

# STATEMENT OF INTENT

2020/2021      2021/22      2022/23

## OUR VISION STATEMENT:

Every person and whānau is actively engaged in,  
contributing to, and benefitting  
from, a thriving Timaru District Economy

## OUR VALUES

### LIFESTYLE

Fantastic & Sustainable  
Second to None

### ECONOMY

Thriving & Innovative  
Opportunities abound

### IDENTITY

Strong & Enviably  
Reputation

### LEADERSHIP

Inspiring  
People Focused

## WHAT WE DO:

**FACILITATE**

- Communication
- Connectivity

**ENABLE**

- Collaboration
- Cooperation

**GROW**

- Capacity
- Community & Social Wellbeing
- Creativity
- Sustainability

The recent COVID 19 event is a once in 100-year event which requires a once in 100-year response to revitalise our Timaru District by being coordinated, bold and inclusive. As the Economic Development Agency for the Timaru District, now also with responsibility for Tourism and Visitor Attraction, Aoraki Development will take a lead role in facilitating the economic recovery of our district over the next 12 months and beyond.

As detailed within this Statement of Intent, our objectives and associated nature of scope and activities proposed to be undertaken in the next 12 months, include priorities such as:

- A prominent role in the response, recovery and reignition of our wider district economy
- Sustained and extensive promotion of the district to visitors, new workforce, and new business
- A targeted approach to the retention, retraining and redeployment of our existing workforce.
- Supporting local business as they recover and reignite their businesses

Leading economists and others have recognised Timaru District as being one of the best placed districts to cope with, adapt, recover, and reignite as we head through the stages of this COVID 19 event. While this in no way understates the challenges we are facing, it is heartening for our business and wider community to know that we are very well placed to recover and reignite quicker than many other parts of the country.

In no way understating the challenges we are facing, and will continue to face, across our business and wider community as a result of the COVID 19 event, locally we are very well placed to recover and reignite quicker than many other parts of the country. Leading economists and others have rightly recognised us as being one of the best placed districts to cope with, adapt, recover, and reignite ourselves as we head through the stages of this COVID 19 event.

- We have substantially diversified industry sectors including primary sector, food processing & manufacturing, transport & logistics, trades along with health & social services.
- Our largest industry sectors are recognised nationally as those that will lead us through COVID recovery.
- We have an enhanced level of cooperation and trust across our businesses and wider community
- We are a central South Island “hub” with 80% of the South Island within two and a half hours drive.
- We have strong connectivity to markets, through road, rail, sea, and fibre.

Many of our local businesses are adapting to new work practices and meeting the challenges head on. The Timaru District will bounce back and bounce back stronger, and throughout 2020/21 Aoraki Development will take a leading role in facilitating this recovery.

## **KEY OBJECTIVES**

1. Encouraging innovation and facilitating the growth of existing business
2. Assist business to re-deploy, retain, and attract a skilled workforce
3. Deliver Tourism and Visitor attraction services for the District
4. Create an environment to attract and assist new and developing business

**Nature of Scope and Activities to be undertaken by Aoraki Development**



## PLACE

### PROMOTION

Reassess and implement a Visitor Strategy aligned to a largely domestic tourism market

Develop and implement a cohesive and sustained District Marketing Plan across all appropriate mediums

Update and implement a Business Attraction Strategy as appropriate

### EVENTS

Develop and implement an Events Attraction Strategy

Enhance coordination across all local service providers throughout the District

Establish and maintain accessible accommodation, facilities and service provider database

### ENVIRONMENT

Encourage the proactive development of Washdyke Industrial Park

Build on the Sustainable is Attainable Project across other local sectors

Explore primary sector "transition" special projects.

## PERFORMANCE

### BUSINESS

Expand on Business Connection Groups successes, promoting the benefits of collaboration – progressing appropriate special projects

Further develop CBD Group relationship and prominence

Think and act “outside the box” with attraction strategies and activities

### PARTNERSHIPS

Foster, expand and utilise networks for the benefit of local business

Facilitate the removal of barriers to business attraction & growth

Foster strategic partnerships to obtain a Centre of Vocational Excellence in Timaru

### SUCCESS

Review the name Aoraki Development

Champion local business success

Expand Timaru by Numbers reports to include education, health and wellbeing

## KPI's

Aoraki Development and Promotions Limited t/a Aoraki Development (AD) will **encourage innovation and facilitate the growth of existing business**, with success measured through year on year improvement via:

- a minimum of 20 new connections facilitated for existing businesses per month.
- feedback received via Annual Survey of local business and organisations evidencing value added by AD
- activity and achievements reflected in AD quarterly reporting to Council

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AD will **assist business to re-deploy, retain, and attract a skilled workforce**, with success measured through year on year improvement via:

- quarter on quarter improvement in the district's unemployment rate
- feedback received via Annual Survey of local business and organisations evidencing value added by AD
- activity and achievements reflected in AD quarterly reporting to Council

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AD will **deliver tourism and visitor attraction services for the District**, with success measured through year on year improvement via:

- quarter on quarter improvement in the district's tourism expenditure
- feedback received via Annual Survey of local business and organisations evidencing value added by AD
- activity and achievements reflected in AD quarterly reporting to Council

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AD will continue to **create an environment to attract and assist new and developing business**, with success measured through year on year improvement via:

- a minimum of 10 new and developing business opportunities identified and engaged per quarter, with a minimum 10% conversion rate of new business established.
- a minimum of 30 "District Influencers" identified and supplied with the new quarterly Timaru District Heartbeat Report.
- feedback received via Annual Survey of local business and organisations evidencing value added by AD
- activity and achievements reflected in AD quarterly reporting to Council

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In developing and enhancing Aoraki Development's (AD) strategies consultation and reference has been made to Timaru District Councils (TDC) long term plan and four-pronged values and the Government's Economic Growth Agenda.

#### Timaru District Council's Values (adopted by AD)

- **Lifestyle** - Fantastic, sustainable lifestyle second to none
- **Economy** - Thriving and innovative economy where opportunities abound
- **Identity** - Strong and enviable reputation and identity
- **Leadership** - Inspiring, people-focused leadership

#### Governments Economic Growth Agenda

1. It is businesses that drive economic growth and build a more successful economy with more jobs for Kiwis.
2. Growing competitive businesses creates jobs and increases exports to the world. Nothing creates sustainable, high-paying jobs and boosts our standard of living better than business confidence and growth.
3. There are six key inputs that businesses need to succeed and grow. By focusing on these inputs, we will ensure businesses can lead economic growth. The Government's key areas in the Business Growth Agenda are:
  - Infrastructure, Export markets, Capital markets, Innovation, Skilled and safe workplaces, Natural resources

The Board of Aoraki Development and Promotions Ltd trading as Aoraki Development (AD) seeks to govern the organisation in a way that achieves the objectives stated and communicates with the Council in a timely and effective manner. Given the nature of the activities and the accepted role of similar organisations throughout the country, the performance is not measured in strictly commercial terms such as profit, share value or rates of return.

#### **1. PERFORMANCE AND OTHER MEASUREMENTS**

Performance shall be assessed against the KPI's / Indicators of Success for each objective via the Supply of a quarterly (and annual) report to the Timaru District Council including financial position. Other Performance measures include:

Financial - AD will prudently manage all financial matters, operating within its means predicated by the level of income and reserves received and held. Measured by financial performance v budget and adherence to all financial and reserves policies.

Good Employer - AD is committed and obligated to being a better than good employer of existing and future staff. Our well established policies and procedures clearly evidence the importance we place on the health, wellbeing, and ongoing development of our staff. Measured against staff retention rate, development opportunities and annual performance evaluations.

#### **2. GOVERNANCE STATEMENT:**

Aoraki Development and Promotions Limited was incorporated and adopted a constitution on 23rd June 2010. Aoraki Development and Promotions Limited Board Charter was adopted on 7th November 2016.

#### **Structure, Function and Obligations of the Board**

##### a. The Role of the Board:

- Ensuring AD meets its objectives as defined in this Statement of Intent.
- Ensuring AD complies with all its lawful obligations.
- Ensuring the Council is kept well informed on all relevant issues and that there are no "surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that is not the preserve of the Chief Executive and day-to-day administration.
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance, and setting remuneration).
- Ensuring sound financial management of AD.

##### b. Composition of the Board:

- The Council, after consultation with the Board, will be responsible for appointing Directors to the Board.

#### **Guidance and Resources Provided to Board Members**

- a. Resources available to Board members to carry out their duties:

Sound financial management and systems that provide reports to the Board as follows:

- Statement of financial performance for the preceding month and year to date.
  - Chief Executive's monthly and quarterly reports addressing issues related to AD's performance against objectives (financial and non-financial).
- b. The Board will ensure that relevant training opportunities are made available.
- c. Code of Conduct:
- All Board members will be required to comply with the New Zealand Institute of Directors' "Code of Practice for Directors".
  - All Board members will apply their best endeavours to ensure AD achieves its objectives defined within this Statement of Intent.
  - All Board members will ensure AD complies with the requirements of its constitution and this Statement of Intent.

### Significant Policies in Place for Accountability

- a. The Board shall ensure AD complies with the reporting requirements outlined in Section 3 and 7 of this document.
- b. Risk Management Policies:
- The Board shall ensure that appropriate insurance is maintained on all insurable risks of AD, and in particular public liability insurance.
  - The Board shall ensure that AD has systems in place to achieve compliance with the Health and Safety at Work Act 2015 and subsequent amendments.
- c. Remuneration:
- The Council will set total remuneration for the Board.
- d. Reserves Policy (SOI)
- The Reserves Policy ensures the board has funds set aside for risk mitigation.
  - The Primary Objectives underlying the Reserves Policies for are:
    - To ensure that AD is operated in a prudent manner
    - To recognise that many streams of work and expenditure items are committed to and incurred for longer periods than the annual funding approved by the Timaru District Council (TDC) with multiyear projects.
    - To ensure that money is available, as required, to meet the needs of AD and its key stakeholders.
    - To recognise that AD generates income over and above the funding from the TDC and also spends the majority of that income on related economic development activities for the benefit of the district with a breakeven or close to breakeven annual budget
    - Reserves to be held are set at 3-4 months' trading / cash flow to be on hand
- e. Ratio of Accumulated Funds to Total Assets
- This ratio shows the proportion of total assets financed by equity
  - The Board will ensure that the ratio of Equity to Total Assets remains above 60%
  - For the purpose of this ratio, equity is as per the financial statements of AD
  - Total assets are defined as the total of current and non-current assets

## 3. ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

- a. Reporting Entity
- Aoraki Development and Promotions Limited ('AD') is a company incorporated and domiciled in New Zealand
  - AD is a CCO (as defined under section 6 of the Local Government Act 2002) based in Timaru and is a subsidiary 100% owned by the Timaru District Council.
  - The financial statements of AD are for the year end 30 June. The financial statements are authorised for issue by the directors.
- b. Statement of Compliance



- The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
  - The financial statements are prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) – PBE SF-A(PS).
  - All transactions are reported using the accrual basis of accounting.
  - The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of AD is New Zealand dollars.
- c. Revenue
- Revenue is measured at the fair value of the consideration received.
  - Contributions received from the Timaru District Council are AD's primary source of funding.
  - Contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contribution are not met. No such obligation is attached to the council contributions received.
- d. Interest revenue is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.
- e. Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.
- f. Goods and Services Tax (GST): The financial statements have been prepared with income and expenditure items exclusive of GST. In the Statement of Financial Position, Accounts Receivable and Accounts Payable are both inclusive of GST. All other assets are shown exclusive of GST.
- g. Cash and Cash Equivalents includes cash on hand, deposits held at call with banks, other short – term highly liquid investment with original maturities of three months or less, and bank overdrafts
- h. Accounts Receivable are valued at their estimated net realisable value. Bad debts are written off during the period in which they are identified.
- i. Creditors and other payables are measured at the fair value of the consideration paid.
- j. Fixed Assets are recorded at cost less accumulated depreciation. AD has three classes of Fixed Assets, Computer Equipment, Furniture and Fittings & Office Equipment.
- k. Depreciation is calculated to allocate the cost or valuation of assets over their estimated useful lives, at the following rates:
- |                             |    |        |
|-----------------------------|----|--------|
| Computer Equipment          | DV | 50%    |
| Fittings & Office Equipment | DV | 20-67% |
| Furniture and Fittings      | DV | 10-25% |
- l. Leases: AD leases certain office equipment, office space and a motor vehicle.

#### 4. DIVIDEND POLICY

AD is a non-profit organisation that does not generate income or dividend for the Timaru District Council.

#### 5. INFORMATION TO BE PROVIDED

The following information will be made available to the Council by AD:

- a. By **1 March** each year a DRAFT BUDGET for the following financial year together with a request for any changes requested to the Council's financial contribution to AD's activities.
- b. By **1 March** each year a draft STATEMENT OF INTENT, then consider any Council comments on it and deliver a final Statement of Intent by **30 June**.
- c. QUARTERLY REPORTS (September, December, March & June) covering an abbreviated Statement of Financial Performance and Statement of Financial Position, performance indicators, commentary on activities, and other such information as the Directors consider necessary to enable an informed assessment of AD's performance during the period in question. Due dates as prescribed by section 66 of the Local Government Act 2002
- d. Within three months after the end of the financial year (i.e. **by 30 September**), AD shall deliver to the Council an ANNUAL REPORT which fulfils the requirements of Section 67 of the Local Government Act 2002, and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A Directors' Report including a summary of the financial results and a comparison of performance in relation to the objectives.
- A Statement of Financial Performance disclosing revenue and expenditure and comparative figures from previous annual reports.
- A Statement of Financial Position at the end of the year.
- An Auditor's Report on the above statements and the measure of performance in relation to objectives.
- The Chairman's Annual Report shall be made available for inspection at Council offices.
- Any other matters that the Council and AD agree shall be disclosed as appropriate.

**6. PROCEDURE TO BE FOLLOWED WITH PURCHASE OF SHARES IN OTHER COMPANY OR ORGANISATION**

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any Company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the Council for approval.

**7. COMPENSATION FROM LOCAL AUTHORITIES**

Having utilised our Reserves over the past 4 years (on average \$70,000 per annum) Aoraki Development has not requested any increase over this period in our Development Operational Grant from Council, with this funding remaining at \$530,000 for the entire most recent 4 year period.

By 30 June 2020, we anticipate our Reserve Funds being at or near the minimum as allowed for in our Reserves Policy and therefore respectfully request the Development Grant increase for the ensuing year as proposed. Additional funding which also incorporates an increase in Board fees.

The Visitor Grant is included at a level advised by Council following transition of this operation to Aoraki Development April 2020.

Noting that Operational Grant and Project Funding for 2021/22 year and beyond are subject to annual application. Proposed funding levels are aligned to AD maintaining the high-quality economic development service and the skills needed within the organisation to deliver the variety of services and projects.

2019/20 Approved		2020/21	2021/22	2022/23
\$ 530,000	<b>DEVELOPMENT OPERATIONAL GRANT</b>	\$ 640,000	\$ 666,000	\$ 693,000
	<b>VISITOR OPERATIONAL GRANT (est.)</b>	\$ 350,000	\$ 364,000	\$ 378,000
\$ 58,500	<b>PROJECT FUNDING**</b>			
\$ (58,500)	<b>provided ex AD Funds</b>			
<b>\$ 530,000</b>	<b>TOTAL FUNDS</b>	<b>\$ 990,000</b>	<b>\$ 1,030,000</b>	<b>\$ 1,071,000</b>

**8. BOARD'S ESTIMATE AD VALUE**

The Directors estimate that the balance of funds in the Annual Report will represent the value of AD. The Directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

Approved by AD on 4<sup>th</sup> May 2020



.....  
for Aoraki Development - Mark Rogers Chairman

Approved by the Council on



.....  
for Timaru District Council

<b>FINANCIAL FORECASTS</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>INCOME STATEMENT</b>			
Regional Development Grant TDC	\$ 640,000	\$ 666,000	\$ 693,000
Regional Visitor Grant TDC	\$ 350,000	\$ 364,000	\$ 378,000
MyNextMove MSD Contract Youth Initiative	\$ 145,000	\$ 145,000	
Provincial Development Unit Grant - Capability & Capacity	\$ 50,000	\$ 50,000	\$ 50,000
Provincial Development Unit Grant - SC Transport & Logistics Panel	\$ 300,000	\$ 300,000	\$ -
Other income			
<b>Total Income</b>	<b>\$ 1,485,000</b>	<b>\$ 1,525,000</b>	<b>\$ 1,121,000</b>
<b>EXPENSES</b>			
Human Resources	\$ 364,354	\$ 377,000	\$ 390,000
Expenses	\$ 324,961	\$ 338,000	\$ 350,000
Regional Visitor Expense	\$ 350,000	\$ 364,000	\$ 378,000
MyNextMove MSD Contract Youth Initiative	\$ 145,000	\$ 145,000	
Provincial Development Unit Grant - SC Transport & Logistics Panel	\$ 300,000	\$ 300,000	\$ -
<b>Total Expenses</b>	<b>\$ 1,484,315</b>	<b>\$ 1,524,000</b>	<b>\$ 1,118,000</b>
<b>Operating Profit (Loss)</b>	<b>\$ 685</b>	<b>\$ 1,000</b>	<b>\$ 3,000</b>
<b>BALANCE SHEET</b>			
<b>EQUITY</b>			
<b>EQUITY</b>	<b>\$ 240,000</b>	<b>\$ 241,000</b>	<b>\$ 243,000</b>
Current Assets	\$ 280,000	\$ 290,000	\$ 300,000
Non Current Assets	\$ 64,000	\$ 54,000	\$ 44,000
<b>TOTAL ASSETS</b>	<b>\$ 344,000</b>	<b>\$ 344,000</b>	<b>\$ 344,000</b>
<b>LIABILITIES</b>			
Current Liabilities	\$ 104,000	\$ 103,000	\$ 101,000
<b>TOTAL LIABILITIES</b>	<b>\$ 104,000</b>	<b>\$ 103,000</b>	<b>\$ 101,000</b>
<b>NET ASSETS</b>	<b>\$ 240,000</b>	<b>\$ 241,000</b>	<b>\$ 243,000</b>