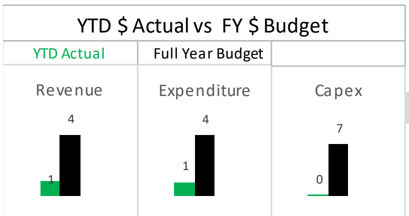
- Personnel costs above budget, largely related to Drainage and Water costs, to be recoded in October

7.2 Other Expenses - $355K F

Reason for variance

- This variance relates to multiple variances below $100K, mainly attributable to reticulation costs, utilities and maintenance.

8 STORMWATER

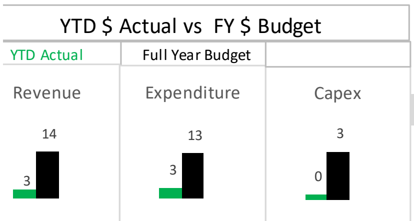


Stormwater as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	1,071	1,071	-	4,284	25%
Total Operating Revenue	**1,071**	**1,071**	**-**	**4,284**	**25%**
Operating Expenditure					
Depreciation expense	790	790	-	3,161	25%
Finance costs	22	22	-	87	25%
Other expenses	170	259	89	1,036	16%
Total Operating Expenditure	**982**	**1,071**	**89**	**4,284**	**23%**
Operating Surplus/(Deficit)	**89**	**-**	**89**	**-**	
Capital Expenditure					
Stormwater	127	131	4	7,361	2%
Total Capital Expenditure	**127**	**131**	**4**	**7,361**	**2%**

- **8.1 No variances above $100K to report.**

9 WASTE MINIMISATION



Waste Minimisation as at 30 Sep 2023

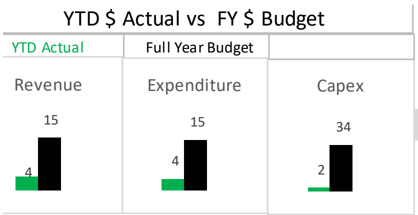
	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	1,195	1,195	-	4,782	25%
Subsidies and grants	138	225	(87)	900	15%
Fees & charges	1,438	1,951	(513)	7,803	18%
Other revenue	8	35	(27)	140	6%
Total Operating Revenue	**2,779**	**3,406**	**(627)**	**13,625**	**20%**
Operating Expenditure					
Personnel costs	106	109	3	435	24%
Depreciation expense	139	139	-	556	25%
Finance costs	84	84	-	337	25%
Other expenses	2,924	2,995	71	11,981	24%
Total Operating Expenditure	**3,253**	**3,327**	**74**	**13,309**	**24%**
Operating Surplus/(Deficit)	**(474)**	**79**	**(553)**	**316**	
Capital Expenditure					
Waste Minimisation	349	394	45	3,492	10%
Total Capital Expenditure	**349**	**394**	**45**	**3,492**	**10%**

9.1 Fees and Charges - $513K U

Reason for variance

- Refuse fees are below budget due to lower than budgeted tonnage to landfill.

10 WATER SUPPLY



Water Supply as at 30 Sep 2023

	Year to Date Actual $000's	Year to Date Budget $000's	Year to Date Variance Budget $000's	Full year Budget $000's	YTD Actual % of FY Budget
Operating Revenue					
Rates revenue	3,961	3,717	244	14,869	27%
Other revenue	-	111	(111)	444	0%
Finance revenue	2	-	2	-	0%
Development and financial contributions	70	-	70	-	0%
Total Operating Revenue	**4,046**	**3,828**	**218**	**15,313**	**26%**
Operating Expenditure					
Personnel costs	89	-	(89)	-	0%
Depreciation expense	1,597	1,650	53	6,600	24%
Finance costs	399	327	(72)	1,307	31%
Other expenses	1,436	1,741	305	6,963	21%
Total Operating Expenditure	**3,521**	**3,718**	**197**	**14,870**	**24%**
Operating Surplus/(Deficit)	**525**	**110**	**415**	**443**	
Capital Expenditure					
Water Supply	2,414	1,094	(1,320)	33,871	7%
Total Capital Expenditure	**2,414**	**1,094**	**(1,320)**	**33,871**	**7%**

10.1 Rates Revenue - $244K F

Reason for variance

- Downlands rates received are above budget due to timing of Waimate District Council payments.

10.2 Other Revenue- $111K U

Reason for variance

- Downlands new connections revenue is below budget year to date

10.3 Other Expenses - $305K F

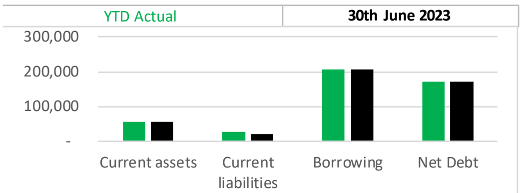
Reason for variance

- Urban water personnel costs below budget by $153K F.
- The remaining variance consists of multiple favourable below $100K, mainly related to urban water purchase water and utilities costs.

10.4 Capital Expenditure - $1,320K U

Reason for variance

- Urban Water reticulation projects are currently $590K U and Downlands reticulation projects are $504K U, and Te Moana projects $203K U. These are timing difference with costs incurred ahead of the budgeted monthly spend profile.



Financial Position as at 30 Sep 2023

	YTD Actual $000's	30th June 2023 Actual $000's
ASSETS		
Current assets		
Cash and deposits	12,603	14,296
Debtors and other receivables	12,973	12,720
Inventories	2	34
Other financial assets	28,911	27,111
Total current assets	**54,489**	**54,161**
Non_current assets		
Property plant & equipment	1,887,780	1,884,990
Intangible assets	5,630	5,075
Forestry	1,373	1,373
Investment property	1,955	1,955
Investment in cco's & other similar	55,552	55,589
Other financial assets	7,929	7,929
Total non_current assets	**1,960,219**	**1,956,911**
Total assets	**2,014,708**	**2,011,072**
LIABILITIES		
Current liabilities		
Trade and other payable	22,542	17,864
Employee benefit liabilities	3,514	3,587
Total current liabilities	**26,056**	**21,451**
Non_current liabilities		
Provisions	10,192	10,192
Employee benefit liabilities	407	407
Non current borrowing	205,532	205,532
Total non_current liabilities	**216,131**	**216,131**
Total liabilities	**242,187**	**237,582**
Net Assets	**1,772,521**	**1,773,490**
EQUITY		
Retained earnings	783,150	784,119
Special funds	17,097	17,097
Separate funds	23,871	23,871
Asset revaluation	948,403	948,403
Total equity -	**1,772,521**	**1,773,490**

Statement of Cashflow as at 30 Sep 2023

	YTD Actual $000's	30th June 2023 Actual $000's
OPERATING ACTIVITIES		
Rates	69,730	65,621
Other revenue received	9,567	45,604
Interest received	1,128	3,739
Dividends received	-	1,010
Payments to suppliers and employees	(67,784)	(91,576)
Finance costs	(2,001)	(7,782)
Net operating activities	**10,640**	**16,616**
INVESTING ACTIVITIES		
Reduction of term investment	(1,763)	(4,919)
Proceeds from sale of property, plant and equipment	123	1,126
Purchase of property, plant and equipment	(10,693)	(54,888)
Net investing activities	**(12,333)**	**(58,681)**
FINANCING ACTIVITIES		
Drawdown / (repayment) of borrowings	-	40,713
Net financing activities	**-**	**40,713**
Cash movement	(1,693)	(1,352)
Opening Balance 1st July	14,296	15,648
Closing Bank Balance	**12,603**	**14,296**

8 Consideration of Urgent Business Items

9 Consideration of Minor Nature Matters

10 Public Forum Items Requiring Consideration