



AGENDA

Commercial and Strategy Committee Meeting

Tuesday, 19 November 2024

Date Tuesday, 19 November 2024

Time following the Community Services Committee

Location Council Chamber
Timaru District Council
King George Place
Timaru

File Reference 1719396

Timaru District Council

Notice is hereby given that a meeting of the Commercial and Strategy Committee will be held in the Council Chamber, Timaru District Council, King George Place, Timaru, on Tuesday 19 November 2024, at the conclusion of the Community Services Committee meeting.

Commercial and Strategy Committee Members

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

Quorum – no less than 5 members

Local Authorities (Members' Interests) Act 1968

Committee members are reminded that if you have a pecuniary interest in any item on the agenda, then you 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

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- 1 Apologies**
- 2 Public Forum**
- 3 Identification of Items of Urgent Business**
- 4 Identification of Matters of a Minor Nature**
- 5 Declaration of Conflicts of Interest**
- 6 Chairperson's Report**

7 Confirmation of Minutes

7.1 Minutes of the Commercial and Strategy Committee Meeting held on 8 October 2024

Author: Steph Forde, Corporate and Strategic Planner

Recommendation

That the Minutes of the Commercial and Strategy Committee Meeting held on 8 October 2024 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

- 1. Minutes of the Commercial and Strategy Committee Meeting held on 8 October 2024**



MINUTES

Commercial and Strategy Committee Meeting Tuesday, 8 October 2024

Ref: 1719396

**Minutes of Timaru District Council
Commercial and Strategy Committee Meeting
Held in the Council Chamber, Timaru District Council, King George Place, Timaru
on Tuesday, 8 October 2024 following the Community Services Committee at 2.50pm.**

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

In Attendance: Paul Cooper (Group Manager Environmental Services), Andrea Rankin (Chief Financial Officer), Justin Bagust (Chief Information Officer), Bill Steans (Parks and Recreation Manager), Andrea McAlister (Acting Group Manager People & Capability), Andrew Dixon (Group Manager Infrastructure), Jan Finlayson (Geraldine Community Board Member), Charles Scarsbrook (Temuka Community Board Member), Nicole Timney (Group Manager Property), Philip Howe (Museum Director), Susannah Ratahi (Land Transport Manager), Selina Kunac (Transport Strategic Advisor), Cara Fitzgerald (Art Gallery Manager), Steph Forde (Corporate and Strategic Planner), Stephen Doran (Group Manager Corporate and Communication), Maddison Gourlay (Marketing and Communications Advisor), Brendan Madley (Senior Policy Advisor), Naomi Scott (Community Funding Advisor), Stephen Compton (Minutes)

1 Apologies

1.1 Apologies Received

Resolution 2024/30

Moved: Clr Peter Burt

Seconded: Mayor Nigel Bowen

That the apology of Clr Stu Piddington is received and accepted

Carried

2 Public Forum

There were no public forum items.

3 Identification of Items of Urgent Business

No items of urgent business were received.

4 Identification of Matters of a Minor Nature

No matters of a minor nature were raised.

5 Declaration of Conflicts of Interest

No conflicts of interest were declared.

6 Chairperson's Report

6.1 Chairperson's Report

Resolution 2024/31

Moved: Clr Peter Burt

Seconded: Clr Allan Booth

Attended various meetings since the last meeting including:

Council meetings, Citizenship Ceremonies, Audit and Risk Committee, Hall of Fame Ceremony, LGNZ Zoom for NZSIS Threats Report, Aorangi Stadium Trust meeting to finalise the Trust and hand over to the Council.

Carried

7 Confirmation of Minutes

7.1 Minutes of the Commercial and Strategy Committee Meeting held on 27 August 2024

Resolution 2024/32

Moved: Clr Sally Parker

Seconded: Clr Allan Booth

That the Minutes of the Commercial and Strategy Committee Meeting held on 27 August 2024 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

8 Reports

8.1 Actions Register Update

Group Manager Corporate and Communications spoke to the report and noted the following:

- i. The management plan for the reserve was handled as per the Infrastructure Committee Meeting
- ii. Road stopping and Closure costs was dealt with in the Infrastructure Committee and not clear why it is here – Suzie Ratahi (Land Transport Manager) is identifying those on a quarterly basis and reporting to the department of transport, and noted that they are moving to a risk based traffic management model.
- iii. Last item, there are looking to close of the Prime Port Grant Action, as it was discussed at the last Community Services Committee meeting on the 27th August

There was also discussion around the Road stopping action item, and it was agreed it related to Mitre10, and not as captured on the Actions Register.

Resolution 2024/33

Moved: Clr Michelle Pye

Seconded: Clr Scott Shannon

That the Commercial and Strategy Committee receives and notes the updates to the Actions Register.

Carried

9 Consideration of Urgent Business Items

No items of urgent business were received.

10 Consideration of Minor Nature Matters

No matters of a minor nature were raised.

11 Public Forum Items Requiring Consideration

There were no public forum items.

The Meeting closed at 2:53pm.

.....
Chairperson

8 Reports

8.1 Actions Register Update

Author: Steph Forde, Corporate and Strategic Planner

Authoriser:

Recommendation

That the Commercial and Strategy Committee receives and notes the updates to the Actions Register.

Purpose of Report

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

Attachments

1. **Commercial and Strategy Committee Actions Required**

Information Requested from Councillors (Commercial and Strategy Committee)

Information Requested	Management Plan for the Reserve (Rangitata Huts)		
Date Raised:	16 April 2024	Status:	In Progress
Issue Owner	Group Manager Property & Group Manager Infrastructure	Completed Date:	
<p>Background: The Councillors requested the Group Manager Property liaise with Group Manager Infrastructure and the Parks & Recreation Manager to create a plan moving forward with an end of May 2024 deadline. A Draft Management Plan is currently underway with the Parks and Recreation Manager. Infrastructure is currently managing the variation to the Draft Management Plan.</p> <p>Update September 2024: A letter has gone out of lessees explaining the issue and the process going ahead. A report is to be presented to the Infrastructure Committee seeking approval to notify the intent to review the management plan and seek feedback.</p> <p>November 2024 update: At the October meeting the Infrastructure Committee considered a report on the intention to undertake a review the Rangitata Management plan and the public notification of this in accordance with the Reserves Act. The Committee supported the review and notification but did not have the delegated authority to approve this. The resolution was to request Council to approve. The referral has not been presented to Council to date.</p>			

Information Requested	Prime Port Grant		
Date Raised:	30 July 2024	Status:	Complete
Issue Owner	Group Manager Corporate and Communications	Completed Date:	27/8/24
<p>Background: Consideration of minor nature item 10.01 - Cllr Stu Piddington requested clarification around a grant given to Prime Port for specialist equipment as part of the Scott Base development.</p> <p>Verbal update provided to C+S Committee 27 August 2024. Grant that was given has been spend on what it's been given to them for plus Prime Port added their own capital funding, for which the work has been completed for that site to enable the project to have proceeded.</p>			

Information Requested	Chrome Platers Building			
Date Raised:		Status:	Ongoing	
Issue Owner	Group Manager Property	Due Date:	19 November 2024	Completed Date:
Background: Transferred from Infrastructure Committee Actions Register as delegation sits with Commercial and Strategy Committee for matters relating to property.				

8.2 Timaru District Holdings Limited Accession to Local Government Funding Agency

Author: Steph Forde, Corporate and Strategic Planner

Authoriser: Stephen Doran, Group Manager Corporate and Communications

Recommendation

That the Commercial and Strategy Committee considers and decides whether to make a resolution for Council to co-sign:

1. TDHL's Accession Deed to the Multi-issuer Deed
2. TDHL's Accession Deed to the Notes Subscription Deed
3. Deed of Priority and Subordination
4. And that these three Deeds may be executed by two elected members on behalf of Council, subject to any minor amendments cleared by Council and TDHL's legal advisors.

Purpose of Report

- 1 To seek a resolution from the Commercial and Strategy Committee to enable Council to co-sign the three Deeds necessary for Timaru District Holdings Limited (TDHL) to join and borrow from the Local Government Funding Agency (LGFA), and authorise the two elected members to execute these deeds.

Assessment of Significance

- 2 This matter is low significance in terms of Council's Significance and Engagement Policy. Its direct impact on residents and communities is low and there is no change to the levels of service. It does not create a financial or rating burden.

Background

- 3 At the Council meeting of 13 February 2024, Council approved of TDHL "applying to borrow funds directly from the LGFA".
- 4 Since that time, TDHL has made application to LGFA, negotiated the financial covenants and has now finalised the relevant documentation.
- 5 As TDHL is a Council Controlled Trading Organisation (CCTO), Timaru District Council (TDC) as 100% owner is required to co-sign three deeds to acknowledge its support of TDHL joining and borrowing from LGFA. TDC is prohibited from providing CCTOs guarantees. LGFA has not asked for a guarantee or indemnity from TDC.
- 6 The Deeds do require TDC's uncalled shares in TDHL to match their borrowing from LGFA, which could then be called upon. To date these types of arrangements have not been treated as a prohibited guarantee. Reasons given being the absence of a promise to pay any creditor, and share subscriptions being an interparty matter without performance obligations.
- 7 The purpose of this report is to seek a resolution for Council to sign the documentation referred to below.

Discussion

- 8 As at 30 September 2024, TDHL held a total of \$28.88m in borrowings, being a \$7.2m commercial bank facility and a \$21.68m intercompany loan facility with TDC. Both facilities are at commercial floating rates.
- 9 The council's treasury management advisors, Bancorp, advise that TDHL's borrowings do not get included as part of Councils debt cap because LGFA tests debt compliance at the parent level rather than the group level. However, they note it is important to understand that credit rating agencies consider debt at a group level.
- 10 The initial purpose of TDHL joining LGFA is to refinance the commercial bank facility onto LGFA's more favourable rates which will create savings.
- 11 TDHL operates at arms-length from Council. As indicated in the 13 February 2024 paper, once TDHL has access to the LGFA finance, a review of loan source and structure will occur, and be reported back to Council. TDC will then need to consider if and how it wishes to respond to that review.
- 12 In order for TDHL to now complete the joining process, the following documents are required to be co-signed by TDC. Because these are Deed's they need to be authorised by elected members:
- 12.1 TDHL's Accession Deed to the Multi-issuer Deed. This document allows TDHL to join LGFA.
- 12.2 TDHL's Accession Deed to the Notes Subscription Deed. This document allows TDHL to borrow funds from LGFA.
- 12.3 Deed of Priority and Subordination. This document ranks security for issuers. Currently, TDC's security for the intercompany loan is ranked second to the commercial bank facility. This document will maintain TDC's second ranking to LGFA once the bank is paid out.

Options**13 Option 1**

Resolve to co-sign the relevant documentation.

This will allow TDHL to join and borrow from the LGFA

14 Option 2

Do not resolve to co-sign the documentation.

This will result in TDHL having to retain its existing borrowing arrangements

Consultation

- 15 Not applicable

Relevant Legislation, Council Policy and Plans

- 16 Local Government Act 2002

Financial and Funding Implications

- 17 There are no financial or funding implications to Council

Other Considerations

18 Not applicable

Attachments

1. **Accession Deed to Multi-Issuer Deed - Timaru District Holdings Limited - LGFA**
2. **Accession Deed to Notes Subscription Agreement - Timaru District Holdings Limited - LGFA**
3. **Deed of Priority - Accession of TDHL**



RMV draft 11 November 2024

Accession Deed to Multi- issuer Deed

PARTIES

Timaru District Holdings Limited

Acceding Party

New Zealand Local Government Funding Agency Limited

Subscriber

3466-2887-1214 v2

DEED dated 2024

PARTIES

Timaru District Holdings Limited
("Acceding Party")

New Zealand Local Government Funding Agency Limited
("Subscriber")

pursuant to the Multi-issuer Deed defined below.

INTRODUCTION

- A. The Subscriber has agreed that the Acceding Party may accede to the Multi-issuer Deed as an "Issuer".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

1.1 Interpretation: In this deed:

"Multi-issuer Deed" means the deed dated 7 December 2011 (as amended and restated on 6 July 2020) between the Subscriber and various Local Authorities entitled "Multi-issuer Deed".

1.2 Multi-issuer Deed: Terms defined in the Multi-issuer Deed have the same meaning in this deed unless the context requires otherwise.

1.3 Inconsistency: In the event of any inconsistency between the terms of this deed and those of the Multi-issuer Deed, the terms of this deed will prevail in respect of the Acceding Party.

2. ACCESSION

2.1 Accession: The Acceding Party hereby:

(a) agrees with the Subscriber that with effect on and from the date of this deed, it will be bound by the Multi-issuer Deed as an Issuer as if it had been an original party thereto and named therein as an Issuer, and agrees to be bound by the terms of, and perform its obligations under, the Multi-issuer Deed; and

(b) agrees that it will be bound by the special conditions (if any) set out in the annexure to this deed as if those were terms of the Multi-issuer Deed.

2.2 Acknowledgement: The Subscriber acknowledges and agrees to the accession made under this deed.



2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Multi-issuer Deed.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Multi-issuer Deed are:

Delivery Address: 117 Stafford Street, Timaru, 7910
 Attention: Frazer Munro, General Manager
 Email: frazer.munro@tdhl.co.nz
 Postal Address: PO Box 178, Timaru, 7940

4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

The obligations and liabilities of the Subscriber under this deed and the Multi-issuer Deed are not guaranteed by the Crown.

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

EXECUTED AS A DEED
Acceding Party
TIMARU DISTRICT HOLDINGS LIMITED by:

_____	_____
Signature of Director	Signature of Director
_____	_____
Name of Director	Name of Director



**Subscriber
NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED by:**

Signature of Director

Signature of Director

Name of Director

Name of Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "CCO Shareholder":

- (a) acknowledges the terms of this deed and the Multi-issuer Deed;
- (b) agrees to enter into any CCO Support Document to which it is expressed to be a party (as set out in the annexure to this deed); and
- (c) where it is identified in the annexure to this deed as a "LA Shareholder", agrees to the additional representations, undertakings and termination events specified to apply to it pursuant to the annexure to this deed.

**ACKNOWLEDGED BY:
TIMARU DISTRICT COUNCIL by:**

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member

ANNEX TO THE ACCESSION DEED: PART A

1. **CCO Shareholder:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Shareholder in respect of the Acceding Party is: the Council (LA Shareholder, 100.00%).
2. **CCO Credit Support:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Credit Support is: the CCO Security and the other guarantees and security interests documented in the CCO Support Documents specified below.
3. **CCO Support Documents:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Support Documents are: the General Security Deed (being a CCO Security) and, if entered into, the Guarantee.
4. **CCO Negative Pledge and Covenant:** For so long as any Series issued by the Acceding Party is outstanding:
 - (a) The Acceding Party shall not, and shall procure that no Guarantor will, create or permit to subsist any Security Interest over the whole or any part of its assets other than the following:
 - (i) any netting or set-off arrangement entered into by an Obligor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of an Obligor and any Subsidiary;
 - (ii) any payment or close-out netting or set-off arrangement pursuant to any transactional banking facilities or any hedging transaction entered into by an Obligor for the purpose of:
 - (aa) hedging any risk to which that Obligor is exposed in its ordinary course of trading; or
 - (bb) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only,excluding, in each case, any Security Interest, arrangement or transaction under a credit support arrangement in relation to a hedging transaction;
 - (iii) any lien arising by operation of law and in the ordinary course of trading so long as the debt it secures is paid when due or contested in good faith and appropriately provisioned;
 - (iv) any Security Interest, arrangement or transaction over or affecting any asset acquired by an Obligor after the date of this deed if:
 - (aa) it was not created in contemplation of the acquisition of that asset by that Obligor;

- (bb) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by that Obligor; and
- (cc) it is removed or discharged within three months of the date of acquisition of such asset;
- (v) any Security Interest, arrangement or transaction over or affecting any asset of any entity that becomes an Obligor after the date of this deed created prior to the date on which that that entity becomes a member of the Guaranteeing Group, if:
 - (aa) it was not created in contemplation of the acquisition of that entity;
 - (bb) the principal amount secured has not been increased in contemplation of or since the acquisition of that entity; and
 - (cc) it is removed or discharged within three months of that entity becoming an Obligor;
- (vi) any Security Interest, arrangement or transaction entered into under any CCO Support Document;
- (vii) any title retention arrangement entered into by an Obligor in the ordinary course of business on the supplier's usual terms of sale (or on terms more favourable to that Obligor) so long as the debt it secures is paid when due and within 90 days after supply;
- (viii) any other Security Interest with the Subscriber's prior written consent; or
- (ix) any Security Interest, arrangement or transaction securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness that has the benefit of security, or any such arrangement or transaction, other than any permitted under the paragraphs above) does not exceed \$5,000,000 at any time for all Obligors;
- (b) the Acceding Party shall ensure that the Total Liabilities of the Acceding Party do not exceed the aggregate of:
 - (i) the amount uncalled and unpaid in respect of shares in the Acceding Party owned legally and beneficially by the Council; and
 - (ii) the principal amount of all loans made by the Acceding Party to the Council that are expressed to be repayable within seven days of demand by the Acceding Party for their repayment; and
- (c) the Acceding Party shall immediately following each request from the Subscriber (such request only to be made following the occurrence of an Event of Default and while the Event of Default is continuing unremedied or unwaived):

- (i) call up and/or demand repayment of the whole or part (as specified by the Subscriber) of the amount uncalled and/or unpaid in respect of the shares referred to in clause 4(b)(i) of this annex; and/or
 - (ii) make demand on the Council for repayment of all or any loans made by the Acceding Party to the Council of the nature described in clause 4(b)(ii) of this annex.
5. **Financial covenants:** For the purposes of clause 7.5 of the Multi-issuer Deed, the Acceding Party shall procure that:
- (a) **Gearing:** Total Liabilities (on a consolidated basis) of the Acceding Party do not exceed 40% of Total Tangible Assets (on a consolidated basis) of the Acceding Party at any time; and
 - (b) **Minimum Shareholders' Funds:** at all times, Shareholders' Funds (on a consolidated basis) are not less than \$120 million.
 - (c) **Guarantor coverage:**
 - (i) the aggregate of the Total Tangible Assets of the Guaranteeing Group at all times represents not less than 90% of the aggregate Total Tangible Assets of the Consolidated Group;
 - (ii) the aggregate of the EBITDA of the Guaranteeing Group for the 12-month period ending on any date represents not less than 90% of the aggregate EBITDA of the Consolidated Group for the 12-month period ending on that date; and
 - (iii) each wholly-owned Subsidiary of the Acceding Party is a Guarantor.
6. **Insolvency Event:** means the occurrence of any of the following events in relation to an Obligor or any CCO Shareholder, without the prior written consent of the Subscriber:
- (a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;
 - (b) it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;
 - (c) a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;
 - (d) an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and (in the case of an application made to a court) such application is not withdrawn or dismissed within 10 Business Days;

- (e) any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;
 - (f) it:
 - (i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;
 - (ii) proposes or is subject to a moratorium of its debts; or
 - (iii) takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;
 - (g) it seeks or obtains protection from its creditors under any statute or any other law;
 - (h) any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$1,000,000 (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within 10 Business Days; or
 - (i) an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect.
7. **Permitted security interest (cl 6.1A(a)(xiv), (xv)):** Any Security Interest permitted under clause 4(a) (*CCO Negative Pledge and Covenant*) of this annex.
8. **Permitted disposal (cl 7.1A(a)(viii)):** The restrictions contemplated by clause 7.1A(a)(viii) of the Multi-issuer Deed do not apply to the Acceding Party.
9. **Permitted distribution (cl 7.1A(a)(xii)(aa)):** Subject to clauses 4(b) and 5(b) of this annex, the restriction contemplated by clause 7.1A(a)(xii)(aa) of the Multi-issuer Deed does not apply to the Acceding Party.
10. **Permitted financial accommodation (cl 7.1A(a)(xiii)):** For the purposes of clause 7.1A(a)(xiii) of the Multi-issuer Deed, provision of the following financial accommodation is permitted:
- (a) to or in respect of any Subsidiary of the Acceding Party; or

- (b) to or in respect of any other person, with the Subscriber's prior written consent.
11. **Permitted acquisition (cl 7.1A(a)(xv)):** The restrictions contemplated by clause 7.1A(a)(xv) of the Multi-issuer Deed do not apply to the Acceding Party.
12. **Permitted merger (cl 7.1A(a)(ix)):** None.
13. **Additional representations by the Acceding Party (cl 6.1A(a)(xviii)):**
- (a) **Guarantor representations:** the Acceding Party makes each representation in clause 6.1A(a) of the Multi-Issuer Deed [(other than the representation in clause 6.1A(a)(viii))] in relation to each Guarantor as if references to the Acceding Party included each Guarantor; and
- (b) **Supplemental Deed:** Any additional representation specified in any Supplemental Deed.
14. **Additional representations by each LA Shareholder (cl 6.1A(b)(viii)):** None.
15. **Additional undertakings by the Acceding Party (cl 7.1A(a)(xxi)):**
- (a) **More Favourable Provisions:** The Acceding Party shall not provide, and shall procure that no Guarantor provides, any More Favourable Provision under or in connection with any Debt Document unless the Acceding Party has given notice to the Subscriber setting out the details of the proposed More Favourable Provision and either this deed or an applicable CCO Support Document has been amended or supplemented so that the Subscriber has the benefit of the More Favourable Provision or the Subscriber has notified the Acceding Party in writing that it does not wish to receive the benefit of the More Favourable Provision.
- (b) **Financial reporting:** At the same time as it delivers the Financial Statements for each full year and half year in accordance with clause 7.3 of the Multi-issuer Deed, the Acceding Party shall also deliver to the Subscriber its unaudited unconsolidated financial statements for the same period. On the same date as it delivers its half-yearly Financial Statements in accordance with clause 7.3(b) of the Multi-issuer Deed, the Acceding Party shall also deliver to the Subscriber a completed Compliance Certificate signed by an Authorised Signatory of the Acceding Party in respect of the relevant Test Date (which shall include the requirements set out in clause 7.5(b) of the Multi-issuer Deed).
- (c) **Ranking:** The Acceding Party shall ensure that the payment obligations of each Obligor to the Subscriber rank at least pari passu with the claims of all other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

- (d) **Notification of significant acquisition:** The Acceding Party shall notify the Subscriber promptly after it (or any Subsidiary or Major Investment) acquires a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), or enters into an agreement to do so, where the consideration for the acquisition (including any associated costs and expenses and any indebtedness or other liabilities assumed or to be assumed in connection with the acquisition) ("**Acquisition Cost**") when aggregated with the Acquisition Cost for any other acquisitions completed in the same financial year exceeds 20% of the Acceding Party's Total Tangible Assets immediately before the acquisition is made. The notification shall include reasonable details of the key terms and purpose of the relevant acquisition.
- (e) **Notification of significant disposal:**
- (i) The Acceding Party shall notify the Subscriber promptly after it (or any Subsidiary or Major Investment) sells, leases, transfers or otherwise disposes of:
- (aa) any asset ("**Disposal**") (other than a Disposal described in paragraph (ii) below) where the higher of the market value or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other Disposal in the same financial year (other than a Disposal described in paragraph (ii) below)) exceeds 10% of the Acceding Party's Total Tangible Assets immediately before the Disposal occurs; or
- (bb) any of its shares in a Major Investment.
- (ii) Paragraph (i)(aa) above does not apply to any Disposal:
- (aa) made in the ordinary course of business of the disposing entity on arm's length commercial terms;
- (bb) of assets in exchange for other assets comparable or superior as to type, value and quality and for a similar purpose; or
- (cc) of worn out or obsolete assets.
- (f) **Notification of change in ownership:** The Acceding Party shall promptly notify the Subscriber of any change or potential change in its ownership, where that change would result in the equity securities carrying voting rights at a meeting of

the shareholders of the Acceding Party ceasing to be 100% held or controlled, directly or indirectly, by Local Authorities and the Crown.

- (g) **Guarantor undertakings:** the Acceding Party undertakes that each Guarantor will comply with each undertaking in clause 7.1A(a) of the Multi-Issuer Deed, (except for the clauses that do not apply to the Acceding Party pursuant to clauses 8 to 12 of this Annex and clauses 7.1A(a)(ii) and (iii) of the Multi-Issuer Deed), as if references to the Acceding Party included each Guarantor.
- (h) **Supplemental Deed:** The Acceding Party shall ensure that it complies with any undertakings set out in any Supplemental Deed.
16. **Additional undertakings by each LA Shareholder (cl 7.1A(b)(ix)(aa)):**
- (a) **Calls:** The Council undertakes to pay promptly any amount called or demanded by the Acceding Party in accordance with clause 4(c) of this annex.
17. **Additional termination event in respect of the Acceding Party (cl 7.8(d)):**
- (a) **Change in ownership:** The equity securities carrying voting rights at a meeting of the shareholders of the Acceding Party cease to be 100% held or controlled, directly or indirectly, by Local Authorities and the Crown.
- (b) **Supplemental Deed:** Any additional termination event specified in any Supplemental Deed.
18. **Additional termination event in respect of each LA Shareholder (cl 7.8(d)):** None.
19. **Additional Events of Default in respect of the Acceding Party:**
- (a) **Cross default:**
- (i) any indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
- (ii) any indebtedness of an Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);
- (iii) any creditor of an Obligor becomes entitled to declare any indebtedness of the Acceding Party due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described),

provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$1,000,000 (or its equivalent in any other currency or currencies).

- (b) **Unpaid shares:** the liability of the Council for any amount uncalled and/or unpaid on any shares held by the Council in the Acceding Party is cancelled or reduced (except to the extent that clause 4(b) of this annex remains complied with), or it is or becomes unlawful for the Acceding Party to call up any such amount.
 - (c) **Guarantors:** any event or matter specified in clause 10.1A(a), 10.1A(b), 10.1A(c), 10.1A(e), 10.1A(h) or 10.1A(i) of the Conditions occurs in respect of a Guarantor (as if reference to the Issuer in the relevant clause included the Guarantors).
 - (d) **Supplemental Deed:** any other Event of Default specified in any Supplemental Deed.
20. **Test Date:** For the purposes of the Multi-issuer Deed, the Test Dates for the Acceding Party are: 30 June and 31 December of each year.
21. **Exceptions:** For the purposes of the Multi-issuer Deed, the following amendments are made to clauses 6.1A, 7.1A, 7.8 and 7.9: None.

PART B: DEFINITIONS

"**Additional Guarantor**" has the meaning given to it in the Guarantee;

"**Council**" means the Timaru District Council;

"**Consolidated Group**" means, any time, the Acceding Party and its Subsidiaries at that time;

"**Debt Document**" means any document under which any Obligor incurs, or may incur, indebtedness for borrowed money including in respect of any loan, bond, note or other debt issuance or financial accommodation;

"**EBIT**" means, for any period and in relation to a Group, the consolidated net profit of that Group, before funding costs, income tax and extraordinary items of that Group for the relevant period and excludes any realised or unrealised gains or losses on non-operating activities or revaluations or arising from a change in the fair value of any foreign exchange agreement, currency and interest rate future or option contract or other similar agreement that would be disclosed by financial statements if they were prepared for that Group as at that date;

"**EBITDA**" means, for any period and in relation to a Group, the EBIT of that Group for that period before depreciation and amortisation for the relevant period;

"**Initial Guarantor**" has the meaning given to it in the Guarantee;

"**General Security Deed**" means the general security deed dated on or about the date of this deed between the Obligors and the Subscriber and includes any supplemental deed or accession deed entered into under it;

"**Group**" means, the Consolidated Group, or the Guaranteeing Group, as the context requires;

"**Guarantee**" means a guarantee in the form agreed on or about the date of this deed between the Guarantors and the Subscriber and includes any supplemental deed or accession deed entered into under it;

"**Guaranteeing Group**" means, at any time, the Acceding Party and the other Guarantors at that time (and **Guaranteeing Group Member** means any of them);

"**Guarantor**" means:

- (a) each Initial Guarantor; and
- (b) each Additional Guarantor;

"**Obligor**" means the Acceding Party and each Guarantor;

"**Major Investments**" means:

- (a) Alpine Energy Limited (Company Number: 463945); and
- (b) Primeport Timaru Limited (Company Number: 388909),

in each case, for so long as the Acceding Party owns any share in the relevant entity, directly or indirectly.

"More Favourable Provision" means any representation or warranty, undertaking (including financial undertaking), guarantee, Security Interest, mandatory prepayment event, event of default or event of review (however described) (in each case, excluding any provision relating to pricing, payment mechanics or amount, tenor, operation or administration of any Debt Document) which is not contained in the Multi-issuer Deed, this deed or any CCO Credit Support or is more favourable to the relevant financier (or more onerous or restrictive for the Acceding Party or a Subsidiary) than an equivalent provision in the Multi-issuer Deed, this deed or any CCO Credit Support;

"NZ GAAP" means generally accepted accounting practice in New Zealand, as defined in section 8 of the Financial Reporting Act 2013;

"Security Interest" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect, including any "security interest" as defined in section 17(1)(a) of the Personal Property Securities Act 1999;

"Shareholders' Funds" means, at any time, Total Tangible Assets of the Acceding Party at that time less Total Liabilities of the Acceding Party at that time;

"Subsidiary" means, in relation to the Acceding Party:

- (a) a subsidiary, within the meaning of section 5 of the Companies Act, of the Acceding Party; or
- (b) any other person whose financial statements are required to be consolidated with the financial statements of the Acceding Party in accordance with NZ GAAP;

"Supplemental Deed" means a deed supplemental to this deed entered into between the Subscriber, the Acceding Party and each CCO Shareholder;

"Total Liabilities" means, on any date, the aggregate of all liabilities of the Acceding Party (on an unconsolidated basis, unless specified otherwise) which, according to NZ GAAP, should be regarded as liabilities, on that date (but excluding any liabilities of the Acceding Party that are subordinated to the Acceding Party's liabilities to the Subscriber on terms acceptable to the Subscriber); and

"Total Tangible Assets" means, on any date, the total assets of the Acceding Party (on an unconsolidated basis, unless specified otherwise) on that date, except for those assets which, according to NZ GAAP, would be classified as intangible assets.



RMV draft 11 November 2024

Accession Deed to Notes Subscription Agreement

PARTIES

Timaru District Holdings Limited

Acceding Party

New Zealand Local Government Funding Agency Limited

Issuer

3455-0964-0989

DEED dated 2024

PARTIES

Timaru District Holdings Limited
("Acceding Party")

New Zealand Local Government Funding Agency Limited
("Issuer")

pursuant to the Notes Subscription Agreement defined below.

INTRODUCTION

- A. The Issuer has agreed that the Acceding Party may accede to the Notes Subscription Agreement as a "Subscriber".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

1.1 Interpretation: In this deed:

"Notes Subscription Agreement" means the notes subscription agreement dated 7 December 2011 (as amended from time to time) between the Issuer and various Local Authorities.

- 1.2 **Notes Subscription Agreement:** Terms defined in the Notes Subscription Agreement have the same meaning in this deed unless the context requires otherwise.

2. ACCESSION

- 2.1 **Accession:** The Acceding Party hereby agrees with the Issuer that with effect on and from the date this deed is counter-signed by the Issuer, it will be bound by the Notes Subscription Agreement as a Subscriber as if it had been an original party thereto and named therein as a Subscriber, and agrees to be bound by the terms of, and perform its obligations under, the Notes Subscription Agreement.
- 2.2 **Acknowledgement:** The Issuer acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Notes Subscription Agreement.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are:

Delivery Address: 117 Stafford Street, Timaru, 7910

Attention: Frazer Munro

Email: frazer.munro@tdhl.co.nz

Postal Address: PO Box 178, Timaru, 7940

4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

The obligations and liabilities of the Issuer under this deed and the Notes Subscription Agreement are not guaranteed by the Crown.

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.



EXECUTED AS A DEED

Acceding Party

TIMARU DISTRICT HOLDINGS LIMITED by:

Signature of Director

Signature of Director

Name of Director

Name of Director

Issuer

NEW ZEALAND LOCAL GOVERNMENT

FUNDING AGENCY LIMITED by:

Signature of Director

Signature of Director

Name of Director

Name of Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "LA Shareholder":

- (a) acknowledges the terms of this deed and the Notes Subscription Agreement; and
- (b) agrees to the automatic and immediate transfer to it of any Borrower Notes held by the Acceding Party in the manner contemplated by clause 8 of the Notes Subscription Agreement.

ACKNOWLEDGED BY:

TIMARU DISTRICT COUNCIL by:

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member



ANNEX TO THE ACCESSION DEED

1. **LA Shareholder:** As at the date of this deed, for the purposes of the Notes Subscription Agreement, the LA Shareholder in respect of the Acceding Party is: Timaru District Council.

DRAFT



RMV draft 12 November 2024

Priority Deed

PARTIES

Timaru District Holdings Limited

Borrower

New Zealand Local Government Funding Agency Limited

Senior Lender

Timaru District Council

Junior Lender

3475-0097-5406 v3

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DEED dated2024

PARTIES

Timaru District Holdings Limited
("Borrower")

New Zealand Local Government Funding Agency Limited
("Senior Lender")

Timaru District Council
("Junior Lender")

INTRODUCTION

- A. The Senior Lender, at the request of the Borrower, has made or will make financial accommodation available to the Borrower pursuant to the Transaction Documents.
- B. The Borrower has incurred or will incur indebtedness to the Junior Lender.
- C. The Borrower and the Junior Lender have agreed that, in consideration of the provision or continuation of financial accommodation to the Borrower by the Senior Lender, they will enter into, and comply with, the provisions of this deed.

AGREEMENT

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions in Multi-issuer Deed:** Words and expressions defined in the Multi-issuer Deed and used in this deed have the meanings given to them in the Multi-issuer Deed.

1.2 **Definitions:** In this deed:

"Collateral" means the property subject to any Security.

"Debt" means any Senior Debt or Junior Debt.

"Junior Debt" means all present and future indebtedness (actual or contingent and including future advances) of the Borrower to the Junior Lender, whether or not liquidated.

"Junior Security" means the debenture dated 19 January 1998 between the Borrower and the Junior Lender (as amended on or about the date of this deed) or, as the context requires, the security interests created or expressed to be created under it.

"Lenders" means:

- (a) the Senior Lender; and

(b) the Junior Lender,

and "**Lender**" means any of them.

"**Multi-issuer Deed**" means the deed dated 7 December 2011 (as amended and restated on 6 July 2020) between the Senior Lender and various local authorities (including the Junior Lender) entitled "Multi-issuer Deed" and includes the Accession Deed in respect of the Borrower.

"**Security**" means the Senior Security and/or the Junior Security (as the context requires).

"**Senior Debt**" means all present and future indebtedness (actual or contingent) of the Borrower to the Senior Lender under or in connection with any of the Transaction Documents, whether or not matured and whether or not liquidated.

"**Senior Discharge Date**" means the date on which the Senior Lender executes a deed of release in relation to all security interests granted under the Senior Security, in accordance with clause 25.1 of the Senior Security.

"**Senior Security**" means the general security deed dated on or about this deed between the Borrower and the Senior Lender or, as the context requires, the security interests created or expressed to be created under it.

1.3 **References:** Except to the extent that the context otherwise requires:

the "**dissolution**" of a person includes the liquidation or bankruptcy of that person, or (where the person is a company) its removal from the register, and any equivalent or analogous procedure under the laws of any relevant jurisdiction.

"**guarantee**" includes any guarantee, indemnity, letter of credit, legally binding letter of comfort, suretyship or other assurance against loss.

"**indebtedness**" includes any obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

a "**law**" includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, by-law, statute, treaty or other legislative measure.

a "**person**" includes an individual, firm, company, corporation, unincorporated body of persons, organisation or trust, and any government, government agency (in each case whether or not having separate legal personality).

"**security interest**" includes (a) any present or future mortgage, charge, encumbrance, lien, pledge, finance lease, sale and lease-back, sale and repurchase, flawed asset arrangement, title retention arrangement, charge or similar interest imposed by statute, or other arrangement of any nature having similar economic effect to a security; and (b) any present or future interest in personal property that is a security interest for the purpose of the Personal Property Securities Act 1999.

"**written**" and "**in writing**" include all means of reproducing words in a tangible and permanently visible form.

1.4 Miscellaneous:

- (a) Headings are inserted for convenience only and do not affect the interpretation of this deed.
- (b) References to a person include that person's successors, permitted assigns, executors and administrators (as applicable).
- (c) Unless the context otherwise requires the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (d) A reference to any legislation includes any statutory regulations, rules, orders or instruments made or issued pursuant to that legislation and any amendment to, re-enactment of, or replacement of, that legislation.
- (e) A reference to any document includes reference to that document as amended, restated, modified, novated, supplemented, varied or replaced from time to time.
- (f) Unless the context otherwise requires, a reference to a clause is to a clause of this deed.
- (g) Except where inconsistent with the context, the expression "at any time" also means from time to time.

2. PRIORITY AND SUBORDINATION OF SECURITY

- 2.1 **PPSA:** The Junior Security is subordinated to the Senior Security for the purposes of section 70 of the Personal Property Securities Act 1999.
- 2.2 **Financing change statement:** If required by the Senior Lender, the Junior Lender will promptly register a financing change statement or statements in relation to the above subordination (including without limitation to effect a subordination of the Junior Lender's financing statement registered on the Personal Property Securities Register).
- 2.3 **Priority:**
 - (a) The Senior Security, and all moneys from time to time secured under it, have priority over the Junior Security until the occurrence of the Senior Discharge Date.
 - (b) The Senior Lender has priority over the Junior Lender in respect of all Collateral, and may take possession of and sell any of the Collateral in circumstances contemplated by the Senior Security.
- 2.4 **Mortgage:** Unless the Senior Lender provides its prior written consent, the Junior Lender shall not register any mortgage memorandum or other interest with Land Information New Zealand in relation to any interests in land held by the Borrower.
- 2.5 **Nature of priorities:** Notwithstanding:
 - (a) the respective dates of execution or perfection or receipt of notice of any Security;
or

- (b) any amounts that may, from time to time, be paid to the credit of an account of the Borrower with a Lender; or
- (c) any other matter or any rule of law (including but not limited to the rule in *Hopkinson v Rolt* and the rule in *Clayton's Case*),

as between the Lenders, the proceeds of realisation of the Security are to be applied in the manner and according to the priorities set out in this deed.

2.6 **Enforcement by Senior Lender:** If the Senior Lender enforces any security interest created by or pursuant to the Senior Security, then:

- (a) the Junior Lender will not be entitled to take or have possession of any Collateral or maintain a receiver in possession in respect of such property (except with the prior written consent of the Senior Lender); and
- (b) the Senior Lender will control the entire conduct of any sale of any Collateral subject to the security interests created by or pursuant to the Senior Security.

2.7 **Release of security:** If, following any enforcement action pursuant to the Senior Security, the Senior Lender sells any Collateral over which the Junior Lender has security for the Junior Debt, or if the Borrower sells such property at the request of the Senior Lender after such enforcement, the Junior Lender will on such sale release its security over that property. If the Junior Lender fails to release such security, the Senior Lender and its officers and employees are hereby irrevocably authorised to do anything the Senior Lender considers necessary or expedient to release such security.

2.8 **Waivers:** The Junior Lender waives:

- (a) any existing or future right it may have to marshalling in respect of any security interest at any time held by the Senior Lender or by a trustee or agent on its behalf; and
- (b) any right it may have of requiring that insurance proceeds be applied in reinstatement of any property subject to a security interest under the Senior Security or towards repayment of the Junior Debt.

2.9 **Enforcement:** The Senior Lender may refrain from enforcing any security interest created by or pursuant to the Senior Security as long as the Senior Lender sees fit.

2.10 **Order of payments:**

- (a) **Enforcement:** All amounts received, realised or recovered by a Lender under a Security upon enforcement of any security interest are to be applied:
 - (i) first, in or towards payment to the Senior Lender of the Senior Debt until all the Senior Debt is paid and discharged in full;
 - (ii) second, to the Junior Lender until all of the Junior Debt is paid and discharged in full; and
 - (iii) third, the surplus (if any) shall be paid to the Borrower.
- (b) **Preferential payments:** The application of the proceeds of enforcement under this clause 2.10 shall be subject to the payment of any preferential payments (if any) required by law.

3. UNDERTAKINGS OF BORROWER

- 3.1 **Restrictions in relation to the Junior Security:** The Borrower undertakes to the Senior Lender that, prior to the Senior Discharge Date, it will not:
- (a) create or permit to subsist any security interest over any of its assets for any of the Junior Debt, other than the Junior Security; or
 - (b) make, or agree to make, any amendment to any of the terms of the Junior Security without the prior written consent of the Senior Lender.
- 3.2 **Unconditional nature of restrictions:** Clause 3.1 shall apply notwithstanding that any amounts owing to the Junior Lender have become due and payable because of the making of demand for payment of any Junior Debt, or because of the maturing of any Junior Debt, or because of the occurrence of a default under any agreement or arrangement pertaining to such Junior Debt, or for any other reason whatever.

4. JUNIOR DEBT AND JUNIOR SECURITY

- 4.1 **Undertakings of Junior Lender:** The Junior Lender undertakes to the Senior Lender that, prior to the Senior Discharge Date, it will not:
- (a) sell, transfer, assign, novate or otherwise dispose of the Junior Debt;
 - (b) permit to subsist or receive:
 - (i) any security interest over any assets of the Borrower or any other person, other than the Junior Security; or
 - (ii) the benefit of any guarantee, indemnity or other assurance against loss from any person in respect of the Junior Debt;
 - (c) exercise any right available to it by way of enforcement (by attachment, execution or otherwise) or realisation of a security interest under the Junior Security (including, without limitation, the service of a notice under section 119 of the Property Law Act 2007 or the appointment of a receiver);
 - (d) enforce any documents or agreements relating to the Junior Debt or the Junior Security by attachment, execution or otherwise against the assets of the Borrower; or
 - (e) make, or agree to make, any amendment to any of the terms of the Junior Security without the prior written consent of the Senior Lender.
- 4.2 **Consent to Senior Security:** The Junior Lender consents to the Senior Security (including for the purposes of clauses 5.1(k), 6.1(k), 6.2 and 7 of the Senior Security).
- 4.3 **Disapplication of Junior Security provisions:** The Junior Lender acknowledges and declares, for the benefit of the Senior Lender and the Borrower, that until the Senior Discharge Date:
- (a) the Senior Security will be first-ranking and the Junior Security will be second-ranking, notwithstanding any provision in the Junior Security;

- (b) the Junior Lender will not have any rights to give directions under clause 4.3 of the Junior Security; and
- (c) clause 4.6 of the Junior Security does not apply and the Junior Lender has no rights under that clause.

5. TURNOVER

- 5.1 **Turnover:** Any payment, amount, property or distribution in cash or in kind of, or on account of the Junior Security (or any other arrangement prohibited by clause 4.1(b)) received or recovered by the Junior Lender at any time in breach of this deed shall be promptly paid (less any costs and expenses (if any) reasonably incurred by it in recovering the amount) to the Senior Lender for application in accordance with clause 2 and until paid shall be held in trust by the Junior Lender for the benefit of the Senior Lender.

6. AMENDMENTS AND WAIVERS

- 6.1 **Amendment of this deed:** No term of this deed (nor the ranking or subordination achieved or intended to be achieved under this deed) may be amended, varied or waived except by the written agreement of the Senior Lender and the Junior Lender and, if the amendment, variation or waiver affects any of the obligations of the Borrower under this deed, the Borrower also.

7. ASSIGNMENT

- 7.1 **Deed binding:** This deed is binding on, and is for the benefit of, the parties and their respective successors, permitted assigns and transferees.
- 7.2 **Borrower:** The Borrower may not assign or transfer any of its rights or obligations under this deed without the prior written consent of the Senior Lender.
- 7.3 **Junior Lender:** The Junior Lender may not assign or transfer any of its rights or obligations under this deed, or the Junior Security without the prior written consent of the Senior Lender.
- 7.4 **Assignment or transfer by Senior Lender:** The Senior Lender may at any time assign or transfer all or part of its rights under this deed.

8. EVIDENCE OF DEBT

- 8.1 **Lenders to maintain accounts:** Each Lender shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time owing to that Lender in connection with the Debt.
- 8.2 **Accounts prima facie evidence:** In any legal action or proceedings arising out of or in connection with this deed, the entries made in the accounts maintained pursuant to clause 8.1 shall be prima facie evidence of the existence and amounts of the obligations of the Borrower to the Lenders in connection with the Debt.
- 8.3 **Details of Junior Debt:** The Junior Lender shall, if requested to do so by the Senior Lender, within a reasonable time provide a certificate setting out the Junior Debt owing to the Junior

Lender at the date of the certificate. The certificate must, if the Senior Lender requests, contain details of the calculation of the Junior Debt.

- 8.4 **Certificate of Lender:** A certificate of any officer of a Lender as to any amount or fact which might reasonably be expected to be within the knowledge of the Lender shall be prima facie evidence of such amount or fact.

9. NOTICES

- 9.1 **Notices:** Each notice or other communication to be given or made by a party under this deed shall:

- (a) be given or made in writing by email or letter and be signed (either electronically or by hand) by the sender or an authorised officer of the sender;
- (b) be given or made to the recipient at the email address or physical address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other party for the purposes of this deed, and if sent in electronic form (such as email), ensure the subject matter line specifies the Borrower's name, this document and brief description of the subject matter of the communication;
- (c) not be effective until received by the recipient, and any such notice or communication will be deemed to be received by that party:
 - (i) (if given or made by letter) when left at the address of the recipient or five Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by email) upon production of a physical copy of the email detailing the time and the date the email was sent,

provided that any notice or communication received, or deemed received, after 5 pm on a working day in the place to which it is sent, or on a day which is not a Business Day in that place, will be deemed not to have been received until the next Business Day in that place.

- 9.2 **Initial address and numbers:** The initial physical address, email address and contact person (if any) designated by each party, are set out under the name of that party at the end of this deed.

10. COSTS AND EXPENSES

- 10.1 **Costs:** The Borrower shall pay to the Senior Lender upon demand all of the Senior Lender's costs, losses, expenses and liabilities on a full indemnity basis (including legal expenses on a full indemnity basis and goods and services and similar taxes thereon) incurred or sustained by the Senior Lender in connection with:

- (a) the negotiation, preparation, signing, administration and release of this deed;
- (b) the exercise, enforcement or preservation, or attempted exercise, enforcement or preservation, of any right under this deed; and

- (c) the granting of any waiver or consent under, or the giving of any variation or release of, this deed.

10.2 **Stamp duty and taxes:** The Borrower shall pay all stamp, documentary, transaction, registration and other like duties and taxes (including fines, interest and penalties), if any, which may be payable or determined to be payable in connection with the signing, delivery, registration, performance, exercise of any right under, or enforcement or variation of, this deed, and shall indemnify the Senior Lender against all liabilities with respect to, or resulting from, any delay or omission to pay any such duties or taxes.

10.3 **GST exclusive:** If any supply by the Senior Lender to the Borrower shall, at the time of supply, be subject to goods and services tax, the Borrower shall pay to the Senior Lender an amount equal to the applicable goods and services tax in addition to the consideration for that supply.

11. GENERAL

11.1 **Partial invalidity:** If at any time any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, that illegality, invalidity or unenforceability shall not affect the enforceability of the provisions, or (as the case may be) the remaining provisions, of this deed, nor shall the legality, validity or enforceability of any of those provisions under the law of any other jurisdiction be in any way affected or impaired thereby.

11.2 **No implied waivers:** Time shall be of the essence in respect of performance by the Borrower and Junior Lender of their obligations under this deed but no failure on the part of the Senior Lender to exercise, and no delay on its part in exercising, any right, power or remedy under this deed shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

11.3 **Remedies:** The rights, powers and remedies provided in this deed are in addition to, and not exclusive of, any rights, powers or remedies provided by law.

11.4 **Consents:** The Senior Lender may, unless specifically provided otherwise in this deed, give or withhold any approval or consent in its absolute discretion, and either conditionally or unconditionally.

11.5 **Conflicts:** This deed overrides anything to the contrary in the documents or agreements relating to the Junior Debt or the Junior Security.

11.6 **Moratorium legislation:** To the fullest extent permitted by law, all legislation which at any time directly or indirectly:

- (a) lessens, varies or affects in favour of the Borrower or Junior Lender any obligation under this deed; or
- (b) delays, prevents or prejudicially affects the exercise by the Senior Lender of any right, power or remedy conferred by this deed,

is excluded from this deed.

12. DELIVERY

- 12.1 **Delivery:** For the purposes of section 9 of the Property Law Act 2007, and without limiting any other mode of delivery, this deed will be delivered by the Borrower or Junior Lender immediately on the earlier of:
- (a) physical delivery of an original of this deed, executed by that party, into the custody of the Senior Lender or its solicitors; or
 - (b) transmission by that party or its solicitors of a facsimile, photocopied or scanned copy of an original of this deed, executed by that party, to the Senior Lender or its solicitors.

13. COUNTERPARTS

- 13.1 This deed may be signed in any number of counterparts, all of which will together constitute one and the same instrument. The parties may execute this deed by signing any such counterpart.

14. GOVERNING LAW AND JURISDICTION

- 14.1 This deed shall be governed by, and construed in accordance with, the laws of New Zealand.



EXECUTED AS A DEED

Borrower

**TIMARU DISTRICT HOLDINGS LIMITED
(Company Number: 881487)**

By:

Name of Director

Signature of Director

In the presence of:

Signature of witness

Name of witness

Occupation

City/town of residence

Address: 117 Stafford Street, Timaru, 7910

Email: frazer.munro@tdhl.co.nz

Attention: Frazer Munro



Senior Lender
For and on behalf of
**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED**
(Company Number: 3677052)
by:

Signature of Director

Signature of Director

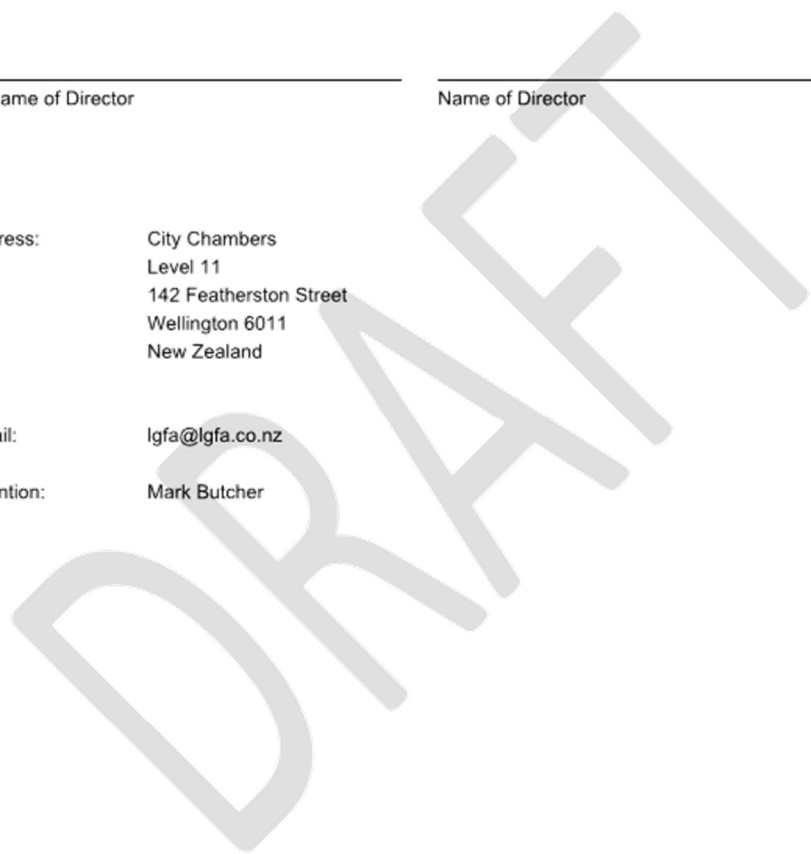
Name of Director

Name of Director

Address: City Chambers
Level 11
142 Featherston Street
Wellington 6011
New Zealand

Email: lgfa@lgfa.co.nz

Attention: Mark Butcher





Junior Lender

TIMARU DISTRICT COUNCIL by:

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member

Address: []

Email: []

Attention: []

DRAFT

8.3 Environment Canterbury Rates Charges Briefing

Author: Andrea Rankin, Chief Financial Officer

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Commercial and Strategy Committee receives and notes the update on the Environment Canterbury Rates Charges Briefing.

Purpose of Report

- 1 The purpose of this report is to provide the Commercial and Strategy Committee with an update on the progress of resolving the Environment Canterbury Rates Charges Issue.

Assessment of Significance

- 2 Although this matter is of high public interest, this matter is assessed to be of low significance under the Council's Significance and Engagement Policy. The purpose of this report is to provide an update on the Environment Canterbury Rates Charges issue and no decisions are being sought.

Discussion

- 3 As previously informed, there was an issue with the Environment Canterbury (ECAN) portion of the rates invoice. Calculation of their levies was based on 2020 QV values; this caused an overcharge when the levy was applied to the 2023 QV values.
- 4 We have been working with Civica our Authority support team, who have reversed the rates strike and restructured these with the updated levies.
- 5 We are in the process of reissuing new amended instalment one invoices and preparing instalment two invoices. Of which both will be sent together prior to instalment two due date of 20 December 2024.
- 6 Instalment one invoice will show the credit amount of this overcharge.
- 7 Refunds are being prepared for the properties that have been sold and purchased in the period. This will be returned to the solicitors involved in the settlements.
- 8 The intention is to then calculate refunds for large properties and/or ratepayers with multiple properties that have paid their rates in full for the year.
- 9 Other refunds may be processed at the request of the ratepayer on a case by case basis.

Attachments

Nil

8.4 Financial Report October 2024

Author: Diana Somerville, Senior Finance Business Partner

Authoriser: Andrea Rankin, Chief Financial Officer

Recommendation

That the summary financial results to 31 October 2024 be received and noted.

Purpose of Report

- 1 The purpose of this report is to outline progress on implementing year three of the 2024-34 Long Term Plan (LTP) and report on the financial results for the period ended 31 October 2024.

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 the Commercial and Strategy Committee on Council's financial performance during the current financial year.

Discussion

- 3 The following is a summary of the financial performance for the year ended 31 October 2024 – refer to Attachment 1 for financial tables.

	Actuals to 31 October 2024 (\$000)	Budget to 31 October 2024 (\$000)	Actuals to 31 October 2023 (\$000)	Full year Budget (\$000)
Total Revenue	41,986	43,582	40,685	147,167
Total Expenses	42,122	45,341	39,805	146,168
Operating Surplus/(Deficit)	(226)	(1,759)	880	999
Capital Expenditure	10,512	31,290	17,627	93,871

Operating Revenue	Actual YTD	Budget YTD	Variance
Rates revenue	28,222	28,225	(3)
Subsidies and grants	2,599	4,979	(2,380) No actuals YTD: Parks (\$206k), Property Management (\$100k) & Roading received (\$2,050k) lower than budget
Fees & charges	7,640	7,067	573 Dog Registrations \$173k fees higher than budgeted. Rent received \$141k above budget. Building Control Consent fees (\$156k) under budget. Sewer trade waste fees \$75k and Waste fees were \$159 above budget.
Other revenue	1,884	2,179	(295) The following revenue received was above budget: Petrol Tax - \$101k, CBay - \$100k and Forestry - \$212, due to better market conditions than expected. Below budget: D&W - (\$407K) and Downlands (\$265k).
Finance revenue	1,162	1,111	51
Dividend revenue	-	-	-
Other gains	-	21	(21)
Development and financial contributions	389	-	389 Water unbudgeted local contributions received.
Total Operating Revenue	41,896	43,582	(1,686)
Operating Expenditure			
Personnel costs	10,249	10,088	(161) Efficiency Factor (\$267) no actuals YTD
Depreciation expense	12,940	12,940	-
Finance costs	3,386	4,832	1,446 Favourable variance due to lower interest rates than budgeted
Other expenses	15,547	17,481	1,934 Mainly due to costs below the budget in Economic Development \$224k, IT \$200k, Subsidised Roading \$607k, Road/Street Landsape \$200k (no actuals YTD), Waste Side Maintenance - \$565, Civil Defence \$100k Emergency Costs (no actuals). Above budget areas - Waste Recycling Costs (\$193k) & Finance (\$105k)
Total Operating Expenditure	42,122	45,341	3,219
Operating Surplus/(Deficit)	(226)	(1,759)	(1,533)

3.1 Activity Commentary to be provided before the meeting.

- 4 Total borrowings as at 31 October 2024 were \$235M. The net debt position at the same date is \$196M. Net debt is total borrowings less cash reserves held by Council.

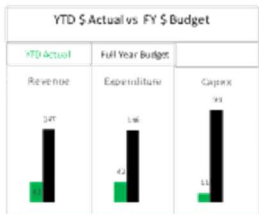
Debt to revenue ratio as at 31 October 2024 is 133%. Council's debt to revenue ratio limit is 250% as set out in its Financial Strategy. This is comfortably within Councils ceiling limit.

Net Debt	196,190
Budgeted Revenue	147,694
Debt to revenue ratio	133%

Attachments

- 1. Council Financial Performance Variance Analysis as at 31 October 2024**
- 2. CAPEX Actuals vs Budget Report October 2024**

Council Financial Performance & Variance Analysis Summary as at 31st October 2024



Council Performance

as at 31 Oct 2024

Year to Date		
Actual	Budget	Variance
\$000's	\$000's	\$000's

October 2024	Variance
\$000's	\$000's

YTD 2024	Full year	YTD Actual % of FY Budget
Actual	Budget	
\$000's	\$000's	

	Actual YTD	Budget YTD	Variance		YTD 2024 Actual	Full year Budget	YTD Actual % of FY Budget
Operating Revenue							
Rates revenue	28,222	28,225	(3)		24,371	83,999	34%
Subsidies and grants	2,599	4,979	(2,380)	No actuals YTD: Parks (\$206k), Property Management (\$100k) & Roading received (\$2,050k) lower than budget	6,809	25,907	10%
Fees & charges	7,640	7,067	573	Dog Registrations \$173k fees higher than budgeted. Rent received \$141k above budget. Building Control Consent fees (\$156k) under budget. Sewer trade waste fees \$75k and Waste fees were \$159 above budget.	6,399	20,492	0%
Other revenue	1,884	2,179	(295)	The following revenue received was above budget: Petrol Tax - \$101k, CBay - \$100k and Forestry - \$212, due to better market conditions than expected. Below budget: D&W - (\$407k) and Downlands (\$265k).	1,463	11,718	16%
Finance revenue	1,162	1,111	51		1,435	3,902	30%
Dividend revenue	-	-	-		-	1,115	0%
Other gains	-	21	(21)		-	34	0%
Development and financial contributions	389	-	389	Water unbudgeted local contributions received.	208	-	0%
Total Operating Revenue	41,896	43,582	(1,686)		40,685	147,167	28%
Operating Expenditure							
Personnel costs	10,249	10,088	(161)	Efficiency Factor (\$267) no actuals YTD	8,728	33,132	31%
Depreciation expense	12,940	12,940	-		10,929	38,821	33%
Finance costs	3,386	4,832	1,446	Favourable variance due to lower interest rates than budgeted	3,408	14,298	32%
Other expenses	15,547	17,481	1,934	Mainly due to costs below the budget in Economic Development \$224k, IT \$200k, Subsidised Roading \$607k, Road/Street Landscape \$200k (no actuals YTD), Waste Side Maintenance - \$565, Civil Defence \$100k Emergency Costs (no actuals). Above budget areas - Waste Recycling Costs (\$193k) & Finance (\$105k)	16,740	59,917	28%
Total Operating Expenditure	42,122	45,341	3,219		39,805	146,168	29%
Operating Surplus/(Deficit)	(226)	(1,759)	(1,533)		880	999	-23%
Capital Expenditure							
Community Support	341	310	(31)		130	930	37%
Corporate Support	1,492	1,078	(414)	Above budget: IT (\$279k) & Vehicle Management (\$170k) Below budget: Aorangi Stadium \$2,773k, Museum \$98k, Parks \$872k & Theater \$8,646k. Above Budget: Art Gallery (\$356k) and Motor Camp (\$216k)	1,523	3,233	46%
Recreation and Leisure	1,878	14,537	12,659	Below budget: Road Capital work \$3,270k, Kerb & Channel \$765k, New Capital \$406k, Parking \$1,001 (no actuals YTD) & Reseal/Overlaps \$876k. Above Budget: Renewals (\$704k)	8,161	21,780	10%
Roading and Footpaths	2,213	7,260	5,047	Plant & Equipment \$696k & Reticulations \$345k below budget	942	7,372	19%
Sewer	1,416	2,457	1,041	Drainage CAPEX \$1,078k below budget. No budget for	263	4,750	9%
Stormwater	419	1,583	1,164	Land Purchase - (\$110k) (U)	-	-	-
Waste Minimisation	485	226	(259)	Improved Levels of Service (\$227k) above budget Reticulation CAPEX costs below budget: Urban Water \$1,204k, Te Moana water \$437k & Seadown water	409	678	72%
Water Supply	2,268	3,839	1,571	(\$229k) above budget	3,162	11,516	20%
Total Capital Expenditure	10,512	31,290	20,778		17,627	93,871	11%

July 2024 – September 2024 Variances**1.1 Rates Revenue \$170k F**

Rates Penalties \$188k greater than budgeted

1.2 Subsidies & Grants – (843k) U

Parks subs (\$206k) - no actuals YTD & LTU subs received lower than budget by (\$533k)

1.3 Fees & Charges - \$250k F

Dog Registrations \$148k fees higher than budgeted. Rent received \$74k above budget. Building Control Consent fees (\$183k) under budget.

1.4 Development and financial contribution \$380k F

Water unbudgeted local contributions received.

2.1 Personnel Costs – (\$182k) U

Efficiency Factor (\$199) no actuals YTD

2.2 Finance Costs - \$1,097k F

Favourable variance due to lower interest rates than budgeted

2.3 Other Expenses - \$2,442k F

Mainly due to costs below the budget in Economic Development \$389k, IT \$198k, Subsidised Roothing \$643k, Internal Charges \$1,251k due to phasing.

2.4 Capital Expenditure

- **Corporate Support (\$538k) U**

Above budget: IT (\$131k) & Vehicle Management (\$374k)

- **Recreation and Leisure \$7,461k F**

Below budget: Aorangi Stadium \$1,567k & Theatre \$6,451k

- **Roothing and Footpaths \$3,473k F**

Below budget: Capital work for renewals \$2,458k & Reseal/Overlaps \$1,000k

- **Sewer \$816k F**

Plant & Equipment \$22k below budget

- **Stormwater \$897k F**

Drainage Capital Costs \$821k below budget

- **Water Supply \$1,879k F**

Reticulation Capital costs below budget: Urban Water \$1,079k, Te Moana water \$324k & Seadown water \$313k

COMMUNITY SUPPORT

YTD \$ Actual vs FY \$ Budget			Community Support			as at 31 Oct 2024	
YTD Actual	Full Year Budget		Year to Date			October 2024 Variance	Full year
Revenue	Expenditure	Capex	Actual \$000's	Budget \$000's	Variance Budget \$000's	\$000's	YTD Actual % of FY Budget
Operating Revenue							
Rates revenue			1,315	1,315	-		3,964 33%
Subsidies and grants			5	2	3		56 9%
Fees & charges			854	828	26		2,471 35%
Other revenue			74	53	21		127 58%
Total Operating Revenue			2,248	2,198	50		6,618 34%
Operating Expenditure							
Personnel costs			148	102	{46}		282 52%
Depreciation expense			260	260	-		790 33%
Finance costs			105	200	95	Lower interest rates	577 18%
Other expenses			1,315	1,705	390	Mainly due to the following below budget costs: Civil Defence Emergency costs \$100k (no actuals)/ Economic Development Donations: \$324k (no actuals)/Safer Communities Office Equipment & Plant \$66k (no actuals) and Economic Development Programms & Events (\$105k) above budget	4,676 28%
Total Operating Expenditure			1,828	2,267	439		6,315 29%
Operating Surplus/(Deficit)			420	(69)	489		303
Capital Expenditure							
Community Support			341	310	{31}		3,678 9%
Total Capital Expenditure			341	310	{31}		3,678 9%

July 2024 – September 2024 Variances

2.3 Other Expenses - \$574k F

Mainly due to the following below budget costs: Civil Defence Emergency costs \$100k/ Economic Development Donations Paid \$324k (no actuals)/Economic Development Programs & Events \$64k/Safer communities Office Equipment & Plant \$66k (no actuals)

CORPORATE ACTIVITIES

YTD \$ Actual vs FY \$ Budget			Corporate Activities				as at 31 Oct 2024	
YTD Actual	Full Year Budget		Year to Date			October 2024 Variance	Full year Budget	YTD Actual % of FY Budget
Revenue	Expenditure	Capex	Actual \$000's	Budget \$000's	Variance Budget \$000's	\$000's	\$000's	
73	47	18						
		94						
Operating Revenue								
Rates revenue	358	175	183		183	Rates penalties \$186 above budget	526	68%
Subsidies and grants	-	100	(100)		(100)	Property Management no subsidies received YTD	300	0%
Fees & charges	363	248	115		115	Property rent received \$71k more than budgeted & no budget for LIM revenue received \$40k	1,086	33%
Other revenue	645	896	(251)		(251)	Above Budget: Petrol tax \$100k & LTU \$32k Waimate DC Local contribution received, no budget. D&W (\$407k) Other sundry Income below budget - no actuals YTD	2,363	27%
Finance revenue	1,152	1,111	41		41		3,902	0%
Dividend revenue	-	-	-		-		1,115	0%
Other gains	-	21	(21)		(21)		20	0%
Total Operating Revenue	2,518	2,551	(33)		(33)		9,312	27%
Operating Expenditure								
Personnel costs	5,684	4,892	(792)		(792)	Parks employee costs are budgeted in Recreation & Leisure, actual here. Close to full capacity.	17,895	32%
Depreciation expense	443	443	-		-		1,328	33%
Finance costs	1,605	88	(1,607)		(1,607)	Internal Loans interest (\$720k) above budgeted - \$15M borrowed in aug but not added to Hedgebook yet/ Interest Costs (\$886k) above budget	138	1228%
Other expenses	(1,468)	(1,261)	207		207	Internal Charges in Cr budget + actuals	(4,240)	35%
Total Operating Expenditure	6,354	4,162	(2,192)		(2,192)		15,121	42%
Operating Surplus/(Deficit)	(3,836)	(1,611)	(2,225)		(2,225)		(5,809)	
Capital Expenditure								
Corporate Support	1,492	1,078	(414)		(414)	IT- (\$279k) & MV-(\$170k) (new MVs purchased for Parks) CAPEX higher than budgeted	5,960	25%
Total Capital Expenditure	1,492	1,078	(414)		(414)		5,960	25%

July 2024 – September 2024 Variances**1.1 Rates Revenue \$150k F**

Rates Penalties \$188k greater than budgeted

1.3 Fees & Charges - \$145k F

Property rent received \$74k more than budgeted & no budget for LIM revenue received \$112k

2.1 Personnel Costs – (\$529k) U

Parks employee costs are budgeted in Recreation & Leisure, actual here. Close to full capacity.

2.2 Finance Costs – (\$1,154k) U

Internal Loans interest \$824k below budgeted/ Interest Costs (\$329k) above budget

2.3 Capital Expenditure – (\$538k) U

Capital costs above budgeted due to IT- (\$131k) & MV-(\$374k) (new MVs purchased for Parks)

ENVIRONMENTAL SERVICES

YTD \$ Actual vs FY \$ Budget		Environmental Services			as at 31 Oct 2024			
YTD Actual	Full Year Budget	Year to Date			October 2024 Variance	Full year Budget	Full year Forecast	YTD Actual % of FY Budget
Revenue	Expenditure	Actual \$000's	Budget \$000's	Variance Budget \$000's	\$000's	\$000's	\$000's	
Operating Revenue								
Rates revenue		1,639	1,639	-		4,916	-	33%
Fees & charges		1,860	1,805	55		4,556	-	41%
Other revenue		7	19	(12)		251	-	3%
Total Operating Revenue		3,506	3,463	43		9,723	-	36%
Operating Expenditure								
Personnel costs		1,693	1,652	(41)		5,438	-	31%
Depreciation expense		3	3	-		10	-	30%
Finance costs		17	113	96	Due to lower interest rates	320	-	5%
Other expenses		1,075	1,083	8		5,801	-	19%
Total Operating Expenditure		2,788	2,851	63		11,569	-	24%
Operating Surplus/(Deficit)		718	612	106		(1,846)	-	
Capital Expenditure								
Total Capital Expenditure		-	-	-		-	-	0%

July 2024 – September 2024 Variances**2.1 Finance Costs - \$72k F**

Favourable variance due to lower interest rates than budgeted

2.2 Other Expenses – (\$94k) U

District Plan Review Consultancy Fees (\$188k) above budget.

Below budget Professional Fees in Building Control \$39k and Environmental Health \$23k

GOVERNANCE AND STRATEGY

YTD Actual		Governance and Strategy				as at 31 Oct 2024	
Revenue	Expenditure	Year to Date			Full year	YTD Actual %	
		Actual	Budget	Variance Budget	Budget	of FY Budget	
		\$000's	\$000's	\$000's	\$000's		
4	6						
1	4						
Operating Revenue							
Rates revenue		1,213	1,213	-	0%	3,634	33%
Total Operating Revenue		1,213	1,213	-	0%	3,634	33%
Operating Expenditure							
Personnel costs		284	140	(144)		462	61%
Finance costs		-	20	20	0%	59	0%
Other expenses		990	1,039	49	0%	3,113	32%
Total Operating Expenditure		1,274	1,199	(75)	0%	3,634	35%
Operating Surplus/(Deficit)		(61)	14	(75)		-	
Capital Expenditure							
Total Capital Expenditure		-	-	-	0%	-	0%

July 2024 – September 2024 Variances

2.1 Personnel Costs – to be investigated

RECREATION AND LEISURE

YTD \$ Actual vs FY \$ Budget			Recreation and Leisure				as at 31 Oct 2024	
YTD Actual	Full Year Budget	Capex	Year to Date			Full year Budget	YTD Actual % of FY Budget	
Revenue	Expenditure		Actual	Budget	Variance Budget			
			\$000's	\$000's	\$000's	October 2024 Variance	\$000's	
						\$000's		
Operating Revenue								
Rates revenue	36		6,011	5,977	34		17,931	34%
Subsidies and grants			-	268	(268)	Park, Art Gallery & Museum not received yet	13,496	0%
Fees & charges	6		552	487	65		1,686	33%
Other revenue	2		1,126	750	376	Forestry Revenue \$212k above budget - better market conditions then estimated & CBay \$128k above budget	2,619	43%
Total Operating Revenue			7,689	7,482	207		35,746	22%
Operating Expenditure								
Personnel costs			2,295	2,951	656	Below Budget: Libraries \$94k/ CBay \$114k & Parks wages \$52k - budget in R&L and actual wages in Corporate Activities, therefore offset, Art Gallery (\$53k) below budget	10,503	22%
Depreciation expense			719	719	-		2,156	33%
Finance costs			267	792	525	Lower than budgeted interest rates	2,265	12%
Other expenses			3,081	3,063	(18)		12,357	25%
Total Operating Expenditure			6,362	7,525	1,163		27,281	23%
Operating Surplus/(Deficit)			1,327	(43)	1,370		8,465	
Capital Expenditure								
Recreation and Leisure			1,878	14,537	12,659	Aorangi Stadium & Theatre Royal delay in the projects	60,966	3%
Total Capital Expenditure			1,878	14,537	12,659		60,966	3%

July 2024 – September 2024 Variances

1.1 Subsidies & Grants – (\$267k) U

Parks, Art Gallery & Museum’s subsidies not received yet

1.2 Other revenue - \$263k F

Forestry Revenue \$197k above budget - better market conditions then estimated

2.1 Personnel Costs – (\$398k) U

Parks wages \$308k below budget - budget in R&L and actual wages in Corporate Activities, therefore offset.

2.2 Finance Costs - \$396k F

Favourable variance due to lower interest rates than budgeted

2.3 Capital Expenditure - \$7,461k F

Aorangi Stadium & Theatre Royal delay in the projects

ROADING AND FOOTPATHS

YTD \$ Actual vs FY \$ Budget			Roading and Footpaths				as at 31 Oct 2024	
YTD Actual	Full Year Budget		Year to Date			October 2024 Variance	Full year Budget	YTD Actual % of FY Budget
Revenue	Expenditure	Capex	Actual \$000's	Budget \$000's	Variance Budget \$000's	\$000's	\$000's	
30	28	45						
Operating Revenue								
Rates revenue			5,246	5,246	-		15,738	33%
Subsidies and grants			2,155	4,240	(2,085)	LTU subs (\$2,085k) below budget	11,055	19%
Fees & charges			482	394	88		1,245	39%
Other revenue			20	101	(81)		2,110	1%
Total Operating Revenue			7,903	9,981	(2,078)		30,148	26%
Operating Expenditure								
Personnel costs			126	92	(34)		276	46%
Depreciation expense			4,736	4,736	-		14,209	33%
Finance costs			248	870	622	lower interest rates than budgeted	2,495	10%
Other expenses			2,315	2,874	559	Subsidised Roading Maintenance Costs \$607k below budget, mainly due to lower Maintenance costs	11,078	21%
Total Operating Expenditure			7,425	8,572	1,147		28,059	26%
Operating Surplus/(Deficit)			478	1,409	(931)		2,089	
Capital Expenditure								
Roading and Footpaths			2,213	7,260	5,047	below Budget: Reseal \$876 /Kerb Capital Works \$266k / New Capital Growth \$666k/Road Capital Work \$3,936 below budget/Parking \$1,002k & Above Budget: Improved Level of Service (\$259k) & Renewals (\$704k)	45,725	5%
Total Capital Expenditure			2,213	7,260	5,047		45,725	5%

July 2024 – September 2024 Variances

1.1 Subsidies & Grants – (\$544k) U

LTU subs (\$500k) below budget

2.1 Finance Costs - \$467k F

Favourable variance due to lower interest rates than budgeted

2.2 Other Expenses - \$595k F

Subsidised Roading Maintenance Costs \$643k below budget

2.3 Capital Expenditure - \$3,473k F

Reseal (no actuals, budget at \$1.0m) /Road Capital Works & New Capital Growth \$500k below budget/Road Capital work \$2,458 below budget

SEWER

YTD \$ Actual vs FY \$ Budget			Sewer			as at 31 Oct 2024	
YTD Actual	Full Year Budget		Year to Date			Full year	YTD Actual %
Revenue	Expenditure	Capex	Actual	Budget	Variance Budget	Budget	of FY Budget
			\$000's	\$000's	\$000's	\$000's	
12	13	21					
						October 2024 Variance	
						\$000's	
Operating Revenue							
Rates revenue			2,342	2,342	-	7,027	33%
Subsidies and grants			-	-	-	-	0%
Fees & charges			1,370	1,295	75	3,885	35%
Other revenue			-	31	(31)	868	0%
Development and financial contribution			160	-	160	-	-
							Local Contributions not budgeted for
Total Operating Revenue			3,872	3,668	204	11,780	33%
Operating Expenditure							
Personnel costs			221	188	(33)	-	0%
Depreciation expense			2,224	2,224	-	6,672	33%
Finance costs			455	937	482	2,697	17%
Other expenses			1,241	1,342	101	4,034	31%
							The following costs are below budget: Sewer Utilities \$88k, Treatment & Pump Maintenance \$37k and Fixed Plant & Equipment Maintenance \$25k. Reticulation costs (\$55k) above budget
Total Operating Expenditure			4,141	4,691	550	13,403	31%
Operating Surplus/(Deficit)			(269)	(1,023)	754	(1,623)	
Capital Expenditure							
Sewer			1,416	2,457	1,041	11,069	13%
							Sewer Reticulation Capital work \$345k below budget & Plant & Equipment \$696k below budget
Total Capital Expenditure			1,416	2,457	1,041	11,069	13%

July 2024 – September 2024 Variances

1.1 Development and financial contribution \$162k F

Water unbudgeted local contributions received.

2.1 Finance Costs - \$361k F

Favourable variance due to lower interest rates than budgeted

2.2 Other Expenses - \$130k F

The following costs are below budget: Sewer Utilities \$71k, Treatment & Pump Maintenance \$40k and Fixed Plant & Equipment Maintenance \$23k

2.3 Capital Expenditure - \$816k F

Bellow Budget: Sewer Reticulation Capital work \$193k & Plant & Equipment \$622k

WASTE MINIMISATION

		Waste Minimisation				as at 31 Oct 2024	
YTD Actual		Year to Date				Full year	
Revenue	Expenditure	Actual	Budget	Variance Budget	October 2024 Variance	Budget	TD Actual %
		\$000's	\$000's	\$000's	\$000's	\$000's	of FY Budget
34	14						
2							
Operating Revenue							
Rates revenue		2,559	2,559	-		7,677	33%
Subsidies and grants		439	368	71	MFETA Levy \$71k above budget	1,000	44%
Fees & charges		2,144	2,010	134	Refuse Fees \$142k above budget	5,669	38%
Other revenue		11	20	(9)		56	20%
Total Operating Revenue		5,153	4,957	196		14,402	36%
Operating Expenditure							
Personnel costs		117	112	(5)		-	0%
Depreciation expense		203	203	-		610	33%
Finance costs		112	611	499	Lower Interest Rates	1,752	6%
Other expenses		3,118	3,600	482	Above budget costs: Kerb Side Collection (\$91k) & Recycling (\$194k), offset by below Waste Site Maint \$566k, Community programs & Events \$75k & Landfill \$92k	11,924	26%
Total Operating Expenditure		3,550	4,526	976		14,286	25%
Operating Surplus/(Deficit)		1,603	431	(780)		116	
Capital Expenditure							
Waste Minimisation		485	226	(259)	New Capital Improved Levels of Service (\$227k) & Plant & Equipment (\$99k)	2,448	20%
Total Capital Expenditure		485	226	(259)		2,448	20%

July 2024 – September 2024 Variances**2.1 Finance Costs - \$374k F**

Favourable variance due to lower interest rates than budgeted

2.2 Other Expenses – (\$329k) U

Above budget costs: Kerb Side Collection (\$227k), Waste Site Maintenance (\$110k) and Recycling (\$157k), offset by below \$100k favourable variances in various items

WATER SUPPLY

YTD \$ Actual vs FY \$ Budget			Water Supply				as at 31 Oct 2024	
YTD Actual	Full Year Budget		Year to Date			October 2024 Variance	Full year Budget	YTD Actual % of FY Budget
Revenue	Expenditure	Capex	Actual	Budget	Variance Budget			
			\$000's	\$000's	\$000's	\$000's	\$000's	
Operating Revenue								
Rates revenue			5,819	6,039	(220)	Downlands Jun 24 WDC & MDC received in Aug 24	17,952	32%
Fees & charges			13	-	13		-	0%
Other revenue			1	301	(300)	No Downlands contributions received	1,922	0%
Finance revenue			9	-	9		-	0%
Development and financial contribution			229	-	229	Local contributions not budgeted	-	0%
Total Operating Revenue			6,071	6,340	(269)		19,874	31%
Operating Expenditure								
Personnel costs			245	112	(133)		-	0%
Depreciation expense			2,887	2,887	-		8,662	33%
Finance costs			457	1,134	677	Lower interest rates than budgeted	3,277	14%
Other expenses			2,714	2,824	110	Reticulation Costs are (\$160k) above budget, offset by the following below budget costs: Utilities \$84k/ Purchase Water \$85k/ Treatment & Pump Maintenance \$80k & Professional fees \$27k.	8,481	32%
Total Operating Expenditure			6,303	6,957	654		20,420	31%
Operating Surplus/(Deficit)			(232)	(617)	385		(546)	
Capital Expenditure								
Water Supply			2,268	3,839	1,571	Below Budget: Urban Water Plant & Equipment \$1,346k & Reticulation \$181	28,191	8%
Total Capital Expenditure			2,268	3,839	1,571		28,191	8%

July 2024 – September 2024 Variances

1.1 Rates Revenue \$287k F

Downlands Jun 24 WDC & MDC received in Aug 24

1.2 Other Revenue – (\$291k) U

No Downlands contributions received

2.1 Finance Costs - \$466k F

Favourable variance due to lower interest rates than budgeted

2.2 Other Expenses - \$106k F

Reticulation Costs are \$160k above budget, offset by various items below \$100k

2.3 Capital Expenditure - \$1,879k F

Urban Water Plant & Equipment \$1,079 below budget/ Seadown Water reticulation \$313 below budget/Te Moana Water Reticulation \$324 below budget

		YTD Actual	30th June 2024
Financial Position as at 31 Oct 2024			
		YTD Actual \$000's	30th June 2024 Actual \$000's
ASSETS			
Current assets			
Cash and deposits		12,264	22,159
Debtors and other receivables		9,406	15,714
Inventories		-	30
Other financial assets		12,726	4,786
Total current assets		34,396	42,689
Non-current assets			
Property plant & equipment		1,922,882	1,915,255
Intangible assets		4,810	4,810
Forestry		1,150	1,150
Investment property		1,740	1,740
Investment in cco's & other similar		56,343	56,359
Other financial assets		8,123	8,123
Total non-current assets		1,995,048	1,987,437
Total assets		2,029,444	2,030,126
LIABILITIES			
Current liabilities			
Trade and other payable		19,353	29,561
Employee benefit liabilities		2,522	2,635
Borrowings & other Fin Liabilities		56,577	56,577
Total current liabilities		78,452	88,773
Non-current liabilities			
Provisions		5,203	5,183
Employee benefit liabilities		409	409
Non-current borrowing		178,456	163,956
Total non-current liabilities		184,068	169,548
Total liabilities		262,520	258,321
Net Assets		1,766,924	1,771,805
EQUITY			
Retained earnings		766,585	771,466
Special funds		28,140	28,140
Separate funds		23,796	23,796
Asset revaluation		948,403	948,403
Total equity	-	1,766,924	1,771,805

Statement of Cashflow as at 31 Oct 2024

	YTD Actual \$000's	30th June 2024 Actual \$000's
OPERATING ACTIVITIES		
Rates	30,393	71,897
Other revenue received	16,799	36,515
Interest received	1,412	5,228
Dividends received	-	1,004
Payments to suppliers and employees	(51,459)	(77,445)
Finance costs	(3,636)	(10,503)
Net operating activities	(6,491)	26,696
INVESTING ACTIVITIES		
Reduction of term investment	(7,925)	(5,225)
Proceeds from sale of property, plant and equipment	43	96
Purchase of property, plant and equipment	(10,522)	(53,703)
Net investing activities	(18,404)	(58,832)
FINANCING ACTIVITIES		
Drawdown / (repayment) of borrowings	15,000	15,000
Net financing activities	15,000	15,000
Cash movement	(9,895)	(17,136)
Opening Balance 1st July	22,159	39,295
Closing Bank Balance	12,264	22,159

Capital Costs Actual vs Budget as at 31st October 2024

	2024-2025		
	Actual	Budget	Remainder
LT0000005 - Public Toilets Renewals	36,620	0	-36,620
LT0000007 - Timaru Cemetery New Site (purchase and development	75,000	0	-75,000
LT0000008 - Cemeteries-Concrete Beams, Furniture, Structures a	9,255	0	-9,255
LT0000010 - Flats 1 Edinburgh St Timaru - Capital Renewal	103,259	0	-103,259
LT0000016 - 08340.0702 : Land Transport Unit - Capital expendi	8,250	0	-8,250
LT0000017 - EQ strengthening	166,811	0	-166,811
LT0000026 - House EQ Strengthening	903,435	1,500,000	596,565
LT0000027 - Extension Rebuild	234,753	0	-234,753
LT0000029 - Heritage Hub Fit-out	13,955	3,000,000	2,986,045
LT0000045 - Temuka Domain Development	7,859	0	-7,859
LT0000047 - Shared Urban Tracks	2,655	1,953,000	1,950,345
LT0000049 - Playground Equipment Renewals	25,379	0	-25,379
LT0000050 - Parks Reseal Programme including Geraldine Domain	9,150	0	-9,150
LT0000054 - CityHub Strategy	50,498	0	-50,498
LT0000059 - Footpaths New and Renewals	322,117	0	-322,117
LT0000060 - Purchase of Land	31,192	0	-31,192
LT0000062 - Road Improvement Works - R2Z	84,863	0	-84,863
LT0000063 - Road Improvement Works - LCLR	19,117	0	-19,117
LT0000066 - Reseals/Renewals	46,413	0	-46,413
LT0000067 - Bridge & Culvert Renewals	56,834	0	-56,834
LT0000069 - Road Furniture/Signs Renewals	6,268	0	-6,268
LT0000077 - Plant and Equipment Renewals and Upgrades - Trade	45,496	0	-45,496
LT0000092 - Reticulation Renewals and Upgrades - Timaru Stormw	2,195	0	-2,195
LT0000103 - Fixed Plant & Equipment Capital Works	38,266	0	-38,266
LT0000107 - Fixed Plant & Equipment Capital Works	1,125	0	-1,125
LT0000108 - Plant and Equipment Renewals and Upgrades - Water	7,473	0	-7,473
LT0000111 - Pareora Pipeline Renewal	427,350	0	-427,350
LT0000118 - Reticulation Renewals and Upgrades - Geraldine Wat	403	0	-403
LT0000125 - Reticulation Renewals and Upgrades - Reticulation	-21,717	0	21,717
LT0000127 - New Reticulation and Upgrade	0	0	0
LT0000128 - Te Ana Wai Treatment Raw Water Storage	0	0	-
LT0000129 - Te Ana Wai Water Treatment Plant Upgrade	0	0	-
LT0000130 - Additional costs include project management to acc	1,075	0	-1,075
Not a LTP work order	1,118,136	0	-1,118,136
AP2400002 - Urban Water Fluoridation	2,736	0	-2,736
LT0000143 - Timaru Stormwater Management Plan	4,391	0	-4,391
LT0000144 - Waitarakao/Washdyke Stormwater Management	3,654	0	-3,654
LT0000148 - Geraldine Stormwater Management Plan	3,362	0	-3,362
LT0000135 - Landsborough Road Bridge #133 Replacement	66,548	0	-66,548
LT0000219 - Theatre Royal and Heritage Facility Development	140,301	26,364,538	26,224,237
LT0000208 - Renewals (Structures, Services, Furniture, Fences)	105,066	750,000	644,934
LT0000178 - Highfield Park Development	6,493	100,000	93,507
LT0000206 - Renewals - Forestry	0	37,850	37,850

LT0000227 - Urban Water Reticulation Renewals and Upgrade	429,949	2,000,000	1,570,051
LT0000212 - Seadown Water Renewals and Upgrade	670,254	1,439,100	768,846
LT0000215 - Te Moana Water Renewals and Upgrade	61,355	1,500,000	1,438,645
LT0000172 - Geraldine Stormwater Renewals and Upgrade	8,022	200,000	191,979
LT0000173 - Geraldine Stormwater Serpentine Creek Enhancement	3,940	100,000	96,060
LT0000216 - Temuka Stormwater Renewals and Upgrade	78,591	490,000	411,409
LT0000222 - Timaru Stormwater Renewals and Upgrade	54,455	1,600,000	1,545,545
LT0000177 - Gleniti Bunds Construction	0	100,000	100,000
LT0000221 - Timaru Stormwater Plant Renewals and Upgrade	9,866	1,690,366	1,680,500
LT0000230 - Washdyke/Waitarakao Stormwater Improvements	0	100,000	100,000
LT0000220 - Timaru Stormwater Network Modelling	56,821	250,000	193,179
LT0000232 - Wastewater Plant Renewals and Upgrade	568,040	4,100,000	3,531,960
LT0000213 - Sewer Reticulation Renewals and Upgrade	252,883	2,000,000	1,747,117
LT0000171 - Geraldine Sewer Upgrade	453,857	1,272,000	818,143
LT0000205 - Rangitata/Orari Water Supply Capital Work	0	50,000	50,000
LT0000169 - Fixed Plant & Equipment Renewals	0	36,000	36,000
LT0000191 - Pareora River Intake Renewal	0	200,000	200,000
LT0000226 - Urban Water Plant Renewal and Upgrade	127,798	1,000,000	872,202
LT0000161 - Claremont Water Treatment Plant Upgrade	24,385	2,494,497	2,470,112
LT0000184 - Libraries Furniture - RFID upgrade, self check mac	0	20,000	20,000
LT0000204 - Purchase Books and Resources	113,506	210,000	96,494
LT0000151 - 07140.0703.0552 - Computer Hardware - Assets	2,754	322,375	319,621
LT0000175 - Geraldine Strategic Plan	991	70,000	69,009
LT0000217 - Temuka Strategic Plan	50,470	70,000	19,530
LT0000199 - Pleasant Point Strategic Plan	56,032	70,000	13,968
LT0000186 - Aigantighe Art Gallery - Lighting	0	40,000	40,000
LT0000156 - Arts Purchase	0	30,860	30,860
LT0000231 - Waste Minimisation Capital Works (new/improved ass	0	100,000	100,000
LT0000183 - Landfill Roding Programme (sealed areas)	0	30,000	30,000
LT0000218 - Temuka Water Source Upgrade	116,445	500,000	383,555
LT0000185 - Libraries Renewals - general	0	52,000	52,000
LT0000155 - Aorangi Park Master Plan Stage 1 (indoor court ext	184,355	8,871,908	8,687,553
LT0000157 - Beautiful Valley Water Supply Capital Work	0	2,000	2,000
LT0000153 - 08310.0702 : Council Building Capital Expenditure	0	50,000	50,000
LT0000150 - 07010.0702 : People and Capability Management Capi	0	1,000	1,000
LT0000198 - Pleasant Point Stormwater Renewals and Upgrade	0	220,000	220,000
LT0000223 - Timaru Stormwater Vested Assets	0	1,277,215	1,277,215
LT0000229 - Vehicle Management	636,851	400,000	-236,851
LT0000158 - Building Capital Works - general	0	20,000	20,000
LT0000168 - Fitness Equipment Capital Works	0	50,000	50,000
LT0000182 - Landfill gas systems	0	79,000	79,000
LT0000214 - Sewer Vested Assets	0	774,993	774,993
LT0000228 - Urban Water Vested Assets	0	1,370,972	1,370,972
LT0000207 - South Canterbury Museum - Renewals	1,885	20,000	18,115
LT0000181 - Landfill Cells Development	371,376	433,000	61,624
LT0000209 - Renewals and upgrades for community facilities	0	60,000	60,000
LT0000190 - Other Capital Works (new/improved asset)	0	3,005,000	3,005,000
LT0000167 - Equipment (new sirens, handsets and bases replacem	0	10,000	10,000

LT0000154 - 08310.0705 : Council Building Capital Expenditure	0	40,000	40,000
LT0000166 - Downlands Water Reticulation Renewals and Upgrade	231,455	1,000,000	768,545
LT0000165 - Downlands Water Plant Renewals and Upgrade	1,586	243,902	242,316
LT0000164 - Downlands Water Network Modelling	0	12,195	12,195
LT0000192 - Parks Reseal Programme	0	300,000	300,000
LT0000176 - Geraldine Water Resilience Renewal and Upgrade	3,235	250,000	246,765
LT0000233 - Water Supplies Resource Consent Renewals	1,418	750,000	748,582
LT0000189 - Motor Camps Reseal Programme	0	20,000	20,000
LT0000237 - WC214 Rehabilitations	26,887	4,500,000	4,473,113
LT0000239 - WC216 Bridge & Large Culvert Renewals	0	1,875,000	1,875,000
LT0000187 - Minor Projects - Tiling etc	0	500,000	500,000
LT0000235 - WC211 - Unsealed Road Rehabilitation	406,680	650,000	243,320
LT0000210 - Reroof Clyde St, Cameron Courts Temuka, Huffey Str	0	150,000	150,000
LT0000159 - CBay Building Capital Works	0	47,000	47,000
LT0000241 - WC224 - Cycle Path Renewals	0	50,000	50,000
LT0000211 - Road Improvement Works - WC341 Low Cost Low Risk	197,130	2,000,000	1,802,870
LT0000201 - Public toilet (Zone 1)	2,167	600,000	597,833
LT0000160 - Cemeteries-Concrete Beams, Furniture, Structures a	0	45,000	45,000
LT0000170 - General Upgrade Renewals - Grounds and Building	0	80,000	80,000
LT0000200 - Portable 80KVA generator	0	50,000	50,000
LT0000188 - Motor Camps Renewals - General Capex works	0	10,000	10,000
LT0000196 - Pleasant Point Ablution Block	0	10,000	10,000
LT0000197 - Pleasant Point Huts	0	15,000	15,000
LT0000174 - Geraldine Stormwater Vested Assets	0	19,546	19,546
LT0000152 - 07140.0703.0553 - Software Purchase & Upgrade - As	0	865,000	865,000
LT0000242 - WC225 Footpath Renewals	145,022	2,000,000	1,854,978
LT0000163 - Cycleway Implementation	0	500,000	500,000
LT0000234 - WC 213 Drainage Renewals - includes kerb and chann	76,486	800,000	723,514
LT0000240 - WC222 Traffic Services Renewal	53,646	1,000,000	946,354
LT0000202 - Public Toilets Renewals	1,526	100,000	98,474
LT0000224 - Upgrades - Painting Outside and Inside	0	80,000	80,000
LT0000179 - HRIS System (Implementation cost)	0	250,000	250,000
LT0000180 - Land purchases	0	50,000	50,000
LT0000203 - Public Transportation Infrastructure	0	40,000	40,000
LT0000236 - WC212 - Sealed Road Resurfacing	457,325	4,000,000	3,542,675
LT0000238 - WC215 - Bridge Structures Component Replacement	24,338	650,000	625,662
LT0000225 - Urban Water Network Modelling	13,906	300,000	286,094
LT0000162 - Convert 3 Bedsits to 2 One Bed Flats - Temuka then	71,912	125,000	53,088
LT0000301 - Flats 1 General Healthy Homes and General Capex WO	0	75,000	75,000
LT0000193 - Parks Vehicles	0	1,000,000	1,000,000
Grand Total	10,215,635	97,540,317	87,324,682

8.5 Council Investments and Borrowing

Author: Ashlea Whyte, Finance Manager

Authoriser: Andrea Rankin, Chief Financial Officer

Recommendation

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

Purpose of Report

1. To update Council on the status of Council's treasury activities at 30 September 2024.

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 status of Council's borrowing and investments. Council's Financial Strategy is consulted on as part of each Long Term Plan (LTP) review cycle.

Background

3. Council's treasury management involves holding a range of investments and borrowing to fund long term capital projects and operational expenditure as agreed in the Annual Plan or Long Term Plan.
4. Council treasury activities are managed in compliance within the limits of the Council's Treasury Management Policy (TMP).
5. Bancorp Treasury Services Limited provide external treasury advice to Council on borrowing and investment decisions.
6. As at 30 September 2024, all transactions have been transacted in compliance with Council Policies and performance of Council Treasury activities are well managed.

Discussion

7. This report is to be read in conjunction with the attached detailed report titled "Treasury Reporting Dashboard – 30 September 2024".
8. Liquidity and Funding
 - 8.1. Liquidity and funding refers to total external Council drawn debt and undrawn bank facilities. The funding profiles and sources must agree with policy control limits.
 - 8.2. Timaru District Council has access to three key sources of funding from the Local Government Funding Agency ("LGFA"). These are:
 - Commercial Paper ("CP") – unsecured money market instrument issued in the form of a promissory note;
 - Floating Rate Notes ("FRN") – debt instruments with variable interest rates; and

- Fixed Rate Bonds (“FRB”) – fixed rate throughout the life of the bond.

- 8.3. Total borrowings as at 30 September 2024 were \$235.5 million. The net debt position at the same date is \$199.7 million. Net debt is total borrowings less cash reserves held by Council.
- 8.4. Debt to revenue ratio as at 30 September 2024 is 133%. Council’s debt to revenue ratio limit is 250% as set out in its Financial Strategy.
- 8.5. All Liquidity and Funding limits are compliant with polices.

9. Interest Rate Risk

- 9.1. The Interest rate risk section of the report refers to whether Council’s hedging profile is within policy limits as well as the split between Fixed Debt and Floating cover.
- 9.2. The chart on the attached hedging profile on page 5 is based on 75% of LTP debt projections scenario which the Council believes is realistic and achievable. This illustrates that the Council is within the policy bands contained in the LTP.
- 9.3. All Up Weighted Average Cost of Funds Including Margin is 4.46%.
- 9.4. All interest rates are within policy bands.
- 9.5. As at 30 September 2024, the Council has a total of \$57 million of interest rate swaps with various maturity start and end dates through to December 2028. The net increase in fair value gain on revaluation for the current quarter is \$1.130 million.

10. Investment Management

- 10.1. Cash investments are broken down by special and general funds.
- 10.2. Special Funds are held for specific purposes as set out in the Long Term Plan, Annual Plan and Annual Report. These funds are invested for approved future expenditure, to implement strategic initiatives, support intergenerational allocations, bequests, and other reserves.
- 10.3. General Funds are cash reserves held for day to day operating activities. General Fund balances fluctuate across the quarter depending on operational income and expenditure cash flows. Council has a financial strategy to maintain a minimum of \$10 million general funds for liquidity purposes.
- 10.4. The total cash investments of Council as at 30 September 2024 is \$34.74 million.

Attachments

1. Timaru DC - Quarterly Dashboard September 2024



Treasury Reporting Dashboard

30 September 2024

STRICTLY PRIVATE AND CONFIDENTIAL



Economic Commentary

2

Global (for the September 2024 quarter)

The US Federal Reserve began its cutting cycle on 18 September, lowering the Fed Funds rate by 50 basis-points (“bps”) to a target range of 4.75% - 5.00%. The Federal Open Market Committee (“FOMC”) indicated 2 more 25 bps cuts by the end of the year. Notably, the FOMC vote was 11-1 in favour of the 50bps cut, with Governor Michelle Bowman instead advocating for a 25bps cut, the first dissenting vote by a Fed governor since 2005. The post-meeting statement declared, “The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance,” with Fed Chair Jerome Powell stating in a news conference that “We’re trying to achieve a situation where we restore price stability without the kind of painful increase in unemployment that has come sometimes with this inflation. That’s what we’re trying to do, and I think you could take today’s action as a sign of our strong commitment to achieve that goal.”

Markets are now projecting the Fed Funds rate to fall to 4.00% by the end of the year, 3.00% by August 2025 and 2.75% by the end of 2025. The benchmark US 10-year bond rate opened the quarter at 4.47% which represented the high for the quarter, fell to a low of 3.60% on the day of the Fed September meeting, but subsequently retraced parts of the down move and finished September at 3.78%. This post Fed increase demonstrates that the markets were expecting a 50bps cut, so it was a classic case of ‘buy the rumour sell the fact’.

The Bank of England (“BoE”) and Sweden’s Riksbank cut their cash rates over August. Despite the ongoing weakness in the Chinese economy, the People’s Bank of China (“PBoC”), after its July rate cuts, initially left its key interest rates unchanged in September. However, in late September the PBoC released a multitude of stimulus measures which included reducing a number of key interest rates to try help its slowing economy.

Against the global rate-cutting trend, the Bank of Japan (“BoJ”) remains an outlier and increased the cash rate by 15bps to 0.25%. The BoJ also intervened to support the yen spending USD36.6 billion in August following on from June’s USD65.0bn of US dollar sales. This time it was helped by general US dollar weakness, which saw investors aggressively unwind yen sourced carry trades. Markets are not expecting any further BoJ rate hikes until December.

The Reserve Bank of Australia (“RBA”) again left its cash rate unchanged at 4.35% at its 24 September meeting and implied no cuts until early 2025. The RBA reiterated its commitment to combating inflation while acknowledging the uncertain economic outlook. The unemployment rate was steady at 4.2%, with a positive employment change of 47,500 workers, better than the expected 26,400.

Economic Commentary

3

New Zealand (for the September 2024 quarter)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30-Jun-24	5.50%	5.63%	4.80%	4.51%	4.38%	4.38%	4.46%
30-Sep-24	5.25%	4.87%	3.58%	3.47%	3.55%	3.70%	3.89%
Change	-0.25%	-0.76%	-1.22%	-1.04%	-0.83%	-0.68%	-0.57%

The Reserve Bank of New Zealand (“RBNZ”) cut the Official Cash Rate (“OCR”) by 25bps to 5.25% at its August Monetary Policy Statement as the central bank was, “Confident inflation (will be) back in its target band”. Following the MPS, at the Government’s Finance and Expenditure Select Committee, RBNZ Governor Adrian Orr emphasised the need for OCR cuts to address the weak economy, and reiterated the RBNZ’s commitment to controlling inflation stating, “The current economic environment is weak (and the) economy is weaker than anticipated 6-months ago. We have strong control over the inflation story. There was no talk on committee of raising rates again. We are not done yet on inflation, but it’s definitely moving in the right direction. If inflation expectations are well anchored, we can look through some of the noise”. There is no doubt that the economy warrants an accelerated cutting cycle, but it does raise the question of credibility given the RBNZ’s abrupt change in its outlook since the prior May MPS.

GDP fell in the June quarter by -0.2%, with an annual decrease of -0.5%, slightly better than forecasts of -0.4% and -0.6%, respectively. GDP per capita fell 0.5% in the second quarter and was down 2.7% for the year. Primary industries saw the greatest decline over the quarter, with a -1.6% drop. Goods-producing industries increased by 0.7% over the quarter, although with a -3.2% decrease over the year, manufacturing increasing by 1.9% over the quarter and a -4.3% decrease over the year. Services were overall flat over the quarter, with a 0.7% increase over the year.

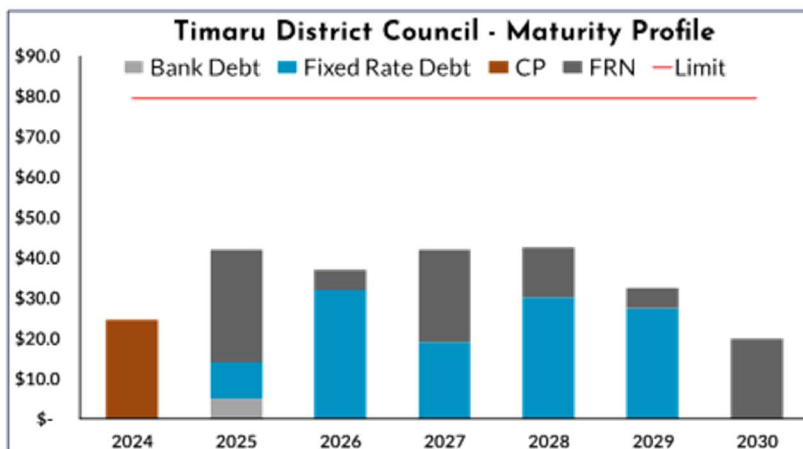
The current account deficit grew to \$27.8 billion in the year to June, or around 6.7% of GDP. This is slightly worse than the previous \$27.6 billion for the year to March. The deficit for the June quarter was \$7.2 billion, \$269 million more than the March quarter. The goods deficit widened by \$110 million to \$2.6 billion, as goods imports increased by \$183 million, led by transport equipment, while exports were up by \$74 million, led by meat and other commodities such as aluminium, wine, and fish. The services deficit narrowed by \$28 million to \$501 million over the quarter, with exports up \$127 million, led by transportation services, while imports increased \$99 million, led by New Zealanders spending while travelling overseas.

The weak GDP figures are expected to help reduce inflation, which the RBNZ is projecting to fall to 2.3% in the September 2024 year (June’s was 3.3%). Markets are pricing in a 100% probability of the OCR being at 5.00% in October 2024 and a 72% probability that it will be at 4.75%, while for November 2024 markets are pricing a 100% probability that the OCR will be at 4.50% and a 56% probability that it will be at 4.25%. By November 2025 markets are projecting the OCR to have fallen to 2.75%.

Interest rate swap rates fell sharply over the quarter, even more so at the shorter end of the yield curve where the presumed future OCR cuts have more of an influence than at the longer end of the curve, which is largely driven by moves in US and global bond rates. However, the moves at the long end of the curve have still been significant driven by the moves in US and global bond yields. This flattening of the local yield curve reduces the benefit of forward start swaps compared to spot swaps but given the fall in spot swaps they are now providing more benefit than earlier in the year.

Liquidity and Funding

4



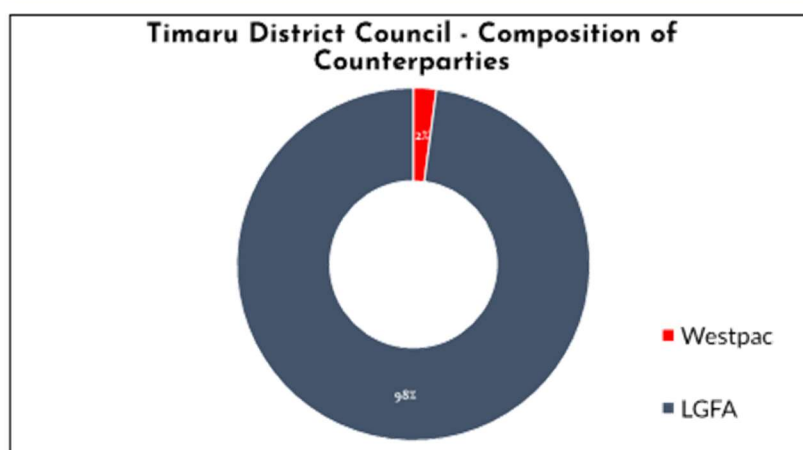
Debt
\$235.5m
 Total External Council Drawn Debt

LGFA
\$235.5m
 Funds Drawn from LGFA

Net debt
\$199.7m
 Debt, less cash, term deposits and SFP bond investments

Headroom/Bank facility
\$5.0m
 Undrawn Bank Facilities

Liquidity Ratio (minimum LGFA requirement 110%)
116.87%
 Definition: (Cash + term deposits + longer dated financial assets that can be sold + committed undrawn bank facilities+ Drawn Debt)/Drawn Debt



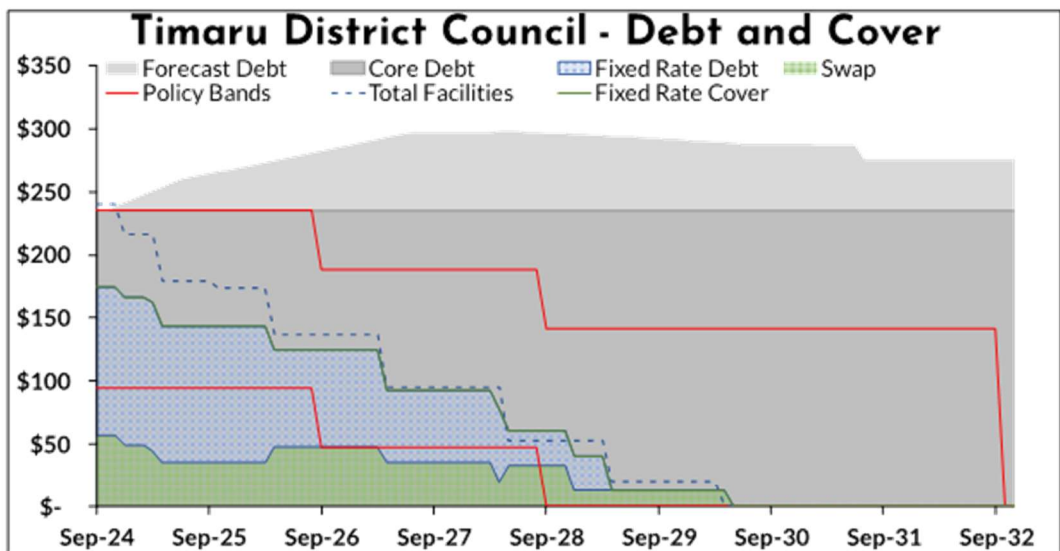
Policy Bands			
	Minimum	Maximum	
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

Policy Compliance	Compliant	Flag
Have all transactions been transacted in compliance with policy?	Yes	
Is fixed interest rate cover within policy control limits?	Yes	
Is the funding maturity profile within policy control limits?	Yes	
Is liquidity within policy control limits?	Yes	
Are all counterparty exposures within policy control limits?	Yes	

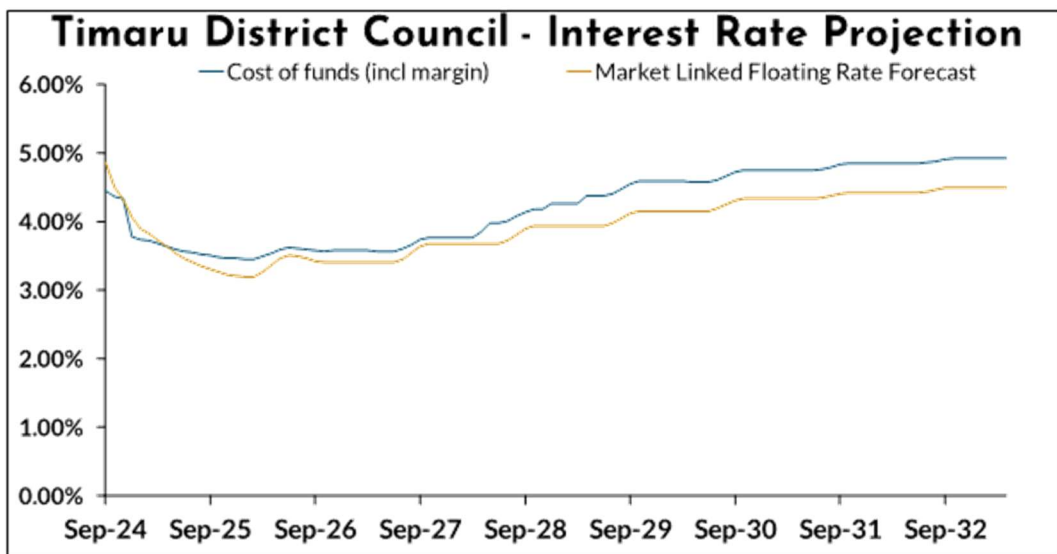


Interest Rate Risk

5



Current % of Debt Fixed	74.1%
Current % of Debt Floating	25.9%
Value of Fixed Rate (m)	\$174.5
Value of Forward Starting Cover	\$26.0
Weighted Average Cost of Forward Starting Cover	4.13%
Value of Floating Rate (m)	\$61.0
Current Floating Rate	4.87%
Current Floating Rate (incl margin)	6.36%
All Up Weighted Average Cost of Funds Including Margin	4.46%
Total Facilities In Place	\$240.5



Investment Management

6

Special Funds Portfolio Summary

As of 30 September 2024, TDC's Special Funds Portfolio ("SFP") had a nominal value of \$1,170,000 and a market value of \$1,129,835. The makeup of the SFP as of 30 September 2024, including its valuation, is shown in the following table.

Issuer	Rating	Maturity Date	First Payment	Coupon Frequency	Nominal Value	Coupon Rate	Purchase Yield	Yield	% of Portfolio	Duration	Capital Price	Accrued Interest	Gross Price
Meridian	BBB+	27-Jun-25	June	2	\$170,000	4.21%	4.20%	4.64%	15.16%	0.71	\$169,464	\$1,858	\$171,321
ANZ	A-	17-Sep-26	March	2	\$1,000,000	3.00%	3.00%	5.31%	84.84%	1.87	\$957,436	\$1,077	\$958,513
Total					\$1,170,000	3.18%	3.76%	5.21%	100.00%	1.69	\$1,126,900	\$2,935	\$1,129,835



LGFA Borrowing Rates

As at 30 September 2024

7

Listed below are the credit spreads and applicable interest rates as at the end of September 2024 for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at Timaru District Council could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3-month CP	0.15%	5.77%	N/A
6-month CP	0.15%	5.76%	N/A
April 2025	0.34%	5.96%	5.84%
April 2026	0.37%	5.99%	5.39%
April 2027	0.47%	6.09%	5.16%
May 2028	0.59%	6.21%	5.09%
April 2029	0.66%	6.28%	5.07%
May 2030	0.73%	6.35%	5.10%
May 2031	0.82%	6.44%	5.18%
April 2033	0.88%	6.50%	5.27%
May 2035	0.97%	6.59%	5.39%
April 2037	1.05%	6.67%	5.53%

Funding

8

As of 30 September 2024, TDC had \$235.5 million of core debt, all of which is sourced from the LGFA using CP, FRNs, and FRBs. TDC also has a bank facility with Westpac Bank for \$5.0 million. Details of TDC's drawn debt as of 30 September 2024 are as follows:

Maturity	Margin	FRN (or CP Rate)	FRB
3-month CP	0.15%	5.02%	N/A
6-month CP	0.15%	5.14%	N/A
April 2025	0.42%	5.29%	4.95%
April 2026	0.50%	5.37%	4.15%
April 2027	0.62%	5.49%	4.03%
May 2028	0.76%	5.63%	4.15%
April 2029	0.91%	5.78%	4.34%
May 2030	1.02%	5.89%	4.53%
May 2031	1.10%	5.97%	4.69%
April 2033	1.20%	6.07%	4.92%
May 2035	1.27%	6.14%	5.10%
April 2037	1.34%	6.21%	5.27%

Disclaimer

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8.6 Bad Debts Written Off as at 30 September 2024**Author:** Ashlea Whyte, Finance Manager**Authoriser:** Andrea Rankin, Chief Financial Officer**Recommendation**

That the Commercial and Strategy Committee receive and note the report Bad Debts Written Off as at 30 September 2024.

Purpose of Report

- 1 This report outlines the work Council Officers undertake to write off bad debts, the amount and details of these debts.

Assessment of Significance

- 2 This matter has been assessed as of low significance in accordance with the Timaru District Council significance and engagement policy as this is consistent with Council policy and a low financial impact. The bad debt write off procedure is an operational process of Council.

Discussion

- 3 Delegation to write off bad debts is provided to the Chief Executive up to the value of \$50,000. No debts have been identified above \$50,000 which would require Council approval to write off.
- 4 Officers have resolved a small number of debts that, due to the age of the matter, are impacted by the Limitation Act 2010 which means Council is unable to make a claim on a debt which is six years after the matter arose. These debts have now been written off. We currently have \$50,243 registered with our debt collection agency. If monies are not received within the statutory timeframe, these will subsequently be written off.
- 5 For the three months to 30 September 2024, a total of \$970.42 has been written off within Officer delegations and the tables below summarise the totals for each year.

DATE	ACTIVITY RESPONSIBLE	AMOUNT (\$)	TOTAL PER ANNUM (\$)
2016	Animal Control	183	183
2018	Animal Control	70	
	Animal Control	110	
	Buildings - Swimming Pool	130	
	Community Lounge Hire	100	
	Remove Vehicle	178	588
2020	Animal Control	70	70
2024	Towing of Vehicle	130	130
TOTAL			971

- 6 Approximately 0.03% of income is written off per year. Officers work closely with customers to resolve issues early and Officers will provide a full summary of the debts written off in the Public Excluded section of the Commercial and Strategy Committee meeting, in accordance with the Privacy Act 2020.
- 7 Officers will work towards a Debt Recovery Policy to align with the Long Term Plan.

Attachments**Nil**

9 Consideration of Urgent Business Items

10 Consideration of Minor Nature Matters

11 Public Forum Items Requiring Consideration

12 Exclusion of the Public

Recommendation

That the public be excluded from—

- *(a)the whole of the proceedings of this meeting; or
- *(b)the following parts of the proceedings of this meeting, namely,—

13.1 Bad Debts Written Off as at 30 September 2024

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
13.1 - Bad Debts Written Off as at 30 September 2024	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person’s privacy, including the privacy of deceased persons

*I also move that [\[name of person or persons\]](#) be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of [\[specify\]](#). This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because [\[specify\]](#)

*Delete if inapplicable.

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—

- (a) shall be available to any member of the public who is present;
and
- (b) shall form part of the minutes of the local authority.”

13 Public Excluded Reports

14 Readmittance of the Public