

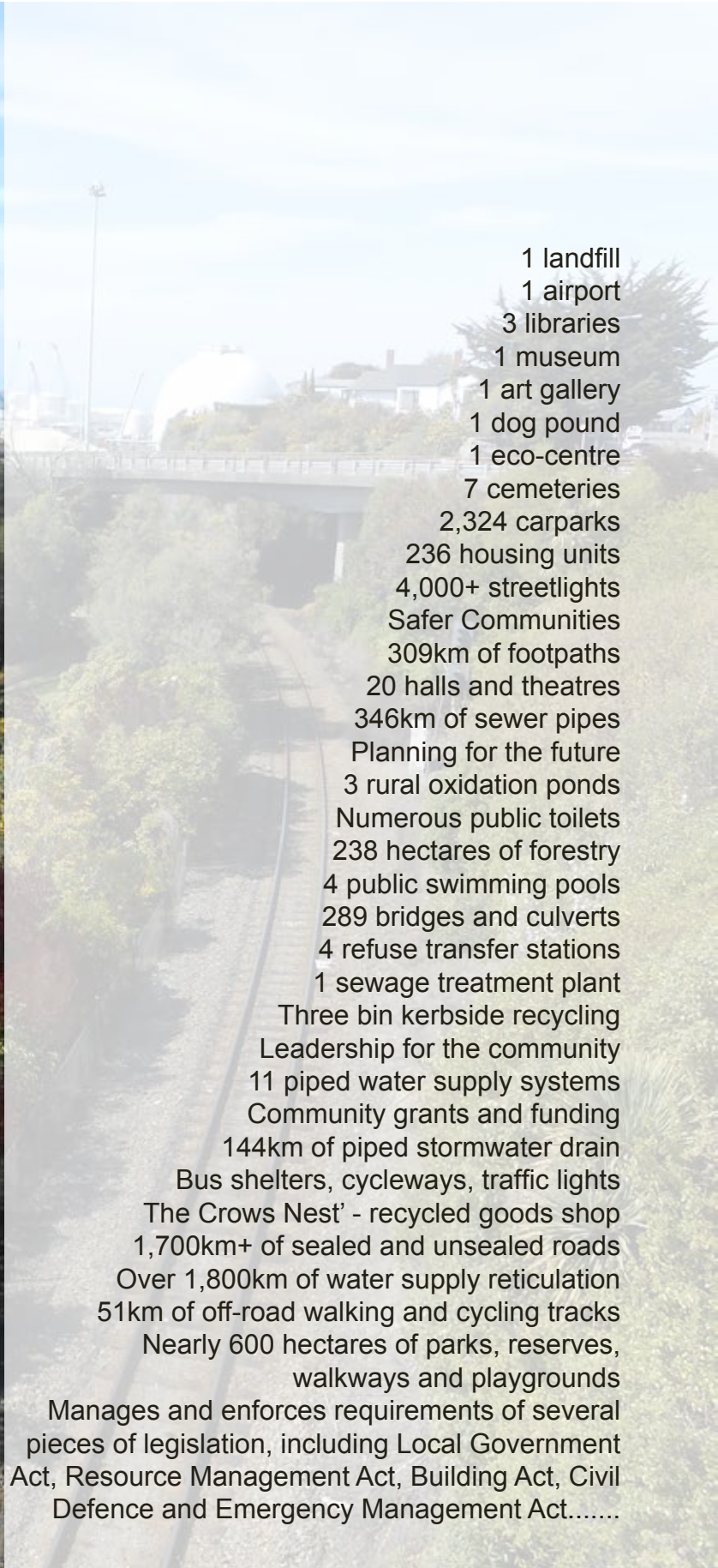
The background of the cover is an aerial photograph of Timaru, New Zealand. It shows a coastal town with a mix of residential and commercial buildings, green fields, and a beach area with a pier extending into the turquoise water. In the distance, a range of snow-capped mountains is visible under a clear blue sky. A large, semi-transparent blue gradient overlay covers the bottom right portion of the image, where the title text is placed.

# Annual Report 2015-16

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# Summary

# Council Assets and Services



- 1 landfill
- 1 airport
- 3 libraries
- 1 museum
- 1 art gallery
- 1 dog pound
- 1 eco-centre
- 7 cemeteries
- 2,324 carparks
- 236 housing units
- 4,000+ streetlights
- Safer Communities
- 309km of footpaths
- 20 halls and theatres
- 346km of sewer pipes
- Planning for the future
- 3 rural oxidation ponds
- Numerous public toilets
- 238 hectares of forestry
- 4 public swimming pools
- 289 bridges and culverts
- 4 refuse transfer stations
- 1 sewage treatment plant
- Three bin kerbside recycling
- Leadership for the community
- 11 piped water supply systems
- Community grants and funding
- 144km of piped stormwater drain
- Bus shelters, cycleways, traffic lights
- The Crows Nest' - recycled goods shop
- 1,700km+ of sealed and unsealed roads
- Over 1,800km of water supply reticulation
- 51km of off-road walking and cycling tracks
- Nearly 600 hectares of parks, reserves, walkways and playgrounds
- Manages and enforces requirements of several pieces of legislation, including Local Government Act, Resource Management Act, Building Act, Civil Defence and Emergency Management Act.....

# Mayor/Chief Executive's Welcome

## Welcome to the 2015/16 Timaru District Council Annual Report Summary

2015/16 was the first year of our 10 year Long Term Plan 2015-25. Our focus has been on implementing the plan for the 12 month period as agreed with the community.

Like in previous years a significant portion of the budget was spent on maintaining and investing in essential infrastructure, looking after the environment and supporting community development. Much of this is not headline news and sometimes can be taken for granted, but we've been actively working to improve the quality and efficiency of our services.

### Service Performance

Some of the Key infrastructure work included:

- Completion of the Factory Road two – lane bridge.
- Completion of a new landfill cell at the Redruth site.
- Ongoing upgrading and renewal of a number of sewer mains and stormwater and water supply systems throughout the District.

There were also a number of highlights at our recreational facilities, many of which saw record attendance numbers:

- Greater than ever use of our libraries as a community hub with a wide range of residents using the facilities, including book discussion & music groups, community workshops and guest author sessions.
- Topical exhibitions at both the Museum and Art Gallery such as "Sounds Like Us" NZ Radio History, "Aves Nova Zealandia – Bird Images", "Battle Flag – the HMS New Zealand Ensign for the Battle of Jutland", exhibitions by a number of local and visiting artists including Minkisi Art and Belief in West Africa, and the Nigel Brown "I Am/We Are" exhibition that has since gone on tour within New Zealand.
- More visits to the District's swimming pools, including swimming lessons and aqua fitness classes, than last year.

During the year we made significant progress on the District Plan Review with completion of the scoping phase and the District Town Centre study. The District Plan is the key tool for managing land use and development with the district and this multi-year review is an important part of forward planning for the district.

### Financial Performance

In terms of our finances, we are pleased to deliver an Annual Report that shows the Council's finances are in a significantly better position than forecast in the Annual Plan 2015/2016. This strong financial position was the result of a number of factors including:

- Vested assets from subdivisions within the district, valued at \$2,984,000, being received during the year.
- Ongoing low interest rates, combined with delayed capital expenditure and strong cashflow, resulting in lower interest costs.
- Depreciation expense is below budget due to delayed capital expenditure.
- The value of investment properties and forestry assets has increased during the year.
- Waste tonnes to the landfill have increased during the year due to the amount of commercial activity. A decrease in the expected remaining life of the Redruth landfill, means an increase in the required aftercare provision.

Many of these financial items are not cash transactions and therefore do not affect the amount of rates required to provide the Council's services. It is not expected that there will be a significant reduction in the amount of rates required in future years as a result of the reported surplus in the current year.

### Community Views

We took heart from the results of the 2016 Community Survey that showed a majority of Timaru District residents surveyed are highly satisfied with the overall work of the council and think the District is a great place to live. Of the residents surveyed 77% of residents expressed overall satisfaction with the Council's performance, 82% were satisfied with the overall services and facilities provided by the Council, and 71% said they thought the Council provided value for money.

These regular surveys give us important feedback on areas where we are doing well, and more importantly areas we can focus on improving in.

### Managing Health & Safety

From 4 April 2016 the new Health & Safety at Work Act placed greater responsibility on elected members. The Council takes the safety of staff, contractors, volunteers, and the public seriously. While we have had tertiary level ACC accreditation for a number of years, our focus is always on achieving continuous improvement. This year our staff training targeted understanding the requirements of the new Act and ensuring we as a Council implement these in a way that achieves the best possible outcome for both staff and residents alike.

### Finally

We invite you to read on for more detail about the year, and our performance and achievements.

Once again we would like to thank the community, councillors, community board members, staff, and contractors alike for the contributions everyone has made to ensuring our District continues to be a great place to live.



Damon Odey  
Mayor

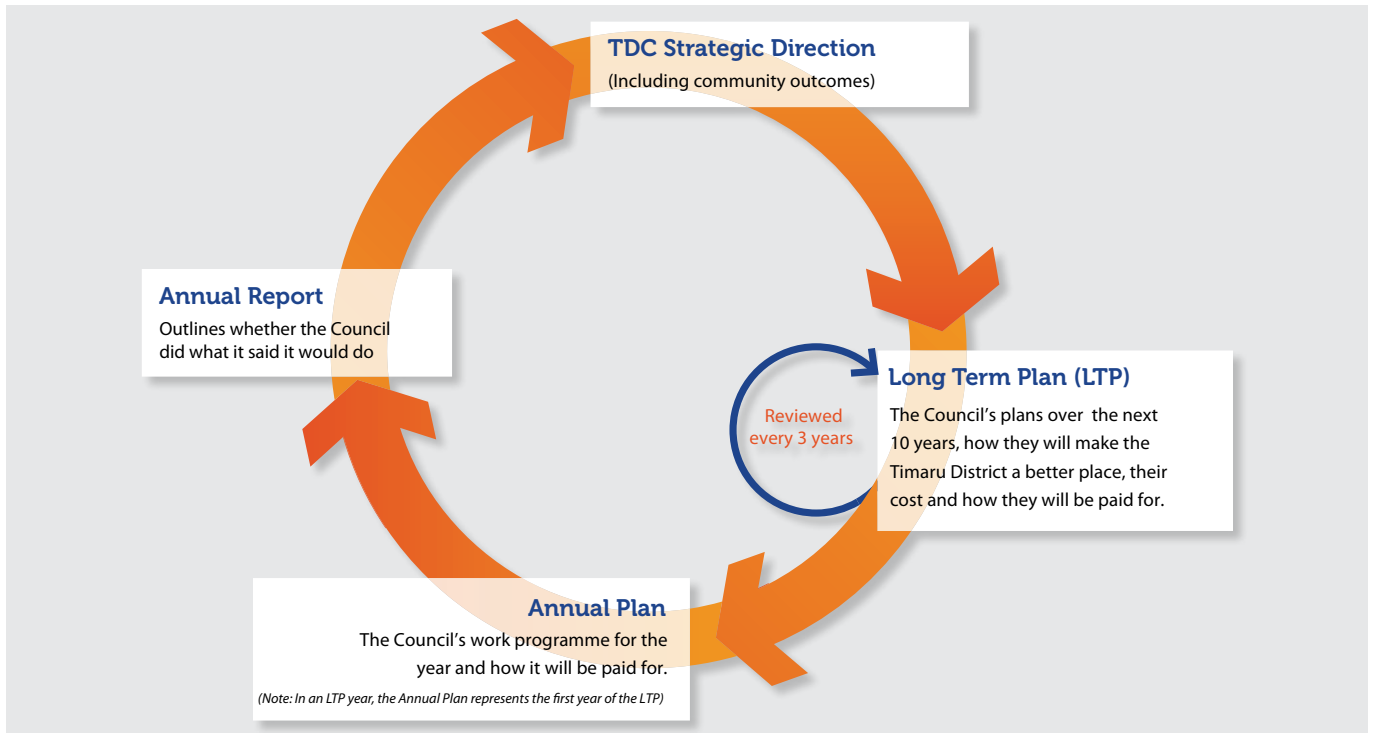


Peter Nixon  
Chief Executive

# About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2015/16 Annual Plan (or Year one of the 2015-25 Long Term Plan) as required by Section 98 of the Local Government Act 2002.

The diagram below shows our planning and reporting cycle:



The report details our achievements and progress for our nine Groups of Activities as follows:

GROUP OF ACTIVITIES	ACTIVITIES
Democracy	Governance and Leadership
Community Support	Airport Community facilities (includes public toilets, cemeteries) Community Funding (includes community funding, subsidised labour) Economic Development and District Promotions Emergency Management Safer Communities Social Housing
District Planning and Regulatory Services	Building Control District Planning Environmental Health (includes environmental health, animal control, parking enforcement)
Recreation and Leisure	Cultural and Learning Facilities (Includes Art Gallery, Halls, Theatre Royal, Libraries, Museum) Parks, Recreation and Swimming Pools (Includes Caroline Bay Trust Aoraki Centre, Fishing Huts, Motor Camps and Forestry)
Roading and Footpaths	Roading and Footpaths (Includes parking facilities) Cycleways and walkways
Waste Minimisation	Compost, Recycling and Refuse
Sewer	Sewer
Stormwater	Stormwater
Water Supply	Water Supply

# Strategic Direction

## Vision

Lifestyle – Economy – Identity – Leadership



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

## Lifestyle

**Fantastic, sustainable lifestyle second to none**

*We live in a pretty special place. We want to keep it that way. We want to make it even better for ourselves, our children, their children.*

This means:

- We want to ensure our communities are well serviced with essential services
- We want to maintain a humming, vibrant mix of places to go and things to do
- We feel safe walking the streets and crime rates remain low
- Our families are strong and our children and youth are provided with great opportunities to learn and grow
- We care for and respect our elderly
- Our communities are thriving, exciting places to set down roots
- We have abundant recreational, sporting and leisure opportunities
- We care for, enhance and respect the natural environment

## Identity

**Strong and enviable reputation and identity**

*We want to forge and strengthen a reputation and identity that other districts may aspire to*

This means:

- We are proud of our district - our environment, our lifestyle, our communities, our people, our success
- We build and own our identity
- Our residents are our strongest advocates - locally, nationally, internationally
- We respect and honour our heritage and individuality
- We value, encourage and celebrate cultural diversity
- We celebrate and sell our story

## Economy

**Thriving and innovative economy where opportunities abound**

*Our economy is essential to our future. We need it to grow innovatively and sustainably.*

This means:

- We build on our economy's agricultural roots and support innovative, future focused industries
- Our industries and businesses produce high quality goods and services while valuing the environment from which their raw materials are sourced
- Our businesses are well supported and enabled to grow
- Our district has a variety of training and employment opportunities available
- Our standard of living grows continuously
- We have planned for and have balanced growth that keeps our businesses, population and youth local
- We maintain and build on our district's strong economic diversification
- Our district's opportunities attract people, skilled workers and families here to live, work and play
- New businesses choose Timaru District
- Our businesses and other agencies work together for maximum district benefit

## Leadership

**Inspiring, people-focused leadership**

*We want a district where we build on our strengths, minimise our weaknesses, challenge our threats and grasp our opportunities. This takes leadership.*

This means:

- We lead to inspire and enable, and barriers are proactively reduced
- Our leaders help create the environment for the future to happen
- We inspire our district's future leaders
- We plan for the future to take advantage of its opportunities and recognise and address its challenges
- Our leaders make decisions that enable our community and economy to prosper

**Read more about our Strategic Direction in the Long Term Plan 2015-25, available from: [www.timaru.govt.nz](http://www.timaru.govt.nz)**

## Highlights of the year

### Ongoing upgrading for some of our key recreational facilities

- Work has started on upgrading the mezzanine floor exhibition areas at the Museum. Once completed this will provide more scope for showing regular and specialist exhibitions.
- Extension of the carpark at CBay was completed to provide a further 20 parking spaces to cater for the growing number of visitors to the complex.
- Further upgrading was undertaken at the Temuka Domain as part of the multi-year development project. Carpark work was completed and redevelopment of the former house site commenced.
- The Theatre Royal received a facelift with new carpet, improved external lighting and restoration of the foyer hand rails and bannisters.



### Survey shows high satisfaction with Council

Council's biennial community survey shows a majority of the district's residents surveyed are highly satisfied with the overall work of the council and think the district is a great place to live.

For the first time the researchers also measured the council's reputation using a standardised measure. Analysis over a range of questions showed 77% of residents had positive feelings towards the council and recognised it was doing a good job. Amongst the 12 local authorities currently using this measure, Timaru District Council came out highest.

These regular surveys give Council important feedback on areas where we are doing well, and more importantly areas we can focus on improving in.

Areas identified for improvement included that around only 68% were happy with the overall communication from the council and 46% of residents were satisfied that they had an influence on council's decision making.

One particular area of focus was our speed of responsiveness and resolution of issues. So while the residents surveyed were satisfied or very satisfied with the outcome, it took too long to get a response or the outcome. A team has been put together to find ways we can improve in this area.

Survey results are spread throughout the report and available on the Council's website.

### Roading Collaboration reaps financial benefits

Increasing collaboration amongst Mid and South Canterbury Councils has resulted in new common roading contracts with financial benefits to participating Councils.

- A new road maintenance contract awarded in November 2015 for the next 5 years has reduced road maintenance costs. The road maintenance contract is a common document for the Timaru, Ashburton, Mackenzie and Waimate District Councils and was prepared collaboratively. The contract for each of the four districts was tendered at the same time and reaped financial savings. The contracts continue to be managed collaboratively.
- A joint road resurfacing contract for Timaru, Mackenzie and Waimate District Councils was awarded in 2015 for two years. This joint contract for the three districts is managed by Timaru District Council.



# The Year in Review 2015/16

## Our Gardens of National Significance

As the Trevor Griffiths Rose Garden at Caroline Bay matures its impact on residents and visitors grows. The garden was reassessed again this year by the NZ Gardens Trust and retained its 5 Star status. This award sits alongside the "Garden of Excellence" status that has been awarded by the International Federation of Rose Societies.

The garden joins the Timaru Botanic Gardens which also holds the 5 Star status.



## Consent processing with the customer in mind

Council has legislative responsibilities in terms of processing and granting resource consents for land use and subdivision development and building consents. Both of these activities are an important part of ongoing commercial and residential development in the district.

This year high numbers of both resource consents and building consents were received and processed by Council. While numbers of applications were high, both types of consents were processed well within the legislative timeframes and recorded lower average processing time than previous years.

## Bigger Planes and more capacity

Air NZ advised that a larger aircraft would be servicing the Timaru – Wellington route from March 2016 as part of its revamped regional routes. This has meant that the terminal building and the carpark require upgrading and expansion.

Council has continued to strongly advocate that the flight schedule, as well as the aircraft, is tailored to meet local demands.



May 2016

### IPWEA NZ Excellence in Public Works Awards 2016

Badhams Bridge Widening – Opus international Consultants, Timaru District Council

Category 2: Excellence in Maximising Asset Performance

## Timaru District collects awards on the national stage

Just because we are a relatively small district doesn't mean we can't produce great things. During the year the Council collected a range of national awards:

- Timaru District Council's consultation document "Are We There Yet?" was judged the best of the 2015-25 LTP consultation documents at the Society of Local Government Managers (SOLGM) Community Plan Conference, demonstrating the qualities of an effective Consultation Document.
- The major Factory Road Bridge upgrading project to provide a two lane bridge on a key freight link to the Clandeboye Dairy Factory won an Institute of Public Works Engineering Australasia (IPWEA) "Excellence in Maximising Asset Performance" award.
- The multi year Timaru District Wastewater Strategy received an "Excellence In Strategic Planning" award at the Institute of Public Works Engineering Australasia (IPWEA) June 2016 Excellence awards.
- The Council's Building Unit was recognised at the 2016 Building Officials Institute of NZ Conference receiving a Unit and individual staff member award for commitment to training.

## Highlights of the year

### Ever changing exhibitions at the Art Gallery and Museum

There's always something new to see at the Aigantighe Art Gallery and the South Canterbury Museum, where exhibitions during the year are a mix of local focus and visiting displays. Particularly popular this year were:

At the Art Gallery:

- 'The Tutors' - Aoraki Polytechnic Staff Art Show Exhibition
- Hamish Mio and Tonga Contemporary exhibition
- Minkisi Art and Belief in West Africa.
- Nigel Brown exhibition 'I am/We are' which then went on to tour within New Zealand
- 'Hope and Connections' - Debbie Templeton-Page and Cindy King
- 'Hybrids' - Clarissa Lim
- 'Clive Humphries and Rachel Ratten dual opening.

At the Museum:

- 'Sounds Like Us' (NZ radio history)
- 'Dinosaur Footprints' - NZ dinosaur footprints from Nelson
- 'Rock'n Roll Part 1' - local music history from the 1960s
- 'Aves Nova Zelandia' - Bird images by photographer Ron Lindsay
- 'Equipped to Survive' - WW1 soldiers' equipment
- 'Battle Flag' - the HMS New Zealand ensign from the Battle of Jutland.



### Project Turnaround

The Project Turnaround Team has had another successful year. This restorative justice service is an important part of the community wide effort to make Timaru a safe place to live. The team attained Ministry of Social Development Accreditation, a requirement of the new contract, and successfully delivered all of the requirements of the annual contract.

### Moving forward with Economic Development

Attracting and sustaining business growth in the district is one of Council's most important challenges. During the year the Council Controlled Organisation (ADBT) was restructured to focus solely on economic development and promoting the Timaru District as "THE Place to Live and Do Business".

The tourism promotion aspect is now managed directly by Council using a mix of other agencies and existing services to provide information centres and marketing campaigns. The Council has also taken responsibility for developing a new visitor information website and this will be launched in early 2016/17.

The new arrangements will commence on 1 July 2016.

### South Canterbury Road Safety message goes global

An innovative road safety campaign targeting visiting drivers was launched throughout the district. A regional road map poster was developed and placed in public toilets across the district. This showed common crash locations and short messages in several languages of steps to take to avoid the risk of a crash.

The campaign attracted international media attention spinning a positive story about the maps in public toilets targeting people stopping for a much needed toilet break being a captive audience!





# The Year in Review 2015/16

## New arrangements for Environmental Health Services

As of July 2015 the Council's Environmental Health Services were contracted to Food and Health Standards (2006) Ltd. This contract, which is managed by the Timaru District Council, delivers specialist environmental health inspection and monitoring services on behalf of the Timaru, Waimate and Mackenzie District Councils.

In addition, a new regime for registration, administration, monitoring and enforcement for food premises as required by the Food Act 2014, was introduced. A joint consultation was conducted with Mackenzie and Waimate District Councils prior to new fees being established. These came into force on 1 July 2016.

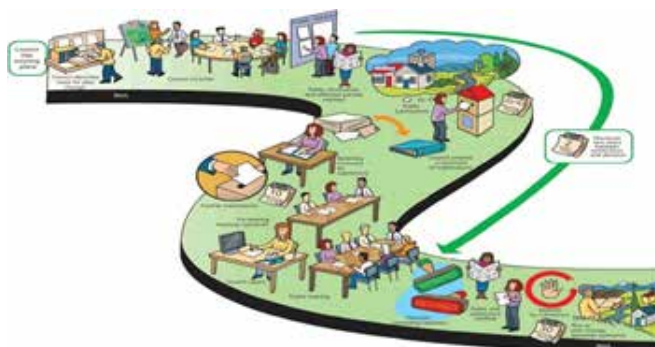
Collaboration with neighbouring Councils meant food service providers across the region have some consistency, as well as enabling the new legislative requirements to be implemented in the most cost effective way for the regions ratepayers.

## Reviewing the District Plan

The District Plan review is a multi-year project required by the Resource Management Act that says Councils must review each of the provisions of the plan every ten years.

The review is being done in stages, with the Scoping Phase and the Town Centre study completed during the year, and work on the Stage 2 Issues and Options phase getting underway.

This is a cornerstone document that guides land use and development in the district, so the review process and input from residents is vitally important.



## Roading Improvements ongoing

Every year Council spends a significant portion of the rates it collects on maintaining and upgrading the districts roads. During the year:

- The two laning and upgrading of the bridge on Factory Road was completed.
- Work on the Arundel/Belfield road realignment and rail crossing was completed.
- Seal extensions, seal widening and footpath renewal work was undertaken in a number of priority areas across the district
- Additional funding from NZ Transport Agency was secured for LED streetlight conversions. This is part of an ongoing project to convert to LED lighting to secure savings in power consumption and maintenance costs.



# The Year in Review 2015/16

## Our libraries as community hubs

There's much more to our Libraries and Service Centres than books. Providing an up to date collection of books, CD's, DVD's, talking books, magazines and other materials is a core focus for the library. But alongside this is a growing range of other activities hosted by our 3 Libraries/Service Centres. These activities continue to attract high numbers of visitors.

Particularly popular this year were book discussion groups, visiting authors, yarn bombing workshops and gaming technology sessions.

With the high foot traffic in the library, the foyer areas are ideal places for many local organisations to promote their messages. Almost weekly there are displays from groups including the local Heart Foundation, Genealogy Society, Drama league, home based child care groups, to list a few.



## Swimming - a popular pastime for residents of all ages

The swimming complex at CBay is one of our most frequented community facilities. This year record numbers visited for lessons, fitness or just to have a swim. During the year there were:

- Over 300,000 admissions to the pool
- 29,122 swimming lessons – a 20% increase on last year
- 350 aqua fitness classes – increased due to public demand
- Regular school participation in the SwimSafe programme
- Competitive swimmers attending training camps and regional swim meets



**Exhibition - historic naval flag opening**

## Where Young meets Old

Through the popular Heritage Education Service and the Museum Explorers Club a growing number of our school students are visiting the Museum.

Significantly more school students took part in the Museum's Heritage Education Service than in the previous year. This service has become an integral part of the regular school programme for many local schools.

The Museum Explorers Club has begun a new era with the development of collectible badges and a new "passport" system for members. Membership of the primary school student-aged club has more than doubled in 6 months, with over 1,000 members by the end of June. Members receive email updates about new exhibitions and children's programmes, as well as receiving rewards for frequent visitation.

# The Year in Review 2015/16

## Performance at a glance

**97%**

Occupancy of Council social housing units

**29**

thousand swimming lessons at CBay



**625,107**

library items issued

**92%**

resident satisfaction with the Museum

**10.3km**

of footpaths resurfaced

**Airport Accreditation retained**

**51**

kilometres of off road cycle and walking tracks



**82%**

residents satisfied with overall services and facilities

**1,410**

building consents processed.

**95%**

of residents satisfied with street lighting

**97.8%**

of Liquor premises compliant with legislation

**71%**

of residents think Council provides value for money

**13,995 tonnes**

of material processed at the Composting Facility

**90%**



user satisfaction with water supply services

**100%**

of Resource Consents processed with statutory timeframes. Average processing time now 10.5 days (last year 12.5 days)

## Day-to-day we...

Maintain over 1,700km of sealed and unsealed roads, 289 bridges and 309 km of footpaths.

Run libraries at Timaru, Temuka and Geraldine, with an increasing focus on libraries as a community hub for a range of recreational, cultural and learning opportunities for all residents.

Provide and manage over 540 hectares of parks, reserves, sports grounds and gardens throughout the district.

Process and issue building and resource consents.

**Operate 12 individual water supplies throughout the district that service 16,000 properties.**

Manage 51km of off road walking and cycling tracks.

**Promote dog registration and responsible dog ownership as part of enhancing the safety of residents.**

Manage and maintain 40 public toilets in the CBD, local parks and in rural areas.

**Operate 4 swimming complexes across the district.**

Manage and maintain an art gallery, museum and libraries that are free to visit for all residents and visitors to the district.

**Manage a sewer asset base of oxidation ponds and wastewater treatment plants, 24 sewer pump stations, 346km of pipelines and 4000 manholes.**

# The Year in Review 2015/16

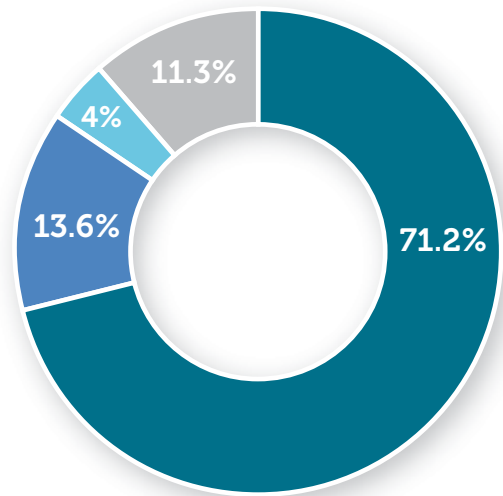
## Measuring up

Council measures its performance each year using a core set of indicators that are determined through the Long Term Plan.

We have 177 performance measures that we report on across 9 groups of activities.

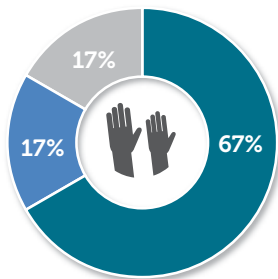
We achieved 126 of these, nearly achieved 24, and 20 were not achieved. 7 were not measured this year due to measurement systems still being developed.

Overall Performance Summary

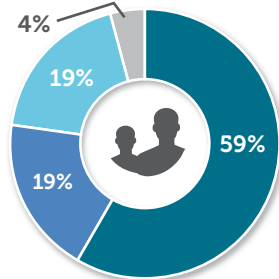


### Performance Summary by Group of Activities

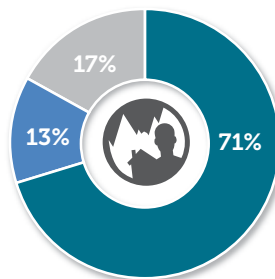
Democracy



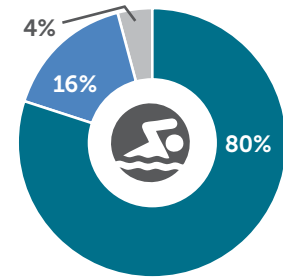
Community Support



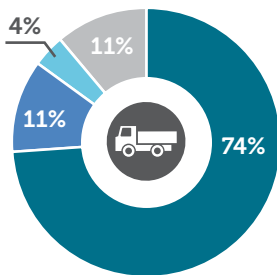
District Planning and Regulatory Services



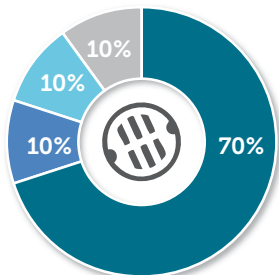
Recreation and Leisure



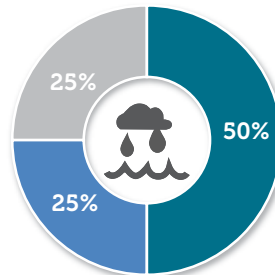
Roading and Footpaths



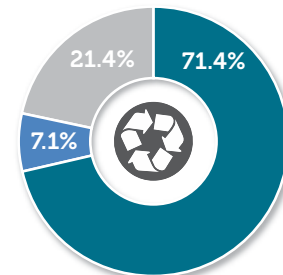
Sewer



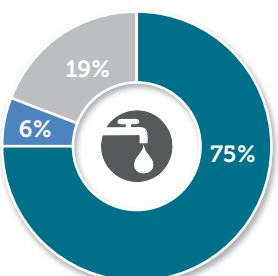
Stormwater



Waste Minimisation



Water Supply



The results show a high level view of performance.

More detailed results can be found in Section 2 of the full annual report.

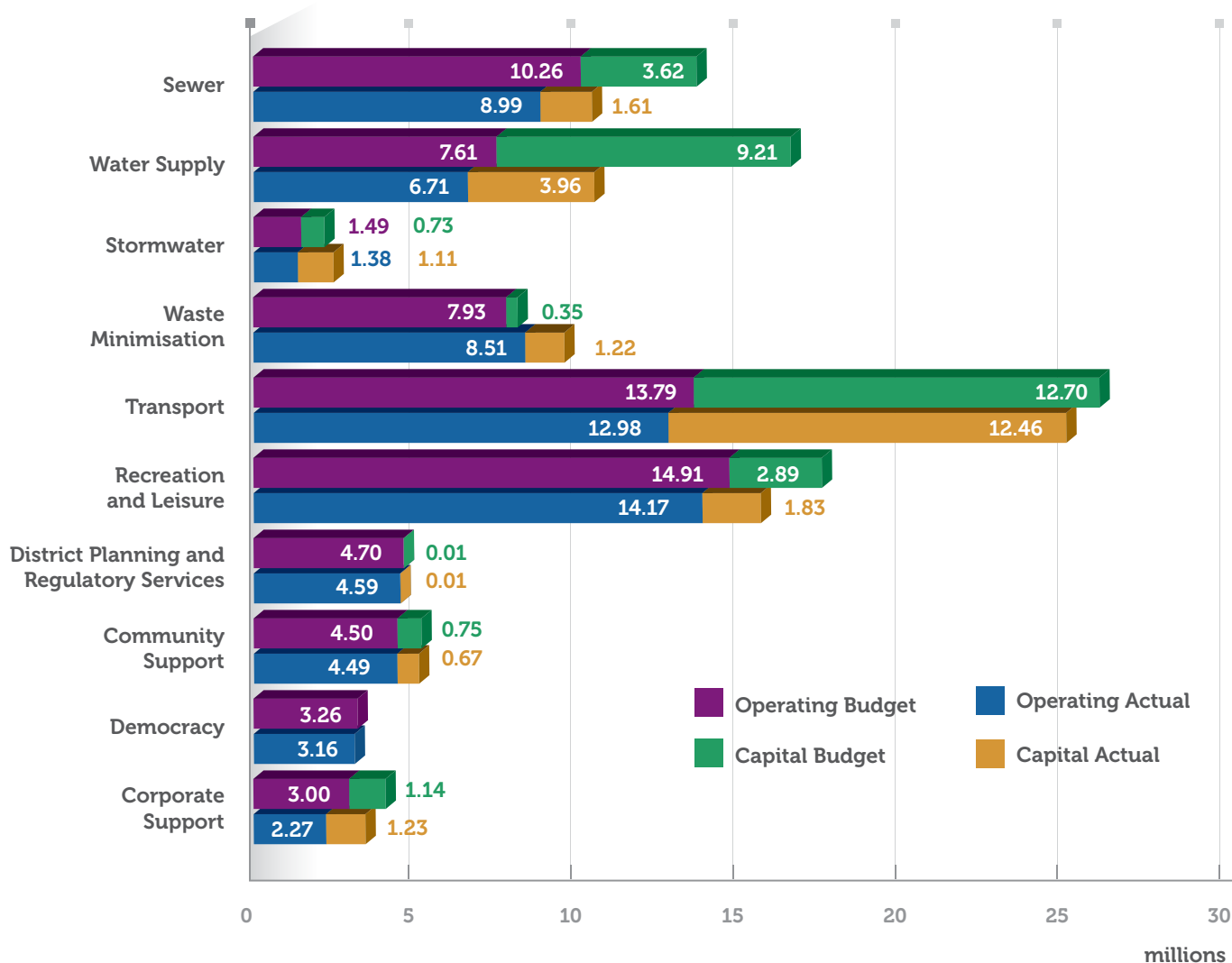
# Performance Measures by Activity – Summary

The following is a selection of our significant performance measures

What we measure	How did we go?	Target met?
<b>Democracy</b>		
Council meetings items in open meeting	90%	✓
Resident influence on Council decision making	46%	X (target 50%)
<b>Community Support</b>		
Resident Satisfaction with facilities		
<ul style="list-style-type: none"> <li>■ Public Toilets</li> <li>■ Cemeteries</li> <li>■ Airport</li> </ul>	61% 83% 90%	✓ ✓ ✓
Social Housing occupancy	97%	X (target 98%)
<b>District Planning and Regulatory Services</b>		
Resource Consents issued within statutory timeframes	100%	✓
Average processing time for building consents reduces	10.5 days	✓
Retain accreditation as Building Consent Authority	Achieved	✓
Food Premises – Food Control Plan audits	85%	✓
<b>Recreation and Leisure</b>		
Resident Satisfaction with facilities		
<ul style="list-style-type: none"> <li>■ Art Gallery</li> <li>■ Museum</li> <li>■ Parks and Reserves</li> <li>■ Libraries</li> <li>■ Swimming Pools</li> </ul>	96% 92% 95% 94% 86%	✓ ✓ ✓ ✓ ✓
Off Road walking and cycling tracks	51km	✓

What we measure	How did we go?	Target met?
<b>Roading and Footpaths</b>		
Footpaths resurfaced annually	10.3km	✓
Resurfacing of sealed roads annually	6.8% (65.3 km)	✓
Resident satisfaction with:		
■ Maintenance of sealed roads	77%	✓
■ Safety of road network	93%	✓
■ Street lighting in urban areas	96%	✓
<b>Sewer</b>		
Sewer overflow faults - median attendance and resolution time	attendance 0.7 hours	✓
	resolution 5.1 hours	✓
Complaints per 1,000 connections	10.7	X (target<10)
User satisfaction with service	92%	✓
Resident satisfaction with value for money	85%	✓
<b>Stormwater</b>		
Habitable floors affected in 50 year return flooding event	0.05 per 1000 connections	X (target 0)
Median time to attending flooding event	26 minutes	✓
Resident satisfaction with stormwater services	69%	X (target 75%)
<b>Waste Minimisation</b>		
Resident satisfaction with Kerbside Service		
■ Recycling	95%	✓
■ Managing Green waste	92%	✓
■ Managing General Waste	88%	X (target 90%)
Waste diverted from landfill to:		
■ Composting Facility	13,995 tonnes	X (target 14,500 tonnes)
■ Resource Recovery	328 tonnes	✓
<b>Water Supply</b>		
Compliance with Drinking Water Standards	13 treatment plants & 19 reticulation zones comply	X target 15 treatment plants & 20 reticulation zones
Urgent call outs – median attendance time	Urban 0.6 hours	✓
	Rural 1.3 hours	✓
Resident Satisfaction with water services	90%	✓

## Expenditure by Activity 2015/2016



## Revenue and Expenditure 2015/2016

	ACTUAL	BUDGET
Rates Revenue	\$45.4M	\$44.5M
Other Revenue	\$30.4M	\$31.6M
Operating Expenditure	\$67.3M	\$71.4M
Capital Expenditure	\$24.1M	\$31.4M
Investments	\$58.1M	\$44.4M
Borrowings	\$93.7M	\$99.0M
Reserve Funds	\$36.3M	\$27.6M

# Timaru District Council - Financial Performance

## Financial Performance

This financial overview is for the year 1 July 2015 to 30 June 2016. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries.

### Overall Result

The Timaru District Council (parent) made a surplus of \$11.513m compared to a budget surplus of \$4.666m. The Group surplus was \$16.785m (after tax). Expenditure was below budget mainly due to reduced depreciation and interest expense required. Revenue was above budget due to increased fees & charges from landfill and vested assets of \$3m.

The Group result was similar to 2015.

Council's debt remains slightly below projected values, with \$93.7m of debt at the end of June 2016 (Forecast: \$99.0m). Council is looking after \$781m of assets located throughout the district (Forecast: \$790m). Ratepayer's equity in the district increased by 1.56% to \$751.5m for the Council and by 2.00% to \$831.6m for the Group.

## Summary Financial Statements – Timaru District Council

### Comprehensive Revenue and Expense for the year ended 30 June

	Group <sup>1</sup>		Parent		
	Actual 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Revenue	81,568	80,220	78,765	76,112	75,788
Operating Expenditure	(64,063)	(62,482)	(62,522)	(65,003)	(61,719)
Finance costs	(5,476)	(6,263)	(4,609)	(6,443)	(5,290)
Share of surplus of associates	4,988	5,203	-	-	-
Library Collection debit revaluation reserve balance (expensed)	(121)	(106)	(121)	-	(106)
Net surplus/(deficit) before taxation	16,896	16,572	11,513	4,666	8,673
Taxation	(111)	(105)	-	-	-
<b>Net surplus/(deficit) after taxation</b>	<b>16,785</b>	<b>16,467</b>	<b>11,513</b>	<b>4,666</b>	<b>8,673</b>
<b>Attributable to:</b>					
Timaru District Council	16,785	16,467	11,513	4,666	8,673
Non-controlling Interest	-	-	-	-	-
Operating land revaluations	-	-	-	-	-
Financial instrument hedging	-	-	-	-	-
Income tax relating to financial instrument hedging	-	-	-	-	-
Total Other Comprehensive Revenue	-	-	-	-	-
Total Comprehensive Revenue	16,785	16,467	11,513	4,666	8,673
<b>Attributable to:</b>					
Timaru District Council	16,785	16,467	11,513	4,666	8,673
Non-controlling Interest	-	-	-	-	-

Notes: <sup>1</sup> Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited, Aoraki Development Business and Tourism Ltd and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Venture (82% owned).



# Timaru District Council - Financial Performance

## Changes in Equity for the year ended 30 June

	Group <sup>1</sup>						Parent		
	Actual 2016			Actual 2015			Actual	Budget	Actual
	\$000	\$000	\$000	\$000	\$000		2016	2016	2015
	Parent	Minority Interests	Total	Parent	Minority Interests	Total	\$000	\$000	\$000
Total Comprehensive Income	16,785	-	16,785	16,467	-	16,467	11,513	4,666	8,673
Capital Gains	-	-	-	-	-	-			
Prior Year Adjustment	29	-	29	-	-	-	-	-	-
Recognition/ (derecognition) of subsidiary	-	-	-	1,894	-	1,894			
Dividends paid	-	-	-	-	-	-	-	-	-
Equity at beginning of year	814,763	-	814,763	796,402	-	796,402	739,957	738,207	731,284
<b>Equity at end of year</b>	<b>831,577</b>	<b>-</b>	<b>831,577</b>	<b>814,763</b>	<b>-</b>	<b>814,763</b>	<b>751,470</b>	<b>742,873</b>	<b>739,957</b>

## Financial Position as at 30 June

	Group <sup>1</sup>		Parent		
	Actual 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Equity - Parent	831,577	814,763	751,470	742,873	739,957
Equity - Minority Interests	-	-	-	-	-
<b>Total Equity</b>	<b>831,577</b>	<b>814,763</b>	<b>751,470</b>	<b>742,873</b>	<b>739,957</b>
Current assets	61,275	55,863	55,706	42,989	50,124
Non-current assets	898,438	884,860	810,371	815,642	799,609
Current liabilities	37,917	17,489	38,144	30,388	17,993
Non-current liabilities	90,219	108,471	76,463	85,370	91,783

## Cash Movements for the year ended 30 June

	Group <sup>1</sup>		Parent		
	Actual 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Cash Balance - 1 July	30,388	19,542	27,706	38,158	16,736
Cash removed on partial disposal of subsidiary	-	-	-	-	-
Net cash from operating	27,922	28,324	25,225	20,251	26,101
Net cash from investing	(40,792)	(11,561)	(39,016)	(43,320)	(10,114)
Net cash from financing	1,484	(5,917)	4,684	1,502	(5,017)
<b>Cash Balance - 30 June</b>	<b>19,002</b>	<b>30,388</b>	<b>18,599</b>	<b>16,591</b>	<b>27,706</b>

Notes: <sup>1</sup> Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited, Aoraki Development Business and Tourism Ltd and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Venture (82% owned).

# Timaru District Council - Financial Performance

## 1. Accounting Policies Basis of Preparation

The financial statements of Timaru District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These summary financial statements have been extracted from the full financial statements, which were authorised for issue on October 25, 2016.

The full financial statements have been prepared in accordance with NZ GAAP. As disclosed in the full financial statements, they comply with Tier 1 Public Benefit Entity Accounting Standards.

The financial statements have been prepared on an historical cost basis, except for the revaluation of investment properties, biological assets and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$'000). The functional currency of Timaru District Council is New Zealand dollars.

The full financial report and this summary received an unqualified audit opinion. The full financial report was authorised by the Council on 25 October 2016. This summary was authorised by the Timaru District Council Group Manager, Corporate Services, Tina Rogers on 21 November 2016.

This summary report cannot be expected to provide a complete understanding as provided by the full financial report. The full financial report is available from Council's Service Centres and website - [www.timaru.govt.nz](http://www.timaru.govt.nz).

Timaru District Holdings Limited (TDHL) has a loan outstanding from TDC of \$22.2M (2015: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$2.4M (2015: \$2.2M) were paid by TDHL to TDC during the year.

TDC has contingent liabilities, including:

- Housing NZ has provided \$1.1M as at 30 June 2016 (2015: \$1.1M) towards the construction of social housing units. This advance is repayable with interest, if the Council withdraws its investment in joint funded social housing.

Timaru District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Together with the shareholders of LGFA and other guarantors, Timaru District Council is a guarantor of all of LGFA's borrowings. At 30 June 2016, NZLGFA had borrowings totalling \$6.5 billion (2015: \$5.0 billion).

Financial reporting standards require Timaru District Council to recognise the guarantee liability at fair value. However, Timaru District Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Timaru District Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## 2. Changes in Accounting Policy

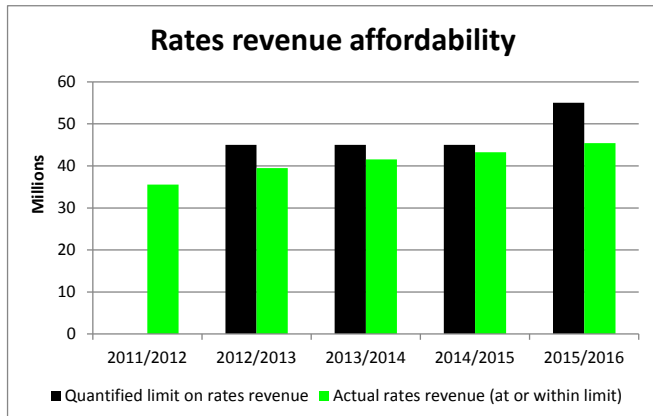
There are no changes in accounting policies in the year.

# Disclosure Statement

Regulations were introduced in May 2014 requiring Council to disclose its performance in relation to specific benchmarks, as follows:

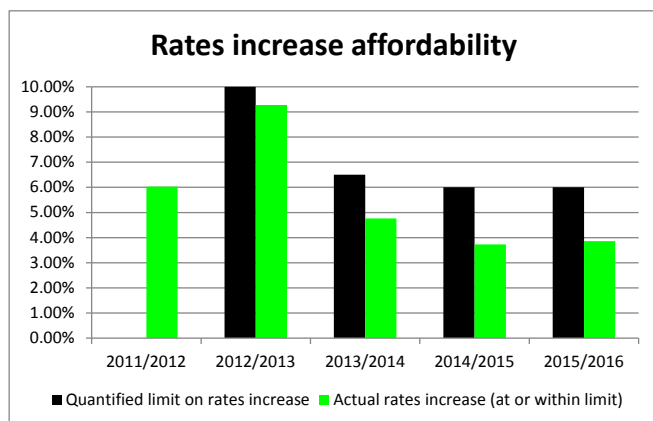
## 1. Rates (revenue) affordability benchmark

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$45m (from 2012/13 to 2014/15) and \$55m (from 2015/16).



## 2. Rates (increase) affordability benchmark

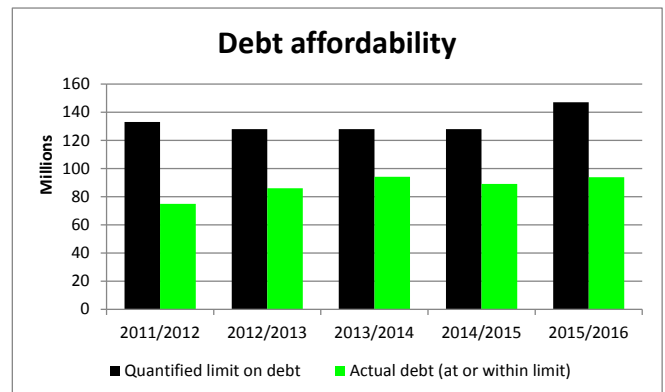
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% (from 2012/2013), except for the 2012/2013 year, where the limit is 10% and the 2013/2014 year, where the limit is 6.50%.



## 3. Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is \$128 million (from 2012/2013 to 2014/15) and \$147m (from 2015/16).

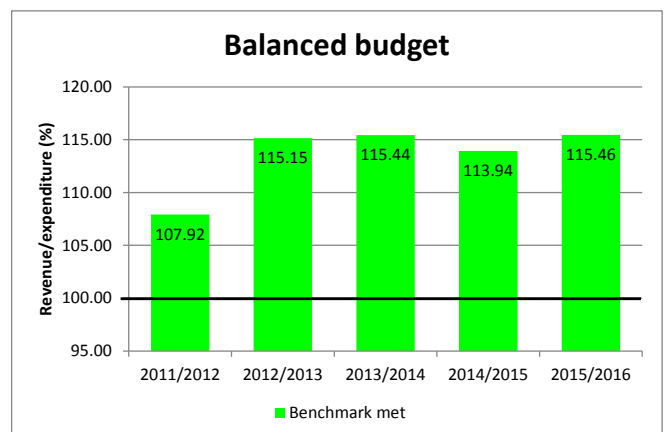
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



## 4. Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

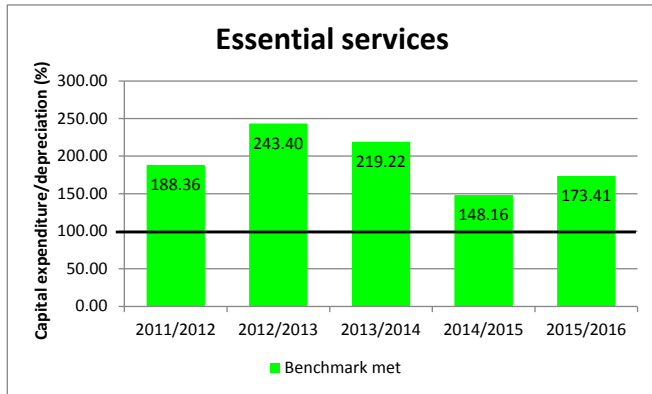
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



# Disclosure Statement

## 5. Essential services benchmark

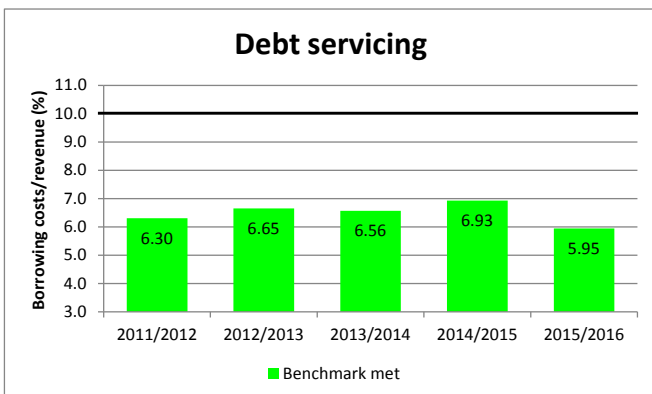
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## 6. Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

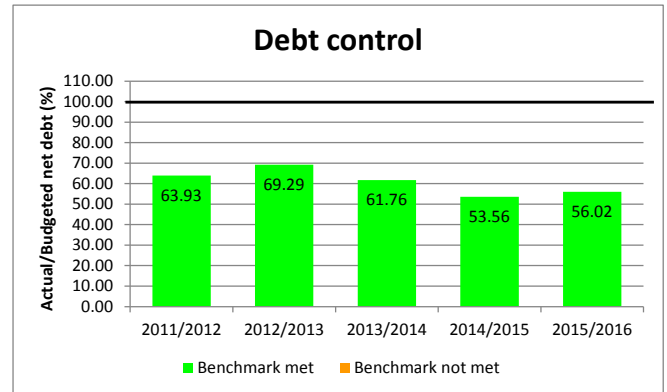
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## 7. Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt as per Council's long-term plan. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

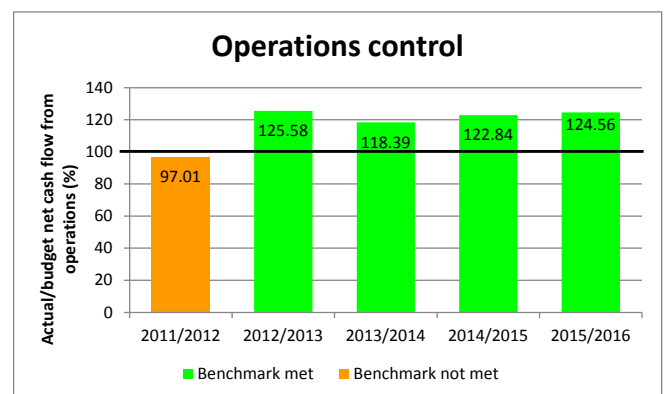
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## 8. Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Independent Auditor's Report

#### To the readers of Timaru District Council and group's summary annual report or the year ended 30 June 2016

The summary annual report was derived from the annual report of Timaru District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 11 to 20:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance measures by activity of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 25 October 2016.

#### Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

#### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 25 October 2016

on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report and carried out a limited assurance report on the District Council's Debenture Trust Deed. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this reporting and these engagements, we have no relationship with or interests in the District Council or any of its subsidiaries.



Ian Lothian,  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
21 November 2016

# Your Council, and Community Boards

(as at September 2016)



## Damon Odey

**Mayor**

mayorspa@timdc.govt.nz  
(03) 687 7200 (work)  
(03) 684 9325 (home)  
027 201 1920



## Richard Lyon

**Deputy Mayor  
Pleasant Point-Temuka  
Ward Councillor**

richard.lyon@timdc.govt.nz  
(03) 614 7369 (home)  
027 426 9735



## Pat Mulvey

**Pleasant Point-Temuka  
Ward Councillor**

pat.mulvey@timdc.govt.nz  
(03) 615 8130 (home)  
027 309 0500



## Kerry Stevens

**Geraldine Ward Councillor**

kerry.stevens@timdc.govt.nz  
(03) 693 7442 (home)  
021 043 6651



## Steve Earnshaw

**Timaru Ward Councillor**

steve.earnshaw@timdc.govt.nz  
(03) 688 5701 (home)  
027 433 5862



## Dave Jack

**Timaru Ward Councillor**

dave.jack@timdc.govt.nz  
(03) 686 9320 (home)  
027 770 000

# Your Council, and Community Boards

(as at September 2016)



## Anthony Brien

Timaru Ward Councillor

anthony.brien@timdc.govt.nz  
(03) 686 0275 (home)  
027 623 7158



## Peter Burt

Timaru Ward Councillor

peter.burt@timdc.govt.nz  
(03) 688 4002 (home)  
027 688 2013



## Tracy Tierney

Timaru Ward Councillor

tracy.tierney@timdc.govt.nz  
(03) 684 7743 (home)  
027 438 0159



## Steve Wills

Timaru Ward Councillor

steve.wills@timdc.govt.nz  
(03) 686 9072 (home)  
027 621 8404

## Geraldine Community Board

Wayne O'Donnell (Chair)	03 693 7066	w.d.odonnell@extra.co.nz
Jarrod Marsden (Deputy Chair)	03 693 7308	marsdeneng@gmail.com
Shaun Cleverley	03 693 9300	shaun@vlime.co.nz
Jan Finlayson	03 693 7297	janfinlayson@extra.co.nz
Chris Fisher	03 697 4840	rochelle.chris@extra.co.nz
McGregor Simpson	03 693 9696	margesimpson@clear.net.nz
Plus Geraldine Ward Councillor Kerry Stevens		

## Pleasant Point Community Board

John McDonald (Deputy Chair)	03 614 7619	pleasantpoint@foursquare-si.co.nz
Neville Gould	03 614 7760	tengawai@slingshot.co.nz
Raewyn Hessell	03 614 7356	sturaehessell@extra.co.nz
Karalyn Reid	03 614 7858	karalynjoyce@extra.co.nz
Bernie Wilson	03 614 7097	goodstock@extra.co.nz
Plus Pleasant Point-Temuka Ward Councillors Richard Lyon (Chair) and Pat Mulvey		

## Temuka Community Board

Paddy O'Reilly (Deputy Chair)	03 615 7281	patrickajoreilly@gmail.com
Noeline Clarke	03 615 8111	j.n.clarke@extra.co.nz
Lloyd McMillan	03 615 8231	mcmillan-clan@extra.co.nz
Charles Scarsbrook	03 615 9444	homemade@extra.co.nz
Alison Talbot	03 615 9189	steveali@extra.co.nz
Plus Pleasant Point-Temuka Ward Councillors Pat Mulvey (Chair) and Richard Lyon		



**Timaru District Council**

2 King George Place  
PO Box 522, Timaru 7940  
T (03) 687 7200  
F (03) 687 7209  
E [enquiry@timdc.gov.nz](mailto:enquiry@timdc.gov.nz)

**Temuka Service Centre**

72-74 King Street, Temuka  
T (03) 687 7591  
F (03) 615 8538

**Geraldine Service Centre**

73 Talbot Street, Geraldine  
T (03) 693 9336  
F (03) 693 9451

[www.timaru.govt.nz](http://www.timaru.govt.nz)