

# Our Strategic Direction

## Vision

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

## Our Values and Role

### Inclusive Leadership

Through inclusive leadership, citizens play an active role in the District, creating shared responsibility and a connected vision for the future.

### Cultural Caretakers

Protecting and regenerating our unique cultural and environmental heritage so that we can retain a strong sense of identity for current and future generations.

### Transition Navigators

Being adaptable to change by embedding the principles of agility and resilience into our approach towards enhancing our community wellbeing outcomes.

## Our Strategic Priorities

Under each Community Wellbeing Outcome, Council has chosen one focus area as its priority for this LTP. These are highlighted in green for each area.

### Community Wellbeing Outcome

## Resilient Infrastructure

### GOALS

Investing in the future through well conceived and planned projects that support the growth and wellbeing of the community and the environment.

This Community Wellbeing Outcome considers the critical transitions we are facing creating a sustainable platform for future generations.

### FOCUS AREAS

#### 1. Invest for Future - PRIORITY

We will invest in high quality infrastructure to meet the needs of our community.

#### 2. Apply Good Practice

We will use quality data and good practice to enable high quality infrastructure decision-making.

#### 3. Responsive Planning

We will prioritise resilience in our planning for future infrastructure.

#### 4. Engage with People

Council will engage with our community to develop solutions to future infrastructure challenges.

### Community Wellbeing Outcome

## Enhanced Lifestyle

### GOALS

Enhanced Lifestyle focuses on providing a healthy community environment, that enables affordable access to the range of facilities, opportunities and resources we need to thrive.

This Community Wellbeing Outcome seeks to enhance lifestyle and strengthen equity within our community.

### FOCUS AREAS

#### 1. Facilities and Services - PRIORITY

We will provide future proofed services and facilities to enhance the community.

#### 2. Accessible and Active

We will enable an active lifestyle for everyone across the accessibility spectrum.

#### 3. Shared Spaces

We will develop and maintain shared spaces that support community activity, diversity and foster pride.

#### 4. Affordability

We will strive to ensure affordability and equitability are at the heart of our planning.

#### 5. Health & Wellness

We will create opportunities for all citizens to live within a safe, healthy community, where wellness needs are embraced.

## Community Wellbeing Outcome

# Diverse Economy

## GOALS

Enabling the conditions for a diverse and prosperous economy that creates local, national and international opportunity for a thriving community.

This Community Wellbeing Outcome seeks to build on our unique local strengths to create a prosperity now and for future generations.

## FOCUS AREAS

- 1. Leverage Local Strength - PRIORITY**  
We will leverage local strengths to retain and grow local talent.
- 2. Sustainable growth**  
We will support sustainable growth in the right place.
- 3. New and Niche**  
We will encourage innovation and new opportunities to further diversify our economy.
- 4. Thriving Business**  
We will create opportunities for local businesses to thrive through networks & support.

## Community Wellbeing Outcome

# Sustainable Environment

## GOALS

At the heart of our sustainable environment is the practice of kaitiakitanga. It is our role to be guardians of our natural environment.

This Community Wellbeing Outcome seeks to encourage the regeneration of our environment and foster a culture of sustainability.

## FOCUS AREAS

- 1. Clean Environment - PRIORITY**  
We will prioritise sustainable land and water use to help regenerate our environment.
- 2. Kaitiakitanga**  
We will foster a strong connection between our people and the environment.
- 3. Low Carbon and Energy**  
We will promote and support low-carbon, low-energy practices.
- 4. Minimise Waste**  
We will lead and promote waste minimisation.
- 5. Encourage Biodiversity**  
We will support practices, partnerships and policies to protect and regenerate our native flora and fauna.

## Community Wellbeing Outcome

# Connected Citizens

## GOALS

Connected Citizens embrace social connection and learning through sharing stories and ideas, and civic engagement.

This Community Wellbeing Outcome seeks to actively support the contribution of citizens in activities that foster inclusion, agency and democracy.

## FOCUS AREAS

- 1. Enabling Community - PRIORITY**  
We will enable community ownership of projects, by supporting community groups and initiatives.
- 2. Open to Ideas**  
We will actively support the contribution of citizens in activities to foster inclusion and democracy.
- 3. Sharing Stories**  
We will support the growth of local identity, and community pride through sharing stories, learning and documenting local history.
- 4. Foster Iwi Relationships**  
We will develop collaborative relationships with papatipu runanga.
- 5. Advocacy and Leadership**  
We will advocate and encourage citizens to contribute ideas and perspectives in an easily accessible way.

# Financial Strategy Summary

The Council's Financial Strategy for the 2024-34 Long Term Plan (LTP) outlines the present and projected financial situation, highlighting the factors that shape funding and investment choices. It also defines the fiscal boundaries and restrictions within which the Council will function over the forthcoming decade. Developing this financial strategy has been difficult. Like other local councils in New Zealand, we are dealing with various financial challenges. These include higher costs for debt repayment, higher insurance costs, the need to renew ageing assets, costs related to addressing climate change, and overall increased costs due to high inflation.

## Finding the Balance

For our Financial Strategy, we must balance the costs of projects and services with the funding from rates and borrowing. These three factors - costs, rates, and debt - are interconnected. If one changes, at least one of the others must change too. For example, if we reduce rate increases, we need to cut costs (by delaying projects or reducing services) and/or borrow more. Getting the balance right will lead to a healthy financial situation. This allows residents to feel confident they will live in a thriving community with high-quality services and facilities that provide a good quality of life.

## Our Challenges

Our district is facing major challenges due to aging infrastructure that needs repair or replacement, not enough money being set aside for depreciation and renewals, upcoming new regulations for water services, and residents expecting high-quality services at an affordable cost. On top of increasing demands for services, the Council has to deal with new policies and laws around resource planning, water quality standards, transportation, climate change, wastewater, and waste management. With assets deteriorating, budgets getting tighter, and more regulatory oversight, the Council needs to show strong leadership and careful financial management. A coordinated, proactive approach is required to upgrade critical infrastructure, follow the new regulations, and provide value for ratepayers.

## Our Choices

The Council has a few options for managing its finances. However, in the current changing environment with many external factors affecting what we can do, our choices are more limited than in other years. Normally, we can reduce costs by cutting back on work and delaying expensive projects. But with issues around assets nearing the end of their life and having to invest in critical infrastructure to meet new higher standards, we've made some adjustments, but there are many things we simply must do.

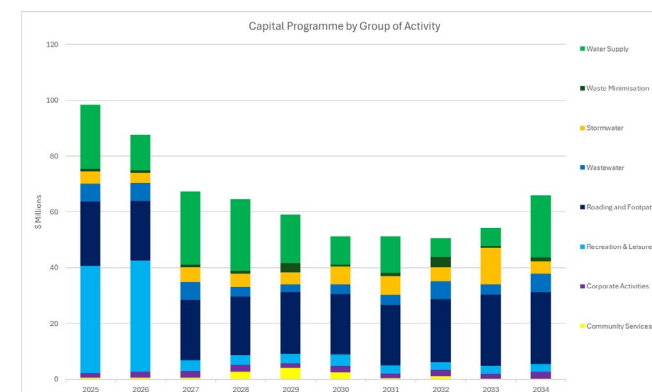
Some of our key projects require a large investment that we cannot cover just from rates, so we have to borrow more money than before to do what's needed. Of the three factors - costs, borrowing, and rates - we've chosen to make changes to all three. We've worked hard to cut costs (and will continue to do so), we're borrowing more, and we're raising rates to get our finances in order faster and start paying off debt. Luckily, our good credit rating and prudent financial management put us in a good position to do this.

So, our real choice is how to balance our work program against our income over the next ten years.

## Our Spending (Costs)

We have an ambitious capital works programme ahead of us, particularly for Year 1 of the LTP. As well as focusing heavily on our renewal programme to replace ageing assets in our water services activities, Council has committed to upgrading two key community facilities that have a large impact on our community: the Theatre Royal & Heritage Centre and Aorangi Stadium. The amount of money we will be spending on our capital works over the next ten years totals over \$650million, with 80% of that on core services for water, roads, and waste. The remaining 20% is on our community infrastructure including libraries, Aigantighe Art Gallery, CBay and swimming pools, the Airport, and parks throughout the district.

Below is the graph showing the areas of spending over the next ten years for the different activities:



# THE COST TO RUN OUR DISTRICT

Keeping our district running and providing the facilities and services you use costs nearly half a million dollars a day. For most people when you're driving or riding on the road, flushing the toilet, making a cup of tea, getting a book out of the library or going for a swim you're using a council service. Here's a breakdown of what it costs on average per person, per day to keep our district going.

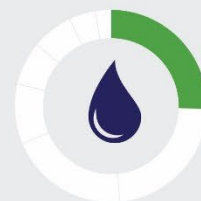


Cost to run our district

**\$13.94**

per person, per day

(Average based on total spend and a population of 48,500)



Water Services

**\$3.56**



Rooding & Footpaths

**\$3.20**



Recreation & Leisure

**\$2.80**



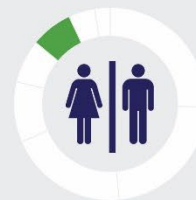
Corporate Activities

**\$1.41**



Waste Minimisation

**\$1.02**



Community Services

**\$0.97**



Environmental Services

**\$0.62**



Democracy

**\$0.36**

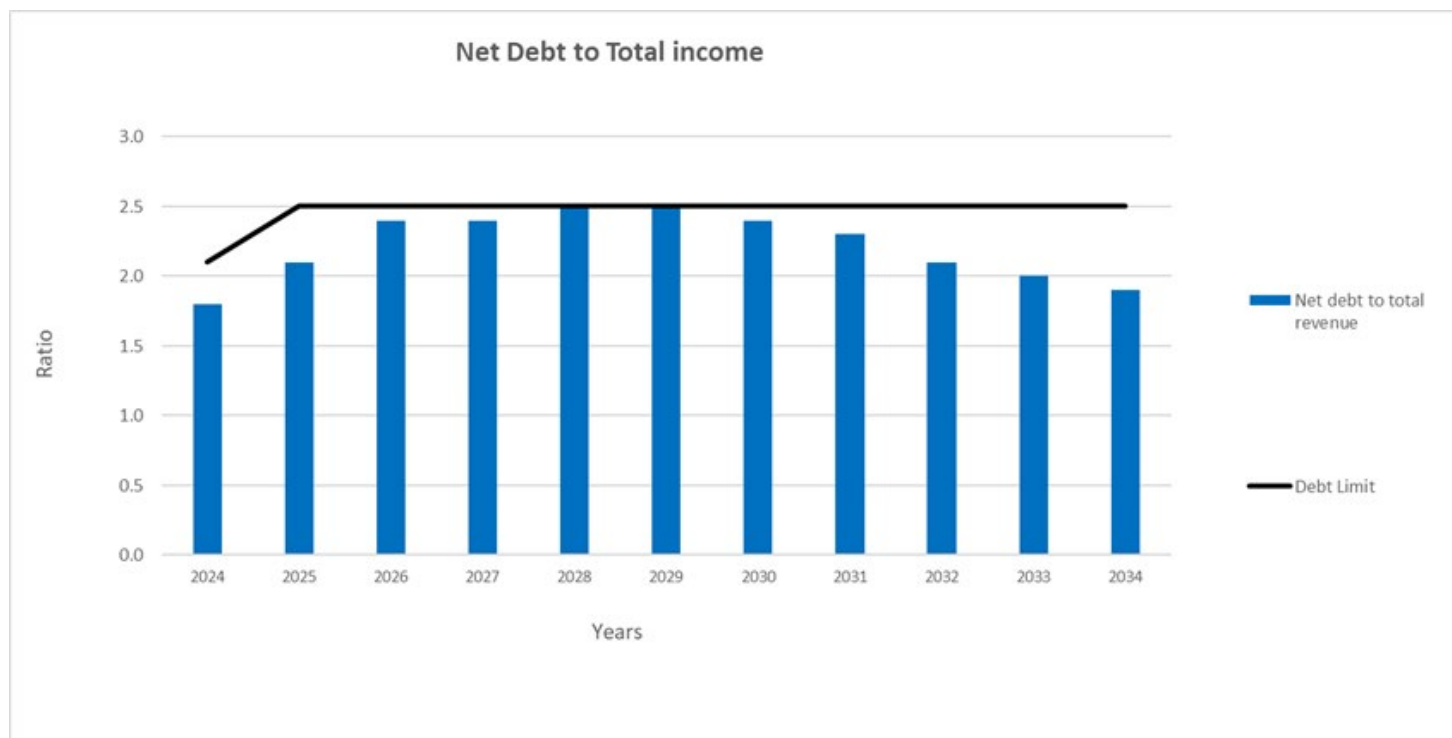
## Our Borrowing (Debt)

Compared to the previous Financial Strategy, the limit on how much debt we can have relative to our revenue has been increased from 210% in the 2021-31 plan to 250% for this next plan. Although we're allowed to have debt up to 280% of our operating revenue, this Financial Strategy caps our normal debt limit at 250% or lower - which aligns with the New Zealand Local Government Funding Authority's thresholds. By staying below a 250% limit over the next 10 years, we are likely to maintain Council's strong AA- credit rating.

Council's infrastructure and community facilities are long-term assets that serve residents over multiple generations. Using debt to finance them spreads the costs fairly over present and future users who will benefit. This allows Council to address infrastructure needs promptly rather than deferring costs to tomorrow's ratepayers. With assets lasting a long time, debt enables each generation to collectively fund the shared capital assets they will use together as a community.

While using debt financing for major capital investments, Council remains financially responsible through planned operating surpluses to gradually repay debt obligations within this Long Term Plan period. Projected net debt will increase from \$277 million in 2025 to a maximum of \$412 million in 2030 before declining to \$387 million by 2034. Council has developed a sustainable debt repayment approach by allocating surplus cash to pay off debt principal - this responsible strategy maintains strong financial standing over the long term.

Graph 1 below compares the budgeted net debt to total revenue ratio with the limits established in the financial strategy for each fiscal year.



## Our Income (Rates)

Timaru has had the benefit of very low rates for a considerable amount of time - decades in fact. As a result, rates in this district are one of the lowest for provincial councils throughout the country.

Council cannot sustain this due to the fact that there isn't enough money to pay for everything we need to do, including depreciation (the money we collect to pay for the replacement of assets) and we are in the situation of having assets we need to replace and having to borrow for them because we didn't collect enough rates for that purpose.

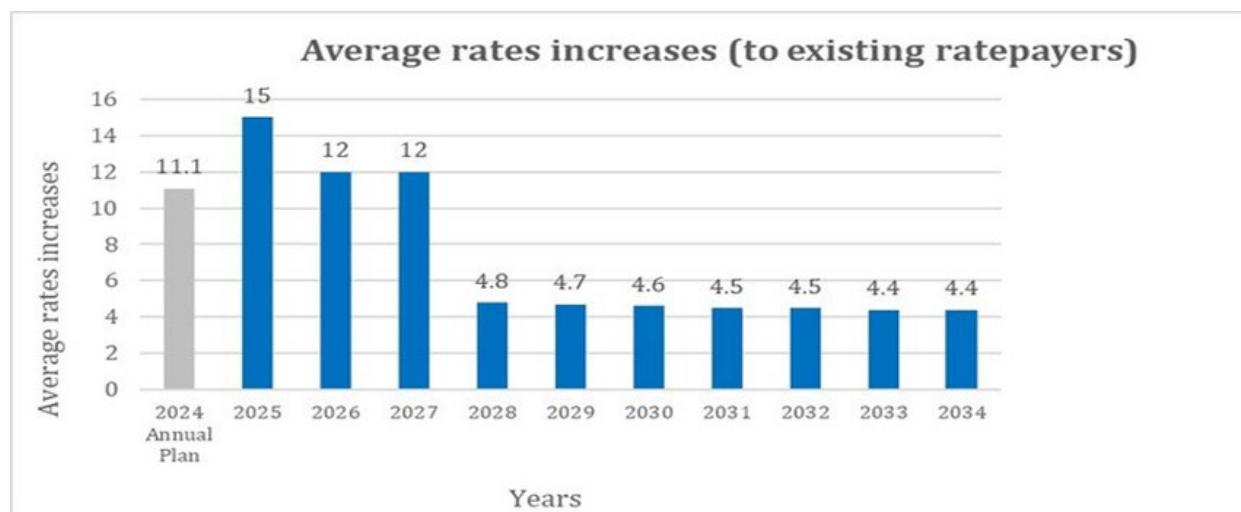
Council's had to make the tough decisions to put rates up to cover the true costs of things to run the district. Financial modelling has shown the amount we need to put our rates up to cover all our operating costs (day to day expenses) and even though the first three years have higher rates, we still won't break even until Year 4. But we need that income so we can get to our balanced budget as soon as possible and pay down the debt.

Average rates increases to existing ratepayers are proposed to be 15% in 2024/25, 12% in 2025/26 and a further 12% in 2026/27. From 2027/28 onwards, rate increases will not exceed 5%. The 2021/31 Financial Strategy had a rates limit set at 7%, it is proposed to maintain this level. Note the 7% limit is the limit that applies over the 10 year LTP period (so is an average over that time), and is not an annual rates limit.

After making budget decisions, capping debt and agreeing that paying for everyday costs with everyday revenues was a priority, we have determined our rates limits. The Council's rating system has been considered with the intention that it represents the most appropriate rates options to address the present and future needs of the city (see Graph 4 below).

By Year 4, rates will return to single digit figures and Council will be back in the black, fully funding depreciation, and making profit to pay off debt so future generations will have the ability to borrow for things they may need.

Council also has other forms of income such as subsidies from NZTA Waka Kotahi for roading projects, and money off investments, but rates are the primary income source for all territorial authorities, and every council in NZ is facing similar challenges.



# Infrastructure Strategy Summary

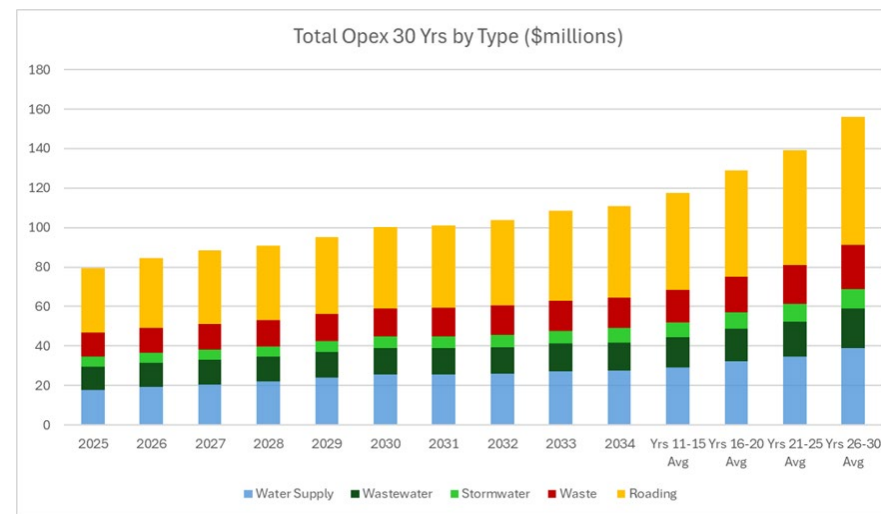
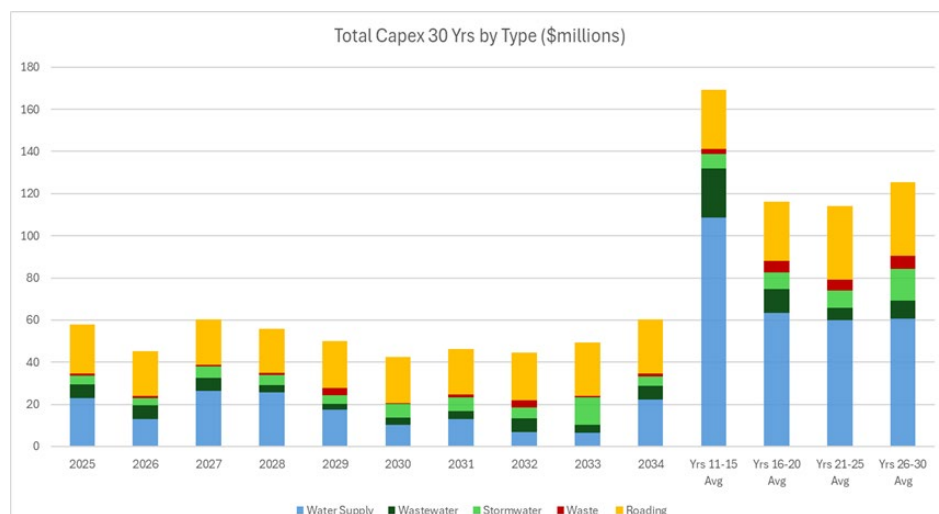
The Infrastructure Strategy provides a 30-year roadmap for crucial areas like water, wastewater, transport, facilities, and waste. It aligns with Council's strategic priorities around inclusivity, sustainability, financial prudence, and climate/demographic adaptation. The strategy aims to ensure a balanced work program that protects public health, promotes economic growth, and supports community wellbeing.

Council faces several key challenges, including ensuring resilient and compliant infrastructure to meet regulatory and community standards, dealing with ageing infrastructure due to past underinvestment, addressing climate change impacts and natural hazard risks, and maintaining affordability while balancing rising community expectations. The strategy considers various options, such as maintaining the status quo, investing in asset renewal programmes and increasing the debt cap, reducing capital investment and the debt cap, or accelerating the asset renewal program and increasing the debt cap to the highest limit.

The proposed preferred approach by Council prioritises asset renewals to maintain and upgrade existing infrastructure, improves asset information and data management, and incorporates climate change considerations into standard business practices. The strategy also outlines a 30-year capital expenditure plan, including a few key community facilities, and proposes future consideration of new funding models beyond the current rates-based system (for instance, establishing CCOs for core services such as water that can access central government funding independently of Council).

To finance the infrastructure plan, Council intends to increase debt to a self-imposed limit of 250% of revenue. The estimated capital investment over the next 30 years is \$2.1 billion, with \$1.96 billion in projected operational costs. Exploring alternative funding sources in the future will be crucial to supplement the rates-based system and ensure the long-term sustainability of the district's infrastructure.

Below shows the capital work programme for the core infrastructure services (3 waters, roading and waste) and the associated operational expenditure for the next thirty years.

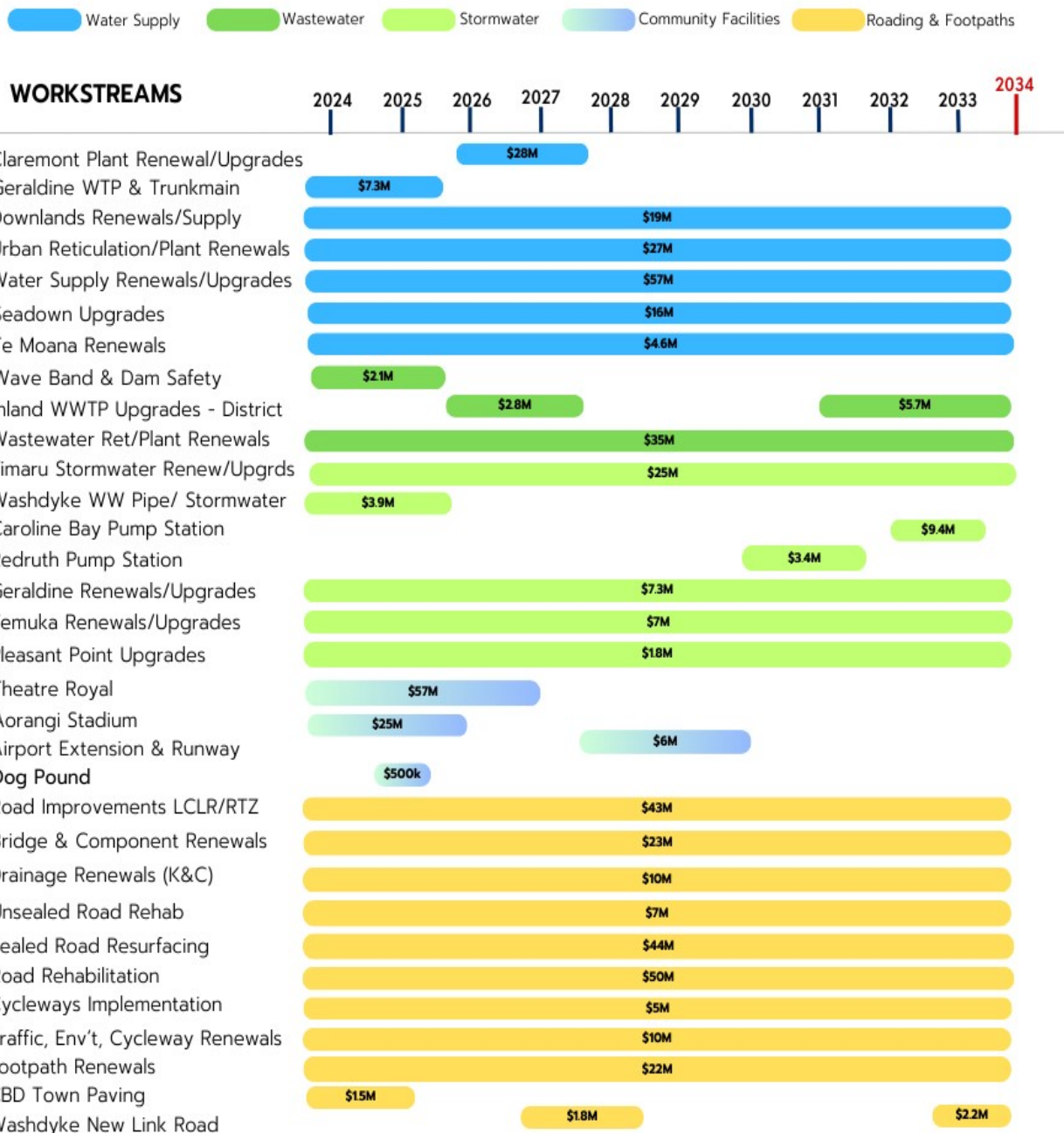


# 10 Year Capex Work Programme

This shows the major projects and programmes of work scheduled over the 10-year period of the Long-Term Plan. Although community facilities are not included within this Infrastructure Strategy, work is underway to obtain better data through conditional assessments to develop asset management plans for inclusion in future strategies. However, the main projects due for completion are included within this high-level summary of the work programme with estimated costs. Some of these are subject to future decisions for final approval by Council.

The significant projects starting in the first three years of this LTP are as follows:

- Geraldine Water Treatment Plant & Trunkmain upgrades - Year 1; \$7.3m - for levels of service to meet standards.
- CBD Town Paving - Year 1; \$1.5m for levels of service.
- Washdyke Wastewater Pipe and Stormwater treatments - Years 1&2; \$3.9m for levels of service and to meet standards.
- Wave Band & Dam Safety - Years 1&2; \$2.1m for resilience.
- Theatre Royal & Heritage Centre rebuild - Years 1-3; \$57m (\$11m from government) for levels of service.
- Aorangi Stadium renewal - Years 1&2; \$25m for upgrade/renewals.
- Claremont Plant Renewals & Upgrades - Year 3 (& Yr 4); \$28m for resilience.
- New Dog Pound - Year 2; \$500k for renewal and to meet welfare standards.





# The Challenge of Uncertainty

While our LTP is focused on addressing many of the challenges facing Council and our District, including a heavy asset renewal programme, improving our community facilities, and addressing our resiliency to climate change, we are also facing other uncertainties, particularly the water legislative reforms, NZTA Waka Kotahi funding, project delivery, and the ongoing challenge around climate change.

## Local Water Done Well - Waters Reform

Timaru District Council has been proactive with planning for its wastewater, water supply, and stormwater activities. Council had anticipated that these responsibilities would shift to larger water entities under previously adopted legislation. With the new government's repeals of that legislation it, Council is now operating under the premise that control over drinking water, stormwater, and wastewater will remain at the local level, with stricter rules on water quality and infrastructure management.

As a result, dedicated funding for water projects has become the number one capital expenditure item for this Long-Term Plan. New or replacement water infrastructure will be financed through loans, which will be paid back from rates or user charges.

Until the new government's plans are clearer, the council will stick to its business-as-usual plans. It has updated its long-term plan for water management and has staff continuing to handle operations. The council's water systems are undergoing an extensive renewal programme to ensure levels of service are maintained and all future standards will be met.

Looking ahead, Council expects to take out more loans to cover future water-related work, which will increase its debt levels. The cost of maintaining and operating water assets is expensive, and water charges for residents are expected to rise to cover inflation and ensure the continued provision of clean drinking water.

At this point in time, Council is uncertain about how its role in water management will change, but once more information is available, it will factor that into its plans. We are aware that providing quality water services is essential but costly, and will explore ways to make these services more efficient and affordable, potentially through collaboration with neighboring councils.

## NZTA Waka Kōtahi Funding Assistance

The uncertainty around the Waka Kōtahi subsidy and the potential implications of a decrease in funding are key considerations for Timaru. The district currently receives a 51% Funding Assistance Rate (FAR) from the National Land Transport Fund (NLTF) to subsidise road maintenance and improvements, excluding depreciation and interest costs. This funding is obtained through the submission of the Roothing work program and costs to NZTA Waka Kōtahi every three years. However, with the process not completed until May 2024, the final funding amount is yet to be confirmed.

Given NZTA Waka Kōtahi's evolving land transport priorities under the new Coalition Government, there is a possibility that the district may not receive the same level of funding as before. If this were to occur, Timaru would either need to make up the difference through rates or reduced levels of service, prompting the consideration of various options and inviting community feedback through the annual plan process to determine the appropriate course of action.

## Project Delivery

The proposed capital work programme represents a significant increase compared to the 2021-31 Long Term Plan with two critical community asset renewals and upgrades occurring within the first year on top of a full core infrastructure work programme in water and roading.

Delivering the extensive capital work programme in the first few years is dependent on both internal (e.g. resourcing, capacity and planning) and external factors (e.g. construction sector resources, supply chain, regulatory requirements).

Council is assuming a 100% delivery for its ambitious work programme based on the likelihood that external contractors from wider Canterbury or a national firm will be delivering the community infrastructure builds. This is anticipated to reduce the strain on local construction resources so the core infrastructure work programme does not get disrupted.

Additionally, under new management, project delivery will be a major focus with the appointment of specialist project managers for significant projects, including enhanced milestone reporting and better tracking systems to keep Council informed of progress updates on a regular basis.

## Climate Change

As a coastal community with a significant agricultural base, climate change impacts are a considerable issue for Council with a great deal of uncertainty involved. Council commissioned the report into sea level rise and erosion that reported a 50-year estimate for significant impacts. However, within two years of the report's publication the evidence of erosion necessitated the closure of Patiti Point Road and close monitoring of the impact of the Caledonian Sports field. This highlights the dynamic and unpredictable nature of estimated timelines and the need for Council to be responsive to emerging issues.

Very few significant infrastructure assets are directly at risk of sea level rise and coastal erosion with one critical exception - Redruth Landfill. At present the landfill is protected by the Kiwirail line and coastal walls in place to protect the railway; should these suffer damage and Kiwirail elect to close the line then Redruth becomes more vulnerable.

Timaru District Council is taking a multifaceted approach to mitigate the impacts of climate change:

- As a business and corporate citizen, Council is taking action to reduce its greenhouse gas emissions. This includes initiatives such as vehicle replacement, energy efficiency and reduction measures, and replacing fossil fuel heating options in Council buildings with electric boilers.
- As the owner of community infrastructure, Council is ensuring the resilience of its assets. This involves maintaining community accessibility, continued protection from flooding, and considering the potential need to relocate or upgrade assets to adapt to climate change impacts.
- In its role as a local governance leader, advocate, and enabler, the council is working closely with the community to build understanding of local climate change impacts and identify appropriate response plans and adaptation actions.

To coordinate and guide these efforts, Council will be developing a comprehensive Climate Change Response Plan over the next 12-15 months. This plan will provide a holistic framework to address the multifaceted challenges posed by climate change at the local level.

## Closed Landfills

In addition to Redruth Landfill which is still operational with approximately 25 years of operational life left, Council has a number of closed landfills throughout the district, many of which are located near waterways and potentially vulnerable to extreme weather events such as floods (as is the case for Peel Forest Closed Landfill). At this point in time, a risk assessment has been undertaken to ascertain the risks to the landfills from the impacts of climate change, particularly for erosion or flood events.

Council now has to establish a management plan from the risk assessment to develop a testing protocol and priority list for closed landfills that may be vulnerable to breaching. Timaru District Council has budgeted for the ongoing development of the management plan in Years 1 and 2, with the understanding that future Long-Term Plan variations may be sought through the Annual Plan process to address any landfills that may require remediation or removal due to vulnerability to climate change impacts.

[Read our Significant Forecasting Assumptions for more information.](#)