



Venture Timaru
DISTRICT - ECONOMIC & TOURISM AGENCY

Financial Statements

for the year ending 30th June 2023



Contents

	Page number
1. Directors' Disclosure	3
2. Statement of Comprehensive Revenue and Expenses	4
3. Statement of Changes in Equity	5
4. Statement of Financial Position	6
5. Statement of Cash Flows	7
6. Notes to Financial Statements	8
7. Statement of Service Performance	17
8. Independent Auditor's Report	23



DIRECTORS' DISCLOSURE

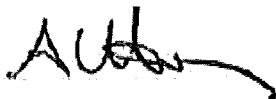
In the opinion of the directors of Venture Timaru Ltd trading as Venture Timaru, the financial statements, and notes on pages 4 to 22:

- 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.

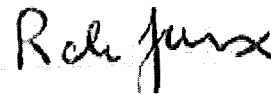
The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate preparation of the financial statements with Tier 2 Public Benefit Entity Accounting Standards.

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

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.

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.

Statement of Cash Flows

Venture Timaru

For the year ended 30 June 2023

	Notes	Actual 2023 \$	Actual 2022 \$	Budget 2023 \$
Cash Flows from Operating Activities				
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
		<u>2,171,344</u>	<u>3,640,762</u>	<u>2,098,000</u>
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	-
		<u>3,146,186</u>	<u>2,901,517</u>	<u>2,903,561</u>
Net Cash Flows from Operating Activities		<u>(974,842)</u>	<u>739,245</u>	<u>(805,561)</u>
Cash flows from Investing and Financing Activities				
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	-
		<u>341,699</u>	<u>(505,906)</u>	<u>326,970</u>
Net Cash Flows from Investing and Financing Activities		<u>(154,207)</u>	<u>(395,623)</u>	<u>27,181</u>
Net Increase / (Decrease) in Cash		<u>(633,143)</u>	<u>233,339</u>	<u>(478,591)</u>
Opening Cash and Cash Equivalents 1 July		<u>1,178,591</u>	<u>945,252</u>	<u>1,178,591</u>
Closing Cash and Cash Equivalents 30 June		<u>545,448</u>	<u>1,178,591</u>	<u>700,000</u>
This is represented by:				
Bank Accounts and Cash	8	<u>545,448</u>	<u>1,178,591</u>	<u>700,000</u>

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



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.

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

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.

<i>In thousands of NZD</i>	2023		2022	
	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		
<i>Measured at amortised cost</i>		
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		
<i>Measured at amortised cost</i>		
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

Description of Related Party Transaction	Description of Transaction	2023	2022
		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%

THIS YEAR					
Asset Class	Cost	Book Value as at 1 st July 2022	Purchases	(Current Year Depreciation)	Book Value as at 30 th 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 1 st July 2021	Purchases	(Current Year Depreciation)	Book Value as at 30 th 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

Statement of Service Performance

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 wellbeing 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:**
 - o Regional Apprenticeship Initiative supporting over 120 local apprentices
 - o 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.
 - o 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**
 - o 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:**
 - o 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.

MONITORING INDICATORS (non-financial)

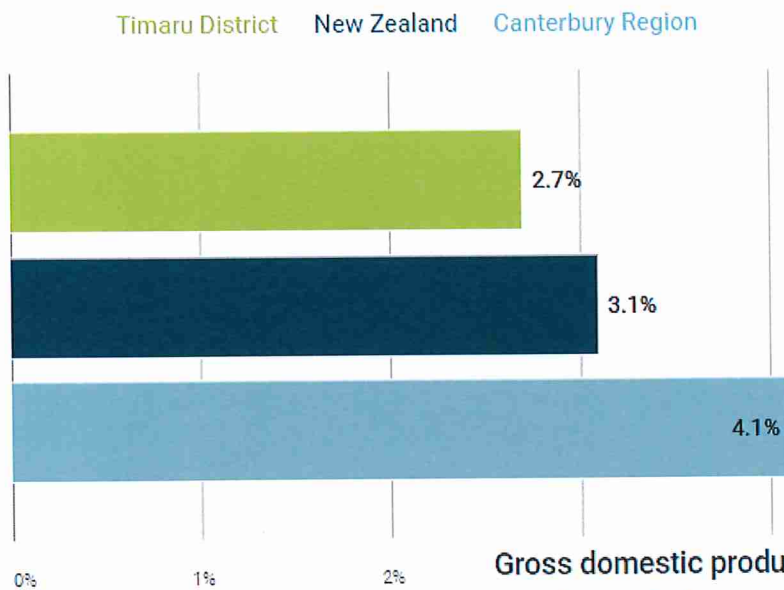
1. Gross Domestic Product – Timaru District v NZ – source Infometrics

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.

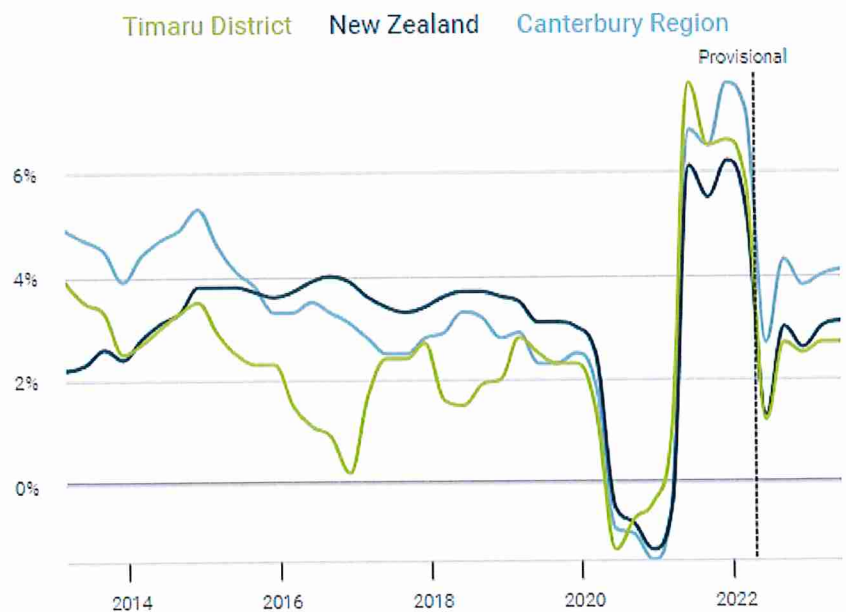
Gross domestic product growth (provisional)

Annual average % change June 2022 - June 2023



Gross domestic product growth

Annual average % change



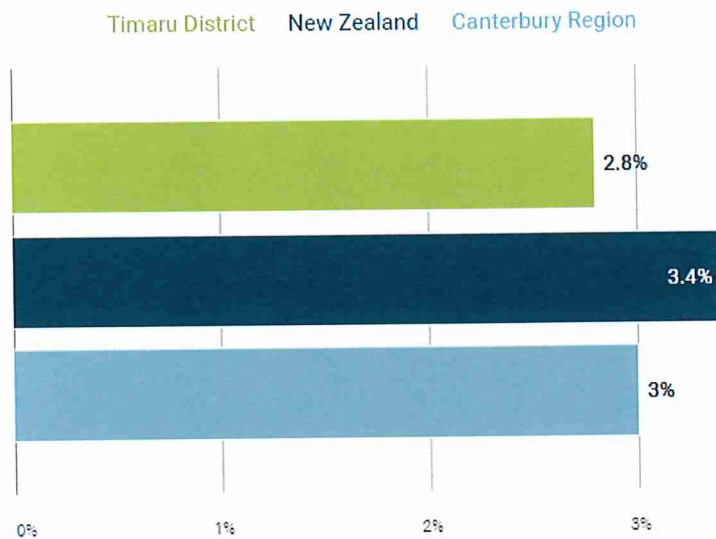
2. Unemployment Rate – Timaru District v NZ – source Infometrics

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.

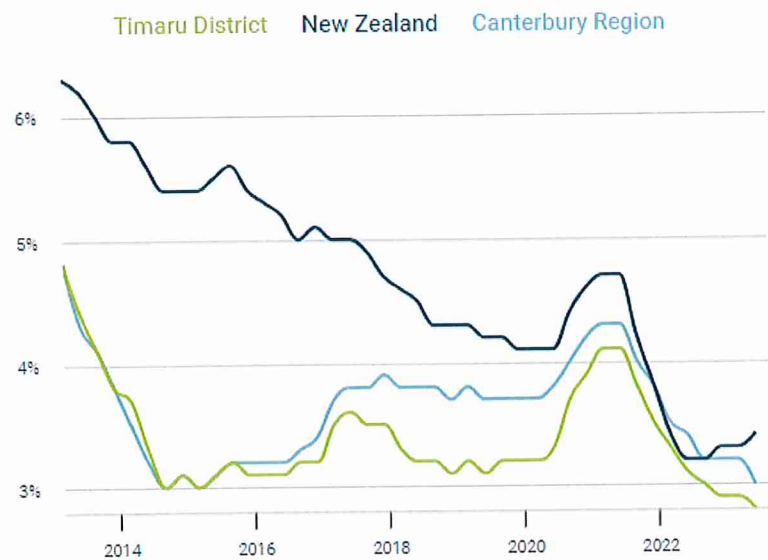
Unemployment rate

Annual average rate to June 2023



Unemployment rate

Annual average rate

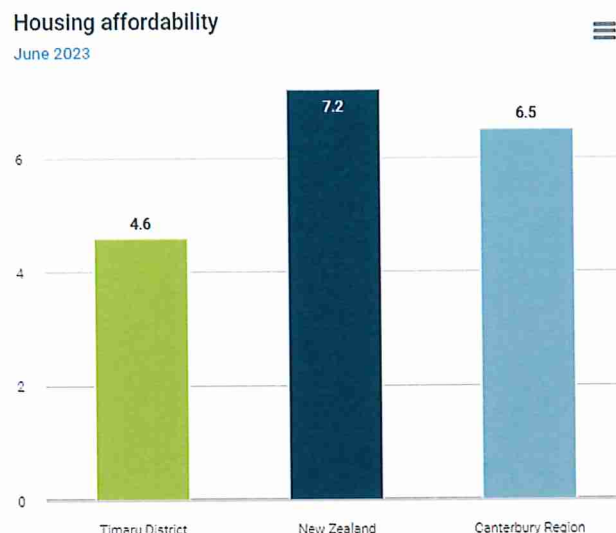


3. Housing Affordability – source Infometrics/Corelogic

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

Area	Housing affordability index			House values		
	Jun 2022	Jun 2023	Change	Jun 2022	Jun 2023	Change
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	▼



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.

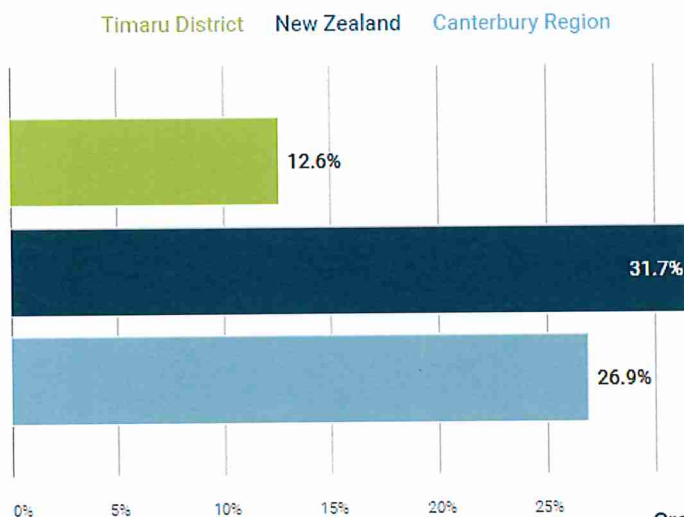
That said the 12.6% growth in local tourism spend equates to **\$194m for the June 23** year v \$174m a year ago – so a very strong and positive increase of \$20m.

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.

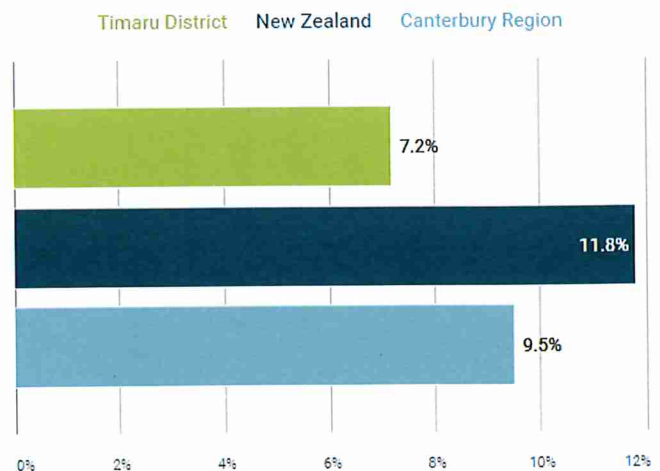
Tourism expenditure

Annual average % change June 2022 - June 2023



Growth in consumer spending

Annual average % change June 2022 - June 2023



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