

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe
o Te Tihi o Maru

Annual Report

2018/2019

www.timaru.govt.nz

From the Mayor and Chief Executive

E aku nui, e aku rahi, tēnā koutou
Nau mai, pānui mai i tēnei pūrongo

Welcome to Timaru District Council's Annual Report for the year ended 30 June 2019. We are pleased to present the results of our performance over the past year and celebrate some of the highlights that have been achieved.

The Annual Report presents our financial results as measured against the financial strategy set out in Year One of our 2018-28 Long Term Plan and shows how we performed in terms of the targets we set for our service delivery.

The year that was

It has been a good year in terms of financial management and service performance. We have kept within our financial measures set for 2018/19 where we delivered a strong operating surplus and achieved good results for most of our targets.

There is more detail on our progress later in this report.

Capital projects remain an area of challenge for Council. We made good progress on a number of our capital projects which included both infrastructure and enhancing recreational facilities. Some capital projects have fallen behind the original targets – due to working through design complexities to obtain an optimal outcome for the community, such as the replacement of the Timaru Library roof and the Timaru – Pareora gravity fed water pipeline renewal project where new technology is giving us a greater range of options to deliver more resilient infrastructure now and into the future.

Community Wellbeing

All of Council's work – be it providing services; advocating for our district; or facilitating connections within our communities, is focused on promoting the social, economic, environmental, and cultural wellbeing of the district. We know that we can be more effective when we are working with our community, and we appreciate the many people and

organisations who contribute in this way.

Positive Partnerships

During the year we again saw the benefit of partnering with groups in our community.

- Timaru District Visitor Strategy – Recognising the importance of working in partnership with key community groups, Council formulated a new Visitor Strategy after valuable consultation with, and input from, key tourism and allied stakeholders across the district. The strategy has been established to guide the development of the tourism sector in the district over the next 10 years.
- City Hub – The City Hub Strategy Project Steering Group is tasked with developing a strategy to ensure Timaru city remains a vibrant hub for the community. The Strategy will help identify practical steps Council, in conjunction with all stakeholders, needs to take to ensure the city and our district town centres in Temuka, Geraldine and Pleasant Point are vibrant and fit for purpose.
- District Plan Review – An integral part of the multi-year review of the Timaru District Plan is our collaborative process as we work through drafting the various chapters of the Plan. Steering groups, which includes stakeholders with specialist knowledge, are being used to recommend draft District Plan provisions on three significant topics to date including biodiversity; heritage; and tangata whenua.
- Community Funding – Where Council provides funding in the form of grants or loans to groups, services and events that are working to enhance community social or cultural wellbeing. Some examples of assistance given this year include: Victoria Trust – to assist with the construction of further community housing for some of the districts most vulnerable residents; Timaru Senior Citizens, Aoraki Multicultural Council, The Blind Foundation and Citizens Advice Bureau – providing support for their operating costs;

Temuka and Districts Historical Society – towards a seismic assessment of Temuka Courthouse Museum (being Phase 2 of their earthquake strengthening project).

Our People

The safety and wellbeing of our staff is an absolute priority. We employ approximately 240 full time equivalent staff in diverse working environments. We are continually reviewing and improving our processes to ensure their safety and wellbeing. The safety of the facilities we provide is also of paramount importance, and we are pleased to report that the measures we have in place have been met again this year.

Looking Ahead

We have a big capital programme planned over the next few of years. Much of this work involves upgrading core infrastructure to help increase the Community's resilience and enjoyment of civic amenities now and into the future including the work around the Theatre Royal Upgrade and the new Heritage Centre will also be underway. This, along with the City Hub Strategy will see a new vibrancy in the Timaru city centre.

Finally

This is my last message as Mayor of this fabulous district. Only a very few people have the absolute privilege to serve as Mayor, and to serve a community as wonderfully diverse and engaged as the Timaru Whānui is an honour I will forever treasure wherever my future journeys takes me.

Our district continues to thrive due to the cooperative efforts of our communities, volunteers, Councillors, Community Board members, Council staff and contractors, and most importantly you, the residents, who choose to call our district home.

Nō reira e ngā iwi o tēnei rohe

Tēnā koutou, tēnā koutou, tēnā tātou katoa



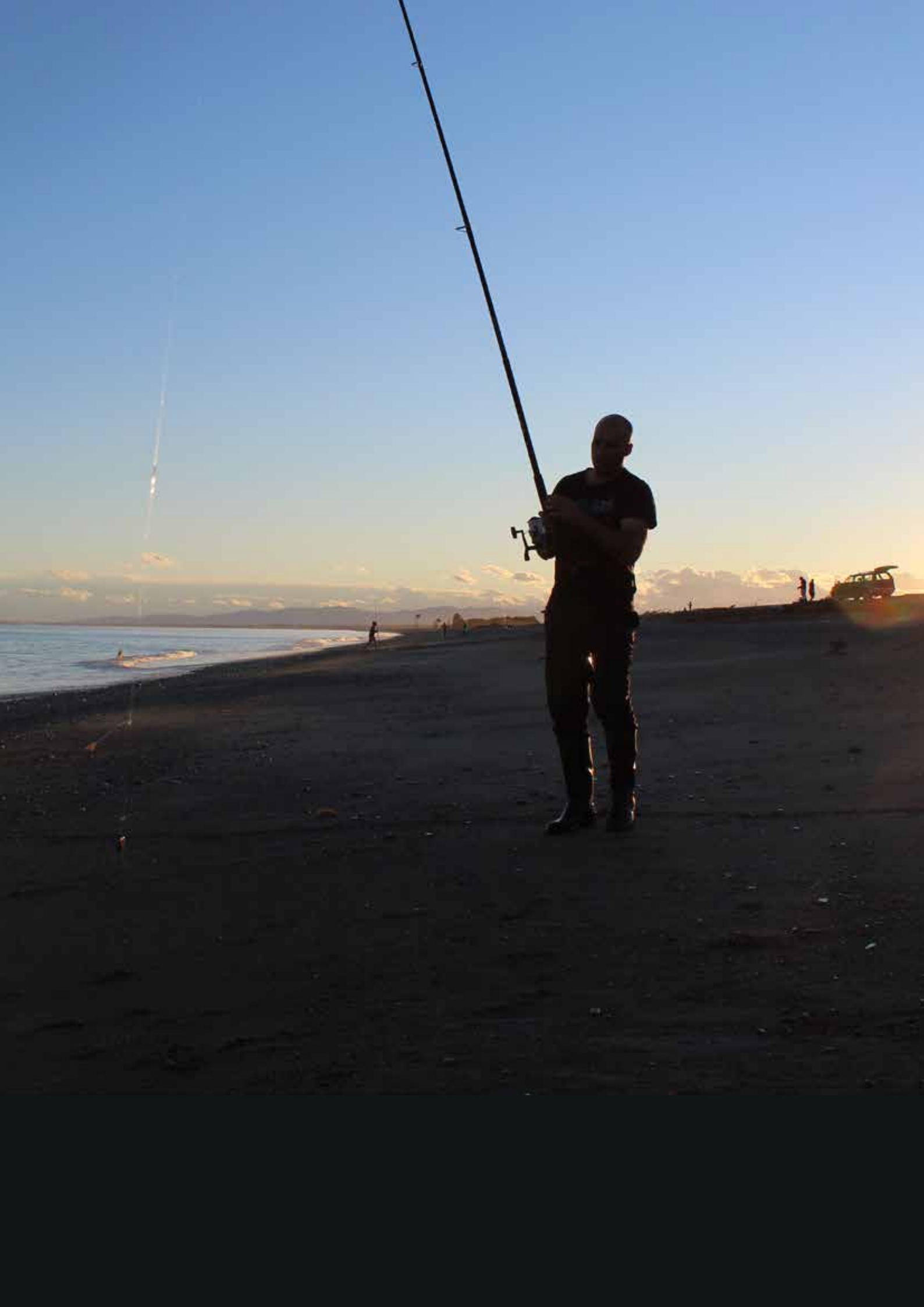
Damon Odey
Mayor
Koromatua

Bede Carran
Chief Executive
Kaiwhakahaere



What you can find inside...

From the Mayor and Chief Executive	2		
What you can find inside	5		
Overview	6	Financial Reporting	106
About the Annual Report	8	Section Overview	108
Our Strategic Direction	9	Statement of Comprehensive Revenue and Expense	109
Relationship with Ngāi Tahu	12	Statement of Changes in Equity	110
Your Councillors and Community Board members	14	Statement of Financial Position	111
About the Timaru District	16	Statement of Cashflows	112
Statement of Compliance	18	Funding Impact Statement	114
Independent Auditor's Report	19	Statement of Financial Involvement in Council-Controlled Organisations	115
		Notes to the Financial Statements	117
		Disclosure Statement	167
The Year in Review - 2018/19	23	Other Information	170
Financial Performance	24	Directory	172
Contributing to the wellbeing of our community	26	Coat of Arms	173
Projects and service highlights	28	Group Organisation Structure	174
How we measure our service performance	32	Council Committees	175
		Council Management	176
		Our Workforce	177
		Glossary	178
Council Activities	34		
Council Activities	36		
Democracy	38		
Community Support	44		
District Planning and Regulatory Services	52		
Recreation and Leisure	60		
Roading and Footpaths	70		
Sewer	78		
Stormwater	84		
Waste Minimisation	90		
Water Supply	96		



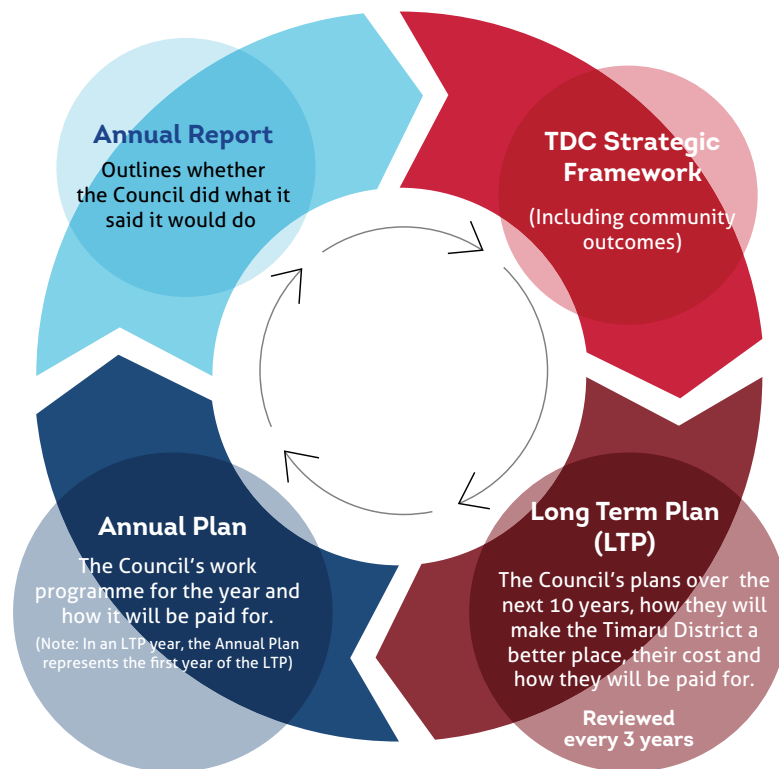


Overview

About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2018/19 Annual Plan (or Year One of the 2018-28 Long Term Plan).

The diagram below shows our planning and reporting cycle:



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

DEMOCRACY

COMMUNITY SUPPORT

- Airport
- Community Funding
- Community Facilities (includes public toilets, cemeteries)
- Economic Development and District Promotions
- Emergency Management
- Safer Communities
- Social Housing

DISTRICT PLANNING AND ENVIRONMENTAL SERVICES

- Building Control
- District Planning
- Environmental Compliance (includes environmental health, animal control, parking enforcement)

RECREATION AND LEISURE

- Cultural and Learning Facilities (includes art gallery, halls, theatre royal, libraries, museum)
- Parks (includes parks, fishing huts, motor camps, forestry)
- Recreational Facilities (includes Caroline Bay Trust Aoraki Centre, swimming pools, Southern Trust Events Centre)

ROADING AND FOOTPATHS

- Cycleways and Walkways
- Roading and Footpaths (includes street lighting and parking facilities)

SEWER

STORMWATER

WASTE MINIMISATION

WATER SUPPLY

Our Strategic Direction

The Timaru District Strategic Direction includes a Vision and Community Outcomes. Strategic Priorities have also been identified with Council's contribution towards these outlined in Section Two of the Long Term Plan through the services we provide.

The Council will continue to work with numerous organisations (e.g. health, business, environmental, community, government departments) who also contribute towards achieving the Strategic Direction through the activities and services they provide.



Our vision

Inspiring Leadership

Inspiring, people-focused leadership

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 our people and our future leaders

We proactively reduce barriers. Our leaders help create the environment for the future to happen

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

We serve our customers and community well

Strong Identity

Strong and enviable reputation and identity

We 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 ethnic diversity

We celebrate and sell our story

New residents are welcomed, and feel welcome

Our creative and energetic arts and culture scene enhances and reflects our identity

Our communities preserve and grow their own individual identities

We celebrate our success

Thriving 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 balanced growth that keeps our businesses, population and youth local

We maintain and build on our district's strong economic diversification

New businesses choose Timaru District

Our businesses and other agencies work together for maximum district benefit

High quality infrastructure underpins the delivery of economic opportunity and prosperity

We put out the red carpet, not the red tape

Fantastic 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:

Our communities are well serviced with essential services

We have a humming, vibrant mix of places to go to 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

We have abundant leisure, cultural, and sporting opportunities

We care for, enhance and respect the natural environment

Our district's opportunities attract people, skilled workers and families here to live, work and play

Council has identified the following community outcomes



Smart, diversified economic success and growth supported and enabled

The Timaru District economy is well diversified. The Council is committed to being recognised as a business friendly Council – putting out the red carpet, not the red tape – and serving our customers with pride.



High quality infrastructure to meet community and business needs

Providing high quality infrastructure is a core role of the Council, and is essential to strong, connected communities and sustainable economic prosperity.



A valued, healthy and accessible environment

A healthy natural environment is critical to the district's prosperity. We must ensure that our actions enhance, protect and restore our natural environment wherever possible.



People enjoying a high quality of life

A higher quality of life is everyone's goal. The Council provides services that underpin everyone's quality of life – the potable water that flows from your tap, to the transport network that connects you to your work, family and friends or the playground your children and grandchildren enjoy.



A strong identity forged and promoted

Our identity defines our place in New Zealand and the world. We have much to value, to celebrate and to promote. Our identity is something that all current and future residents own, and that the Council is committed to promoting.



Communities that are safe, vibrant and growing

We want the places where we live and play to be full of vitality, to be safe and to be well-planned for. The Council plays an important role in this through delivering excellent recreational, sporting and cultural facilities, supporting community events and initiatives and managing development and behaviour through appropriate rules and regulation.

Read more about our strategic direction in the Long Term Plan 2018-28, available from:
www.timaru.govt.nz

Relationship with Ngāi Tahu

Ngāi Tahu as Mana Whenua of Timaru District

Ngāi Tahu are a Treaty Partner of the Crown and are mana whenua of the area administered by the Timaru District Council. Ngāi Tahu is the collective representation of whānau and hapū who share a common ancestry and are tangata whenua (people of the land). They hold ancestral and contemporary relationships with the lands, waters, and ecosystems of their takiwā. Mana whenua are hapū or whānau who, through a combination of whakapapa and occupation (ahi ka) hold customary authority over the land and resources of an area or takiwā. Associated with mana whenua status are the rights and duties of rangatiratanga and kaitiakitanga.

Ngāi Tahu Takiwā

The Te Rūnanga o Ngāi Tahu Act 1996 acknowledges the takiwā of Ngāi Tahu as extending over most of the South Island south of a line from Kahurangi Point on the West Coast and Te Parinui o Whiti (White bluff) near Cloudy Bay on the East Coast; and including off-shore islands. The contemporary structure and membership of Ngāi Tahu is set out in the Te Rūnanga o Ngāi Tahu Act 1996. The Act recognises Ngāi Tahu as being descended from five primary hapū: Ngāti Kurī, Ngāti Tūāhuriri, Ngāti Irakehu, Ngāti Huirapa and Ngāi Te Ruahikihiki. Chiefs from these hapu occupied and established themselves as mana whenua in various parts of the takiwā; Ngāti Huirapa in the Timaru District.

Te Rūnanga and Papatipu Rūnanga (ngā rūnanga)

The Act recognises Te Rūnanga o Ngāi Tahu (Te Rūnanga) as the iwi authority within the Ngāi Tahu takiwā. Te Rūnanga is comprised of 18 papatipu (main) rūnanga who represent the whānau and hapū who hold mana whenua within the Ngāi Tahu takiwā. The takiwā of each rūnanga is described in the Te Rūnanga o Ngāi Tahu (Declaration of Membership) Order 2001. The papatipu rūnanga who represent those who hold mana whenua in the Timaru District and their respective takiwā are:

- Te Rūnanga o Arowhenua – whose takiwā centres on Arowhenua and extends from Rakaia to Waitaki, sharing interests with Ngāi Tūāhuriri ki Kaiapoi between Hakatere and Rakaia, and thence inland to Aoraki and the Main Divide.
- Te Rūnanga o Waihao – whose takiwā centres on Wainono and sharing interests with Te Rūnanga o Arowhenua to Waitaki, and extends inland to Omarama and the Main Divide.

Under s15 of the Te Rūnanga o Ngāi Tahu Act, Te Rūnanga must consult with papatipu rūnanga in forming a view on any matter. In practice, Te Rūnanga encourages councils, other government agencies and individuals to consult directly with papatipu rūnanga on issues in their takiwā. Te Rūnanga supports ngā rūnanga in these matters when requested by them, and represents Ngāi Tahu whānui in tribal matters and in negotiations with the Crown. Ngāi Tahu whānui also have shareholdings and interests in commercial activities and entities. These commercial entities may make applications or lodge submissions on Resource Management Act (RMA) processes from time to time but they are not mana whenua or the iwi authority.

Treaty of Waitangi and Duties of Local Authorities

Council is required to take into account the principles of the Treaty of Waitangi when carrying out its duties under the Local Government Act 2002 (s4) and the Resource Management Act 1991 (s8). The relationship between Ngāi Tahu whānui and the Timaru District Council reflects, at a local level, the relationship between the Crown and its Treaty Partners; it is a partnership.

Council is also required to engage directly with mana whenua in relation to policy-making and decision-making under both the Local Government Act (LGA) and the RMA. Section 81 of the LGA requires all local authorities to establish and maintain processes to provide opportunities for Māori to contribute to Council's decision-making processes. It also requires councils to consider ways to foster the development of Māori capacity to contribute to these processes and to provide Māori with relevant information.

The RMA has specific requirements for Council to engage with tangata whenua through the iwi authority when preparing and reviewing the district plan and to consider tangata whenua values as part of decision-making on resource consent applications. While engagement with tangata whenua is provided specifically within the project planning for the district plan review and other key Council projects, it is important that the Long Term Plan recognises these obligations and provides for adequate resourcing and timeframes to ensure an appropriate level of engagement on relevant Council projects.

Council Relationship with Mana Whenua

Council considers it important to further develop relationships with the papatipu rūnanga who represent those who hold mana whenua in the Timaru District. Fostering these relationships is key to enabling Council to meet its statutory requirements under the LGA and RMA. Council will ensure all its key policy and decision-making processes include opportunities for discussion with mana whenua, through their mandated representatives, at the earliest opportunity and before any decisions are made; and endeavour to provide resources to help facilitate that engagement.

Council shall provide opportunities for mana whenua to engage in the development of key policy and plans, including the long term plans and annual plans, and on resource management plans, policies and strategies including the process, timing and content of plan or policy development and review. Opportunities are also considered for appointments on planning and resource consent hearing committees. To assist in this commitment, Council has signed a Service Level Agreement with Aoraki Environmental Consultancy Limited. Aoraki Environmental Consultancy Ltd is mandated by Te Rūnanga o Arowhenua to help advise Councils and other agencies on issues of interest to Arowhenua Rūnanga, to facilitate consultation with Arowhenua Rūnanga, and to ensure timely and appropriate input into policy, plans and processes on behalf of Te Rūnanga o Arowhenua. Council will also continue to offer places for rūnanga representatives on Council Committees, including the Environmental Services Standing Committee, the Safer Communities Committee and the Local Arts Assessment Committee, and other bodies as appropriate, and seek regular engagement with papatipu rūnanga to discuss matters of common interest and foster general relationships. Council's Senior Leadership Team will also be available to meet with ngā rūnanga representatives as required.



Your Councillors and Community Board members

(As at September 2019)

Peter Burt

Timaru Ward Councillor
peter.burt@timdc.govt.nz
(03) 688 4002
027 688 2013

Andrea Leslie

Timaru Ward Councillor
andrea.leslie@timdc.govt.nz
(03) 614 7369 (home)
027 614 3768



Dave Jack

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



Steve Wills

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



Kerry Stevens

Geraldine Ward Councillor
kerry.stevens@timdc.govt.nz
(03) 693 7442 (home)
027 043 6651

Paddy O'Reilly

Pleasant Point – Temuka Ward Councillor
patrick.oreilly@timdc.govt.nz
(03) 615 7281 (home)
027 441 6725

Damon Odey

Mayor
 mayorspa@timdc.govt.nz
 (03) 687 7200 (work)
 027 201 1920

**Nigel Bowen**

Timaru Ward Councillor
 nigel.bowen@timdc.govt.nz
 (03) 688 1053 (home)
 027 622 1111

**Richard Lyon**

Deputy Mayor
 Pleasant Point – Temuka
 Ward Councillor
 richard.lyon@timdc.govt.nz
 (03) 614 7369 (home)
 027 426 9735

**Sally Parker**

Timaru Ward Councillor
 sally.parker@timdc.govt.nz
 (03) 687 2280 ext 8647 (work)
 027 455 5237

Geraldine Community Board

Wayne O'Donnell (Chairperson)	03 693 7066 w.d.odonnell@xtra.co.nz
Jarrold Marsden (Deputy Chairperson)	03 693 7308 marsdeneng@gmail.com
Janene Adams	03 693 7693 janeneadams@gmail.com
Jan Finlayson	03 693 7297 janfinlayson@xtra.co.nz
Jennine Maguire	03 693 9953 geraldineglass@clear.net.nz
Gavin Oliver	03 693 8842 gavinpeteroliver@gmail.com

Plus Geraldine Ward Councillor Kerry Stevens

Pleasant Point Community Board

John McDonald (Deputy Chairperson)	03 614 7619 jdmcdonald1@hotmail.com
Neville Gould	03 614 7760 tengawai@slingshot.co.nz
Raewyn Hessel	03 614 7356 sturaehessel@xtra.co.nz
Karalyn Reid	03 614 7858 karalynjoyce@xtra.co.nz
Bernie Wilson	03 614 7097 goodstock@xtra.co.nz

Plus Pleasant Point-Temuka Ward Councillors Richard Lyon
(Chairperson) and Paddy O'Reilly

Temuka Community Board

Alison Talbot (Deputy Chairperson)	03 615 9189 steveali@xtra.co.nz
Noeline Clarke	03 615 8111 j.n.clarke@xtra.co.nz
Stephanie McCullough	03 615 7097 mcculloughp@xtra.co.nz
Lloyd McMillan	03 615 8231 mcmillan-clan@xtra.co.nz
Charles Scarsbrook	03 615 9444 homemade@xtra.co.nz

Plus Pleasant Point-Temuka Ward Councillors Paddy O'Reilly
(Chairperson) and Richard Lyon

About the Timaru District

Geography and climate

Timaru District covers 2,737 square kilometres of South Canterbury. Two rivers naturally define its northern and southern boundaries, the Rangitata and Pareora, with the district stretching along the gentle curve of the South Canterbury coastline. Timaru District is the fourth largest district by population and sixth largest by area in the Canterbury region. It has a population density of 16.5 persons per square kilometre. The district enjoys a temperate climate, with Timaru enjoying an annual average of around 1,826 hours of sunshine and 573mm of rain.



Demographics

The estimated resident population of the Timaru District as at June 2018 was 47,300. The 2013 Census population was 43,929. Population projections*, based on a medium growth scenario, project the district's population to increase to 49,400 (+8.8%) by 2028, peaking in 2038 at 50,200. The rate of natural increase will become negative from around 2028 meaning there will be more deaths than births. This reflects the age makeup of the district's population. Growth from 2028 will be reliant on net migration.

The population is expected to age in the future. Virtually all growth in future years is projected to be in age groups 65+, with the proportion of 65+ increasing from 20.1% in 2013 to 28.2% in 2028 and 32.9% in 2043.

Around 80% of Timaru District residents live in or around the four main settlements - Timaru, Temuka, Geraldine and Pleasant Point.

Household Composition

In Timaru District 68.5% are family households (NZ: 68.3%) and 29.1% are one-person households (NZ: 23.5%), The average household size is 2.3 people (NZ: 2.7 people), The medium scenario for the district's households projected growth is 22,000 households in 2033, rising to 22,300 in 2038. The increase in family households is for primarily couples without children (i.e. couples who do not yet have children, couples who do not/will not have children, couples whose children have left home). One-person households will increase, reflecting the structural ageing of the population.

Families

In Timaru District:

- 50.8% are couples without children (NZ:40.9%)
- 35.5% are couples with children (NZ:41.3%)
- 13.7% are one parent with children families (NZ: 17.8%)

Work

The most common occupational group in Timaru District are 'labourers', followed by 'managers' and 'professionals'. Of those in the labour force, 75% are employed full time, with the remainder employed part time.

Income

In Timaru District:

- For those aged 15 or above, the median income is \$26,900 (NZ: \$28,500)
- 37.7% have an annual income of \$20,000 or less (NZ: 38.2%)
- 22.9% have an annual income of \$50,000 or more (NZ: 26.7%)

*Based on Statistics New Zealand Population Projections update

Economy

The Timaru District economy is strongly influenced by its agricultural heritage. Agriculture is diverse, including dairy, sheep and deer farming and land suitable for all kinds of cropping. Significant businesses are located in the district, including Fonterra's Clandeboye dairy factory, McCain's food processing plant, Hilton Haulage, Alliance Group Smithfield plant, Sanfords, Talleys, Silver Fern Farms Pareora plant and Barkers Fruit Processors. The district is centrally located for distribution and PrimePort Timaru provides a gateway for exports and imports.

Employment in the district is strong, with just 2.1% unemployment as at June 2019, compared with 4.1% nationally. The most significant business sectors in terms of employment opportunities are professional, scientific and technical services, manufacturing, health care and social assistance and retail trade.

Visitors are a significant contributor to the district's economy, with the district providing a gateway to the central South Island.

The latest Infometrics report for the quarter ended June 2019 shows progress for some key economic indicators, compared to the NZ situation.

Indicators	Timaru District	New Zealand
	Annual average % change	
Gross Domestic Product	⬆️ 1.8%	⬆️ 2.5%
Traffic Flow	⬆️ 0%	⬆️ 1.5%
Residential Consents	⬇️ -10.3%	⬆️ 5.8%
Non-Residential Consents	⬇️ -19.7%	⬆️ 7.9%
House Prices*	⬆️ 3.1%	⬆️ 1.4%
House Sales	⬆️ 8.2%	⬇️ 0.9%
Guest Nights	⬇️ -2.7%	⬆️ 1.3%
Car Registrations	⬇️ -9.0%	⬇️ -8.6%
Commercial Vehicle Registrations	⬆️ 0.5%	⬆️ 0.3%
Job Seekers Support	⬆️ 9.2%	⬆️ 9.6%
Tourism Expenditure	⬆️ 4.1%	⬆️ 3.2%

* Annual percentage change (compared to same quarter in previous year.)

Communities

Timaru is the largest community, housing nearly two thirds (29,600 people) of the total population of the district. The next largest community is Temuka (4,120), followed by Geraldine (2,310) and Pleasant Point (1,220). Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. The South Canterbury District Health Board is the major health provider, with the Ara Institute of Canterbury providing tertiary educational services throughout the South Island.

Environment

The diverse landscapes of the Timaru District include rolling downlands, tussock land, coastal plains and wetlands, forest remnants, river gorges and rugged mountain ranges. The coastal plains to the north and downlands to the south are highly modified for intensive cropping, meat, wool and dairy production. Pasture and exotic woodlots dominate the modified hills and downs from Peel Forest to Cave, with occasional shrub and forest remnants. Limestone outcrops and volcanic sediment add to the diversity of the landforms.

The district is also defined by a number of waterways, including the Orari, Opihi, Rangitata, Waihi and Pareora Rivers. The Rangitata and Pareora physically define the district and all waterways are highly valued by the community for their recreational, social, natural amenity and economic values.

The district has a number of outstanding natural features and landscapes, as well as areas of significant native vegetation habitats of native fauna. There are also numerous important heritage sites, buildings and places.

Statement of Compliance

Compliance

Pursuant to Section 98 of the Local Government Act 2002, the Council and management of Timaru District Council confirm that all the statutory requirements of Schedule 10 of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of Timaru District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Timaru District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Timaru District Council, the annual Financial Statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Timaru District Council.

Damon Odey

Mayor

8 October 2019

Bede Carran

Chief Executive

8 October 2019

Independent Auditor's Report

To the readers of Timaru District Council and Group's annual report
for the year ended 30 June 2019





The Year in Review

Financial Performance

\$77

MILLION

Total expenditure

(Compared with budget
of \$79M)

\$50

MILLION

**Rates revenue
levied**

(Compared with budget
of \$50M)

\$822

MILLION

**Total Council
net assets**

(2017/18: \$780 million)

\$41

MILLION

Reserve funds

(2017/18: \$35 million)

Expenditure and Revenue

Overall operating expenditure was \$1,590,000 less than budget. The major items in this favourable variance were:

- A change in timing, added complexity, and delays experienced with some projects within the capital works programme has meant finance costs were \$1,539,000 less than budget and depreciation costs were \$521,000 less than budget.
- While operating costs were \$368,000 above budget, \$1,570,000 was attributable to negative movements in the value of interest rate swaps which were unbudgeted. Adjusting for this unbudgeted expenditure, operating costs would be under budget by \$1,100,000 due to lower maintenance costs and re-phasing of operational projects.

Overall actual revenue was \$36,171,000 better than budget. The major items in this favourable variance were:

- Other Revenue was \$33,174,000 more than budget due to:
 - Timaru District Holding Ltd declaring a taxable share bonus of \$30,000,000. This is a non-cash transaction. The transaction is shown as revenue and increases Council's share capital in its CCO; and
 - Vested assets of \$1,930,000 which were not budgeted
- All other classes of revenue are better than budget by small amounts:
 - Rates up \$87,000, due to new subdivisions
 - Fees and charges up \$1,368,000 with the biggest increase (\$481,000) in waste management and recycling revenue at the landfill.
 - Subsidies and grants up \$642,000 largely due to additional footpath funding from the NZ Transport Agency (NZTA) as a result of a NZTA policy change.
- Finance up \$642,000 due to higher than budgeted investment funds and term deposits increasing interest income.

Contributing to the wellbeing of our community

Council's role in the community is much broader than simply providing services. Our role also encompasses promoting the wellbeing of residents through shaping places and services to meet the needs of our community. We are able to do this more effectively when we work in partnership with the community and draw on the wealth of talent, understanding and enthusiasm we have in the Timaru District.

The decisions Council makes about the services and facilities are made to enhance the quality of life of all Timaru district residents.

Social wellbeing

94%

SOCIAL
HOUSING UNIT
OCCUPANCY

SEVEN

DOG CONTROL
EDUCATION
INITIATIVES
DELIVERED

3,036

LEARN TO SWIM
ENROLMENTS

8

SUCCESSFUL
COMMUNITY
FUNDING
ROUNDS

79%

OF RESIDENTS
CONSIDER THE
ROAD NETWORK
IS SAFE

Economic wellbeing



TIMARU

welovetimaru.nz

**AORAKI
DEVELOPMENT**

Launch of WeloveTimaru
workforce attraction
campaign to bring new
employees to
the District

**PROGRESSING
STORMWATER
PLANNING**
Washdyke Industrial
Expansion Zone

1,113

BUILDING
CONSENTS
PROCESSED

66%

OF BRIDGES
UPGRADED TO
CARRY HEAVY
TRUCKS

Cultural wellbeing

Art gallery
and museum

24
EXHIBITIONS
HELD

**District Plan
review**

IWI
STAKEHOLDER
COLLABORATION

7

CITIZENSHIP
CEREMONIES

6,424

STUDENTS
ATTENDED MUSEUM
LEARNING OUTSIDE
THE CLASSROOM
PROGRAMME

140

NEW
ACQUISITIONS
TO THE MUSEUM
COLLECTION

150

NEW CITIZENS
WELCOMED TO
THE DISTRICT

Environmental wellbeing

59 KM

OF OFF ROAD
WALKING AND
CYCLING
TRACKS

100%

COMPLIANCE
WATER RESOURCE
CONSENTS

14.45

PARK HECTARES
PER 1000
RESIDENTS

91%

OF FOOD
CONTROL PLANS
AUDITED

16,500

TONNES OF
MATERIAL
DIVERTED FROM
LANDFILL

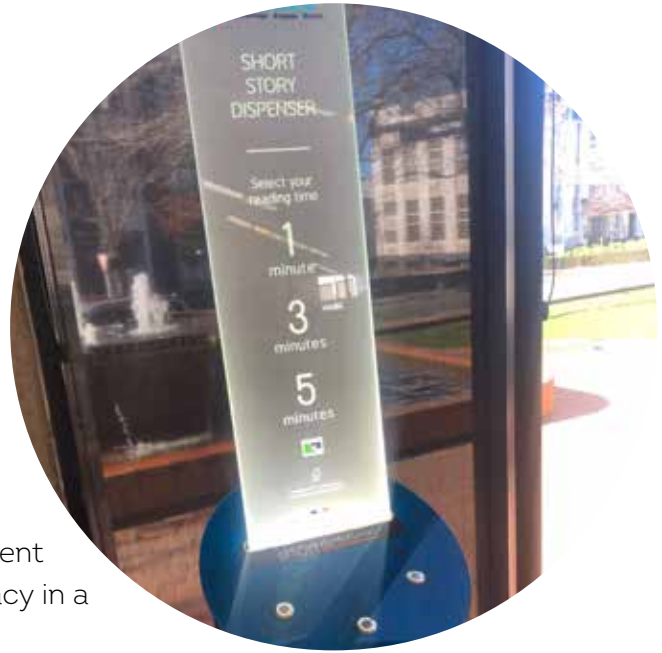
Projects and service highlights

\$335k

new library books and resources

This is not just printed material – there is also a huge range of e-books, movies, audio books and reference materials. Plans are also underway for a portable short story dispenser – a creative vending machine that offers a random, printed short story for free at the push of a button.

There's now so many more ways that people can access reading material. The Library staff are confident these options will help support and encourage literacy in a new way.



\$422k

new walking and cycle suspension bridge in Centennial Park Timaru

The new bridge is now open for traffic – foot and cycle traffic only! With many more people using the park, the capacity of the old bridge was no longer meeting demand. The new bridge is a lighter construction and has meant the unsightly concrete piles in the stream bed have been removed.

\$5.27M

Sealed road resurfacing and reconstruction

Keeping the roading network up to scratch is an ongoing job – and it's expensive. Roads around the district benefited from resurfacing and reconstruction, including Badham Road, Te Moana Road, Coach Road and Arowhenua Road in our rural areas and Beaconsfield Road and Marine Parade in Timaru.

77km
OF ROADS
RESURFACED

5.1km
OF ROADS
RECONSTRUCTED

\$1.6M

Sewer infrastructure replacements and upgrades

With all the pipes underground it is harder to see what's been achieved but it has been very busy. Council has a prioritised renewal programme to ensure robust sewer infrastructure into the future. Work this year focused on Talbot Street in Geraldine and Grey Road/Dee Street in Timaru.



Over
500

aqua fit classes held
- well over the 350 target.

These, along with the very popular Age Fit classes, are regularly oversubscribed.

We are looking at adding more classes to the timetable next year.

Many attendees make use of the CBay café after class - this is becoming a very busy social space.



Projects and service highlights

Our History Illuminated: Timaru District Community 150

While the date officially marked the 150th anniversary of the first meeting of the Timaru Borough Council, the event was organised to celebrate what the whole district has achieved. The streets around the Council building in King George Place were closed to traffic for the night, and hundreds of people turned out to witness an amazing light display and a performance by the Alpine Energy Timaru Brass Band, also in its 150th year. There were food stalls as well as many family friendly activities organised by the various council departments.



\$2.4M

water supply infrastructure replacements and renewals

A number of renewal and upgrade projects were completed as part of the ongoing upgrading of our water supply infrastructure. Of note were the Washdyke Flat Road, Timaru watermain upgrade, and Forth Street and Dawson Street, Timaru watermain renewals.

The Pleasant Point Water supply infrastructure has had some major upgrading. Construction of the new water reservoir was completed, and treatment plant and pump station have been upgraded.

\$1.2M

development of facilities to help divert waste from the landfill

Our waste minimisation team are continually working on ways to divert waste from our landfill. This year we completed a waste sort trial, and work is now underway designing an improved waste sort facility at the Redruth Resource Recovery Park. This will mean better recycling facilities, and more effective sorting of waste – both commercial waste deliveries and other waste dropped off at the transfer station.



26,500

transactions at the Crown Nest re-use shop at the Redruth Resource Recovery Park - 1,000 transactions more than previous year, and growing!



How we measure our service performance

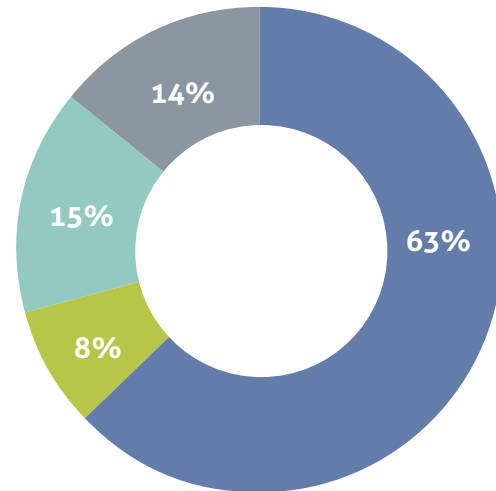
Council measures its performance each year using a core set of indicators that are determined through the Long Term Plan.

We have 152 performance measures with targets that we report on across 9 groups of activities.

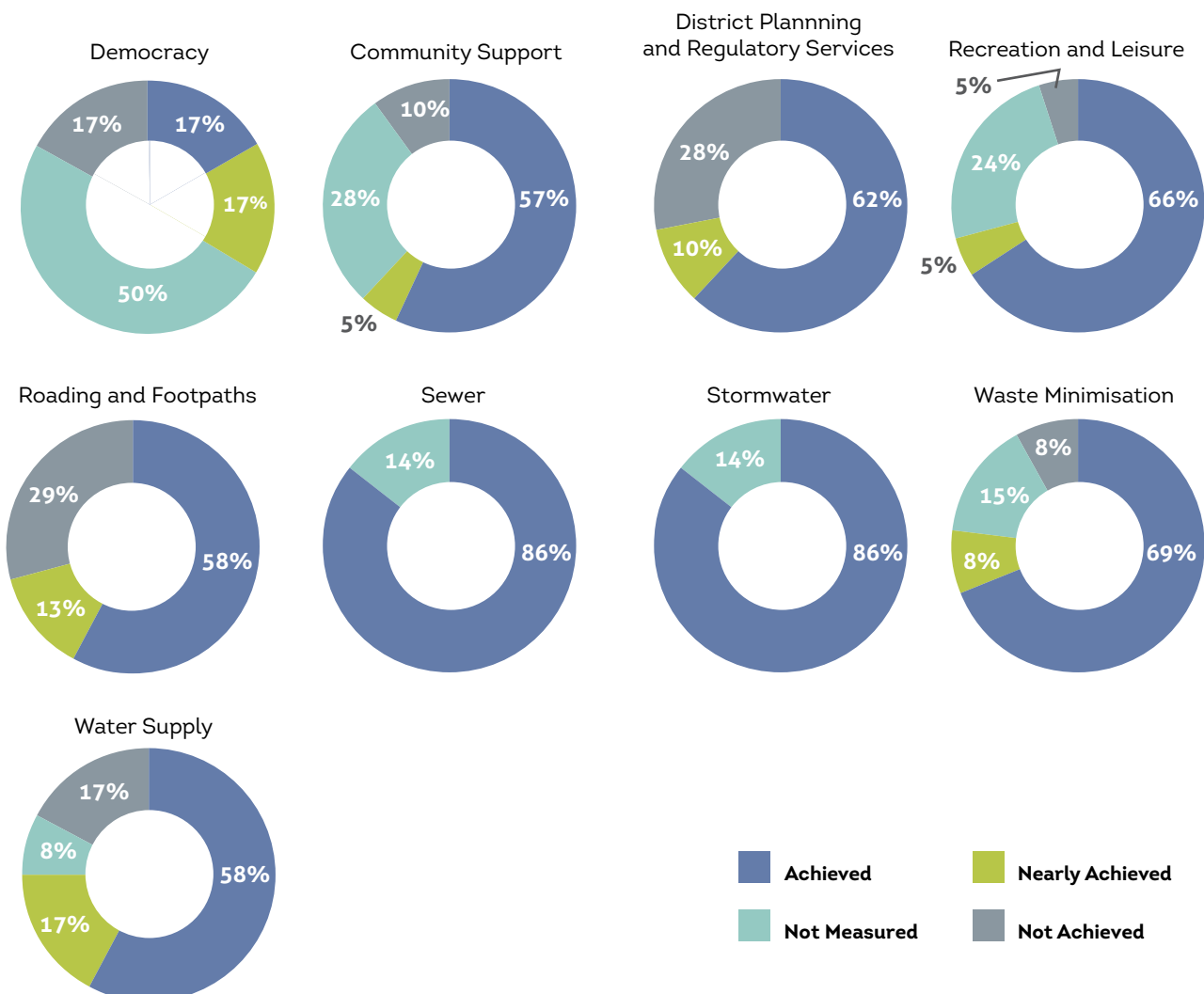
We achieved 95 of these targets, nearly achieved 12, and 21 were not achieved. 24 were not measured this year as they are measured every second year (the bulk of these are for our biennial community survey).

Note: Nearly Achieved applies where the result achieved was within 5% of target

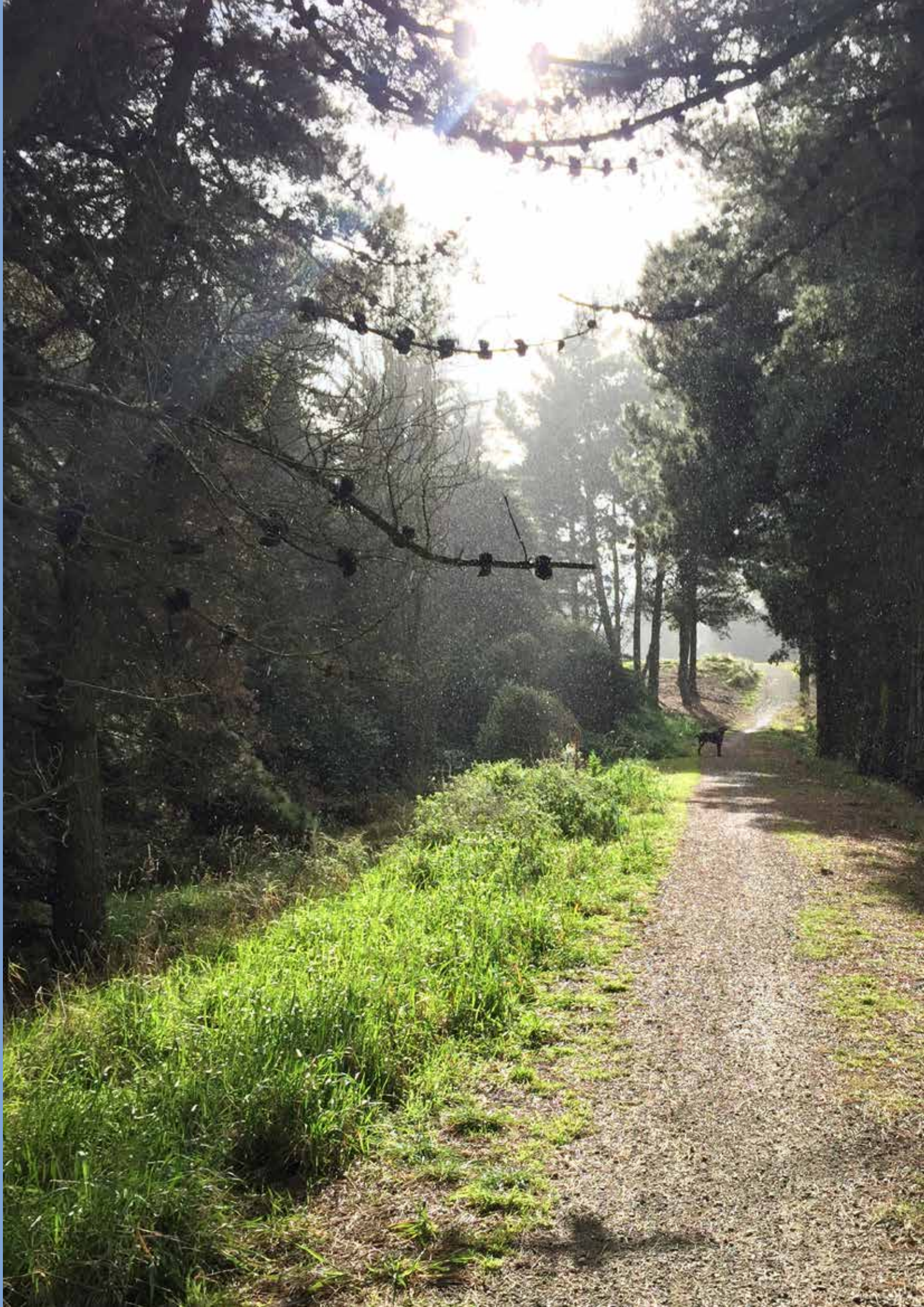
Overall Performance Summary



Performance Summary by Group of Activities









Council Activities

Council Activities

This section describes the work and performance of the Council's Groups of Activities, for the 2018/19 year.

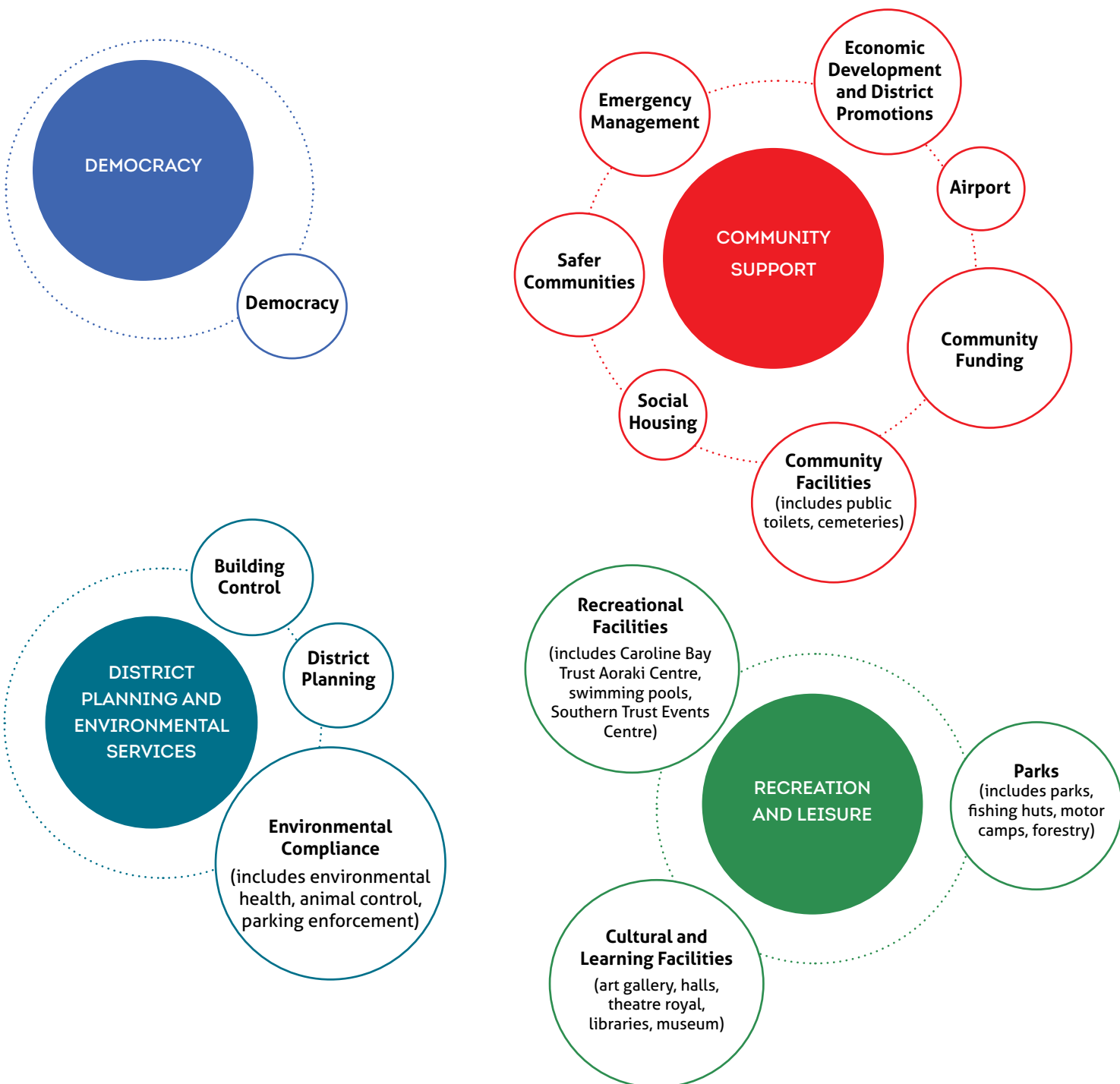
What we do

A description of the activities included within each group and their key functions.

Contributions to Community Outcomes

An indication of which community outcomes these activities contribute to.

Council has nine groups of activities as outlined below



Highlight and Challenges

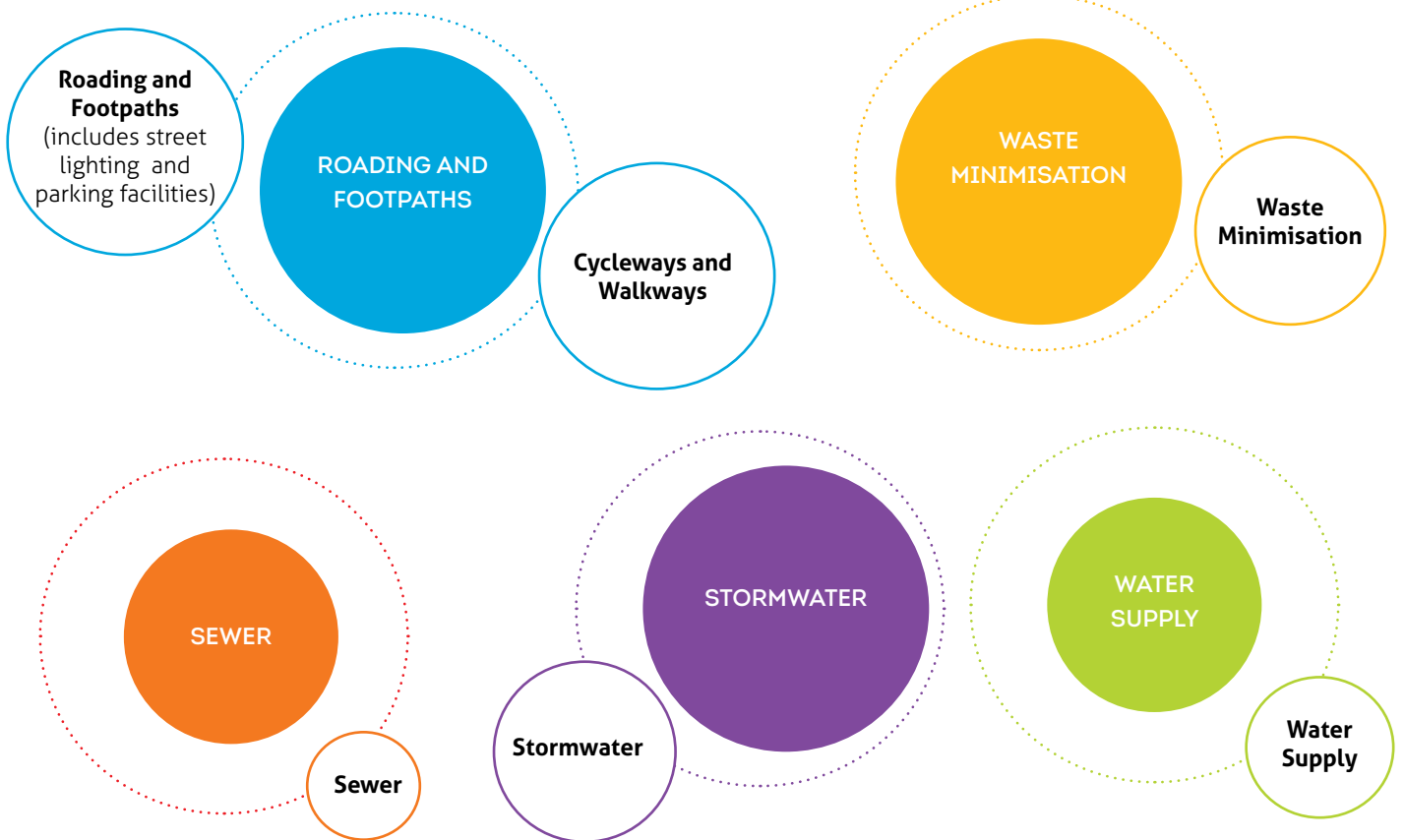
A description of some of the highlights and challenges for each activity.

Service Performance

A summary of how the Council performed against performance measures for each activity.

Financial Information

A funding impact statement that show how each group of activities has been paid for.





**Enhancing the social,
economic, environmental and
cultural wellbeing of our community**

All of the decisions Council makes are designed to support and enhance the social, economic, environmental or cultural wellbeing of our community.

Democratic decision making relies on effective engagement with the community. This is a two way process. We need community input to ensure that the decisions made do enhance wellbeing. To do this we are utilising an increasing range of tools to make it as easy as possible for all parts of our community to make their voice heard.

Equally Council has a responsibility to ensure clear communication with the community - about future plans and priorities and the reasons for these.



Democracy

What we do

The Democracy activity supports and guides all the activities carried out by the Timaru District Council. The activity enables Council to function and provide stable, transparent, effective, efficient and accountable local governance to the District.

The elected members of Council set direction, lead and make decisions. This is focused around progressing toward Council's Vision and Community Outcomes, with the overall goal of improving community well-being.

The activity includes all work associated with the elected Council and Community Boards in Geraldine, Pleasant Point and Temuka. Elected members, being community representatives, make decisions within the framework of the Local Government Act 2002 (LGA) on behalf of and in the interests of the community. Council and Community Boards are elected every three years.

Key tasks include:

- Advocacy on issues that affect the district
- Allocating funding to Council activities
- Consultation with the community
- Communicating decisions, policy and activities to communities and stakeholders
- Developing and implementing strategy, policy and plans such as the Long Term Plan and District Plan
- Civic functions, such as citizenship ceremonies, award ceremonies and parades
- Elections and Representation reviews
- Administering statutory governance functions (e.g. Standing Orders, Delegations Registers)
- Partnering with external agencies
- Performance, planning and accountability. The development and adoption of key Council planning and accountability mechanisms, such as the Long Term Plan, Annual Plan and the Annual Report
- Maintenance of Sister City relationships with Eniwa (Japan), Weihai (China), Orange (Australia) and Orange (United States)
- Overall monitoring of Council operations
- Working regionally to ensure joint approaches on various issues.

Contributions to Community Outcomes

Democracy contributes to the following Community Outcomes



Democracy **Highlights and challenges**

There were a number of formal and informal community consultations on key issues where Council wanted to hear residents' views.

The consultation that generated the most community discussion was whether Council should sell its shares in Alpine Energy Ltd. There was significant public interest in the issue, with close to 600 submissions received, the majority against the proposed sale. After considering community views Council decided that the shares would not be sold.

The 2019/20 Annual Plan was prepared. As there were no significant variations from Year 1 of the Long Term Plan 2018-28 there was no formal consultation with the community. We let residents know about key plans and projects for the year through an information publication distributed to all households, as well as on the Council website.

Advocating for our community – this is one of Council's key roles. With a large number of proposed legislative amendments and new government initiatives, Council has made numerous submissions on the District's behalf. These included the Climate Change Response (Zero Carbon) Amendment Bill, Residential Tenancies Act reforms, Reform of Vocational Education proposals, proposed International visitor conservation and tourism levy, Environment Canterbury 2019/20 Annual Plan and Environment Canterbury Land and Water Regional Plan (Draft Plan Change 7).

During the year Council hosted a range of civic events including the Timaru 150th celebration, a Japanese school delegation, Timaru District Hall of Fame celebration, as well as a number of citizenship ceremonies where over 150 new citizens were formally welcomed to our district.



The 2018 Representation Review process was conducted as required by legislation

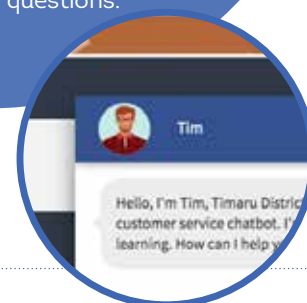
After seeking community views and considering options for the most effective representation arrangements (elected Council and Community Board members), Council concluded no changes were required to the existing Council representation structure, including Community Boards.

As part of the greater Canterbury Mayoral Forum we continued to advocate for the district and the region.

As part of this submissions were made on matters such as Employer Assisted work visas and regional workforce planning, and draft National Planning Standards. All of these proposed new requirements have an impact on our district and it is important that our views are made known.

Council continues to look for effective ways of communicating with and providing services to residents

As well as the long standing Council noticeboard in the Courier newspaper each week, we are using the Council Facebook page to convey news, as well as respond to questions from the community. We recently upgraded our chatbot Tim – the new function on the Council website where answers can be provided to a wide range of questions.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Make decisions in an open, transparent manner	Proportion of main items held in open Council meetings*	≥90%	Not achieved 72.78% (2017/18: 80%) There were more sensitive information items than predicted that required consideration in closed meeting.
	Resident satisfaction with influence on Council decision making	≥50%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 53%)
Provide leadership on issues affecting the district	Resident satisfaction with Council's leadership	≥65%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 56%)
Communicate with the community on topics of interest	Resident satisfaction with how well Council keeps public informed and involved in decision-making	≥65%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 69%)
Monitor the Council Organisation's performance	Clear audit opinion for Long Term Plan and Annual Report	Unmodified opinion received	Achieved A clear, unmodified audit opinion was received for the 2017/18 Annual Report and end of year audit.
Meet our statutory and legislative obligations	Compliance with LGA planning and accountability requirements	LGA planning and accountability requirements met	Nearly achieved A clear audit opinion was received for the 2017/18 Annual Report. However the report was adopted after the 31 October statutory deadline. The 2019/20 Annual Plan was adopted on 25 June 2019 which was within the statutory deadline of 30 June.

*This refers to the main business topics on the full Council and four Standing Committee agendas

Timaru District Council: Funding Impact Statement for 2018/19 Democracy

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	4,072	3,935	3,970
Targeted Rates	20	22	22
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3	3	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	4,095	3,959	3,992
Applications of operating funding			
Payments to staff and suppliers	1,286	1,219	1,142
Finance costs	0	0	0
Internal charges and overheads applied	2,233	2,709	2,715
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,519	3,928	3,857
Surplus (deficit) of operating funding (A - B)	576	31	135
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	0	0	0
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	576	31	135
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	576	31	135
Surplus (deficit) of capital funding (C - D)	(576)	(31)	(135)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

There are no significant variances.

The background image shows the exterior of a modern building at dusk. The building features a dark, vertically-slatted upper section and a lower section with vertical wooden slats. A glass entrance on the right is labeled 'Arrival' vertically. On the left, a sign reads 'Departures'. A large red circle is overlaid on the center of the image, containing white text.

**Enhancing the social,
economic, environmental and cultural
wellbeing of our community**

Our community support services are focused on enhancing the social, economic, environmental and cultural wellbeing of our community.

This includes a particular focus on economic wellbeing through the Economic Development and District Promotions function, and social and environmental wellbeing through the Emergency Management activity. Social and cultural wellbeing are a particular focus for our Safer Communities and Community Funding activities. Timaru Airport provides important links with other centres, and plays a significant role in enhancing economic and community wellbeing.

Our district cemeteries are an important part of each local community's history, and play a role in enhancing social and cultural wellbeing.

Housing affordability is a national issue, and while our district may not be experiencing the extremes, through our social housing portfolio we are able to provide a number of low cost housing units for some of the most vulnerable members of our community.

Community Support

What we do

The Community Support group includes Timaru Airport, Community Facilities (Cemeteries and Public Toilets), Community Funding, Economic Development and District Promotions, Emergency Management, Safer Communities and Social Housing.

The focus of these activities is to help:

- build strong, connected and supportive communities
- provide high quality community facilities (cemeteries and public toilets)
- support people, organisations and the business community
- ensure healthy communities
- assist vulnerable people in our communities
- assist individuals and communities to be prepared and resilient in times of adversity

Contributions to Community Outcomes

Community Support contributes to the following Community Outcomes

	High quality infrastructure to meet community and business needs	Smart, diversified economic success and growth supported and enabled	Communities that are safe, vibrant and growing	People enjoying a high quality of life	A strong identity forged and promoted	A valued, healthy and accessible environment
Airport	P	P	S		S	
Community Facilities	P		P	S		S
Community Funding		S	P	S	P	S
Economic Development and District Promotions	S	P	S	P	P	
Emergency Management	S		P	P		
Safer Communities			P	P	S	
Social Housing	P		S	S		

P Primary contribution **S** Secondary contribution

Community Support **Highlights and challenges**

COMMUNITY FUNDING

A large number of applications for Council's community funding donations and loans were received. Some of the community groups to benefit from the funding included:

- Victoria Trust received a grant and a loan to assist with the construction of further community housing for some of the District's most vulnerable residents.
- Timaru Senior Citizens, Aoraki Multicultural Council, The Blind Foundation and Citizens Advice Bureau all received a grant towards their operating costs.
- Temuka & Districts Historical Society received funding towards the seismic assessment of Temuka Courthouse Museum as part of phase 2 of their earthquake strengthening project.

Through a successful bid for Ministry of Justice funding Council supports "Project Turnaround" – a restorative justice service where trained staff are employed to work with offenders, victims and their families. While the operating environment and the contract criteria are becoming more complex, the Timaru based service has again had a very successful audit. It is one of the top performing service providers in the country, with high service delivery standards and a proven record of meeting local community needs.

Helping communities to reduce risk by encouraging the development of emergency response plans.

This year we have facilitated workshops for the Milford Lagoon community, resulting in the completion of an Evacuation Plan by the Milford Lagoon Community Evacuation Committee. There are now four response or evacuation plans in place across the District, with others to be developed as communities identify the need. As these are living documents they are updated annually or as required.

The recent upgrading of heat pumps and ovens in Council's housing units has been appreciated by tenants. Further upgrading now needs to be programmed to meet future requirements of the Healthy Homes regulations. The end result will be warmer, healthier homes for our tenants.

PUBLIC TOILETS

Reroofing the large toilet block at Caroline Bay completed the upgrade of this facility.

Along with the large exterior prints of Caroline Bay the facility now looks more contemporary, as well as having a more functional interior.

Council appreciated working with the Cave community to install a waterless toilet in the park area near the centre of the village.

This was a great community effort with both council and the community working together to achieve a positive result.

The upgrade of the toilet block in the upper Botanic Gardens including wall and floor tiles has rejuvenated an older style toilet block.



Economic Development

Aoraki Development, a Council Controlled Organisation (CCO) is tasked with fostering economic development in the district.

Some of their key initiatives this year included:

- **Delivering** a Ministry of Social Development contract focused on transitioning secondary school students into the workforce by exposing, educating and exciting our next generation on their next important move.
- **Facilitating** enhanced collaboration and trust between a variety of local industry sectors such as Food Processing & Manufacturing, Trades and Transport & Logistics via Business Connections Groups. This has resulted in best practice sharing within and between industry sectors across health & safety, training, systems and procedures, staff attraction and career pathway promotion into secondary schools.
- **Launch** of the WeloveTimaru workforce attraction campaign via national billboards, social media, and other mediums including mobile advertising on transport operator vehicles. Feedback from local businesses notes that the campaign has been a key influencer in attracting several new employees and their families to the district.
- **Facilitating** the establishment of new business in the district through fostering key strategic partnerships locally and nationally.



DISTRICT PROMOTIONS

A big focus during the year was the development of a new look and new focus Timaru District Visitor Strategy developed with input from key tourism and allied stakeholders across the District.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Community facilities are well maintained, clean and safe	Airport user satisfaction with facility	>70%	Achieved 95% (2017/18: 66%) Improved performance as a result of the airport terminal and carpark upgrade
	Airport Civil Aviation Authority accreditation	Accreditation retained	Not measured No audit 2018/19 (2017/18: Achieved)
	Satisfaction with cemeteries	Visitor: ≥85% Resident: ≥85%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 91%)
	Satisfaction with public toilets	User: ≥65%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 72%)
	Complaints about public toilet cleaning standards*	< 6	Achieved 3 complaints
Social housing units are tenanted and well managed	Occupancy rate	≥97%	Nearly achieved 94% (2017/18: 96%)
	Response to urgent service requests within 24 hours	100%	Achieved 100% (2017/18: 100%)
Provide accessible and up to date cemetery records	Percentage of cemetery records are updated within a month	95%	Achieved 95% (2017/18: 100%)
Improve individual and community awareness of the risks from hazards and assist them to build resilience to emergency events	Community Response Plans (CRP) developed	1	Achieved – Milford Community 1 (2017/18: 1)
	Number of community educational presentations to reduce risks from hazards to our district	20	Not Achieved 16 (new measure)

Level of Service	Performance Measure	Target	Result/Achievement
Improve Council and partner agencies capability to respond to and recover from emergencies	Enhance capability to manage and recover from Civil Defence emergencies	Sufficient EOC staff for 24/7 coverage	Achieved (new measure)
		Annual Civil Defence Emergency Management exercise participation	Achieved (2017/18: Achieved)
		Maintain registered volunteer teams, run Annual Volunteer training programme	Achieved (2017/18: Achieved)
		Complete District Welfare Plan	Not achieved On hold due to national review of welfare component of response/recovery. Preparatory work completed. (new measure)
Manage and allocate community funding scheme grants and loans	Annual Community funding rounds held	8	Achieved General donations, Substantial grants, Community loans: 2 Youth Initiatives: 2 Creative Communities Fund: 4 (2017/18: 8)
	Percentage Accountability forms returned	≥90%	Achieved 92% (2017/18: 92%)
Respond to existing and emerging crime trends with community sanctioned initiatives and operate Project Turnaround programme	Ministry of Justice (MoJ) Project Turnaround contract criteria are met	100%	Achieved 100% (new measure)
Contribute to the economic development of the Timaru District	Percentage of residents who believe Timaru is a better place to do business than three years ago	≥35%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 31%)
	Percentage of residents who believe Timaru is a better place to live than three years ago	≥40%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 40%)
	Aoraki Development CCO Statement of Intent targets met	100%	Achieved 100% (new measure)

* A complaint represents when a cleaning standard is not met, not when a request for cleaning is made. Vandalism and anti-social use of facilities can occur between cleaning, the effects of which result in a request to clean.

Timaru District Council: Funding Impact Statement for 2018/19 Community Support

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	2,539	2,845	2,880
Targeted Rates	202	0	0
Subsidies and grants for operating purposes	222	292	200
Fees and charges	408	514	474
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,367	1,435	1,521
Total operating funding (A)	4,738	5,086	5,076
Applications of operating funding			
Payments to staff and suppliers	3,651	3,803	3,716
Finance costs	171	188	153
Internal charges and overheads applied	479	614	641
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,301	4,604	4,510
Surplus (deficit) of operating funding (A - B)	437	481	566
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	401	(262)	7
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	401	(262)	7
Application of capital funding			
Capital expenditure			
- to meet additional demand	326	38	13
- to improve the level of service	442	188	386
- to replace existing assets	70	117	189
Increase (decrease) in reserves	0	(124)	(14)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	838	219	574
Surplus (deficit) of capital funding (C - D)	(437)	(481)	(566)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Increase / (decrease) in debt \$270,000 above LTP

- A loan of \$81,000 was raised this financial year for Timaru Airport upgrades and was budgeted for in the 2017-2018 Annual Plan.
- Loans of \$220,000 were budgeted to be advanced in regards to sports and recreation and community development. No actual loans were advanced this financial year.

**Enhancing the social,
economic, environmental and
cultural wellbeing of our community**

How we use land has a major effect on the look and feel of our district, and how resilient our communities are.

Through our District Planning function, Council supports the growth of the District while ensuring our environment is protected.

Regulating the building activities in the District supports safe and sustainable housing and commercial development.

Our environmental compliance services administer legislation and regulation designed to protect public health and safety.

Together these services work to enhance all aspects of community wellbeing.



District Planning and Environmental Services

What we do

District Planning and Environmental Services activities include:

- **Building Control** – administering and implementing the provisions of the Building Act 2004. Under the Act Council is an accredited Building Consent Authority and is responsible for processing and granting building consents and a range of other inspection and monitoring work. A 2016 amendment to the Building Act requires Council to ensure that all potentially earthquake prone buildings within the District are assessed within the statutory timeframe, for the purpose of identifying their level of structural compliance.
- **District Planning** – primarily concerned with managing how land is used and how subdivision is undertaken in the district. The key tool for managing this is the Timaru District Plan which outlines the district’s resource management issues and objectives, policies, methods and rules.
- **Environmental Compliance** – primarily concerned with preserving, improving, and promoting public health and safety in the District. It deals with matters such as food safety, disease containment, noise control, hazardous substances, liquor licensing, environmental nuisance, gambling control, parking enforcement and animal control, as well as enforcement of the Timaru District Consolidated Bylaw 2018.

These activities are concerned with sustainable building and land use development, consenting, compliance, monitoring and enforcement functions across a wide cross-section of statutes that focus on the protection of community health, wellbeing, safety and amenities.

Contributions to Community Outcomes

District Planning and Environmental Services contributes to the following Community Outcomes

	High quality infrastructure to meet community and business needs	Smart, diversified economic success and growth supported and enabled	Communities that are safe, vibrant and growing	People enjoying a high quality of life	A strong identity forged and promoted	A valued, healthy and accessible environment
Building Control		S	P	S		
District Planning	S	S	P	P	S	S
Environmental Compliance		P	P	P		S

P Primary contribution S Secondary contribution

District Planning and Environmental Services

Highlights and challenges

BUILDING CONTROL

A total of 1,113 building consents were processed during the year, and 99.19% were within the statutory timeframes (2017/18: 2,093 consents were processed; 99.3% of these met the statutory timeframes).

New legislative requirements regarding the inspection of registered swimming pools saw the Council develop a three year inspection cycle. This is due to conclude in December 2019, and the target set for the year ended June 2019 was achieved and 100% of the inspections will be completed within the statutory timeframe.

99.87%

of known dogs were registered at year end – a successful result due to combined efforts of responsible dog owners, Council staff and a Council-led programme of dog ownership and dog control education initiatives.

ENVIRONMENTAL COMPLIANCE

Good progress was made to audit registered food premises operating under a Food Control Plan. Council inspection staff and business owners have worked together to gain develop a good understanding of the new legislative requirements for food premises with a pleasing result.

As a result of a 2017 amendment to the Building Act 2004 Council has new requirements regarding potentially earthquake prone buildings.

This has seen the start of a multi-year project that has involved extensive consultation with stakeholders and the community as a whole.

DISTRICT PLANNING

The multi-year District Plan review is progressing well and the collaborative approach involving key stakeholders in drafting the plan has been very successful.

100%

of resource consents were processed in statutory timeframes: 261 consents were processed (207 in 2017/18).

The refreshed Significant Natural Areas fund has been fully allocated this year. The fund is one of the ways Council is able to work with the community to help protect significant indigenous vegetation and significant habitats of indigenous fauna in the district.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Perform statutory functions as a regulator under key legislation	Building Consent Authority accreditation	Accreditation retained	Achieved (2017/18: Achieved)
	District Plan statutory compliance	District Plan complies with statutory requirements	Not achieved. The District Plan does not currently comply with all statutory requirements as it has not given effect to the National Policy Statement for Electricity Transmission and the National Policy Statement for Renewal Energy Generation. Although plan changes were prepared to give effect to these National Policy Statements, Council decided not to proceed and instead give effect to the National Policy Statements through the District Plan Review. This is considered a relatively minor statutory non-compliance, which the Ministry for the Environment is aware of. (new measure)
	Council milestones for the District Plan review are met	2018/19: District Plan drafting commences	Achieved (new measure)

Level of Service	Performance Measure	Target	Result/Achievement
Deliver timely, efficient processing of consents and related requirements	Percentage of building consents granted within 20 working days.	100%	Nearly Achieved 99.19% (2017/18: Achieved)
	Average building consent processing time	Processing time reduces	Achieved 12.54 days (2017/18: 13 days)
	Percentage of Land Information Memorandums (LIM) processed within 10 working days	100%	Achieved 100% (new measure)
	Percentage of resource consents granted within statutory timeframes	100%	Achieved 100% (2017/18: 100%)
	Percentage of Land Use consents monitored within a year of being given effect to	100%	Not achieved 15.87% (2017/18: 26%) Additional staff resource is planned to achieve the target.
Provide useful, timely and consistent information and education on building, planning and regulatory services	Percentage of customer satisfaction with information and education from building control services	≥90%	Not achieved 78% (new measure)
	Percentage of customer satisfaction with information and education from district planning services	≥90%	Not achieved 81% (new measure)
	Percentage of customer satisfaction with information and education from environmental compliance services	≥90%	Achieved 94% (new measure)
Support responsible dog ownership	Percentage of known dogs in District registered	≥95%	Achieved 99.87% (2017/18: 99.5%)
	Number of dog control education initiatives delivered	≥5	Achieved 7 (new measure)

Level of Service	Performance Measure	Target	Result/Achievement
Ensure buildings with a Building Warrant of Fitness, and swimming pools, food and liquor premises inspected are safe and comply with legislation	Percentage of food premises* under a Food Control Plan audited	100%	Not Achieved 91% (2017/18: 86%)
	* (targets relate to Timaru District businesses and premises only)		
	Percentage of Health regulated premises and Bylaw regulated premises inspected	80%	Nearly achieved 79% Staff resourcing issues. New staff now in place (2017/18: 89%)
	Percentage of non-compliant businesses or premises subsequently become compliant	100%	Achieved Any non-compliance is followed up and resolved promptly (2017/18: 100%)
	Percentage of alcohol premises monitored annually	80%	Not Achieved 74% Staff resourcing issues (new measure)
	Percentage of non-compliant buildings identified by the Council audit of BWOFF have corrective action taken (measured from an audit of 5% of public buildings audits conducted through the year)	100%	Achieved 100% (2017/18: Not achieved – staff resource issues)
	Percentage of registered swimming pools inspected annually	33%	Achieved 52% (2017/18: 46.5%)
Percentage of non compliant swimming pools identified at inspection that have had issues resolved in line with the Building Act 2004	100%	Achieved Any non-compliances were followed up and resolved promptly 100% (new measure)	
Fulfil Council's statutory requirements under the Building (Earthquake-prone Buildings) Act	Percentage EPBs (Priority Buildings) identified by July 2022	100%	Achieved Target achieved for 2018/19, on target for 2022 (new measure)

Timaru District Council: Funding Impact Statement for 2018/19 District Planning and Environmental Services

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	314	3,089	3,099
Targeted Rates	1,192	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,298	3,430	3,272
Internal charges and overheads recovered	28	28	27
Local authorities fuel tax, fines, infringement fees and other receipts	39	39	44
Total operating funding (A)	4,871	6,585	6,443
Applications of operating funding			
Payments to staff and suppliers	3,767	5,435	4,579
Finance costs	0	0	0
Internal charges and overheads applied	1,123	1,212	1,242
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,890	6,646	5,821
Surplus (deficit) of operating funding (A - B)	(19)	(62)	621
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	0	0	0
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	5	1
- to improve the level of service	3	0	0
- to replace existing assets	2	0	0
Increase (decrease) in reserves	(24)	(67)	620
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(19)	(62)	621
Surplus (deficit) of capital funding (C - D)	19	62	(621)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$856,000 below LTP

- Expenditure for the District Plan Review was budgeted to be \$1,446,600. Actual expenditure incurred was \$742,000.

Increase / (decrease) in reserves \$687,000 above LTP

- Transfers from reserves was lower due to the timing of expenditure on the District Plan Review.



**Enhancing the social,
economic, environmental and cultural
wellbeing of our community**

Our cultural and learning facilities foster social and cultural wellbeing across all sectors and age groups in our community, and help make the district an enticing place for visitors to experience.

Our district's parks and open spaces help protect, restore and enhance our district's green landscape – both urban and rural, and provide community spaces that residents and visitors can enjoy.

We're involved in providing quality recreational facilities and experiences to offer health, learning, social and leisure benefits.

Together these services are an important part of enhancing all aspects of community wellbeing.

Recreation and Leisure

What we do

Recreation and Leisure activities provide quality cultural, learning and recreation facilities for residents and visitors to enjoy.

Cultural and Learning Facilities

- Aigantighe Art Gallery
- South Canterbury Museum
- Timaru District Libraries – facilities in Timaru, Geraldine, Temuka and online, with the Geraldine and Temuka Libraries doubling as Council Service Centres
- Halls (Halls include 7 facilities owned and managed by Council, 11 community halls owned by Council and managed by community committees, and a number of facilities operated by but not owned by Council)
- Theatre Royal

Parks

- Premier parks of particular significance to the district, such as Timaru Botanic Gardens, Caroline Bay and the Temuka and Geraldine Domains
- Sports and recreation parks
- Neighbourhood Parks, in urban areas and often incorporating playgrounds
- Amenity parks designed to provide opens spaces and plantings
- Natural parks, located predominately in rural areas, often including walking and cycling tracks
- Special purpose parks and civic spaces

Recreational Facilities

- Caroline Bay Trust Aoraki Centre (CBay)
- Swimming pools in Geraldine, Pleasant Point and Temuka
- Southern Trust Events Centre

Contributions to Community Outcomes

Recreation and Leisure contributes to the following Community Outcomes

	High quality infrastructure to meet community and business needs	Smart, diversified economic success and growth supported and enabled	Communities that are safe, vibrant and growing	People enjoying a high quality of life	A strong identity forged and promoted	A valued, healthy and accessible environment
Cultural and Learning Facilities	P	S	P	P	P	S
Parks	P	S	P	P	P	S
Recreational Facilities	P	S	P	P	P	S

P Primary contribution **S** Secondary contribution

Recreation and Leisure **Highlights and challenges**

AIGANTIGHE ART GALLERY

A “Pop-up Art Lab” was trialled in central Timaru over the school holidays. This provided a unique space for children to explore the arts, be creative and take ownership of the space. The initiative was well received by visitors and the community.

A wide range of exhibitions were hosted during the year, including

- Beasts and Creatures - an exhibition aimed at children that showcased all the animals and creatures hiding in the Collection.
- Artarama - a festival of South Canterbury’s creative students aged 3 to 18. This is a fantastic opportunity to see artworks by students from across the district
- Land Marks - Architectural forms of South Canterbury – in conjunction with The New Zealand Institute of Architects Festival of Architecture this presented an exploration of South Canterbury’s rich architectural heritage from the past to the present.
- Polychrome - a diverse range of artworks by Ara Post-graduate Arts and Media students from both the Christchurch and Timaru campuses.
- To Whom it may Concern - Local artist Brian High’s immersive and mesmerising video installation, which explored the beauty of nature and the rapidly changing regional landscape.

The closure of the House Gallery due to an adverse earthquake rating provided the opportunity to refurbish the 1978 extension to provide a more professional first impression and maximise exhibition space. The physical work to strengthen the House Gallery is expected to commence in 2019/20.

In conjunction with the Friends of the Aigantighe, a series of five display signs along the Timaru Coast, mainly at Caroline Bay and near Patiti Point were installed, featuring artworks from the Aigantighe Art Gallery Permanent Collection relating to the location of the sign. The initiative aims to raise awareness about the Gallery and get the collection outside the four walls.



LIBRARIES

Accessing library material online is increasing year on year.

During the year the exciting new eResource Kanopy – an online video streaming service with a great collection of award winning films, was introduced. Other online resources such as eBooks, PressReader and online catalogue searches are proving popular.



School holiday programmes are wide and varied including reading challenges, SparkJump, and numerous craft and music groups

With refreshed interiors, the library spaces are welcoming, warm and sociable and are popular community gathering places. Some visitors use the wifi, some browse the books and digital materials, while others are attending some of the many groups offered. The options are vast – from the Ukelele group, book clubs, device advice, knitting and crocheting, adult colouring-in club, Justice of the Peace service, Mahjong club, AA driver theory licensing and relicensing, to name just a few.

Many visitors to the library are not just there to access reading material. The use of free wifi including Aotearoa People's Network Kaharoa sessions draws many visitors to our libraries.

The Timaru Library roof project required further professional assessment to determine the most appropriate way forward, meaning that the project is now planned for 2019/20.

SOUTH CANTERBURY MUSEUM

- With funding from the Ministry of Education, the Museum was again able to offer a Learning Experiences Outside The Classroom (LEOTC) programme to primary schools students across the district. This continues to be well supported by local primary schools with attendance numbers over target. The Ministry of Education programme evaluation was again very positive.
- With many of the Museum's collection items holding interest for people beyond the district there has again been increased engagement with people far and wide via social media. This can range from searching the museum's catalogues, to viewing upcoming events.

Following the success of earlier community events hosted by the Museum, this year the staff facilitated the highly successful "Rock Street" party and "Our History Illuminated". These events attracted residents of all ages, from around the district, and provided an opportunity to celebrate Timaru district and have fun!

RECREATIONAL FACILITIES

CBay Age Fit (designed mainly for older people) and AquaFit classes - are proving very popular. Although the number of classes were increased this year - they were still over subscribed, and CBay will be looking to provide even more next year. As well as being a good exercise opportunity, they are very social occasions with the café at CBay well utilised at the end of many of these sessions.

At the other end of the age spectrum attendance numbers show more children using the pool facilities than the previous year. There is a wide range of programmes offered from water safety skills and learn to swim lessons, pre-school classes and competitive squad training.

The Southern Trust Events Centre hosted many local sports competitions this year as well as the New Zealand Secondary Schools Netball Championship and the South Island Masters Games in October.

Following the earlier upgrading of the Geraldine swimming pool, upgrades at the Pleasant Point pool were carried out during the year. A major upgrade is planned for the Temuka pool next year. These are important facilities for each of the townships and attendance numbers are proof of this.

With the well established health and environmental benefits of cycling, more progress was made on extending off-road walking and cycling tracks, including Redruth, Temuka Domain frontage, Geraldine Downs, Centennial Park and Pleasant Point Hill.

During the year a block of over mature trees at Redruth Park were felled for a small profit. These funds along with a grant for \$20,000 from Ministry for Primary Industries enabled replanting the site with native plants to honour New Zealand service personnel in the adjacent area of the Timaru cemetery.

HALLS

Through regular improvements we aim to provide community halls that are fit for purpose. This year we upgraded:

Washdyke Community Centre

Refreshed two changing rooms with paint and new partitions

Temuka Stadium Lounge

New carpet and chairs

Caroline Bay Soundshell

New paint, new side curtains for the stage and remodelling of some of the toilet facilities

Theatre Royal Upgrade and New Heritage Facility

The Theatre Royal upgrade and new Heritage Facility (to be co-located with the Theatre Royal) are two key projects under our Long Term Plan.

Synergies between the two projects were always recognised, and earlier this year Council approved the two projects being undertaken as one, which brings the planning for the Heritage Facility forward.

Together, these projects are expected to deliver improved recreational, entertainment and cultural opportunities for our community and visitors, be a catalyst for further redevelopment of the south end of Timaru's CBD, and ultimately create a more vibrant southern CBD.

An upgraded Theatre Royal will provide a fit for purpose facility for users and patrons and attract touring shows to Timaru. The new Heritage Facility will provide exhibition space for our South Canterbury Museum, with additional exhibition space for touring heritage exhibitions as well as our art gallery. Its connection with the Theatre Royal and other nearby facilities (e.g. Te Ana Maori Rock Art Centre) presents many opportunities through the development of a heritage and cultural precinct within our City.

The project was established in 2018/19, involving project set up, research and other preliminary work. Looking forward to 2019/20 sees the project move into detailed planning, procurement, and design. Physical works on the site such as early enabling works may be able to commence towards the end of 2019/20.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Recreation and leisure facilities, programmes and materials are accessible to district residents, students and visitors	Art Gallery – visitor numbers	19,000	Achieved: 19,205 (2017/18: 22,032)
	Art Gallery – online users	Annual increase	Achieved: 1,325 (Facebook followers) (2017/18: 1,079)
	Museum – visitor numbers	20,000	Nearly Achieved: 19,315 (2017/18: 16,880)
	Museum – online users	Annual increase	Achieved 13, 177 (web page users) (2017/18: 10,046)
	Museum – student users	≥4,000	Achieved: 6,424 (2017/18: 5,766)
	Library – visitor numbers	350,000	Nearly Achieved: 333,003 Strong online usage (new measure)
	Library - Online website and catalogue searches	300,000	Achieved: 432,716 (new measure)
	Library - Database searches including PressReader	220,000	Achieved: 393,415 (new measure)
	Library - Aotearoa People's Network Kaharoa (APNK) PC and Wifi library sessions per year	≥80,000	Achieved: 117,510 (2017/18:83,390)
	Library issues (physical & digital) of materials per year	≥500,000	Achieved: 553,921 Digital issues portion of the result significantly increased (2017/18: 582,173)
CBay swimming complex – visitor numbers	325,000	Achieved: 338,921 (new measure)	

Level of Service	Performance Measure	Target	Result/Achievement
Provide a high quality experience at district recreation and leisure facilities	Satisfaction with Art Gallery	Resident: ≥80% User: ≥90%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 91% User 93%)
	Satisfaction with Libraries	Resident: ≥95% User: ≥95%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 94%, User 97%)
	Satisfaction with Museum	Resident: ≥80% User: ≥80%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 95%, User 97%)
	Satisfaction with Parks and Recreation	Resident: ≥90% User: ≥92%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 92%, User 92%)
	Satisfaction with Swimming Pools	Resident: ≥80% User: ≥75%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 89%, User 91%)
Recreation and leisure facilities provide regular and varied services, exhibitions and programmes to support community wellbeing	Number of school holiday programmes	Art Gallery: 4 Libraries: 4 Museum: 4	Achieved Art Gallery: 4 Libraries: 4 Museum: 4 (2017/18: Art Gallery: 4, Libraries: 4, Museum: 4) Multiple programmes were held at all venues over the 4 school holiday periods (2017/18: 4 programmes at each facility)
	Number of annual exhibitions	Art Gallery: ≥10 Museum: ≥3	Achieved Art Gallery: 20 Museum: 4 (2017/18: Art gallery: 16, New Measure for Museum)
	Number of aqua fitness classes	≥350	Achieved 507 (2017/18: 400)
	Aqua swimming education	Swim for life participants: ≥2,000 Learn to swim enrolments: ≥3,000 Competitive squad swimmers (per term): ≥70	Achieved Swim for life: 2,405 Learn to swim: 3,036 Competitive squad swimmers (per term): 80 (new measures)

Level of Service	Performance Measure	Target	Result/Achievement
Recreation and Leisure facilities are safe, fit for purpose and well maintained	Facilities meet legislative safety requirements	Art Gallery: Yes Libraries: Yes Museum: Yes Swimming Pools: Yes Theatre Royal: Yes	Achieved (2017/18: Achieved)
	Number of Closures of playground equipment due to safety issues	0	Not achieved One. A swing was closed due to a sharp edge. The seat was replaced within 2 hours and reopened. (2017/18: 0)
Collections of local heritage and art objects, records and information preserved for and available to the community and visitors	Art Gallery - Percentage of new acquisitions catalogued	100%	Achieved 100% (2017/18: 100%)
	Art Gallery – Number of collection works re-catalogued	50	Achieved 838. The Gallery is undertaking a full audit of the collection, which has meant more work has been completed during the year, as well as improvements from implementation of new collection management software. (2017/18: 346)
	Art Gallery - Number of art works conserved	≥5	Achieved 7 (2017/18: 6)
	Museum – number of acquisitions	≥150	Not Achieved 140 (2017/18: 173)
	Percentage of Museum collection items held in acceptable conditions	≥90%	Achieved 98% (2017/18: 93%)
	Percentage of Museum collection items documented to acceptable standards	≥85%	Achieved 93% (2017/18: 95%)
Develop and maintain Park facilities to meet future expectations and demand	Kilometres of off-road walking and biking tracks	58km	Achieved 59km (2017/18: 56km)
	Number of playgrounds per 1,000 residents under 15 years of age	≥5.3	Achieved 5.4 (2017/18: 5.3)
	Park hectares per 1,000 residents	14ha	Achieved 14.45ha (2017/18: 14)
	Trevor Griffiths Rose Garden and Timaru Botanic Gardens retained as Gardens of Significance	1 Garden of National Significance, 1 Garden of Significance	Achieved (2017/18: Achieved)

Timaru District Council: Funding Impact Statement for 2018/19 Recreation and Leisure

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	10,318	12,478	12,587
Targeted Rates	2,095	20	19
Subsidies and grants for operating purposes	6	75	110
Fees and charges	3,256	2,358	2,361
Internal charges and overheads recovered	159	312	312
Local authorities fuel tax, fines, infringement fees and other receipts	19	1,892	1,931
Total operating funding (A)	15,853	17,135	17,321
Applications of operating funding			
Payments to staff and suppliers	10,615	11,401	11,532
Finance costs	1,040	766	560
Internal charges and overheads applied	1,373	1,704	2,016
Other operating funding applications	0	0	0
Total applications of operating funding (B)	13,028	13,872	14,109
Surplus (deficit) of operating funding (A - B)	2,825	3,263	3,213
Sources of capital funding			
Subsidies and grants for capital expenditure	155	0	0
Development and financial contributions	0	0	4
Increase (decrease) in debt	589	3,013	(493)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	55	0	0
Total sources of capital funding (C)	799	3,013	(489)
Application of capital funding			
Capital expenditure			
- to meet additional demand	99	90	145
- to improve the level of service	797	2,442	1,461
- to replace existing assets	2,087	5,880	1,223
Increase (decrease) in reserves	641	(2,136)	(106)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	3,624	6,277	2,723
Surplus (deficit) of capital funding (C - D)	(2,825)	(3,263)	(3,212)
Funding balance ((A - B) + (C - D))	0	(0)	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Internal charges and overheads applied \$312,000 above LTP

- Corporate overhead charges to Swimming Pools was \$206,000 above budget.

Increase / (decrease) in debt \$3,506,000 below LTP

- A loan of \$1,500,000 has not yet been required to be raised due to timing of major expenditure in relation to the Theatre Royal and Heritage Facility Projects.
- A loan of \$400,000 was budgeted to be raised for the Aigantighe Art Gallery building upgrade. Due to timing of this project, no loan was required. The project has been re-budgeted to commence in the 2019-2020 financial year.
- A loan of \$213,700 was budgeted for the Temuka Domain development. Work has been delayed and no loan required to be raised this financial year.

Capital expenditure – to improve the level of service \$981,000 below LTP

- A budget of \$470,000 was included for the upgrade of the Temuka Swimming Pool. The project has been re-scoped and will be completed in the 2019-2020 financial year.
- The Temuka Domain Redevelopment was budgeted at \$164,000. Actual expenditure incurred was \$19,000.
- The Aigantighe Art Gallery budgeted \$560,000 for upgrade to its building. Actual expenditure incurred was \$78,000.

Capital expenditure – to replace existing assets \$4,657,000 below LTP

- As discussed above, the timing of major expenditure in relation to the Theatre Royal upgrade has shifted to 2019/20. The project has been combined with the Heritage Facility project for best community outcome.
- As discussed above, the Timaru Library roof renewal project and carpet replacements was re-budgeted due to unforeseen design complexities. Actual expenditure incurred was \$416,000.

Increase / (decrease) in reserves above \$2,029,000 above LTP

- Transfers from reserves were lower due to the timing of expenditure on project works.



**Enhancing the social,
economic, environmental and cultural
wellbeing of our community**

Our roading, footpath, cycleway and walkway network aims to make the District easy to move around. We work hard to provide a safe road network for the users of all transport modes, focusing on improving road infrastructure, providing road safety education and school travel planning.

Quality, safe and fit for purpose infrastructure is critical for community wellbeing. It allows communities to connect and receive services, which is a vital part of enhancing social and economic wellbeing.

Our cycleway and walkway network promotes social, as well as personal wellbeing. Some of the negative effects of transportation, such as air and noise pollution, are mitigated by providing road surfacing designed to reduce noise where there are high traffic flows and providing alternative transport methods, such as cycling, walking and public transport, that have less environmental impacts.

Roading and Footpaths

What we do

The Roothing and Footpaths group includes:

- Roothing and Footpaths
- Cycleways and Walkways
- Parking Facilities
- Road Safety

Timaru District is a regional transportation hub, servicing large agricultural areas, associated processing plants and a significant port operation. Council currently manages over 1,700km of sealed and unsealed roads, 297 bridges (including single lane bridges, weight restricted bridges, large culverts and footbridges), 312km of footpath, drainage facilities (e.g. soak pits, culverts), street furniture, signs, bus stops, carparks, traffic signals, kerb and channel, 4,406 street lights, cycleways, road marking and some minor structures. Overall management of these assets is provided by Council, with operational work carried out by contractors.

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans, and user charges together with funding assistance received from central government through the New Zealand Transport Agency (NZTA). The NZTA is also responsible for the State Highway network.

Contributions to Community Outcomes

Roothing and Footpaths contribute to the following Community Outcomes

	High quality infrastructure to meet community and business needs	Smart, diversified economic success and growth supported and enabled	Communities that are safe, vibrant and growing	People enjoying a high quality of life	A strong identity forged and promoted	A valued, healthy and accessible environment
Roothing and Footpaths	P	P	S	P	S	S
Cycleways and Walkways	P	S	P	P	S	S

P Primary contribution **S** Secondary contribution

Roading and Footpaths **Highlights and challenges**

The condition of footpaths around the district is important to residents. Council had a target to resurface 7km of footpaths this year. Due to central government placing a higher priority on active transport, such as walking, Council was able to access additional funding via NZTA to resurface more footpaths. A total of 9.15km of footpaths were resealed across the district and has been well received by residents.

More roads were also able to be resealed than planned due to exceptionally good contract pricing. Rather than the targeted 4%, a total of 7.92% of the sealed road network was resealed.

The additional resealing work along with 66% (197 bridges) of bridges in the district upgraded to carry HPMV trucks up to 60 tonne, help ensure a robust roading network. This is a real benefit to the district's economy going forward.

Greater collaboration within the Canterbury region on road safety education has enabled in depth market research on public attitudes towards road safety. This information will allow participant councils to develop more targeted approaches to road safety – both within each district and regionally.



The District continues to benefit from a roading collaboration with neighbouring local authorities for road maintenance and road resurfacing contracts. The combined contract approach has resulted in significant financial savings to all councils due to economies of scale. A joint road resurfacing contract with Waimate and Mackenzie District Councils has recently been tendered, and favourable pricing is expected.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Roads are designed and maintained to community expectations	Percentage of ratepayers believe they get value for money – Roading	≥80%	Achieved 85% (2017/18: 87%)
	Percentage of customer service requests responded to within 10 working days – Roading (Mandatory)	≥70%	Not Achieved 53% Although most service requests are being responded to with the 10 working days there is often a backlog in closing these requests in the system. Process improvements are resulting in improving results. (2017/18: 36%)
Roads and Bridges are fit for purpose and provide for comfortable and efficient travel	Morning Journey time on key Timaru routes*	<96.36 minutes	Achieved 93.1 minutes (2017/18: 86.2)
	Evening Journey time on key Timaru routes*	<96.58 minutes	Achieved 95.70 minutes (2017/18: 93.0 mins)
	Number of complaints about traffic disruption due to maintenance and renewal works	≤10	Achieved 3 (2017/18: 1)
	Road condition – Average quality of ride on sealed local road network percentage smooth travel exposure index	≥90%	Achieved 95% (2017/18: 95%)
	Percentage resident satisfaction with maintenance of unsealed roads	≥70%	Nearly Achieved 67.5% (2017/18: 95%)
	Percentage resident satisfaction with maintenance of sealed roads	≥75%	Nearly Achieved 74% (2017/18: 75%)
	Percentage sealed local road network resurfaced (Mandatory)	4%	Achieved 8% (2017/18: 6.5%)
	Percentage of bridges that have capacity for full HPMV loading	65%	Achieved 66% (new measure)

* Combined travel time of a number of key routes.

Level of Service	Performance Measure	Target	Result/Achievement
Footpaths are safe, well designed and maintained	Percentage resident satisfaction with footpaths	≥70%	Achieved 73.5% (2017/18: 77%)
	Percentage of footpaths to be in average or better condition	75%	Achieved 90.6% (2017/18: 92%)
	Kilometres of footpaths resurfaced	7km	Achieved 9.15km (2017/18: 6.98km)
Traffic signals, road signage and markings and amenity lighting provide clear guidance	Percentage resident satisfaction with signage, road markings and amenity lightning	≥95%	Achieved 98% (2017/18: 98.5%)
	Percentage resident satisfaction that there is sufficient lighting of streets and intersections in urban areas	≥95%	Nearly Achieved 94% (2017/18: 92.5%)
Roading works and road safety initiatives help promote district road safety and awareness	Percentage of residents believe the road network is safe	85%	Not Achieved 79.5% (2017/18: 87.5%)
	Change in number of road fatalities and serious injury crashes on local road network (<i>from previous financial year</i>) (Mandatory)	Reduction from previous financial year	Not Achieved Change is an increase in 4 compared to 2017/18. (2017/18: 9)
	Percentage of residents aware of road safety programmes or advertisements	40%	Not Achieved 31.5% (2017/18: 31.5%)
Car parks are available, fit for purpose and easy to access	Percentage resident satisfaction with access to car parking	75%	Achieved 79.5% (2017/18: 85.5%)
	Percentage resident satisfaction with location, design and maintenance of car parking	80%	Achieved 90% (2017/18: 89%)

Level of Service	Performance Measure	Target	Result/Achievement
Sustainable transport options are facilitated and provided**	Number of school travel plan completed or reviewed annually	1	Achieved 1 (2017/18: 0.5)
	Percentage of residents using Public Transport	15%	Not Achieved 2% (2017/18: 4%)
	Percentage of residents regularly cycling	30%	Not Achieved 16.5% (2017/18: 25.5%)
	Percentage of residents regularly walking	80%	Not Achieved 63% (2017/18: 75.5%)

** Sustainable transport options refers to walking opportunities (eg school travel plans), cycling opportunities (eg cycleways) and public transport.

Timaru District Council: Funding Impact Statement for 2018/19 Roading and Footpaths

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	669	8,817	8,911
Targeted Rates	9,428	1,771	1,819
Subsidies and grants for operating purposes	1,834	2,694	2,831
Fees and charges	1,156	881	1,039
Internal charges and overheads recovered	1,757	1,942	1,880
Local authorities fuel tax, fines, infringement fees and other receipts	0	351	492
Total operating funding (A)	14,844	16,455	16,973
Applications of operating funding			
Payments to staff and suppliers	7,478	7,973	9,157
Finance costs	889	743	585
Internal charges and overheads applied	2,492	2,551	2,526
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,859	11,267	12,269
Surplus (deficit) of operating funding (A - B)	3,985	5,188	4,704
Sources of capital funding			
Subsidies and grants for capital expenditure	5,117	5,592	6,128
Development and financial contributions	0	0	0
Increase (decrease) in debt	624	1,156	156
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	173	165	0
Total sources of capital funding (C)	5,914	6,913	6,284
Application of capital funding			
Capital expenditure			
- to meet additional demand	277	134	127
- to improve the level of service	3,400	4,271	4,385
- to replace existing assets	8,295	8,622	8,275
Increase (decrease) in reserves	(2,073)	(926)	(1,798)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	9,899	12,101	10,989
Surplus (deficit) of capital funding (C - D)	(3,985)	(5,188)	(4,705)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$1,184,000 above LTP

- Due to a significant rainfall event in November 2018, increased maintenance costs were incurred for remedial works and repairs. The additional expenditure was funded from NZTA financial assistance and the local share was funded from the Disaster Recovery reserve.

Financial assistance and grants for capital expenditure \$536,000 above LTP

- NZTA made available funding for footpaths. This funding was not originally included in the LTP.

Increase / (decrease) in debt \$1,000,000 below LTP

- A loan of \$1,000,000 was budgeted to be raised for subsidised roading capital works. Due to lower expenditure incurred this financial year no actual loan is required to be raised.

Capital expenditure – to replace existing assets \$347,000 below LTP

- Expenditure on cyclic renewals and replacements were budgeted at \$8,622,000. Actual expenditure incurred is \$8,275,000.

Increase / (decrease) in reserves \$872,000 below LTP

- Transfers from reserves was lower due to the timing of expenditure on project works.



**Enhancing the social,
economic, environmental and
cultural wellbeing of our community**

Quality sewer infrastructure underpins the health and wellbeing of our communities, as well as the financial and environmental prosperity of the Timaru District.

Safe treatment and disposal of sewage is of vital importance to the protection of the quality of life and public health of District residents. It safeguards waterways and the environment from direct discharges and helps protect their life-supporting capacity. Removal and mitigation of the adverse impacts of wastewater enhances environmental wellbeing for both current and future generations.

Sewer

What we do

Our sewer services include the collection, treatment and disposal of domestic and industrial wastewater.

Sewer systems are provided in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point. These systems are linked via pipelines to the main wastewater treatment plant and ocean outfall in Timaru. A small collection scheme also serves the Arowhenua community which feeds into the Temuka pond for treatment. Additional sewer services are not currently available for any rural zoned areas. Rural houses manage their own effluent. Approximately 80% of the total district residential population receives the sewer service.

Timaru's industrial wastewater stream is treated separately from the domestic wastewater stream. Primary treatment is done onsite by industries to comply with tradewaste discharge limits set by Council before discharging to the public wastewater system, and ultimately ocean discharge.

Contributions to Community Outcomes

Sewer contributes to the following Community Outcomes

	High quality infrastructure to meet community and business needs	Smart, diversified economic success and growth supported and enabled	Communities that are safe, vibrant and growing	People enjoying a high quality of life	A strong identity forged and promoted	A valued, healthy and accessible environment
Sewer	P	P	P	P	S	S

P Primary contribution S Secondary contribution

Sewer **Highlights and challenges**

Work continued on a number of sewer renewal projects throughout the District. Regular prioritised renewal helps ensure we have robust sewer infrastructure into the future. Of particular note were the sewer mains renewals completed this year in Talbot St in Geraldine and in Grey Rd/Dee St in Timaru.

Significant progress has been made on the design work for the sewer renewal 2019/2020 programme. Design work is underway for sewer renewals across the District and in particular, for the sewer siphon under the Waihi River between Geraldine town and the Geraldine oxidation ponds. Typically the pre-planning, consenting and design work are the most important aspects of renewal work and taking time to get this right makes for better outcomes.

**Target times to
resolve sewerage overflow
fault achieved**

**Target:
8 hours**

**Achieved:
3.12 hours**

Working with industries that discharge to the industrial wastewater treatment plant continues to be a priority. The wastewater treatment and disposal strategy requires industries to carry out primary wastewater treatment on their own premises. This is often difficult to achieve, but by working collaboratively, the conditions of the ocean outfall discharge consent are not compromised.

Timaru Waste Stabilisation Ponds at Dawn
Photo Credit - Russell Grant

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent sewer network services	Number of dry weather overflows from the sewerage system per 1,000 connections (Mandatory)	≤2.5	Achieved 1.58 (2017/18: 1.28)
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions - (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2017/18: Achieved)
Provide management of trade waste services	Percentage of industries with trade waste agreements that have been monitored for compliance	100%	Achieved 100% (2017/18: 100%)
Maintain excellent customer service	Median attendance times to sewerage overflow faults in the network (Mandatory)	<1 hour	Achieved 0.44 hour (2017/18: 0.66 hour)
	Median resolution time (in hours) to sewerage overflow faults in the network (Mandatory)	<8 hours	Achieved 3.12 hours (2017/18: 3.11 hours)
	Number of complaints per 1,000 connections received about :	≤14	Achieved 12.29
	1) Sewerage odour 2) Sewerage system faults 3) Sewerage system blockages 4) The TDC response to sewerage system issues (Mandatory)		1) Odour: 4.26 2) System faults: 3.53 3) Blockages: 4.08 4) TDC response: 0.43 (2017/18: 6.87)
User satisfaction with sewer services	≥85%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 96%)	

Timaru District Council: Funding Impact Statement for 2018/19 Sewer

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	0	0	63
Targeted Rates	7,150	7,130	7,174
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,503	2,370	2,449
Internal charges and overheads recovered	0	0	1
Local authorities fuel tax, fines, infringement fees and other receipts	161	186	294
Total operating funding (A)	9,814	9,686	9,981
Applications of operating funding			
Payments to staff and suppliers	2,192	2,688	1,929
Finance costs	3,567	2,515	2,006
Internal charges and overheads applied	1,407	1,597	1,574
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,166	6,799	5,508
Surplus (deficit) of operating funding (A - B)	2,648	2,887	4,473
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	130	145	239
Increase (decrease) in debt	(2,842)	(565)	(2,184)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	(2,712)	(420)	(1,945)
Application of capital funding			
Capital expenditure			
- to meet additional demand	105	820	627
- to improve the level of service	0	620	16
- to replace existing assets	2,050	2,796	1,281
Increase (decrease) in reserves	(2,219)	(1,769)	604
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(64)	2,467	2,528
Surplus (deficit) of capital funding (C - D)	(2,648)	(2,887)	(4,473)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$759,000 below LTP

- Expenditure on desludging ponds at Geraldine was budgeted at \$450,000. No actual expenditure was incurred. General maintenance costs for treatment schemes was budgeted at \$1,212,900. Actual expenditure incurred was \$887,300.

Finance costs \$509,000 below LTP

- The 2017-2018 budget included a loan to be raised for capital works of \$13,604,300. Due to timing of the construction of renewal works the loan was not raised resulting on less interest costs incurred.

Increase / (decrease) in debt \$1,620,000 below LTP

- A loan of \$1,620,000 was budgeted to be raised for sewer extensions and development works. Significant progress has been made on the design work for sewer renewals. Physical construction will be undertaken in the 2019-2020 financial year, meaning no loans were required to be raised this financial year.

Capital expenditure – to improve the level of service \$604,000 below LTP


- Work on the Talbot Street siphon upgrade at Geraldine was budgeted at \$600,000. Actual expenditure incurred was \$16,000 on planning and design. The project will continue in the 2019-2020 financial year.

Capital expenditure – to replace existing assets \$1,515,000 below LTP

As discussed above, reticulation upgrades and renewals were budgeted at \$3,616,000. Actual expenditure incurred was \$1,709,000. Projects have been re-budgeted in the 2019-2020 financial year.

Increase / (decrease) in reserves \$2,373,000 above LTP

- Transfers to reserves were higher due to less capital project expenditure from what was budgeted.



**Enhancing the social,
economic, environmental and
cultural wellbeing of our community**

Effective management of stormwater is critical for the safety of our community - both people and property. The discharge of stormwater also has the potential to cause adverse effects on the environment. The natural attributes of rivers, lakes and other freshwater bodies can be degraded by excessive sediment and contaminants, or by the flow rates and volumes of stormwater discharges.

Council has a responsibility to ensure that stormwater is managed in a way that sustainably supports the environmental, social, cultural and economic wellbeing of our communities.

Stormwater

What we do

Council is responsible for the collection, treatment and disposal of domestic and industrial stormwater.

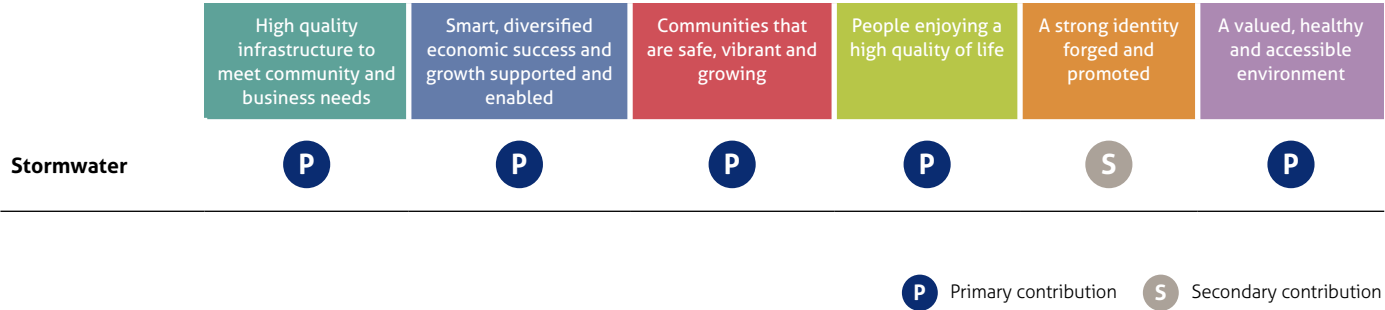
Stormwater is rainwater that flows from surfaces like roofs, footpaths and roads. Large amounts of uncontrolled stormwater can lead to flooding and damage to property and can lead to potential health hazards, so it's important it is managed properly.

Stormwater services are provided in the urban townships of Timaru, Temuka, Geraldine and Pleasant Point. Rural stormwater is managed mainly through land drainage with some minor infrastructure provided in Winchester, Cave and Pareora.

Our stormwater systems include pipelines, pump stations, culverts, channels, detention dams, retention and filtration basins. Where practicable we are making increasing use of low impact design systems that, when not used for stormwater purposes, provide open green space for people to enjoy.

Contributions to Community Outcomes

Stormwater contributes to the following Community Outcomes



Stormwater **Highlights and challenges**

A key focus for our stormwater services is developing stormwater management plans for each stormwater catchment in line with national and regional environmental standards.

This year:

- A Stormwater Management Plan for the Geraldine urban area has been completed and an area stormwater discharge consent application is currently being processed by Environment Canterbury.
- The Washdyke Industrial Expansion Zone stormwater resource consent application is near the approval stage with Environment Canterbury, with final agreement on consent conditions pending.
- Background investigations - reports supporting the Stormwater Management Plan process have been progressed for the Saltwater Creek catchment.

The Washdyke Flat Road, Timaru stormwater treatment and attenuation basin construction commenced in February 2019. When completed this will provide stormwater treatment and attenuation to a portion of the existing Washdyke stormwater catchment area prior to discharging to Washdyke Creek.

The Fraser Street, Temuka stormwater retention area has been completed.

This means reticulated stormwater that previously was untreated will now have stormwater treatment and attenuation within the Fraser Street catchment. A significant portion of the stormwater captured in the retention area will be infiltrated to the ground, therefore providing additional capacity to the existing downstream stormwater network.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent stormwater network services	Number of flooding events for rain events up to a 1 in 5 year return for residential zones (Mandatory)	0	Achieved 0 (2017/18: 1)
	Number of flooding events for rain events up to a 1 in 10 year return for commercial and industrial zones (Mandatory)	0	Achieved 0 (2017/18: 1)
	Number of habitable floors affected by flooding events in the Timaru district, per 1000 properties connected to the stormwater system (Mandatory)	0	Achieved 0 (2017/18: 0.23)
Deliver stormwater services according to required environmental standards	Compliance with Resource Consent conditions for discharge from stormwater systems (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2017/18: Achieved)
Maintain excellent customer service	Median response times to attending a flooding event (Mandatory)	<1 hour	Achieved Zero. No flooding events recorded for 2018/19 year (2017/18: Achieved)
	Total complaints (per 1000 connections) received about performance of stormwater system (Mandatory)	≤10	Achieved 1.14 (2017/18: 6.46)
	Percentage resident satisfaction with stormwater services	≥65%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 68%)

Timaru District Council: Funding Impact Statement for 2018/19 Stormwater

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	0	0	15
Targeted Rates	1,579	1,747	1,791
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	1,579	1,747	1,807
Applications of operating funding			
Payments to staff and suppliers	489	611	417
Finance costs	51	49	28
Internal charges and overheads applied	172	199	192
Other operating funding applications	0	0	0
Total applications of operating funding (B)	712	858	637
Surplus (deficit) of operating funding (A - B)	867	889	1,169
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	331	489	55
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	47	35	222
Total sources of capital funding (C)	378	524	277
Application of capital funding			
Capital expenditure			
- to meet additional demand	89	100	117
- to improve the level of service	462	582	607
- to replace existing assets	138	851	902
Increase (decrease) in reserves	556	(120)	(181)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,245	1,413	1,445
Surplus (deficit) of capital funding (C - D)	(867)	(889)	(1,169)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Increase / (decrease) in debt \$434,000 below LTP

- A loan of \$325,000 was budgeted to be raised for improvements for Timaru Stormwater. Due to lower expenditure incurred this financial year no actual loan is required to be raised.

Crows Nest

Keep warm this winter with
TIMARU CHARCOAL
cleaner, greener, hotter!
Suitable as heating fuel only.
10 kg bag - \$12.50
MFL

**Closes at
7.45pm**

Welcome
to the
Crows Nest
Follow us on Facebook
@crowsnesttimaru
Follow us on Instagram
@crowsnesttimaru

Enhancing the social, economic, environmental and cultural wellbeing of our community

Waste minimisation services protect people's health and enhance environmental wellbeing by minimising the production of rubbish and promoting recycling and reuse.

An effective waste management system promotes Timaru District as sustainable and environmentally responsible – enhancing our sense of social and environmental wellbeing as a community.



Waste Minimisation

What we do

Through waste minimisation services, Council manages the safe and effective collection, recycling, recovery and disposal of waste materials with a focus on minimising waste.

Since 2006, the Council has operated the 3-2-1-ZERO kerbside collection in the District. This highly successful system provides 85% of the District's households with organic waste, recycling and rubbish bins which are collected regularly with materials sorted and managed at the Redruth Resource Recovery Park.

Council manages the service and owns waste minimisation sites and facilities while operational work is carried out by contractors. Waste Management New Zealand Ltd (WMNZ) is contracted until June 2021 to provide kerbside collection, transfer stations, landfill, composting and recycling operations. We also offer proactive waste minimisation information, education and support within the community.

The separation of waste has many environmental benefits, including a reduction of waste to landfill, fewer greenhouse gas emissions, composting of green waste (which eventually goes back onto the land to improve soil structure), and reusing waste materials which can lower the demand for raw materials. Managing waste locally avoids the significant financial and environmental cost of transporting waste out of the District for disposal.

Contributions to Community Outcomes

Waste Minimisation contributes to the following Community Outcomes



P Primary contribution **S** Secondary contribution

Waste Minimisation **Highlights and challenges**

As a proactive member of the Canterbury Waste Joint Committee, Council's waste minimisation team has led four innovative projects aimed at reducing waste:

- One Planet – a secondary school resource, with NCEA standards
- Waste-free period education in schools across Canterbury
- Mattress recycling pilot in Timaru
- Plastic bag collection points

Following the successful waste sort trial, design work for the construction of a waste sort facility and Stage 2 of the Resource Recovery Park was undertaken. Once up and running, customers will benefit from improved recycling facilities. The waste sort facility will divert materials from commercial waste deliveries and public waste dropped off at the transfer station, away from landfill.

Transactions at the Crow's Nest Reuse shop exceeded targets – transactions continue to grow year on year, with positive feedback from the community.

Redruth Landfill challenges

- Leachate issues at the Stage 1 closed landfill developed due to unusually high rainfall causing high groundwater levels. A scheduled capital project to install a cut-off leachate drain was fast-tracked and is underway.
- High gas levels and asbestos issues were identified in the Stage 2 area, requiring remedial work. These issues will continue to be monitored on an ongoing basis.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Waste Minimisation facilities are adequate and available to the community, including provision of regular kerbside collection services to enable separation of waste for recycling and compost	Satisfaction with waste minimisation services	Resident: ≥90% User: ≥90%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: Resident 92.6%, User 94%)
No adverse effects on the environment or human health from the operation of waste minimisation services	Compliance with Resource Consent conditions (excluding all minor non-compliances as reported by Environment Canterbury)	Full compliance with Resource Consent conditions	Achieved (2017/18: Achieved)

Level of Service	Performance Measure	Target	Result/Achievement
Waste is diverted from landfill	Materials Recovery Facility (MRF) - recycling nett tonnages diverted	3,600 tonnes	Nearly Achieved 3,580 tonnes (2017/18: 3,689)
Maintain excellent customer service	Compost Facility - Organic nett tonnages diverted	15,000 tonnes	Not Achieved 12,526 tonnes (2017/18: 16,591) The site was closed for a 2 month period for the installation of sumps to address ponding issues, and due to hydrogen sulphide gas issues. During these periods the green waste was sent to landfill.
	Resource Facility - Recycling nett tonnages diverted via recycling other than for MRF recyclables	300 tonnes	Achieved 524 tonnes (2017/18: 435)
	Number of transactions at re-use shop	20,000	Achieved 26,482 (2017/18: 25,653)
Public information and programmes promote waste minimisation and appropriate sorting of waste	General waste minimisation information provided across a range of media	2,000 items	Achieved 6,201 (2017/18: 3,360)
	Kerbside collection information provided across a range of media	2,000 items	Achieved 5,207 (2017/18: 3,160)
	Number of businesses provided with zero waste support	53	Achieved 58 (2017/18: 80)
	Number of programmes/initiatives provided to encourage waste diversion	18	Achieved 22 (new measure)
	Number of events provided with zero waste support	25	Achieved 36 (2017/18: 42)
	Number of zero waste support talks/tours	52	Achieved 95 (2017/18: 59)

Timaru District Council: Funding Impact Statement for 2018/19 Waste Minimisation

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	315	315	373
Targeted Rates	5,897	5,359	5,418
Subsidies and grants for operating purposes	135	175	181
Fees and charges	2,565	2,885	3,366
Internal charges and overheads recovered	0	0	50
Local authorities fuel tax, fines, infringement fees and other receipts	0	379	373
Total operating funding (A)	8,912	9,113	9,762
Applications of operating funding			
Payments to staff and suppliers	7,070	7,935	8,565
Finance costs	430	320	241
Internal charges and overheads applied	412	465	518
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,912	8,719	9,324
Surplus (deficit) of operating funding (A - B)	1,000	394	439
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	589	597	291
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	589	597	291
Application of capital funding			
Capital expenditure			
- to meet additional demand	45	0	0
- to improve the level of service	1,101	2,594	2,026
- to replace existing assets	245	152	44
Increase (decrease) in reserves	198	(1,755)	(1,340)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,589	991	730
Surplus (deficit) of capital funding (C - D)	(1,000)	(394)	(439)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Fees and charges \$481,000 above LTP

- Income from fees at landfills was budgeted at \$2,860,400. Actual income received was \$3,333,600.

Payments to staff and suppliers \$630,000 above LTP

- Disposal costs of \$4,174,000 were incurred against a budget of \$3,494,000. The increased costs are offset by increased income received from fees and charges.

Increase / (decrease) in debt \$306,000 below LTP

- Due to timing of capital expenditure projects, the loan raised was lower than that budgeted.

Capital expenditure – to improve the level of service \$568,000 below LTP

- Capital works for the new transfer station (Stage 2) were delayed with the LTP budgeted at \$1,013,000. Actual expenditure incurred was \$418,000.

Increase / (decrease) in reserves \$415,000 below LTP

- Due to the timing of capital projects, transfers from reserves were lower than budgeted.



**Enhancing the social,
economic, environmental and
cultural wellbeing of our community**

The provision of safe water is fundamental to all aspects of community wellbeing.

Water that is safe to drink is critical for the health and social wellbeing of our residents. High quality and a reliable quantity of water supports ongoing economic development in the district.

Environmental wellbeing is safe guarded by limits on water abstraction. This also ensures protection of the cultural values of water bodies. Managing water use in a sustainable way minimises adverse impacts on our environment for the benefit of current and future generations, discourages water wastage and ensures water is directed to the best purposes.

Water supply

What we do

Our water supply services provide for the safe and effective abstraction of water from the water source, and the treatment, storage and distribution of the water to urban and rural parts of the district.

Over 19,000 residential and non-residential properties are connected to one of 12 individual water supplies operated on behalf of the residents.

Urban Water Supply Schemes

- Geraldine
- Peel Forest
- Pleasant Point
- Temuka
- Timaru
- Winchester

Rural Drinking Water and Stockwater Supply Schemes

- Downlands
- Orari
- Seadown
- Te Moana

Stockwater only Schemes

- Beautiful Valley
- Rangitata – Orari Water Race

Contributions to Community Outcomes

Water Supply contributes to the following Community Outcomes



Water Supply **Highlights and challenges**

A number of renewal and upgrade projects were completed as part of the ongoing upgrading of Council's water supply infrastructure.

Of note were the Washdyke Flat Road watermain upgrade, and Forth Street and Dawson Street, Timaru water main renewals.

The Pleasant Point Water Supply infrastructure has had some major upgrading. Construction of the new water reservoir was completed, and the treatment plant and pump station have been upgraded.

Pleasant Point water was voted the Best Tasting Water in NZ at the 2019 Water Industry Operations Group Conference!

Several of the major water services projects have not progressed as quickly as intended, mainly due to the complexity of the projects.

- The Timaru-Pareora pipeline renewal is underway with design and consenting work progressing now that a number of complex issues are being addressed. Construction is planned to commence in 2019/20.
- Installation of the new reservoir for the Temuka Water Supply is now planned for 2019/20 due to Council not receiving any acceptable tenders. Revised tenders are now being prepared.
- The Te Moana Downs Water Supply treatment upgrade has been delayed due to the consent application process. The project will now get underway in 2019/20.
- Downlands Water Supply – this multi-year project has become more complex and requires further approvals over and above those anticipated when the project was scoped. While some work was completed during the year, the design phase is behind schedule.

Safe drinking water

In December 2018 the Government announced revised drinking water standards as part of the drive to ensure safe drinking water is available for all New Zealanders. In line with the new requirements, Council is reviewing its policies and procedures to ensure they align with the new standards.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Provide safe drinking water	Drinking Water Standards (Part 4) – Bacterial Compliance (Mandatory)	100% (12 schemes)	Not Achieved: 10 out of 12 treatment schemes were compliant. All reticulation networks were compliant. Downlands Cameron water treatment was not compliant as E-coli was detected after treatment following an intense rain event. Pareora water treatment was non-compliant as the water safety plan expired. Operationally it achieved bacterial compliance. (new format for reporting)
	Drinking Water Standards (Part 5) – Protozoal Compliance (Mandatory)	100% (7 treatment plants)	Not Achieved: 6 out of 7 treatment schemes were compliant Pareora water treatment was deemed non-compliant as the water safety plan had expired. Operationally achieved protozoa compliance. (new format for reporting)
Maintain excellent water supply network services	Percentage of real water loss from TDC's networked reticulation systems (Mandatory)	% reduces	Achieved 23.92% (2017/18: 25%) Percentage of water loss is arrived at through a complex calculation of variables from the characteristics of the water supply schemes. An example of the variables are quantity of water supplied and water demand.
Maintain excellent customer services	Median <u>attendance</u> time for urgent callouts for water supply faults or unplanned interruptions in the network (Mandatory)	Urban: <1 hour Rural: < 4 hours	Achieved Urban: 0.51 hours Rural: 0.80 hours (2017/18: Urban 0.60 hour, Rural 1 hour)
	Median <u>resolution</u> time for urgent callouts for water supply faults or unplanned interruptions in the network (Mandatory)	Urban: <4 hour Rural: < 8 hours	Achieved Urban: 3.23 hours Rural: 7.54 hours (2017/18: Urban 2.9 hours, Rural 7.2 hours)
	Median <u>attendance</u> and <u>resolution</u> time (in hours) for non-urgent callouts for urban and rural water supply faults or unplanned interruptions in the network (Mandatory)	Median time to be reported	Achieved: Attendance: 7 working days Resolution: 11 working days This year's result will be used as a baseline and an appropriate target set for future years. (2017/18: 28.3 hours)
	Number of complaints per 1,000 connections received about drinking water (mandatory)	<26	Achieved: 14.85 (clarity 0.61; taste 0.61; odour 0.52; water pressure/flow 3.12; continuity of supply 9.55; TDC response 0.43) (2017/18: 47.9)
Percentage user satisfaction with water supply services	≥85%	Not measured Surveyed biennially. Next survey in 2019/20 (2017/18: 90%)	

Level of Service	Performance Measure	Target	Result/Achievement
Provide demand management of water supply services	Average consumption of drinking water per day per resident within the Timaru District (litres) (Mandatory)	300 litres	Nearly achieved: 310 litres (2017/18: 308 litres)
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions – Water Supply	100% compliance	Nearly Achieved Compliance with all consent conditions, except the requirements for Rangitata Orari Water Race Scheme to have a management plan and fencing stock from the races. (2017/18: Nearly Achieved)



Timaru District Council: Funding Impact Statement for 2018/19 Water Supply

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	0	0	53
Targeted Rates	5,938	6,007	6,040
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,711	1,652	1,761
Internal charges and overheads recovered	71	80	71
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	1
Total operating funding (A)	7,720	7,739	7,927
Applications of operating funding			
Payments to staff and suppliers	3,346	3,514	3,079
Finance costs	580	841	334
Internal charges and overheads applied	1,011	1,138	1,119
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,937	5,492	4,533
Surplus (deficit) of operating funding (A - B)	2,783	2,247	3,395
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	3,689	13,769	2,229
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	74	22	26
Total sources of capital funding (C)	3,763	13,790	2,255
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,951	5,124	19
- to replace existing assets	6,428	14,881	4,545
Increase (decrease) in reserves	(1,833)	(3,968)	1,086
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,546	16,037	5,650
Surplus (deficit) of capital funding (C - D)	(2,783)	(2,247)	(3,395)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$435,000 below LTP

- Operational costs for the Urban water supply schemes was budgeted at \$2,950,000. Actual expenditure incurred was \$2,600,000.

Finance costs \$506,000 below LTP

- Finance costs for the Urban water supply schemes was budgeted at \$716,000. Actual expenditure incurred was \$280,000 due to more favourable interest rates from the LTP as well as less funding required to be raised in the previous financial year from what was budgeted.

Increase / (decrease) in debt \$11,540,000 below LTP

- A loan of \$11,572,000 was budgeted to be raised for the Timaru – Pareora pipeline renewal and the Temuka treated water storage and pumps. Due to lower expenditure incurred to budget this financial year, funding required was \$2,692,000.
- A loan of \$2,150,000 was budgeted to be raised for the Te Moana water supply treatment upgrade. As a result of lower expenditure incurred for this project no funding was required to be raised this financial year.

Capital expenditure – to improve the level of service \$5,105,000 below LTP

- The Te Moana water supply treatment upgrade was budgeted at \$2,200,000. Actual expenditure incurred was \$104,000 relating to initial design and scoping works. The project is at the consent application stage and will continue in the 2019-2020 financial year.
- The Temuka water supply storage and pumps upgrade was budgeted at \$2,100,000. Actual expenditure incurred was \$57,000. The Council did not receive any acceptable tenders and is revising the tender requirements. The project will be progress in the 2019-2020 financial year.
- Upgrade of the supply from Geraldine to Te Moana water supply schemes was budgeted at \$364,000. No actual expenditure was incurred and the project will now commence in the 2020-2021 financial year.
- The Seadown water supply water storage and treatment upgrade was budgeted at \$460,000. Actual expenditure incurred was \$22,000. Design and consenting work is progressing and the project will be completed in the 2019-2020 financial year.

Capital expenditure – to replace existing assets \$10,336,000 below LTP

- The Timaru – Pareora pipeline renewal was budgeted at \$10,480,000. Actual expenditure incurred was \$105,000. The project design and consenting is progressing now that a number of complex issues are being addressed. Construction will start in the 2019-2020 financial year.

Increase / (decrease) in reserves \$5,054,000 above LTP

- Transfer to reserves was higher due to less capital project expenditure than budgeted.

Timaru District Council: Funding Impact Statement for 2018/19 Downlands Water Supply

	2017/18 Long-term plan (\$000)	2018/19 Long-term plan (\$000)	2018/19 Actual (\$000)
Sources of Operating Funding			
General Rates, Uniform annual general charges, rates penalties	0	0	0
Targeted Rates	1,550	1,476	1,467
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	1
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	22	147	147
Total operating funding (A)	1,572	1,623	1,615
Applications of operating funding			
Payments to staff and suppliers	451	509	506
Finance costs	404	107	0
Internal charges and overheads applied	118	92	92
Other operating funding applications	0	0	0
Total applications of operating funding (B)	973	707	598
Surplus (deficit) of operating funding (A - B)	599	916	1,017
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	14
Increase (decrease) in debt	3,265	3,726	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funds	0	0	0
Total sources of capital funding (C)	3,265	3,726	14
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	1,476	0
- to replace existing assets	4,255	3,850	457
Increase (decrease) in reserves	(391)	(684)	574
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	3,864	4,642	1,030
Surplus (deficit) of capital funding (C - D)	(599)	(916)	(1,017)
Funding balance ((A - B) + (C - D))	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Significant Financial Variances between Actual and the Long Term Plan

Downlands are undertaking a large multi-year project. Planning processes are more complex than expected with more approvals required than initially scoped. The variances below relate to more time being spent on the design phase before work starts.

Increase / (decrease) in debt \$3,726,000 below LTP

- A development loan was budgeted to be raised for capital project works. Due to lower actual expenditure being incurred no loan was required to be raised.

Capital expenditure – to improve the level of service \$1,476,000 below LTP

- Upgrades to the Opihi River crossing pipeline and raw water storage was budgeted at \$1,476,000. No actual expenditure has been incurred this financial year.

Capital expenditure – to replace existing assets \$3,393,000 below LTP

- Renewals of the Te Ngawai infiltration gallery and low lift pump and mains, tanks and intakes was budgeted at \$3,772,000. Actual expenditure incurred was \$365,000. Works have been re-budgeted in the 2019-2020 financial year.

Increase / (decrease) in reserves \$1,257,000 above LTP

- Transfer to reserves was higher due to less capital project expenditure from what was budgeted.



OMEGA

T 900005667 8

Financial Reporting



Section Overview

This section outlines the financial results of Council activities for 2018/19. It includes:

Statement of Comprehensive Revenue and Expense

This can also be referred to as the Profit and Loss Statement, the Income Statement, or the Operating Statement. It shows the financial results of all Timaru District Council activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.

Statement of Changes in Equity

Equity is the residual interest in the assets of Timaru District Council after the deduction of its liabilities. This statement shows movement in that interest.

Statement of Financial Position

This shows the financial state of affairs at a particular time. It can also be referred to as the Balance Sheet.

Statement of Cashflows

This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

Funding Impact Statement

The Funding Impact Statement sets out the sources of operating and capital funding Council will use to fund its activities.

Council Controlled Organisations

Reports against the Council's CCO's policies, objectives, activities and performance targets.

Notes to the Financial Statements

The notes contain additional information to facilitate greater understanding of the main financial statements, outlined above.

Disclosure Statement

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
REVENUE						
Rates, excluding targeted water supply rates	3	50,421	50,334	47,527	50,091	47,237
Fees, charges and targeted rates for water supply	4	19,342	17,974	18,799	19,257	18,832
Development and financial contributions		51	20	43	51	43
Subsidies and grants	5	9,634	8,992	9,844	9,634	9,844
Finance Revenue	6	2,741	2,099	2,402	2,100	1,794
Other Revenue	7	36,995	3,821	5,953	12,160	10,620
Other gains	8	227	-	315	4,141	6,148
Total Revenue	2	119,411	83,240	84,883	97,434	94,518
EXPENDITURE						
Personnel costs	9	17,732	17,630	16,741	18,018	17,020
Operating costs	10	39,855	39,487	34,349	40,351	34,089
Finance costs	6	3,833	5,372	3,931	4,693	4,760
Depreciation and amortisation	17, 17a, 18	15,997	16,518	15,481	16,179	15,668
Total Operating Expenditure	2	77,417	79,007	70,502	79,241	71,537
OPERATING SURPLUS / (DEFICIT) BEFORE TAX		41,994	4,233	14,382	18,193	22,982
Share of associate surplus/(deficit)	21	0	0	0	4,173	2,945
Library collection debit Revaluation Reserve balance (expensed)/written back	27	92	0	(104)	92	(104)
SURPLUS / (DEFICIT) BEFORE TAX		42,086	4,233	14,278	22,458	25,823
Income Tax expense	11	0	0	0	130	(124)
SURPLUS / (DEFICIT) AFTER TAX		42,086	4,233	14,278	22,588	25,699
<i>Surplus/(deficit) attributable to:</i>						
Timaru District Council		42,086	4,233	14,278	22,588	23,353
Non-controlling interest		0	0	0	0	0
OTHER COMPREHENSIVE REVENUE						
Operating land revaluations		0	0	0	0	0
Financial instrument hedging		0	0	0	0	0
Income tax relating to financial instrument hedging		0	0	0	0	0
Total Other Comprehensive Revenue		0	0	0	0	0
TOTAL COMPREHENSIVE REVENUE		42,086	4,233	14,278	22,588	25,699
<i>Total comprehensive revenue attributable to:</i>						
Timaru District Council		42,086	4,233	14,278	22,588	25,699
Non-controlling interest		0	0	0	0	0

The accompanying accounting policies and notes should be read in conjunction with the financial statements

Statement of Changes in Equity

for the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Total comprehensive revenue	42,086	4,233	14,278	22,588	25,699
Prior year adjustment	0	0	0	0	0
Total revenue and expense	42,086	4,233	14,278	22,588	25,699
Recognition/(derecognition) of subsidiary	0	0	0	0	0
Equity at the beginning of year	779,763	759,450	765,485	880,629	854,930
Equity at end of year	821,849	763,683	779,763	903,217	880,629

The accompanying accounting policies and notes should be read in conjunction with the financial statements

Statement of Financial Position

as at 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
ASSETS						
Current assets						
Cash and cash equivalents	12	11,496	15,801	12,237	13,325	13,026
Debtors and other receivables	13	7,158	6,218	5,853	8,451	7,307
Inventories	14	79	72	90	80	90
Other financial assets	15	44,487	17,417	46,216	45,163	47,976
Total current assets		63,220	39,508	64,396	67,019	68,401
Non-current assets						
Property, Plant and equipment	17	811,010	839,891	796,959	811,891	798,019
Intangible assets	18	2,232	1,557	2,283	2,237	2,283
Forestry	19	1,201	876	1,045	1,201	1,045
Investment Property	20	1,546	1,762	1,730	47,036	41,161
Investments in associates	21		0	0	99,249	95,076
Investment in CCOs and other similar entities	15	53,659	18,935	23,658	218	218
Other financial assets	15	4,576	1,309	4,538	4,607	4,538
Total non-current assets		874,224	864,330	830,213	966,439	942,340
Total Assets		937,444	903,838	894,609	1,033,458	1,010,741
LIABILITIES						
Current liabilities						
Trade and other payables	23	8,515	7,691	9,362	8,805	8,987
Employee benefit liabilities	24	1,945	1,970	1,823	1,960	1,841
Borrowings	26	27,500	5,659	32,500	27,500	32,500
Derivative financial instruments	16	1,183	881	663	1,478	958
Total current liabilities		39,143	16,201	44,348	39,743	44,286
Non-current liabilities						
Provisions	25	6,227	6,916	6,127	6,227	6,127
Employee benefit liabilities	24	198	266	347	198	347
Borrowings	26	66,984	113,490	62,028	80,884	76,928
Deferred tax liability	11	0	0	0	0	100
Derivative financial instruments	16	3,042	3,282	1,996	3,189	2,325
Total non-current liabilities		76,451	123,954	70,498	90,498	85,827
Total liabilities		115,594	140,155	114,846	130,241	130,113
Net assets		821,849	763,683	779,763	903,217	880,629
EQUITY						
Retained earnings	27	781,043	742,766	743,981	862,267	844,755
Other reserves	27	40,806	20,917	35,782	40,950	35,874
Total Equity		821,849	763,683	779,763	903,217	880,629

The accompanying accounting policies and notes should be read in conjunction with the financial statements

Statement of Cashflows

for the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash was provided from</i>						
Rates		50,522	50,334	47,623	50,190	47,333
Other Revenue		30,093	27,977	31,072	31,736	33,290
Interest		2,503	2,099	2,451	2,589	1,860
Dividends		2,789	2,790	2,685	5,398	5,329
		<u>85,907</u>	<u>83,200</u>	<u>83,831</u>	<u>89,913</u>	<u>87,812</u>
<i>Cash was disbursed to</i>						
Suppliers & Employees		(55,764)	(57,054)	(50,228)	(55,286)	(50,831)
Interest Paid		(3,879)	(5,371)	(3,895)	(4,821)	(3,959)
Income Tax Expense		0	0	0	0	0
Net GST Movement		453	0	87	206	(166)
		<u>(59,190)</u>	<u>(62,425)</u>	<u>(54,036)</u>	<u>(59,901)</u>	<u>(54,956)</u>
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	28	26,717	20,775	29,795	30,012	32,856
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash was provided from</i>						
Sale of Fixed Assets and intangibles		618	45	176	618	176
Mortgage/Loan Repayments		22	220	125	22	125
Sale of Investments		45,999	30,847	29,266	48,112	30,162
		<u>46,639</u>	<u>31,112</u>	<u>29,567</u>	<u>48,752</u>	<u>30,463</u>
<i>Cash was disbursed to</i>						
Purchase of Fixed Assets and intangibles		(28,268)	(57,166)	(30,397)	(30,608)	(33,555)
Mortgage/Loan Advances		0	(220)	(500)	0	(500)
Purchase of Investments		(44,330)	(29,313)	(40,762)	(45,358)	(41,197)
		<u>(72,598)</u>	<u>(86,699)</u>	<u>(71,659)</u>	<u>(75,966)</u>	<u>(75,252)</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(25,959)	(55,587)	(42,092)	(27,214)	(44,789)
CASHFLOWS FROM FINANCING ACTIVITIES						
<i>Cash was provided from</i>						
Debt Issues		31,001	24,974	20,000	32,501	22,000
Redeemable Preference Shares Issued		0	0	0	0	0
Shares Issued		0	0	0	0	0
		<u>31,001</u>	<u>24,974</u>	<u>20,000</u>	<u>32,501</u>	<u>22,000</u>
<i>Cash was disbursed to</i>						
Debt Repayment		(32,500)	(4,979)	(17,500)	(35,000)	(20,500)
Redeemable Preference Shares Repaid		0	0	0	0	0
Share buy back		0	0	0	0	0
Dividend Paid		0	0	0	0	0
		<u>(32,500)</u>	<u>(4,979)</u>	<u>(17,500)</u>	<u>(35,000)</u>	<u>(20,500)</u>

Statement of Cashflows

for the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
	Note				
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	(1,499)	19,995	2,500	(2,499)	1,500
NET INCREASE/(DECREASE) IN CASH HELD	(741)	(14,817)	(9,797)	299	(10,433)
Opening Cash Balance 1 July	12,237	48,035	22,034	13,026	23,459
Less cash removed on partial sale of subsidiary	0	0	0	0	0
	<u>11,496</u>	<u>33,218</u>	<u>12,237</u>	<u>13,325</u>	<u>13,026</u>
REPRESENTED BY					
Cash & cash equivalents	12	11,496	33,218	12,237	13,325
		<u>11,496</u>	<u>33,218</u>	<u>12,237</u>	<u>13,325</u>
				<u>13,325</u>	<u>13,026</u>

The accompanying accounting policies and notes should be read in conjunction with the financial statements

Funding Impact Statement

for the year ended 30 June 2019

	2017/18 Annual Plan (\$'000)	2017/18 Annual Report (\$'000)	2018/19 Annual Plan (\$'000)	2018/19 Actual (\$'000)
Sources Of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	25,927	24,642	28,682	26,808
Targeted Rates (other than metered water supply rates)	23,602	22,885	24,980	23,750
Subsidies and grants for operating purposes	3,567	4,389	3,446	3,533
Fees charges and targeted rates for water supply	17,428	18,873	14,183	14,864
Interest and dividends from investments	4,730	5,087	4,889	5,356
Local authorities fuel tax, fines, infringement fees and other receipts	817	1,358	4,630	7,700
Total Operating Funding (A)	76,071	77,234	80,811	82,011
Applications Of Operating Funding				
Payments to staff and suppliers	51,619	51,427	56,836	58,807
Finance costs	5,838	3,931	5,705	4,040
Other operating funding applications	0	0	0	0
Total Applications of Operating Funding (B)	57,457	55,358	62,542	62,847
Surplus/(Deficit) Of Operating Funding (A-B)	18,614	21,876	18,269	19,164
Sources Of Capital Funding				
Subsidies and grants for capital expenditure	4,568	5,456	5,592	6,128
Development and financial contributions	20	43	45	309
Increase/(decrease) in debt	9,069	2,115	19,995	343
Gross proceeds from the sale of assets	60	186	45	320
Lump sum contributions	0	0	0	0
Other dedicated capital funding	272	677	197	248
Total Sources Of Capital Funding (C)	13,989	8,477	25,874	7,349
Applications Of Capital Funding				
Capital expenditure				
- to meet additional demand	886	2,168	1,181	1,029
- to improve the level of service	9,051	6,197	17,631	8,900
- to replace existing assets	30,037	22,033	38,355	16,916
Increase/(decrease) in reserves	(7,371)	(45)	(13,024)	(332)
Increase/(decrease) of investments	0	0	0	0
Total Applications Of Capital Funding (D)	32,603	30,353	44,143	26,513
Surplus/(Deficit) Of Capital Funding (C-D)	(18,614)	(21,876)	(18,269)	(19,164)
Funding Balance ((A-B)+(C-D))	0	0	(0)	0

Note: The Funding Impact statement is required under the Local Government Act 2002 Schedule 10 and conforms to the Local Government (Financial Reporting) Regulations 2014. General accepted accounting practice does not apply to the preparation of the funding impact statement as stated in S111(2) of the Local Government Act.

Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to be comparable with the 2019 actual column.

Statement of Financial Involvement in Council Controlled Organisations

Timaru District Council has control over the following entities:

- Timaru District Holdings Limited
- Aoraki Development and Promotions Limited
- Aorangi Stadium Trust

Timaru District Holdings Limited has a significant interest in PrimePort Timaru Limited and Alpine Energy Limited. Advances to subsidiaries includes loans to Timaru District Holdings Limited of \$22.2M on normal commercial terms (2018: \$22.2M).

The cost to each of the above enterprises for the financial interests, finance or financial assistance of the Council is as follows:

	Dividends 2018/19 \$000	Interest 2018/19 \$000	Total 2018/19 \$000
Subsidiaries			
Timaru District Holdings Limited	32,750	727	33,477
Aoraki Development and Promotions Limited	0	0	0
	32,750	727	33,477
Associates			
Alpine Energy Limited	0	0	0
PrimePort Timaru Limited	0	0	0
Total	32,750	727	33,477

Timaru District Holdings Limited (TDHL) and subsidiaries

Timaru District Holdings Limited was formed in October 1997 with the prime objective of providing an improved level of governance on behalf of the Council in respect of investment in various companies.

Mission Statement

To be a successful and growing business increasing the value of the Company and its return to its shareholder, while taking into account the special needs of the shareholder.

Nature and Scope of Activities

TDHL's business is that of an investor in companies in which Council has a substantial interest; specifically Alpine Energy Limited – 47.5% shareholding and PrimePort Timaru Limited – 50.0% shareholding. TDHL also owns a portfolio of investment properties.

Performance Measures and Targets

TDHL oversees the governance of Alpine Energy Limited and PrimePort Timaru Limited through monitoring the individual company's compliance with its Statement of Corporate Intent, regular monthly reporting against the company's budgets and meetings between representatives of the companies and TDHL, at both Board and Officer level.

Taxable Bonus Share Issue

*TDHL declared a bonus share issue of \$30M to Council on 29 June 2019. This reduced the performance measures (below) showing some are not met. The adjustment column shows all performance measures have been met after adjusting for the share issue.

Performance targets (Parent)	2018/19 Target	2018/19 Actual	2018/19 Adjusted*
Net profit after tax to shareholders funds	9.2%	12.5%	12.5%
Net assets per fully paid share	\$62.29	\$2.39	\$74.02
Earnings per fully paid share	\$5.74	\$0.30	\$9.23
Dividend per fully paid share	\$2.75	\$1.06	\$2.75
Shareholders funds to total assets	65.1%	66.3%	66.3%

Statement of Financial Involvement in Council Controlled Organisations

Aoraki Development and Promotions Limited

Aoraki Development and Promotions Limited (trading as Aoraki Development) is a Council Controlled Organisation focused on regional economic development. It is 100% controlled by the Timaru District Council.

Vision:

Innovative, Thriving and Connected Heartland

Major Achievements

Several new initiatives were launched during the year including:

- Delivering a Ministry of Social Development contract focused on transitioning secondary school students into the workforce by "Exposing Educating & Exciting" our next generation on their important next move.
- Facilitating events designed to help link secondary school students with prospective employers and further education opportunities. Over 5,700 individual interactions between local students and businesses across business visits, employment expos, individual student mentoring and sector information events.
- Facilitating enhanced collaboration and trust between a variety of local industry sectors such as Food Processing & Manufacturing, Trades and Transport & Logistics via Business Connections Groups. This has resulted in best practice sharing within and between industry sectors across health & safety, training, systems and procedures, staff attraction and career pathway promotion into secondary schools.

Aorangi Stadium Trust

Aorangi Stadium Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council and is a Council Controlled Organisation.

Objectives: To continue development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru for the use of the public.

Structure: The Trust comprises a board of four Trustees who oversee the governance of the Trust. The facility is leased to Timaru District Council who manage the facility and undertake administration for the Trust.

Key Objectives

- Assist businesses to attract and retain a skilled workforce
- Encouraging innovation and facilitating the growth of existing business
- Creating an environment to attract and assist new business

- Launch of the WeloveTimaru workforce attraction campaign via national billboards, social media, and other mediums including mobile advertising on transport operator vehicles. Feedback from local businesses notes that the campaign has been a key influencer in attracting several new employees and their families to the district.
- Facilitating local Transport and Logistics companies to develop, implement and lead a new locally provided Transport and Logistics Course
- Launched a Sustainable is Attainable Project involving nearly 20 businesses from the Food Processing and Manufacturing centre collaboratively addressing their waste and by-product issues – a national first involving so many companies.
- Facilitating the establishment of new businesses in the district, including a database of available Industrial land, relationship building, advocacy and promotion.

Full details can be found in the Aoraki Development Statement of Service Performance 2018/2019.

Performance:

- **Target:** Ratio of equity to total assets remains above 90%
Result: Achieved 97.99%
- **Target:** Audited annual report completed within 3 months of the financial year end
Result: Met
- **Target:** Promote ongoing development and maintenance of Aorangi Sports Stadium on Morgans Road Reserve
Result: Met
- **Target:** Regular liaison occurs with the tenant (Timaru District Council) on at least a six monthly basis.
Result: Met

Notes to the Financial Statements

for the year ended 30 June 2019

1. Statement of Accounting Policies for the year ended 30 June 2019

Reporting entity

Timaru District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Timaru District Council, and its subsidiaries Timaru District Holdings Ltd (100% owned), Aoraki Development and Promotions Ltd (100% owned), Aorangi Stadium Trust (100% controlled) and Downlands Water Supply (82% owned). Timaru District Holdings Ltd has associate companies PrimePort Timaru Ltd (50% owned) and Alpine Energy Ltd (47.5% owned). All of these entities are incorporated and domiciled in New Zealand.

The primary objective of the Council is to provide infrastructure and public services for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself and the group as public benefit entities for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Council on 8 October 2019.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA: sections 95, 100, 101, 111 and Schedule 10 which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity Accounting (PBE) Standards. These financial statements comply with PBE standards

Presentational Currency and Rounding

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

Standards Issued and Not Yet Effective and Not Early Adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

Interests on other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial Instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirement to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standards.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

Subsidiaries

The Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Notes to the Financial Statements

for the year ended 30 June 2019

The Council's investments in subsidiaries are carried at cost in the Council's parent entity financial statements.

Associates

The group's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the Council or group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Joint Venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Revenue Recognition

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter),

and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Environment Canterbury are not recognised in the financial statements, as the Council is acting as an agent for Environment Canterbury.

Vested Assets

Certain infrastructural assets have been vested to the Council as part of the subdivisional consent process. Such vested assets are recognised as revenue when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of the assets to the Council has been determined. Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing the identical services.

Other grants, bequests and assets vested in Council, irrespective of the conditions attached to vesting, are recognised as revenue when control over the assets is obtained.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Interest

Interest revenue is recognised using the effective interest method.

Dividends

Dividends are recognised when the shareholders' rights to receive payment have been established.

Agency Revenue

Where revenue is derived by acting as an agent for another

Notes to the Financial Statements

for the year ended 30 June 2019

party, the revenue that is recognised is the commission or fee on the transaction.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Transactions covered by foreign currency forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance sheet date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these transactions are included in the surplus or deficit.

Income Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted at balance sheet date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current tax and deferred tax is recognised against the surplus or deficit, except when it relates to items charged or credited directly to equity or other comprehensive revenue or expense, in which case the deferred tax is also dealt with in equity or other comprehensive revenue or expense respectively.

Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the

lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently assets leased under a finance lease are depreciated as if the assets are owned.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease.

Cash And Cash Equivalents

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by Council at below-market interest rates are initially recognised at the present value of their expected cash flows, discounted at the current market rate of return for a similar asset/ investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted using the effective interest method.

Financial instruments

The Council is risk averse, and seeks to minimise exposure arising from its treasury activity.

The Council uses derivative financial instruments to manage its exposure to interest rate risks. In accordance with the Investment Policy and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value with the gain or loss on re-measurement to fair value recognised immediately in the surplus or deficit. The fair value of interest rate swaps is the estimated amount

Notes to the Financial Statements

for the year ended 30 June 2019

that the Council would receive or pay to terminate the swap at balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Investments

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose for which the investments were acquired.

Term Deposits

Term Deposits are classified as Loans and Receivables and measured at amortised cost.

Investments in debt and quoted equity securities

Investments in debt and quoted equity securities are financial instruments classified as held for trading and are measured at fair value at balance sheet date. Any resultant gains or losses are recognised in the surplus or deficit for the period.

Investment in Subsidiaries

Investment in Subsidiaries are included in the parent entity at cost less any impairment losses.

Community loans

Community loans at subsidised interest rates are fair valued on initial recognition based on the present value of all future cash receipts discounted using the prevailing market rate for similar instruments. The resulting loss on initial recognition is taken to the surplus or deficit. In subsequent periods this loss is amortised back through the surplus or deficit.

Other – Investments (Unquoted equity investments)

Other investments held by the Council are classified as being available-for-sale and are stated at lower of cost and net realisable value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised through the surplus or deficit.

Non Current Assets Held For Sale

Non current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction

rather than through continuing use. This condition is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

Non current assets are not depreciated or amortised while they are classified as held for sale.

Property, Plant & Equipment – Valuation

Timaru District Council has the following classes of Property, Plant and Equipment:

- Operational assets –
 - Council related Land
 - Council Buildings and Building Improvements
 - Airport Improvements
 - Parks and Pools Plant and Equipment
 - Plant and Equipment, including Motor Vehicles
 - Furniture and Office Equipment
 - Library Books
 - Art Works
- Infrastructure assets –
 - Sewer, stormwater, water
 - Roads, bridges and lighting
 - Land under roads

Infrastructure assets are the fixed utility systems owned by the Council.

- Heritage assets
- Restricted assets – Restricted assets are parks and reserves owned by the Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Council Land

Land, other than airport land, has been stated at its deemed cost, which is fair value as valued by I Fairbrother ANZIV of QV Valuations as at 1 July 2005.

Airport land has been stated at its deemed cost, which is fair value as valued by B Dench ANZIV of QV Valuations as at 1 July 2005.

Acquisitions subsequent to 1 July 2005 are at cost.

Council Buildings and Building improvements

Buildings and Building Improvements, have been stated

Notes to the Financial Statements

for the year ended 30 June 2019

at their deemed cost, which is fair value as valued by I Fairbrother ANZIV of QV Valuations as at 1 July 2005.

Acquisitions subsequent to 1 July 2005 are at cost.

Airport improvements

Airport improvements, including runway, have been stated at their deemed cost, which is Optimised Depreciated Replacement Cost as valued by B Dench ANZIV of QV Valuations as at 1 July 2005.

Acquisitions subsequent to 1 July 2005 are at cost.

Parks and Pools plant and equipment

Parks and Pools plant and equipment assets, are stated at their deemed cost which is optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, valuers.

Acquisitions subsequent to 1 July 2005 are at cost.

Plant and Equipment (including motor vehicles)

Plant and Equipment (including motor vehicles) are at cost less provision for depreciation.

Furniture and Office Equipment

Furniture and Office Equipment have been stated at their deemed cost which is the assessed fair value at 1 July 2005 based on the 1 July 1993 indemnity value by Morton & Co Limited, valuers, and acquisitions 1 July 1993 to 1 July 2005 at cost.

Acquisitions subsequent to 1 July 2005 are at cost.

Library books

The Timaru District Library, Temuka Library and Geraldine Library collections have been revalued as at 30 June 2019 at depreciated replacement cost calculated by the District Librarian in accordance with the library collection valuation guidelines prepared by the New Zealand Library Association in May 1992.

The Library collections are revalued on an annual basis.

Art Works

Art Works are stated at their deemed cost which is the assessed fair value at 1 July 2005 based on the 1 April 1992 insurance value by the Art Gallery Director, and acquisitions 1 April 1992 to 1 July 2005 at cost.

Acquisitions subsequent to 1 July 2005 are at cost.

Sewer, Stormwater, Water

Sewer, stormwater and water assets, are stated at their deemed cost which is optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, valuers.

Acquisitions subsequent to 1 July 2005 are at cost.

Roads, Bridges and Lighting

Roads, bridges and lighting are stated at their deemed cost which is optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, valuers.

Acquisitions subsequent to 1 July 2005 are at cost.

Land under Roads

Land under roads has been stated at their deemed cost which is at an average of adjacent "undeveloped land value" valued as at 1 July 2005 by Maunsell Limited.

Acquisitions subsequent to 1 July 2005 are at cost.

Heritage Assets

Significant statues are stated at their deemed cost which is optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, valuers. Other heritage type assets such as museum exhibits have not been valued.

Acquisitions subsequent to 1 July 2005 are at cost.

Property, Plant & Equipment - Depreciation

Depreciation is provided on a basis that will write off the cost or valuation of the assets, other than land, less their estimated residual values over their estimated useful lives.

Depreciation has been provided at the following rates.

Council related Land	Nil
Council Buildings and Building improvements	1-30% Straight Line
Airport Improvements	2-50% Straight Line
Parks and pools plant and equipment	2-33% Diminishing Value
Plant and Equipment	10-50% Diminishing Value
Motor Vehicles	5-25% Diminishing Value
Furniture and Office Equipment	20-50% Diminishing Value
Library Collections	0-12.5% Straight Line (0% permanent retention collection, 12.5% current collection)
Art Works	Nil
Water	1-33% Straight Line
Sewerage	1-6% Straight Line
Stormwater	1-4% Straight Line
Roading	1-50% Straight Line
Bridges	1-3% Straight Line
Lighting	6-8% Straight Line
Land under Road	Nil
Heritage assets	1-7% Straight Line

Capital Work In Progress

Capital works in progress are not depreciated. The total cost of a project is transferred to the relevant asset class on completion and then depreciated.

Notes to the Financial Statements

for the year ended 30 June 2019

Intangible Assets

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The useful lives and associated amortisation rates of software has been estimated at 3 - 5 years (20% - 33%).

Costs associated with developing or maintaining software programmes are recognised as an expense when incurred.

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Impairment

The carrying amount of the non current assets, other than investment property and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

Forestry Assets

Forestry Assets are valued annually as at 30 June at fair value less estimated point of sale costs. Fair value is determined by the estimated worth of the maturing tree stocks in the Council's forests. The valuation method adopted is based on cash flows on a single rotation basis discounted at a market based pre-tax rate. The changes in fair value of the Forestry Assets are included in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

Landfill Assets

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the landfill is considered to be the period of time to the expiring of the resource consent in 2030 or the estimated full date.

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value as determined annually by independent valuers with any gain or loss arising from a change in fair value being recognised in the surplus or deficit.

Loans

Loans are classified as other liabilities and are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between fair value at acquisition and maturity value being recognised in the surplus or deficit over the period of the borrowings on an effective interest basis.

Employee Entitlements

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. Provision is made in respect of the Council's liability for annual leave, long service leave, retirement gratuities and sick leave. Council accrued retiring gratuities and accrued long service leave are calculated based on an actuarial valuation using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Annual leave entitlements have been calculated on an actual entitlement basis at current rates of pay. Sick leave entitlements are measured as the amount of unused entitlement accumulated at balance sheet date that the Council anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods. Obligations for contributions to Kiwisaver and superannuation schemes are recognised as an expense in the surplus or deficit when incurred. All employer superannuation contributions are made to defined contribution schemes.

Provision For Landfill Post Closure Costs

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of the future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Equity & Reserves

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are:

Notes to the Financial Statements

for the year ended 30 June 2019

- Retained Earnings
- Restricted Reserves
 - Special Funds

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted Reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or to a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, which are stated on a GST inclusive basis. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST paid to, or received from the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Budget Figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and Long Term Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Overhead Allocation

The Council has derived the net cost of services for each significant activity of the Council using the cost allocation system outlined below. This involves the cost of internal service type activities being allocated to the external service type activities. External activities are those which provide a service to the public and internal activities are those which provide support to the external activities.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs

'Direct' costs are those costs directly attributable to a significant activity. 'Indirect' costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Cost drivers for allocation of indirect costs

The costs of internal services not directly charged to activities are allocated based on the services provided. This is allocated based on a historical costing analysis which utilised a number of cost drivers, including staff numbers, area and transaction volumes.

Internal Charges

Are eliminated at the Council level.

Critical Accounting Estimates And Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 25 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Note 17 includes information associated with the valuation of assets and the use of deemed cost.

Statement of Cashflows

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all revenue sources of the Council, and expenditure payments made for the supply of goods and services. Agency transactions such as collection of regional council rates are not recognised as receipts and payments in the Statement of Cash Flows.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Council.

Notes to the Financial Statements

for the year ended 30 June 2019

2. Summary Revenue and Expenditure for Group of Activities

	Council		
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Revenue			
Corporate Support	32,144	768	4,121
Democracy	3,992	3,959	3,764
Community Support	5,066	5,076	4,661
District Planning and Regulatory Services	6,416	6,557	4,965
Recreation and Leisure	17,859	15,790	16,610
Roading and Footpaths	21,821	20,319	20,948
Waste Minimisation	9,712	9,113	8,214
Sewer	10,387	10,534	10,469
Stormwater	2,348	1,812	2,074
Water Supply	9,666	9,313	9,058
Total Revenue	119,411	83,240	84,884
Expenditure			
Corporate Support	3,621	2,892	3,489
Democracy	3,854	3,929	3,477
Community Support	4,893	5,170	4,840
District Planning and Regulatory Services	5,802	6,628	4,911
Recreation and Leisure	15,916	15,760	14,546
Roading and Footpaths	15,827	14,878	15,098
Waste Minimisation	9,798	9,369	6,898
Sewer	8,631	9,969	8,440
Stormwater	1,501	1,752	1,478
Water Supply	7,574	8,660	7,325
Total Expenditure	77,417	79,007	70,502

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities.

3. Rates, excluding Targeted Water Supply Rates

	Council	
	Actual 2019 \$000	Actual 2018 \$000
General rates	26,206	24,642
Targeted rates attributable to activities		
Water, excluding targeted water supply rates	7,504	7,045
Sewerage	7,174	7,130
Solid Waste	5,418	5,243
Community Works and Services	3,652	2,926
Rates Penalties	468	541
Total revenue from rates, excluding targeted water supply rates	50,421	47,527

Notes to the Financial Statements

for the year ended 30 June 2019

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2019 for the purpose of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2019 \$000	Actual 2018 \$000
Rates, excluding targeted water supply rates	50,421	47,527
Targeted water supply rates	1,761	1,653
	<u>52,183</u>	<u>49,180</u>

Rating base

Revenue from rates for Timaru District Council was billed on the following information:

	Council	
	Actual 2019	Actual 2018
Number of rating units at end of preceding year	22,714	22,659

	Council	
	Actual 2019 \$000	Actual 2018 \$000
Total capital value of rating units at end of preceding year	14,041,208	12,245,535
Total land value of rating units at end of preceding year	7,182,054	6,092,385

4. Fees, Charges and Targeted Rates for Water Supply

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Targeted Rates for Water Supply	1,761	1,653	1,676	1,653
Trade Waste	2,449	2,445	2,449	2,445
Landfill Use	3,720	3,407	3,720	3,407
Consent Fees	2,338	2,508	2,338	2,508
Social Housing Rent	1,221	1,173	1,221	1,173
Parking Fees	1,099	1,217	1,099	1,217
Swimming Pool Admission Fees	913	880	913	880
Other Fees and Charges	5,841	5,516	5,841	5,549
Total Fees, Charges and Targeted Rates for Water Supply	<u>19,342</u>	<u>18,799</u>	<u>19,257</u>	<u>18,832</u>

Notes to the Financial Statements

for the year ended 30 June 2019

5. Subsidies and Grants

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
New Zealand Transport Rooding subsidies	8,891	9,174	8,891	9,174
Other subsidies and grants	743	670	743	670
Total Subsidies and Grants	9,634	9,844	9,634	9,844

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

6. Finance Revenue and Finance Costs

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Finance revenue				
Interest Revenue				
Term deposits	1,841	1,444	1,927	1,572
Related party loans	727	736	0	0
Community loans	22	17	22	17
Investments in debt securities	151	205	151	205
Total Finance Revenue	2,741	2,402	2,100	1,794
Finance costs				
Interest expense				
Interest expense on borrowings	3,833	3,931	4,693	4,760
Total Finance Costs	3,833	3,931	4,693	4,760

7. Other Revenue

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Rental revenue from investment properties	208	185	2,752	2,239
Petrol tax	492	507	492	507
Dividend Revenue	32,789	2,685	5,450	5,446
Vested assets	1,930	1,573	1,930	1,573
Other	1,576	1,004	1,536	855
Total Other Revenue	36,995	5,954	12,160	10,620

Notes to the Financial Statements

for the year ended 30 June 2019

8. Other gains/(losses)

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Gain/(loss) on changes in fair value of forestry assets (note 19)	156	182	156	182
Gain/(loss) on disposal of property, plant & equipment	(20)	93	(20)	92
Gain on changes in fair value of investment property (note 20)	91	40	3,820	5,727
Gain/(Loss) on changes in fair value of derivative financial instruments	0	0	184	147
Total gains/(losses)	227	315	4,141	6,148

9. Personnel costs

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Salaries and wages	17,225	16,182	17,512	16,467
Defined contribution plan employer contributions	534	493	534	493
Increase/(decrease) in employee benefit liabilities	(27)	66	(28)	60
Total personnel costs	17,732	16,741	18,018	17,020

Employer contributions to defined contributions plans include contributions to Kiwisaver.

10. Operating Costs

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Expenses include:				
<i>Fees to principal auditor</i>				
Audit fees for financial statement audit	119	118	133	132
Audit fees for Long-Term Plan audit	0	81	0	81
Audit fees for Debenture Trust Deed audit	4	4	4	4
Fees to other auditors	0	0	3	3
Donations	0	0	0	0
Impairment of receivables (note 13)	36	3	36	3
Bad debts written off	5	5	5	5
Rates Remissions	185	177	185	177
Minimum lease payments under operating leases	408	299	408	299
Direct expenses from investment property generating revenue	9	35	641	667
Loss on changes in fair value of derivative financial instruments	1567*	312	1,567	312
Other operating expenses	37,522	33,315	37,369	32,406
Total other expenses	39,855	34,349	40,351	34,089

*The loss of the fair value of the interest rate swaps has resulted from decreases in market interest rates compared to the fixed interest rates in Council swap contracts.

Notes to the Financial Statements

for the year ended 30 June 2019

11. Tax

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus/(deficit) before tax	42,086	14,278	22,458	25,822
Tax at 28% (2018: 28%)	11,784	3,998	6,288	7,230
Non-taxable income	(33,343)	(23,343)	(27,965)	(26,533)
Non-deductible expenditure	21,559	19,345	21,608	19,376
Prior period adjustment	0	0	(61)	51
Tax expense/(benefit)	0	0	(130)	124
Comprising of:				
Current tax	0	0	0	0
Deferred tax	0	0	(130)	124
Prior period adjustment	0	0	0	0
	0	0	(130)	124
Deferred tax benefit/(liability)				
Opening balance	0	0	(100)	(2)
Temporary differences				
Long Term assets	0	0	0	0
Prior period adjustment - Long Term assets	0	0	0	0
Employee entitlements	0	0	0	0
Others	0	0	100	(98)
Closing balance	0	0	0	(100)
Future tax benefit/(deferred taxation) is represented by:				
Long term assets	0	0	0	0
Employee entitlements	0	0	3	0
Tax losses	0	0	27	(100)
Others	0	0	0	0
	0	0	30	(100)

During the year, Timaru District Council made no subvention payments to Timaru District Holdings Limited (2018: \$655,606). As at 30 June 2019, there were no subvention payments payable by Timaru District Council (2018: \$655,606).

The Council's subsidiaries have imputation credits of \$1,969,670 (2018: \$12,620,000) which can be used to impute dividend payments to the Council.

Notes to the Financial Statements

for the year ended 30 June 2019

12. Cash and cash equivalents

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash at bank and in hand	11,496	2,949	13,295	3,233
Short term deposits maturing 3 months or less from date of acquisition	0	9,288	30	9,793
Total cash and cash equivalents	11,496	12,237	13,325	13,026

The carrying value of short-term deposits with maturity dates of 3 months or less approximate their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$3,600,000 (2018: \$4,400,000).

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash at bank and in hand	11,496	2,949	13,295	3,233
Short term deposits maturing 3 months or less from date of acquisition	0	9,288	30	9,793
	11,496	12,237	13,325	13,026

13. Debtors and other receivables

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Rates receivables	1,005	1,106	1,005	1,106
Other receivables	5,141	3,906	7,102	6,039
Related party receivables (note 31)	727	736	-	-
Less provision for impairment of receivables	(133)	(97)	(133)	(97)
	6,740	5,651	7,974	7,048
Prepayments	418	202	477	261
Total receivables	7,158	5,853	8,451	7,309

Total receivables comprise:

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates

3,774 4,316 2,975 3,580

Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

2,966 1,335 4,999 3,468

6,740 5,651 7,974 7,048

Notes to the Financial Statements

for the year ended 30 June 2019

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms, therefore their carrying value approximates their fair value.

Impairment

As at 30 June 2019 and 2018, all overdue receivables have been assessed for impairment and appropriate provisions applied. Timaru District Council does not hold collateral as security or other credit enhancements over receivables that are either past due or impaired.

Timaru District Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debt arising from rates. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$41,057 (2018: \$27,515).

The status of receivables (excluding rates) as at 30 June are detailed below:

	2019			2018		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	5,415	0	5,415	4,140	0	4,140
Past due 1 - 60 days	276	(11)	265	338	(10)	328
Past due 61 - 120 days	49	(24)	25	72	(5)	67
Past due > 120 days	128	(45)	83	90	(34)	56
Total	5,868	(80)	5,788	4,640	(49)	4,591
Group						
Not past due	6,649	0	6,649	5,499	0	5,499
Past due 1 - 60 days	276	(11)	265	364	(10)	354
Past due 61 - 120 days	49	(24)	25	84	(5)	79
Past due > 120 days	128	(45)	83	90	(34)	56
Total	7,102	(80)	7,022	6,037	(49)	5,988

The status of rates receivables as at 30 June are detailed below:

	2019			2018		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	843	0	843	961	0	961
Past due 1 year	43	0	43	69	0	69
Past due 2 years	38	0	38	22	0	22
Past due 3 years	34	(5)	29	7	(5)	2
Past due > 3 years	47	(47)	0	47	(43)	4
Total	1,005	(52)	953	1,106	(48)	1,058

The impairment provision has been calculated based on the expected losses for Timaru District Council's pool of debtors. Expected losses have been determined based on an analysis of Timaru District Council's losses in previous periods, and a review of specific debtors.

Movement in the provision for impairment of receivables are as follows:

Notes to the Financial Statements

for the year ended 30 June 2019

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
As at 1 July	97	94	97	94
Additional provisions made/(released) during the year	30	(2)	30	(2)
Receivables written off during year	5	5	5	5
At 30 June	132	97	132	97

The Council and group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

14. Inventories

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Pool shop inventories	53	59	53	59
Other	26	31	26	31
Total Inventories	79	90	79	90

The carrying amount of inventories pledged as security for liabilities is \$nil (2018: \$nil).

15. Other financial assets

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Current portion				
Short term deposits	44,330	45,280	45,006	47,040
Community loans	157	172	157	172
Investments in debt securities	0	764	0	764
Total Current Portion	44,487	46,216	45,163	47,976
Non-current portion				
Investments in CCOs and similar entities				
Unlisted shares in NZ Local Government Insurance Corp. Limited	218	218	218	218
Investment in TDHL Ltd	31,000	1,000	0	0
Investment in ADAP Ltd	260	260	0	0
Loans to related parties (note 31)	22,180	22,180	0	0
Total investments in CCOs and similar entities	53,659	23,658	218	218
Investments in other entities				
Unlisted share in Levels Plain Irrigation Co	50	50	50	50
Unlisted shares in Greenfield's Co-operative Society Limited	1	1	1	1
Investment in Hunter Downs Irrigation	0	0	0	0
Community loans	345	392	345	392
Future tax benefits	0	0	0	0
Investments in LGFA	1,072	1,072	1,072	1,072
Investments in debt securities	3,108	3,023	3,108	3,023
Total investment in other entities	4,576	4,538	4,607	4,538
Total Non-Current Portion	58,235	28,196	4,825	4,756

Notes to the Financial Statements

for the year ended 30 June 2019

Fair Value

Short term deposits

The carrying amount of short term deposits approximates their fair value.

Community loans

The fair value of community loans is \$501,596 (2018: \$564,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2018: 10.0%).

The face value of community loans is \$566,376 (2018: \$753,085).

Movements in the carrying value of community loans are as follows:

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
At 1 July	564	297	564	297
Amount of new loans granted during the year	0	500	0	500
Fair value adjustment on initial recognition	0	(118)	0	(118)
Loans repaid during the year (principal and interest)	(187)	(130)	(187)	(130)
Impairment loss recognised during the year	0	0	0	0
Unwind of discount and interest charged	124	15	124	15
At 30 June	501	564	501	564

Investments in debt securities

The fair value of investments in debt securities is \$3,108,010 (2018: \$3,786,889). Fair value has been determined based on current market values using yields of between 2.13% and 2.96% (2018: 2.34% and 4.02%).

Loans to related parties

The carrying amount of loans to related parties approximates their fair value as the interest rate is repriced to the current market interest rate each quarter.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

16. Derivative Financial Instruments

Current liability portion

Interest rate swaps

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Interest rate swaps	1,183	663	1,478	958
	<u>1,183</u>	<u>663</u>	<u>1,478</u>	<u>958</u>
Non-current liability portion				
Interest rate swaps	3,042	1,996	3,189	2,325
	<u>3,042</u>	<u>1,996</u>	<u>3,189</u>	<u>2,325</u>

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2019 were \$57,900,000 (2018: \$57,900,000). Maturity dates range from June 2020 to April 2025.

At 30 June 2019, the interest rates for interest rate swaps vary from 0.97% to 6.82% (2018: 0.97% to 6.82%).

The fair value of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value.

Notes to the Financial Statements

for the year ended 30 June 2019

17. Property, plant and equipment

Insurance on Assets

The following information relates to the insurance of Council assets as at 30 June:

	Council	
	Actual 2019 \$000	Actual 2018 \$000
The maximum amount to which insured assets are insured	316,703	298,648
The total value of all Council assets covered by insurance contracts*	115,190	130,479
The total value of all Council assets covered by financial risk-sharing arrangements	232,413	210,284
Maximum amount available to the Council under financial risk-sharing arrangements	587,004	587,004
Total value of assets that are self-insured**	460,507	466,535
Value of funds maintained for self insurance	2,476	2,630

* The carrying value of assets is calculated on deemed cost, separate insurance valuations are obtained for significant assets.

** Roading assets are not insured. Council anticipates that most events would receive NZTA subsidy and the balance would be funded from debt.

Core infrastructure asset disclosures

Included in the Council infrastructure assets are the following core assets:

	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets*
	\$000	\$000	\$000	\$000
2019				
Water:				
- treatment plants and facilities	11,575	423	0	0
- other assets (such as reticulation systems)	56,512	2,068	154	0
Sewerage:				
- treatment plants and facilities	10,040	304	0	0
- other assets (such as reticulation systems)	61,672	1,870	168	0
Stormwater	34,598	1,638	319	0
Flood Protection and controls works**	0	0	0	0
Roads and footpaths	214,325	12,538	412	0
2018				
Water:				
- treatment plants and facilities	7,366	0	0	0
- other assets (such as reticulation systems)	60,191	7,113	187	0
Sewerage:				
- treatment plants and facilities	14,936	0	0	0
- other assets (such as reticulation systems)	56,769	522	299	0
Stormwater	33,503	111	345	0
Flood Protection and controls works**	0	0	0	0
Roads and footpaths	431,853	12,557	742	0

* Council holds these assets at deemed cost and has not recently revalued these assets.

** Council does not own any assets in this class.

Notes to the Financial Statements

for the year ended 30 June 2019

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2019 \$000	2018 \$000
Roading network	400	48
Water system	4,414	2,004
Drainage system	231	388
Sewerage system	1,333	1,847
Waste Minimisation	860	-
Buildings and improvements	828	826
Plant and Equipment	120	426
Furniture and Equipment	21	-
	<hr/> 8,207	<hr/> 5,539

Notes to the Financial Statements

for the year ended 30 June 2019

2019	Cost/ Revaluation 1 July 2018	Accum depn and impairment charges 1 July 2018	Carrying amount 1 July 2018	Current year additions	Current year transfers	Reclassifi- cation of cost/ reval	Reclassifi- cation of accum depn and impairment charges	Current year disposals	Current year impairment charges	Current year depn	Revaluat- ions	Cost/ Revaluation 30 June 19	Accum depn and impairment charges 30 June 19	Carrying amount 30 June 19
Council restricted assets														
Land	24,344	0	24,344	0	0	(418)	0	0	0	0	0	23,926	-	23,926
Buildings and improvements	7,762	(3,473)	4,289	158	0	(116)	(514)	0	0	(177)	0	7,804	(4,164)	3,640
Total restricted assets	32,106	(3,473)	28,633	158	0	(534)	(514)	0	0	(177)	0	31,730	(4,164)	27,566
Council operational assets														
Land and Buildings	109,529	(19,589)	89,940	2,692	317	(22,948)	3,269	0	0	(1,505)	0	89,590	(17,825)	71,765
Furniture and equipment	9,516	(5,825)	3,691	392	402	0	0	0	0	(482)	0	10,310	(6,307)	4,003
Art Works	2,479	0	2,479	37	0	0	0	0	0	0	0	2,516	-	2,516
Heritage assets	1,541	(310)	1,231	1	0	0	0	0	0	(28)	0	1,542	(338)	1,204
Library collections	4,097	(2,184)	1,913	338	3	0	0	0	0	(233)	92	4,530	(2,417)	2,113
Plant and equipment	37,114	(15,717)	21,397	1,538	379	0	137	(20)	0	(1,689)	0	39,011	(17,269)	21,742
Work in progress	1,253	0	1,253	816	(1,101)	0	0	0	0	0	0	968	-	968
Total operational assets	165,528	(43,624)	121,904	5,814	0	(22,948)	3,405	(20)	0	(3,937)	92	148,467	(44,156)	104,311
Council infrastructural assets														
Land and buildings	42,800	(5,281)	37,519	684	0	23,608	(2,881)	0	0	(914)	0	67,092	(9,076)	58,016
Sewerage system	96,327	(24,622)	71,705	676	1,666	0	0	0	0	(2,335)	0	98,669	(26,957)	71,712
Water system	92,044	(24,487)	67,557	2,248	397	0	0	0	0	(2,115)	0	94,689	(26,602)	68,087
Stormwater network	44,010	(10,507)	33,503	1,743	214	0	0	0	0	(862)	0	45,967	(11,369)	34,598
Roads and footpaths	267,509	(60,904)	206,605	11,869	0	0	0	0	0	(4,149)	0	279,378	(65,053)	214,325
Bridges	60,474	(10,096)	50,378	899	0	0	0	0	0	(872)	0	61,373	(10,968)	50,405
Land under roads	171,851	0	171,851	-	0	0	0	0	0	0	0	171,851	0	171,851
Lighting	4,456	(1,664)	2,792	182	0	0	0	0	0	(270)	0	4,638	(1,934)	2,704
Landfill - post closure costs	590	(363)	227	-	0	0	0	0	0	(31)	0	590	(394)	196
Work in progress	4,286	0	4,286	5,230	(2,277)	(126)	(10)	0	0	0	0	7,239	0	7,239
Total infrastructural assets	784,347	(137,924)	646,423	23,531	0	23,482	(2,891)	0	0	(11,548)	0	831,486	(152,353)	679,133
Total Timaru District Council property, plant and equipment	981,981	(185,021)	796,960	29,503	0	0	0	(20)	0	(15,662)	92	1,011,683	(200,673)	811,010
Subsidiaries property, plant and equipment														
Buildings	4,251	(3,238)	1,013	0	0	0	0	0	0	(173)	0	4,251	(3,411)	840
Furniture and equipment	141	(104)	37	13	0	0	0	0	0	(9)	0	154	(113)	41
Total subsidiaries	4,392	(3,332)	1,060	13	0	0	0	0	0	(182)	0	4,405	(3,524)	881
Total group property, plant and equipment	986,373	(188,353)	798,020	29,516	0	0	0	(20)	0	(15,844)	92	1,016,088	(204,197)	811,891

Notes to the Financial Statements

for the year ended 30 June 2019

2018	Cost/ Revaluation 1 July 2017	Accum depn and impairment charges 1 July 2017	Carrying amount 1 July 2017	Current year additions	Current year transfers	Current year disposals	Current year impairment charges	Current year depn	Revaluations	Cost/ Revaluation 30 June 18	Accum depn and impairment charges 30 June 18	Carrying amount 30 June 18
Council restricted assets												
Land	24,344	0	24,344	0	0	0	0	0	0	24,344	0	24,344
Buildings and improvements	7,934	(3,422)	4,512	3	0	(45)	0	(181)	0	7,762	(3,473)	4,289
Total restricted assets	32,278	(3,422)	28,856	3	0	(45)	0	(181)	0	32,106	(3,473)	28,633
Council operational assets												
Land	12,721	0	12,721	636	0	0	0	0	0	13,357	0	13,357
Buildings and improvements	87,877	(16,610)	71,267	4,961	0	0	0	(1,664)	0	92,838	(18,274)	74,564
Runways & other airport impts	3,334	(1,153)	2,181	0	0	0	0	(162)	0	3,334	(1,315)	2,019
Furniture and equipment	8,642	(5,360)	3,282	877	0	(4)	0	(464)	0	9,515	(5,824)	3,691
Art Works	2,464	0	2,464	15	0	0	0	0	0	2,479	0	2,479
Heritage assets	1,541	(282)	1,259	0	0	0	0	(28)	0	1,541	(310)	1,231
Library collections	3,876	(1,949)	1,927	325	0	0	0	(235)	(104)	4,097	(2,184)	1,913
Plant and equipment	35,431	(14,217)	21,214	1,875	0	(34)	0	(1,658)	0	37,114	(15,717)	21,397
Work in progress	1,924	0	1,924	(671)	0	0	0	0	0	1,253	-	1,253
Total operational assets	157,810	(39,571)	118,239	8,018	0	(38)	0	(4,211)	(104)	165,528	(43,624)	121,904
Council infrastructural assets												
Land and buildings	42,739	(4,840)	37,899	61	0	0	0	(441)	0	42,800	(5,281)	37,519
Sewerage system treatment	19,168	(3,731)	15,437	0	0	0	0	(501)	0	19,168	(4,232)	14,936
Sewerage system reticulation	76,338	(18,562)	57,776	522	299	0	0	(1,828)	0	77,159	(20,390)	56,769
Water system treatment	10,502	(2,880)	7,622	0	0	0	0	(256)	0	10,502	(3,136)	7,366
Water system reticulation	74,242	(19,564)	54,678	7,113	187	0	0	(1,787)	0	81,542	(21,351)	60,191
Stormwater network	43,554	(9,649)	33,905	111	345	0	0	(858)	0	44,010	(10,507)	33,503
Roads and footpaths	256,243	(56,922)	199,321	10,524	742	0	0	(3,982)	0	267,509	(60,904)	206,605
Bridges	59,641	(9,237)	50,404	833	0	0	0	(859)	0	60,474	(10,096)	50,378
Land under roads	171,807	0	171,807	44	0	0	0	0	0	171,851	0	171,851
Lighting	3,300	(1,479)	1,821	1,156	0	0	0	(185)	0	4,456	(1,664)	2,792
Landfill - post closure costs	590	(332)	258	0	0	0	0	(31)	0	590	(363)	227
Work in progress	3,036	0	3,036	1,250	0	0	0	0	0	4,286	0	4,286
Total infrastructural assets	761,160	(127,196)	633,964	21,614	1,573	0	0	(10,728)	0	784,347	(137,924)	646,423
Total Timaru District Council property, plant and equipment	951,247	(170,189)	781,058	29,635	1,573	(83)	0	(15,120)	(104)	981,981	(185,021)	796,960
Subsidiaries property, plant and equipment												
Buildings	4,143	(3,069)	1,074	108	0	0	0	(169)	0	4,251	(3,238)	1,013
Furniture and equipment	163	(105)	58	8	0	(1)	0	(18)	0	141	(94)	47
Work in progress	0	0	0	0	0	0	0	0	0	0	0	0
Total subsidiaries	4,306	(3,174)	1,132	8	0	(1)	0	(187)	0	4,392	(3,332)	1,060
Total group property, plant and equipment	955,554	(173,363)	782,191	29,643	1,573	(84)	0	(15,307)	(104)	986,373	(188,353)	798,020

Notes to the Financial Statements

for the year ended 30 June 2019

17a. Depreciation and amortisation expense by group of activity

	Council	
	Actual 2019 \$000	Actual 2018 \$000
Corporate Support	1,013	1,032
Democracy	1	1
Community Support	508	443
District Planning and Regulatory Services	8	6
Recreation and Leisure	2,119	2,010
Roading and Footpaths	5,439	5,172
Waste Minimisation	525	517
Sewer	3,124	3,129
Stormwater	864	860
Water Supply	2,396	2,311
	<u>15,997</u>	<u>15,481</u>

Notes to the Financial Statements

for the year ended 30 June 2019

18. Intangible assets

	Council and Group		
	Computer Software \$000	Carbon Credits \$000	Total \$000
Balance as at 1 July 2018			
Cost	4,589	604	5,193
Accumulated amortisation and impairment	(2,910)	0	(2,910)
Opening carrying amount	1,679	604	2,283
Year ended 30 June 2019			
Additions	285	0	285
Disposals	0	0	0
Amortisation charge	(336)	0	(336)
Amortisation reversed on disposals	0	0	0
Movement for the year	(51)	0	(51)
Balance as at 30 June 2019			
Cost	4,874	604	5,478
Accumulated amortisation and impairment	(3,246)	0	(3,246)
Closing carrying amount	1,628	604	2,232
Balance as at 1 July 2017			
Cost	4,189	242	4,431
Accumulated amortisation and impairment	(2,549)	0	(2,549)
Opening carrying amount	1,640	242	1,882
Year ended 30 June 2018			
Additions	400	362	762
Disposals	0	0	0
Amortisation charge	(361)	0	(361)
Amortisation reversed on disposals	0	0	0
Movement for the year	39	362	401
Balance as at 30 June 2018			
Cost	4,589	604	5,193
Accumulated amortisation and impairment	(2,910)	0	(2,910)
Closing carrying amount	1,679	604	2,283

Carbon credits

During the year, Timaru District Council acquired carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. Timaru District Council is required to forfeit carbon credits for emissions following the end of each financial year.

Notes to the Financial Statements

for the year ended 30 June 2019

19. Forestry assets

Balance as at 1 July		
Increases due to purchases		
Gains/(losses) arising from changes in fair value		
Decreases due to harvest		
Balance as at 30 June		

Council		Group	
Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
1,045	863	1,045	863
0	0	0	0
156	182	156	182
0	0	0	0
1,201	1,045	1,201	1,045

Timaru District Council owns 203.6 hectares of Radiata Pine, Douglas fir and Macrocarpa forest, which is at varying stages of maturity ranging from 1 to 68 years.

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2019. A pre-tax discount rate of 7.5% has been used in discounting the present value of expected cash flows.

Financial risk management strategies

Timaru District Council is exposed to financial risks arising from changes in timber prices. Timaru District Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. Timaru District Council reviews its outlook for timber prices regularly in considering the need for active financial management.

20. Investment property

Balance as at 1 July		
Additions from acquisitions		
Write offs – demolitions		
Disposals		
Fair value gains/(losses) on valuation (note 8)		
Balance as at 30 June		

Council		Group	
Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
1,730	1,690	41,161	32,394
0	0	2,330	3,040
0	0	0	0
(275)	0	(275)	0
91	40	3,820	5,727
1,546	1,730	47,036	41,161

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2019 by Ian Fairbrother VP (Urban) FNZIV FPINZ of Telfer Young. All investment properties are valued based on open market evidence.

Investment property held by Timaru District Holdings Limited was independently valued as at 30 June for the 2019 financial year by Ian Fairbrother VP (Urban) FNZIV, FPINZ, a registered valuer with Telfer Young (Canterbury) Limited. The valuation is based on fair value.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cashflow methods. These methods are based on assumptions

including future rental revenue, anticipated maintenance costs, and appropriate discount rates. Where just the land value has been assessed, a 'market comparison' approach has been adopted. This method involves reference to sales of properties which have similar attributes to the subject property. Comparisons are drawn between the subject property and the sales evidence. Subjective adjustments are applied where necessary to account for factors which have a direct impact on the sale price and value.

There are no contractual obligations in relation to investment properties at balance date but not recognised in the financial statements (2018: Nil)

Notes to the Financial Statements

for the year ended 30 June 2019

21. Investments in associates

PrimePort Timaru Ltd

Timaru District Holdings Limited has a 50% interest in PrimePort Timaru Limited.

The investment in associate company is carried at cost (\$nil) in the Council's (parent entity) statement of financial position.

	Group	
	Actual 2019 \$000	Actual 2018 \$000
Movements in the carrying amount of investments in associates		
Balance as at 1 July	26,655	25,573
Disposal of investments during the year	0	0
Share of total recognised revenue and expenses	2,594	1,782
Share of dividend	(650)	(700)
Balance as at 30 June	28,599	26,655

Summarised financial information of PrimePort Timaru Limited presented on a gross basis

	Actual 2019 \$000	Actual 2018 \$000
Assets	90,208	81,459
Liabilities	32,252	27,391
Revenue	22,917	22,218
Total Comprehensive Revenue	5,188	3,564
Group's interest	50.00%	50.00%

Alpine Energy Limited

Timaru District Holdings Limited has a 47.5% interest in Alpine Energy Limited and its reporting date is 31 March.

The investment in associate company is carried at cost (\$nil) in the Council's (parent entity) statement of financial position.

	Group	
	Actual 2019 \$000	Actual 2018 \$000
Movements in the carrying amount of investments in associates		
Balance as at 1 July	68,421	66,558
Share of total recognised revenue and expenses	6,940	6,574
Share of dividend	(4,711)	(4,711)
Balance as at 30 June	70,650	68,421

Summarised financial information of Alpine Energy Limited presented on a gross basis

	Group	
	Actual March 2019 \$000	Actual March 2018 \$000
Assets	295,825	285,532
Liabilities	153,264	145,241
Revenue	79,651	93,338
Total Comprehensive Revenue	14,611	13,840
Group's interest	47.50%	47.50%

Details of any contingent liabilities arising from the group's involvement in the associate are disclosed separately in note 30.

Notes to the Financial Statements

for the year ended 30 June 2019

22. Joint Venture

Timaru District Council has an 82% interest in the Downlands Water Supply joint venture, which is accounted for as a jointly controlled entity. Timaru District Council's interests in the jointly controlled entity is as follows:

	Council and Group	
	Actual 2019 \$000	Actual 2018 \$000
Current assets	5,917	5,195
Non-current assets	11,391	11,308
Current liabilities	256	107
Non-current liabilities	0	0
Revenue	1,629	1,520
Expenses	972	914

Details of any commitments and contingent liabilities arising from the group's involvement in the joint venture are disclosed separately in notes 29 and 30.

23. Trade and other payables

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Trade creditors and accruals	6,801	6,928	6,928	7,229
Amounts due to related parties (note 31)	0	736	0	0
Contract retentions	411	354	411	354
Deposits and bonds	505	501	505	501
Revenue in advance	254	224	399	273
Accrued interest expense	544	619	563	631
Total trade and other payables	8,515	9,362	8,806	8,988

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

24. Employee benefit liabilities

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Accrued salaries and wages	3	(2)	7	3
Annual leave	1,327	1,263	1,340	1,276
Long service leave	171	160	171	160
Retiring gratuities	642	749	642	749
Total employee benefits	2,143	2,170	2,160	2,188
Comprising:				
Current	1,945	1,823	1,962	1,841
Non-current	198	347	198	347
Total employee benefits	2,143	2,170	2,160	2,188

Notes to the Financial Statements

for the year ended 30 June 2019

25. Landfill aftercare provision

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Opening balance	6,127	6,717	6,127	6,717
Unused amounts reversed during the year	(1,158)	0	(1,158)	0
Amounts used during the year	0	0	0	0
Increase/(decrease) due to discount rate changes and assessment of liability	1,151	(708)	1,151	(708)
Discount unwinding	107	118	107	118
Closing balance	6,227	6,127	6,227	6,127

Timaru District Council gained a resource consent in May 1995 to operate the Redruth Landfill, Timaru. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The remaining capacity of the site is 840,610 tonnes (refuse, clean fill and cover).

The estimated remaining useful life is 30 years.

Estimates of the life have been made by the Council's engineers based on historical volume information.

The cash outflows for the landfill and post-closure costs are expected to occur in one to fifty five years time (or between 2020 and 2074). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 2.22% (2018: 2.47%).

26. Borrowings

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Current				
Bonds Issued	10,000	5,000	10,000	5,000
LGFA Debt	17,500	27,500	17,500	27,500
Total current borrowings	27,500	32,500	27,500	32,500
Non-current				
Secured loans	0	0	13,900	14,900
Bonds Issued	0	10,000	0	10,000
LGFA Debt	66,984	52,028	66,984	52,028
Total non-current borrowings	66,984	62,028	80,884	76,928

The Council's secured loans are at a floating interest rate. The interest is set quarterly at the 90 day bank bill rate plus the applicable bank margin.

The debt is rolled over on a two and three year cycle, at which time the terms and conditions will be renegotiated. If Timaru District Council decides to refinance this loan it anticipates that the terms and conditions will be similar to the current arrangement.

Timaru District Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Timaru District Council's Long Term Plan.

Security

The overdraft is unsecured. The maximum amount that can be drawn against the overdraft facility is \$nil (2018: \$nil). There are no restrictions on the use of this facility.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Timaru District Council loans are secured over the rating base of the district via Debenture Trust certificates.

Internal borrowings

Information about internal borrowings is provided in the Council Activities section of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Notes to the Financial Statements

for the year ended 30 June 2019

Fair values of non-current borrowings

Council

	Carrying Amount		Fair Value	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Bonds	0	10,000	0	10,000
LGFA Debt	66,984	52,028	66,984	52,028
	<u>66,984</u>	<u>62,028</u>	<u>66,984</u>	<u>62,028</u>

Group

	Carrying Amount		Fair Value	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Secured loans	13,900	14,900	13,900	14,900
Bonds	0	10,000	0	10,000
LGFA Debt	66,984	52,028	66,984	52,028
	<u>80,884</u>	<u>76,928</u>	<u>80,884</u>	<u>76,928</u>

The fair values are based on borrowing rates ranging from 1.82% to 6.00% (2018: 2.05% to 6.00%).

The carrying amounts of borrowings repayable within one year approximate their fair values, as the impact of discounting is not significant.

Long term borrowings are at market rates, therefore carrying amounts approximate their fair values.

Notes to the Financial Statements

for the year ended 30 June 2019

27. Equity

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Retained earnings				
As at 1 July	743,981	726,925	844,755	816,142
Surplus/(deficit) for the year	42,086	14,278	22,588	25,699
Prior Year Adjustment	0	0	0	0
Transfers to:				
Special Funds	(32,573)	(19,298)	(32,629)	(19,357)
Transfers from:				
Special Funds	27,549	22,076	27,553	22,271
As at 30 June	781,043	743,981	862,267	844,755
Special funds				
As at 1 July	35,782	38,560	35,874	38,788
Interest	924	760	924	760
Transfers from:				
Retained earnings	31,649	18,538	31,705	18,597
Transfers to:				
Retained earnings	(27,549)	(22,076)	(27,553)	(22,271)
As at 30 June	40,806	35,782	40,950	35,874
Asset revaluation reserves				
As at 1 July	0	0	0	0
Revaluation gains/(losses)	92	(104)	92	(104)
Revaluation reserve written off	(92)	104	(92)	104
As at 30 June	0	0	0	0
Asset revaluation reserves consist of:				
Library books	0	0	0	0
Total	0	0	0	0
Total Other Reserves	40,806	35,782	40,950	35,874

Information about reserve funds held are provided on the following pages:

Notes to the Financial Statements

for the year ended 30 June 2019

Special Funds											
Name of Fund	Activity	Purpose	2019				2018				
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	
Aquatic Centre contributions	Recreation and Leisure	Funds donated towards to Aquatic centre facility to be used for its construction and funding of interest payments.	0	0	0	0	8	0	8	0	0
Cemetery Future (Tu) Fund	Community Support	Development of future cemetery for Timaru.	87	2	0	89	91	2	6	87	
Collett Bequest (Museum)	Recreation and Leisure	For museum items.	545	16	0	561	530	15	0	545	
Community Development Interest Fund	Community Support	To make major grants (over \$10,000) to non profit community based organisations and clubs for improving or developing new or existing facilities which reflect credit or provide benefit to the Timaru District residents.	355	44	115	284	414	0	59	355	
Community Development Loan Fund	Community Support	To make major loans to non profit community based organisations and clubs for improving or developing new or existing facilities which reflect credit or provide benefit to the Timaru District residents.	286	67	0	353	241	45	0	286	
Contingency Fund	All of Council	For emergency purposes as determined by Council.	1,210	35	10	1,235	861	349	0	1,210	
Depreciation – General Fund	All of Council	For the renewal and/or replacement of district wide funded depreciable assets and for the repayment of loans associated with such assets.	6,247	8,269	10,935	3,581	7,634	8,048	9,435	6,247	
Depreciation Fund – Beautiful Valley Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	73	5	4	74	68	5	0	73	
Depreciation Fund – Geraldine	Roading and Footpaths, Stormwater	For the renewal and/or replacement of Geraldine funded depreciable assets and for the repayment of loans associated with such assets; (excludes water related assets).	274	96	292	78	148	162	36	274	
Depreciation Fund – Orari / Waihi Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	1	0	0	1	1	0	0	1	

Notes to the Financial Statements

for the year ended 30 June 2019

Special Funds										
Name of Fund	Activity	Purpose	2019				2018			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Depreciation Fund – Orari Township Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	237	13	0	250	233	14	10	237
Depreciation Fund – Rangitata / Orari Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	39	16	29	26	26	15	2	39
Depreciation Fund – Rural	Roading and Footpaths, Stormwater	For the renewal and/or replacement of Rural funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	179	74	78	175	140	69	30	179
Depreciation Fund – Seadown Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	719	91	35	774	635	92	8	719
Depreciation Fund – Sewer	Sewer	For the renewal and/or replacement of Sewer depreciable assets and for the repayment of loans associated with such assets.	1,685	3,548	3,886	1,347	2,236	3,209	3,760	1,685
Depreciation Fund – Te Moana Downs Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	577	187	422	342	364	235	22	577
Depreciation Fund – Temuka	Roading and Footpaths, Stormwater	For the renewal and/or replacement of Temuka funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	321	188	529	(20)	132	234	45	321
Depreciation Fund – Timaru	Roading and Footpaths, Stormwater	For the renewal and/or replacement of Timaru funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	2,395	1,227	2,462	1,160	2,766	1,161	1,532	2,395
Depreciation Fund – Urban Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	3,563	2,514	1,999	4,078	5,333	2,490	4,260	3,563
Depreciation Fund (Housing)	Community Support	For the renewal and/or replacement of Housing depreciable assets and for the repayment of loans associated with such assets.	431	254	459	226	398	257	224	431
Development (Tu) Fund	All of Council	Funding of major developments within Timaru. Interest on this fund to be credited to the Community Development Interest Fund.	265	0	0	265	265	0	0	265
Disaster Relief Fund	All of Council	For the replacement of infrastructural assets excluding roading in the event of a natural disaster.	2,630	272	426	2,476	2,974	278	622	2,630

Notes to the Financial Statements

for the year ended 30 June 2019

Special Funds										
Name of Fund	Activity	Purpose	2019				2018			
			Balance 1 July \$'000	Transfer into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000	Balance 1 July \$'000	Transfer into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
District Recreation Facilities Fund	All of Council	To be used for the development of significant recreation facilities in the district.	685	20	0	705	667	18	0	685
Dowling Bequest	Recreation and Leisure	For the purchase of Christian fiction literature for the library.	23	0	2	21	25	0	2	23
Downlands Asset Replacement Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	5,061	941	457	5,545	4,293	1,111	343	5,061
Downlands Capital Contribution Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	123	10	0	133	114	9	0	123
Economic Development Fund	Community Support	For economic development support.	276	8	0	284	268	8	0	276
Election Expenses Fund	Democracy	To provide for meeting election expenses.	13	56	37	32	26	50	63	13
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	475	315	0	790	455	20	0	475
Forestry Development Fund	Recreation and Leisure	To provide funding for the development of forests within the District.	424	12	41	395	481	12	69	424
George Barclay Bequest	Recreation and Leisure	Original bequest was \$600. Interest to be used for the purchase of reference books for the Timaru Children's Library.	2	0	0	2	2	0	0	2
Grants & Donations Fund	Community Support	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	147	119	50	215	66	215	134	147
Investment Fund	All of Council	1. For the repayment of district wide loans. 2. For the funding of district wide capital projects. 3. For provision of internal loans.	1,260	740	200	1,800	1,236	667	643	1,260
Joan & Percy Davis Library Trust (Ger)	Recreation and Leisure	Interest to be used to purchase books for the Geraldine Library. (8/7/82)	1	0	0	1	1	0	0	1
Jordan Bequest (Art Gallery)	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	0	547	22	525	0	0	0	0
Jordan Bequest (Museum)	Recreation and Leisure	For the purchase of articles for the Museum.	0	228	0	228	0	0	0	0
Lattimore W A (Tu) Bequest	Recreation and Leisure	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	17	0	2	15	18	1	2	17
Mackay Bequest (Art Gallery)	Recreation and Leisure	For the purchase of paintings.	236	7	9	234	233	3	0	236
Mackay Bequest (Library)	Recreation and Leisure	For the purchase of books relating to art for the Timaru Library.	150	4	1	153	150	2	2	150

Notes to the Financial Statements

for the year ended 30 June 2019

Special Funds											
Name of Fund	Activity	Purpose	2019			2018					
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	
Main Creative Communities NZ Fund	Community Support	Carried forward balance of Creative Communities NZ fund – main committee.	9	6	0	15	3	6	0	9	
Main Drains Cost Sharing Fund	Sewer, Stormwater, Water Supply	Extension of main drains on a cost sharing basis.	1,342	56	0	1,398	1,123	219	0	1,342	
Mayor's Welfare Fund	Democracy	Help out the needy as determined by the Mayor.	15	0	1	14	14	1	0	15	
McCarthy Bequest - Library	Recreation and Leisure	For general purposes at the Timaru Public Library	13	0	0	13	27	1	15	13	
McCarthy Bequest - Parks	Recreation and Leisure	For general purposes at the Timaru gardens	48	1	0	49	46	2	0	48	
Museum Acquisition Fund/ Alan Ward Fund	Recreation and Leisure	For the purchase of articles for the Museum.	10	0	0	10	9	1	0	10	
Officials' Indemnity, Safety and Health Fund	All of Council	For the purpose of officials' indemnity insurance excess, and for providing funds to comply with Occupational Health and Safety Regulations.	541	15	39	517	559	16	34	541	
Parking Improvement (Tu) Fund	Roading and Footpaths	For the purchase of land buildings, or equipment which will be used for providing, or in association with, parking facilities within Timaru or for meeting the annual charges on any loan raised for any of these purposes.	389	7	270	126	265	124	0	389	
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	667	19	0	686	855	197	385	667	
R C Hervey Fund	Recreation and Leisure	For providing improved services to the Timaru Library.	77	2	0	79	75	2	0	77	
Reserves Development (Tu) Fund	Recreation and Leisure	For the planting of trees and general development of reserves owned by the District Council within Timaru.	12	0	0	12	11	1	0	12	
Reserves from Subdivisions/ Development Levy	Recreation and Leisure	Development of reserves within the District as set out in the Local Government Act 1974 Section 288.	119	44	23	139	87	44	12	119	
Safer Community Funds	Community Support	For Safer Communities projects.	393	10	76	327	427	12	46	393	
Sevick-Jones Bequest	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	0	2	0	2	0	0	0	0	
Social Housing Fund (TDC)	Community Support	Funding of new social housing units and major maintenance.	0	0	0	0	0	0	0	0	

Notes to the Financial Statements

for the year ended 30 June 2019

Special Funds											
Name of Fund	Activity	Purpose	2019				2018				
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	
Sport and Recreation Loan Fund	Community Support	Sport and Recreation loans for facilities and/or major plant items in excess of \$2,000 total value.	688	144	0	832	1,089	99	500	688	
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	340	13	0	353	327	13	0	340	
Timaru Ward Capital Asset and Loan Repayment Fund	All of Council	For the purpose of repayment of Timaru Ward separate rate loans and/or Timaru Ward Capital Projects.	20	1	0	21	20	0	0	20	
Winchester Domain Fund	Recreation and Leisure	For maintenance and development of the Winchester Domain area	88	2	7	83	90	3	5	88	
Total Restricted Reserves			35,783	20,246	22,918	33,111	38,560	19,537	22,314	35,783	

Notes to the Financial Statements

for the year ended 30 June 2019

Separate Funds											
Name of Fund	Activity	Purpose	2019			2018			Balance 30 June \$000	Transfers out of fund \$000	Balance 30 June \$000
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000			
Fishing Huts - Rangitata	Recreation and Leisure	Each fishing hut area retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	0	50	51	(1)	0	0	0	0	
Fishing Huts - Stratheona	Recreation and Leisure	Each fishing hut area retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	0	36	0	36	0	0	0	0	
Geraldine Community Board	Democracy	Each community board area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated board. Each individual reserve balance is only available for use by that board.	0	43	0	43	0	0	0	0	
Pleasant Point Community Board	Democracy	Each community board area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated board. Each individual reserve balance is only available for use by that board.	0	25	0	25	0	0	0	0	
Temuka Community Board	Democracy	Each community board area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated board. Each individual reserve balance is only available for use by that board.	0	51	0	51	0	0	0	0	
Fairview Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that Community Hall area.	0	6	9	(2)	0	0	0	0	

Notes to the Financial Statements

for the year ended 30 June 2019

Separate Funds										
Name of Fund	Activity	Purpose	2019			2018			Balance 30 June \$000	Balance 30 June \$000
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Transfer into fund \$000	Transfers out of fund \$000		
Claremont Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that Community Hall.	0	6	5	1	0	0	0	
Otipua Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that Community Hall.	0	1	1	0	0	0	0	
Kingsdown Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that Community Hall.	0	6	5	0	0	0	0	
Seadown Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that Community Hall.	0	4	0	4	0	0	0	
Waste Minimisation	Waste Minimisation	Each waste collection area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that waste collection area.	0	3,260	630	2,630	0	0	0	
Geraldine Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	0	190	0	190	0	0	0	

Notes to the Financial Statements

for the year ended 30 June 2019

Separate Funds											
Name of Fund	Activity	Purpose	2019			2018					
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000		
Rural Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	0	123	52	71	0	0	0	0	0
Temuka Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	0	272	53	219	0	0	0	0	0
Timaru Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	0	460	296	164	0	0	0	0	0
District Sewer	Sewer	Each sewerage scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	4,758	2,175	2,583	0	0	0	0	0
Beautiful Valley Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	3	5	(2)	0	0	0	0	0
Orari Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	25	0	25	0	0	0	0	0

Notes to the Financial Statements

for the year ended 30 June 2019

Separate Funds										
Name of Fund	Activity	Purpose	2019				2018			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Rangitata Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	332	29	303	0	0	0	0
Seadown Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	172	0	172	0	0	0	0
Te Moana Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	862	0	862	0	0	0	0
Urban Water Supplies	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	1,270	1,294	(24)	0	0	0	0
Dog Control	District Planning and Environmental Services	Council's dog control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity.	0	372	24	348	0	0	0	0
			0	12,327	4,631	7,696	0	0	0	0

Notes to the Financial Statements

for the year ended 30 June 2019

28. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus/(deficit) after tax	42,086	14,278	22,588	25,699
Add/(less) non-cash items:				
Share of associate surplus/(deficit)	0	0	(4,173)	(2,945)
Taxable Bonus Issue	(30,000)			
Depreciation and amortisation	15,997	15,481	16,179	15,668
Impairment Charges	0	0	-	250
Vested assets	(1,930)	(1,573)	(1,930)	(1,573)
(Gains)/losses in fair value of biological assets	(156)	(182)	(156)	(182)
(Gains)/losses in fair value of investment property	(91)	(40)	(3,820)	(5,727)
Increase/(decrease) in deferred taxation	0	0	(109)	115
(Gains)/losses in fair value of derivatives	1,567	312	1,382	165
(Gains)/losses in fair value of debt instruments	(13)	(13)	(13)	(13)
Movement in provision	100	(590)	100	(590)
Other	1,317	236	1,299	236
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	20	(93)	20	(92)
Add/(less) movements in working capital items:				
Accounts receivable	(1,305)	829	(1,144)	837
Inventories	11	(20)	11	(20)
Accounts payable	(846)	984	(182)	844
Net cash inflow/(outflow) from operating activities	26,717	29,795	30,012	32,856

29. Capital commitments and operating leases

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Capital commitments				
Roading network	178	3,826	178	3,826
Water system	518	1,309	518	1,309
Sewerage system	45	465	45	465
Buildings and improvements	0	0	0	0
	741	5,600	741	5,600

Refer to note 20 for capital commitments for investment properties.

Notes to the Financial Statements

for the year ended 30 June 2019

Operating leases as lessee

Timaru District Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Not later than one year	78	254	78	254
Later than one year and not later than five years	1	80	1	80
Later than five years	0	0	0	0
Total non-cancellable operating leases	79	334	79	334

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2018: \$nil).

Leases can be renewed at Timaru District Council's option, with rents set by reference to current market rates for items of

equivalent age and condition. Timaru District Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Timaru District Council by any of the leasing arrangements.

Operating leases as lessor

Timaru District Council leases its investment property under operating leases. These leases have a non-cancellable term of between 1 year and 14 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Not later than one year	195	176	2,306	2,197
Later than one year and not later than five years	655	622	5,629	5,608
Later than five years	433	523	22,455	24,380
Total non-cancellable operating leases	1,283	1,321	30,390	32,185

No contingent rents have been recognised in the statement of financial performance during the period.

30. Contingencies

Contingent Liabilities

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Building Act Claims	0	0	0	0
Housing NZ social housing advance	1,100	1,100	1,100	1,100
Other legal proceedings	0	0	0	0
	1,100	1,100	1,100	1,100

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect of the issuing of building consents and inspection work done. At the date of this report, matters that have been brought to the Council's attention, indicate potential liabilities of \$nil (2018: \$nil).

RiskPool provides public liability and professional indemnity insurance to its members. The Council was a member of RiskPool until 30/6/2017. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the fund year. The Council received a notice during 2009 for a call for additional contributions in respect of the 2002/03 and 2003/04 Fund years as those

Notes to the Financial Statements

for the year ended 30 June 2019

funds are exhibiting deficits due to the “leaky buildings” issue. A further notice was received by Council in May 2019 for a call on 1 July 2019.

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2019 (2018: \$1,100,000) towards the construction of social housing units. This advance is repayable, with interest, if the Council withdraws its investment in the joint funded social housing.

Timaru District Council was vested ownership of the site at 2 North Street Timaru on 16 September 2016 by a ruling of the High Court of New Zealand, following the property becoming disclaimed property. Timaru District Council has been involved in a multi-agency response, that has included government agencies and local government, to address contamination issues caused by the prior use of the site. The cost of the clean up to date has been met with funding from the Ministry for the Environment. The agencies involved will continue to seek external funding for any remaining remedial work.

Timaru District Council has 18,550,000 shares (2018: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2018: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25m with ANZ Bank for the credit facilities with Timaru District Holdings Limited.

Local Government Funding Agency

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 2019, NZLGFA had borrowings totalling \$9.5 billion (2018: \$8.3 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.

Joint Venture contingent liabilities

There are no contingent liabilities associated with Downlands Water Supply Joint Venture (2018: \$nil).

Associates contingent liabilities

Timaru District Council’s share of contingent liabilities of PrimePort Timaru Limited and Alpine Energy Limited, incurred jointly with other investors, is \$nil (2018: \$nil).

Primeport has no contingent liabilities at balance date (2018: \$1.85 million)

Alpine Energy Limited group has contingent liabilities as at 31 March 2019 of \$5.677m in the form of performance and import guarantees to cover ongoing project work (2018: \$9.106m)

Contingent assets

Timaru District Council and group do not have any contingent assets.

Notes to the Financial Statements

for the year ended 30 June 2019

31. Related party transactions

During the year to 30 June 2019, the Council entered into various transactions with its associate companies (PrimePort Timaru Limited and Alpine Energy Limited), subsidiaries (Timaru District Holdings Limited, Aorangi Stadium Trust and Aoraki Development and Promotions Limited) and joint venture (Downlands Water Supply).

The following transactions were carried out with related parties:

	Actual 2019 \$000	Actual 2018 \$000
Timaru District Holdings Limited		
Rates paid to Timaru District Council	330	290
Interest paid to Timaru District Council	727	736
Services provided by Timaru District Council	360	179
Services provided to Timaru District Council	2	736
Loans payable to Timaru District Council	22,180	22,180
Accounts payable to Timaru District Council	94	805
Accounts receivable from Timaru District Council		736
Dividends paid to Timaru District Council	32,750	2,650
The loan payable to Timaru District Council is secured by a debenture over the company's assets.		
PrimePort Timaru Limited		
Services provided by Timaru District Council	166	43
Services provided to Timaru District Council	0	0
Accounts payable to Timaru District Council	7	0
Accounts receivable from Timaru District Council	0	0
Aoraki Development and Promotions Limited		
Services provided by Timaru District Council	0	0
Services provided to Timaru District Council	530	530
Accounts payable to Timaru District Council	0	0
Accounts receivable from Timaru District Council	152	0
Downlands Water Supply		
Services provided by Timaru District Council	310	231
Services provided to Timaru District Council	0	0
Rates collected by Timaru District Council	1,559	1,386
Accounts payable to Timaru District Council	63	32
Accounts receivable from Timaru District Council	0	338
Alpine Energy Limited		
Services provided by Timaru District Council	188	29
Services provided to Timaru District Council	292	1,323
Accounts payable to Timaru District Council	4	1
Accounts receivable from Timaru District Council	22	32

Notes to the Financial Statements

for the year ended 30 June 2019

Key Management Personnel

During the year Councillors and key management, and any other entities they have an interest in, as part of a normal customer relationship, were involved in minor transactions with Timaru District Council (such as the payment of rates etc).

During the year, Timaru District Council purchased goods and services from Parr & Co Limited, an organisation in which the Mayor is a Director. The transactions amounted to \$20,047 (2018: \$19,621). The balance outstanding as at 30 June 2019 is \$1,860 (2018: \$441).

During the year, Timaru District Council purchased goods and services from Air & Power Industrial Limited, an organisation in which the Mayor is a Director. The transactions amounted to \$479 (2018: \$Nil). The balance outstanding as at 30 June 2019 is \$Nil (2018: \$Nil).

Key management personnel compensation

Salaries and other short term employment benefits
 Post employment benefits
 Other long term benefits
 Termination benefits
Total key management personnel compensation

	Actual 2019 \$000	Actual 2018 \$000
	2,017	1,758
	0	0
	0	0
	0	0
	2,017	1,758

Key management personnel include Mayor, Councillors (10FTE), Chief Executive and other senior management personnel (6FTE).

32. Remuneration

Elected representatives

	Total remuneration			
	Council		Group	
	2019	2018	2019	2018
Mayor Odey	116,411	112,632	145,761	144,046
Councillor Lyon	50,908	48,509	68,908	66,509
Councillor Mulvey	0	0	0	0
Councillor Earnshaw	0	0	0	5,522
Councillor Stevens	47,138	43,751	65,138	61,751
Councillor Tierney	0	0	0	0
Councillor Brien	0	0	0	0
Councillor Burt	45,439	43,285	45,439	48,285
Councillor Jack	45,439	43,030	45,439	43,030
Councillor Wills	45,439	43,285	45,439	43,285
Councillor O'Reilly	38,485	36,718	38,485	36,718
Councillor Leslie	38,504	36,723	43,504	36,723
Councillor Parker	38,328	36,532	38,328	36,532
Councillor Bowen	38,328	28,559	38,328	28,559
Chief Executive	301,149	291,123	301,149	291,123

Notes to the Financial Statements

for the year ended 30 June 2019

Total annual remuneration by band for Timaru District Council employees as at 30 June:

	Council		Council
	2019		2018
<\$60,000	227	<\$60,000	239
\$60,000 - \$79,999	62	\$60,000 - \$79,999	62
\$80,000 - \$99,999	26	\$80,000 - \$99,999	18
\$100,000 - \$119,999	15	\$100,000 - \$119,999	10
\$120,000 - \$139,999	6	\$120,000 - \$179,999	6
\$140,000 - \$219,999	7	\$180,000 - \$299,999	5
\$220,000 - \$320,000	2	\$300,000 - \$320,000	0
	345		340

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 195 full-time employees (2018: 185), with the balance of staff representing 45 full-time equivalent employees (2018: 55). A full-time employee is determined on the basis of working a 37.5 or 40-hour working week.

33. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified

in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Timaru District Council has the following Council created reserves:

- reserves for different areas of benefit
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

34. Events after balance sheet date

There are no significant events subsequent to balance sheet date.

Notes to the Financial Statements

for the year ended 30 June 2019

35. Financial instruments

Financial Instrument Categories

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
FINANCIAL ASSETS				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument assets	0	0	0	0
Other financial assets:				
- Investments in debt securities	3,108	3,787	3,108	3,787
Total fair value through surplus or deficit	3,108	3,787	3,108	3,787
Loans and receivables				
Cash and cash equivalents	11,496	12,237	13,325	13,026
Trade and other receivables	7,158	5,853	8,451	7,309
Other financial assets:				
- Term deposits	44,330	45,280	45,006	47,040
- Community loans	502	564	502	564
- Loans to related parties	22,180	22,180	0	0
Total loans and receivables	85,666	86,114	67,284	67,939
Fair value through other comprehensive revenue				
Other financial assets:				
- Unlisted shares	269	269	269	269
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	4,225	2,659	4,667	3,283
Financial liabilities at amortised cost				
Trade and other payables	8,515	9,362	8,806	8,988
Borrowings:				
- Bank overdraft	0	0	0	0
- Lease liabilities	0	0	0	0
- Secured loans	0	0	13,900	14,900
- Bonds	94,484	94,528	94,484	94,528
- Redeemable Preference Shares	0	0	0	0
Total financial liabilities at amortised cost	102,999	103,890	117,190	118,416

Fair value

The Council carries certain financial assets and financial liabilities at fair value. In accordance with PBE IPSAS 30 - Fair Value Measurement, Council uses various methods in estimating the fair value of its financial instruments. The methods comprise:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of Investment Properties is Level 2 as per Note 20.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

Notes to the Financial Statements

for the year ended 30 June 2019

	Valuation technique			
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
30 June 2019 - Council				
Financial assets				
Investments in debt securities	3,108	0	3,108	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	4,225	0	4,225	0
30 June 2019 - Group				
Financial assets				
Investments in debt securities	3,108	0	3,108	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	4,667	0	4,667	0
30 June 2018 - Council				
Financial assets				
Investments in debt securities	3,787	0	3,787	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	2,659	0	2,659	0
30 June 2018 - Group				
Financial assets				
Investments in debt securities	3,787	0	3,787	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	3,283	0	3,283	0

There were no transfers between the different levels of the financial hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the operating balance to the closing balance for the level 3 fair value measurements:

	2019 \$000	2018 \$000
Balance as at 1 July	270	270
Gain and losses recognised in the surplus or deficit	0	0
Gain and losses recognised in other comprehensive revenue	0	0
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance as at 30 June	270	270

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Notes to the Financial Statements

for the year ended 30 June 2019

Financial Instruments risks

Timaru District Council has a series of policies to manage the risks associated with financial instruments. Timaru District Council is risk averse and seeks to minimise exposure from its treasury activities. Timaru District Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Timaru District Council is not exposed to currency risk as it does not enter into foreign currency transactions.

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the Timaru District Council to fair value interest rate risk. Timaru District Council's Liability Management policy outlines the level of borrowing that is to be sourced using fixed rate instruments.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Timaru District Council to cash flow interest rate risk.

Timaru District Council manages its cash flow interest rate risk on borrowings by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Timaru District Council borrowed at fixed rates directly. Under the interest rate swaps, Timaru District Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed national principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Timaru District Council, causing the Council to incur a loss. Timaru District Council has no significant concentrations of risk, as it has a large number of customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Timaru District Council invests funds in accordance with its Investment policy which limits the amount of credit exposure to any one institution and ensures dispersion and minimisation of risk.

Timaru District Council has no other collateral or other credit enhancements for financial instruments that give rise to credit risk.

Timaru District Council's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash at bank and term deposits	55,826	57,517	58,331	60,066
Trade and other receivables	7,158	5,853	8,451	7,309
Community loans	502	564	502	564
Related party loans	22,180	22,180	0	0
Investments in debt securities	3,108	3,787	3,108	3,787
Derivative financial instrument assets	0	0	0	0
Total credit risk	88,774	89,901	70,392	71,726

All cash at bank and term deposits are neither past due nor impaired and are made with registered banks with Standard and Poor's credit ratings of A1 or better short term.

All investments in debt securities are neither past due nor impaired and are made with counterparties with Standard and Poor's credit ratings of BBB or better long term or with other local authorities.

Community loans are with counterparties with no defaults in the past.

Notes to the Financial Statements

for the year ended 30 June 2019

Liquidity risk

Liquidity risk is the risk that Timaru District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Timaru District Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and ensure all investments are readily tradable.

Timaru District Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Council's Long Term Plan.

Timaru District Council has a maximum amount that can be drawn down against its overdraft facility of \$nil (2018: \$nil). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Timaru District Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2019					
Trade and other payables	8,515	8,515	0	0	0
Bonds	94,484	27,500	10,000	47,000	9,984
Total	102,999	36,015	10,000	47,000	9,984
Group 2019					
Trade and other payables	8,806	8,806	0	0	0
Secured loans	13,900	3,000	10,900	0	0
Bonds	94,484	27,500	10,000	47,000	9,984
Total	117,190	39,306	20,900	47,000	9,984
Council 2018					
Trade and other payables	9,362	9,362	0	0	0
Bonds	94,528	32,500	10,000	47,000	5,028
Total	103,890	41,862	10,000	47,000	5,028
Group 2018					
Trade and other payables	8,988	8,988	0	0	0
Secured loans	14,900	3,000	11,900	0	0
Bonds	94,528	32,500	10,000	47,000	5,028
Total	118,416	44,488	21,900	47,000	5,028

Contractual maturity analysis of derivative financial instruments

The table below analyses Timaru District Council's maturity dates for interest rate derivative financial instruments.

	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000
Council 2019	0	11,900	24,000	22,000
Council 2018	0	4,000	27,900	26,000
Group 2019	0	20,400	24,000	22,000
Group 2018	0	7,000	36,400	26,000

Notes to the Financial Statements

for the year ended 30 June 2019

Contractual maturity analysis of financial assets

The table below analyses Timaru District Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000
Council 2019				
Cash and cash equivalents	11,496	11,496	0	0
Trade and other receivables	7,158	7,158	0	0
Loans to related parties	22,180	0	0	22,180
Unlisted shares	269	0	0	269
Other financial assets:				
- term deposits	44,330	44,330	0	0
- community loans	502	157	307	38
- investment in debt securities	3,108	0	2,924	184
Total	89,044	63,141	3,231	22,672
Group 2019				
Cash and cash equivalents	13,325	13,325	0	0
Trade and other receivables	8,451	8,451	0	0
Unlisted shares	270	0	0	270
Other financial assets:				
- term deposits	45,006	45,006	0	0
- community loans	502	157	307	38
- investment in debt securities	3,108	0	2,924	184
Total	70,662	66,939	3,231	492
Council 2018				
Cash and cash equivalents	12,237	12,237	0	0
Trade and other receivables	5,851	5,851	0	0
Loans to related parties	22,180	0	0	22,180
Unlisted shares	269	0	0	269
Other financial assets:				
- term deposits	45,280	45,280	0	0
- community loans	564	172	354	38
- investment in debt securities	3,787	764	2,335	688
Total	90,168	64,304	2,689	23,175
Group 2018				
Cash and cash equivalents	13,026	13,026	0	0
Trade and other receivables	7,307	7,307	0	0
Unlisted shares	270	0	0	270
Other financial assets:				
- term deposits	47,040	47,040	0	0
- community loans	564	76	446	42
- investment in debt securities	3,787	1,530	732	1,525
Total	71,994	68,979	1,178	1,837

Notes to the Financial Statements

for the year ended 30 June 2019

36. Severance payments

For the year ended 30 June 2019, the Council made one (2018: 0) severance payments to employees totalling \$55,756 (2018: \$0).

37. Explanation of major variances against budget

Timaru District Council made a net surplus of \$42.08 million (budgeted surplus of \$4.957 million)

Revenue and expenditure	\$000
Annual Plan surplus	4,233
Increases/(Reductions)	
Losses (on fair value of derivatives)	(1,567)
Vested Assets	1,573
Finance Income	654
Bequests	764
NZTA Subsidy	750
Other increases in revenue	2,430
Taxable Bonus Share Issue	30,000
Landfill aftercare provision decrease	(100)
Depreciation	521
Finance costs	1,539
Subventions	807
Other decreases in expenditure	482
	37,853
Annual Report surplus	42,086

The major reasons for the variance between actual and budgeted net surplus were:

- Timaru District Holdings Limited declared a Taxable Bonus Share Issue of \$30,000,000 on June 29, 2019. This was a non cash transaction, which increased Dividend Revenue by \$30,000,000 and the Council's Shareholding in Timaru District Holdings Limited by \$30,000,000.
- NZTA provided additional funding of \$750,000 for footpaths. This funding is available following a change in NZTA policy, after the 2018-19 budget was adopted. Funding from NZTA is usually confined to Rooding, Street Lighting and Road Safety.
- Timaru District Council formed a consolidated Tax Group with Timaru District Holdings Limited on 1 July 2019. In a consolidated tax group Subvention Losses are not available to be purchased. Timaru District Council budgeted to purchase subvention losses of \$887,000 during the year. There was an overstatement of \$80,000 from the 2017/18 year which led to a \$807,000 variance against budget.
- Unrealised loss on interest rate swaps of \$1,567,000, which is not budgeted for due to inherent difficulties in forecasting market conditions. A loss of swaps arises when interest rates at valuation date are lower than when last valued.
- A large volume of residential developments were completed during the year, a result of which is that \$1,242,000 worth of infrastructure assets were vested in Council, which is shown as revenue for the year.
- The Aorangi Park Association vested a Sports Pavilion situated on Timaru District Council land to the Council. The Fair Value of the Pavilion was \$687,000 at the vesting date.
- There has been an increase in the landfill aftercare provision of \$100,000 due to interest rate changes and reassessment of the costs to provide aftercare.
- Actual costs for depreciation were lower than forecast by \$521,000, mainly due to timing of significant capital projects.
- Finance costs were lower than budget by \$1,539,000 due to timing of expenditure on projects meaning that loans are not needed until later than expected, as well as lower than forecast interest rates.

Notes to the Financial Statements

for the year ended 30 June 2019

Statement of financial position

The Taxable Bonus share issue by Timaru District Holdings Limited increased Timaru District Council's shareholding by \$30,000,000.

Due to the timing of capital expenditure projects, partially offset by reduced depreciation, fixed assets are below budgeted level. As a result of this, borrowings are also slightly less than budgeted. Some loan funding has been drawn down in advance of planned capital expenditure, which has resulted in increases in short-term investments.

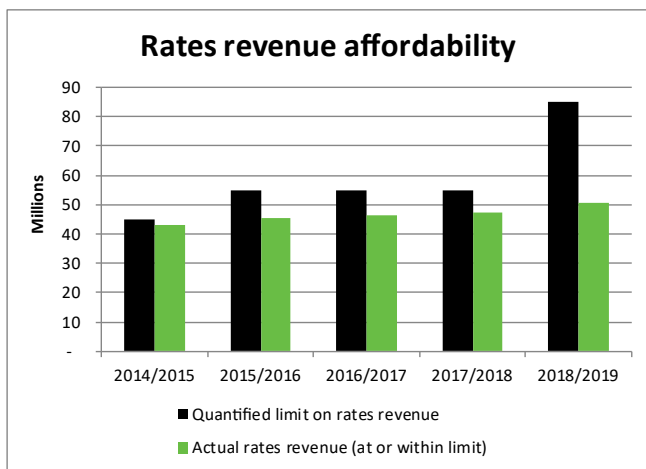
Disclosure Statement

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

1. Rates (revenue) affordability benchmark

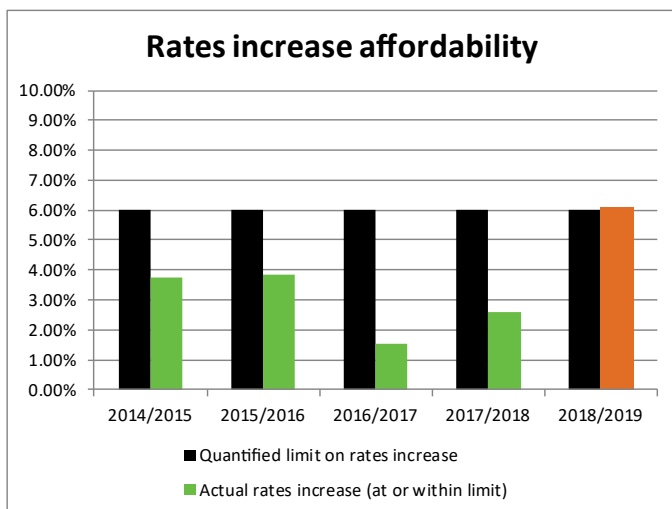
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

The quantified limit is \$45m (2014/2015), \$55m (from 2015/2016 to 2017/2018), and \$85m (from 2018/2019).



2. Rates (increase) affordability benchmark

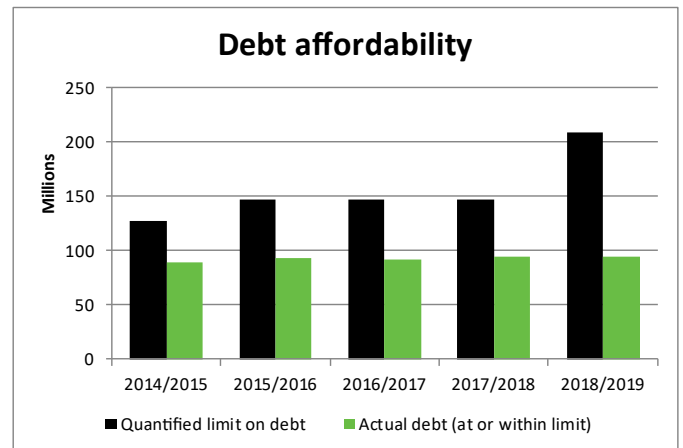
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6%. The quantified limit was exceeded during the 2018/19 year due to additional rating units being added to the rating database between the adoption of the annual plan and the striking of rates for the year. Council adopted a 5.8% increase for the 2018/19 year.



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 (2014/2015) and \$147m (from 2015/2016 to 2017/2018) and \$209m (from 2018/2019).

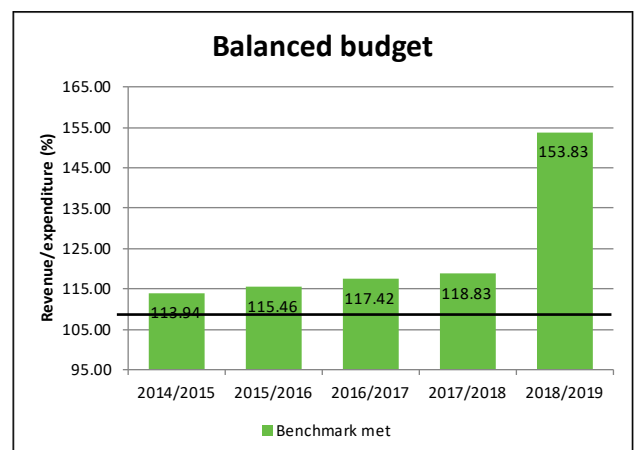
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



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).

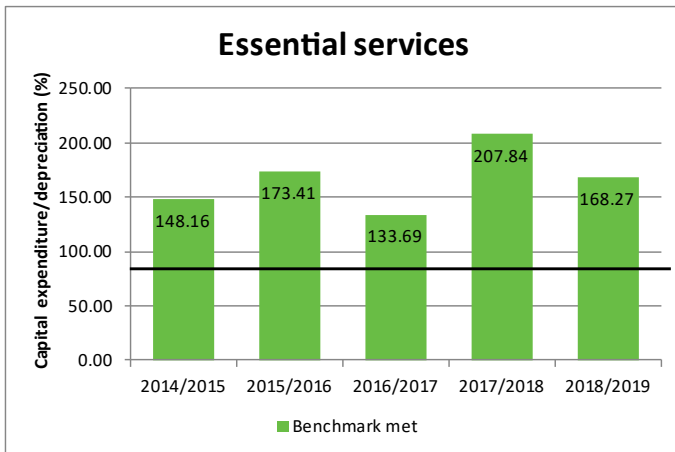
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. The 2018/19 balanced budget figure is impacted by the one off non-cash bonus share issue from TDHL showing as dividend income. Adjusting for this, the balanced budget measure would be 117.33%.



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.

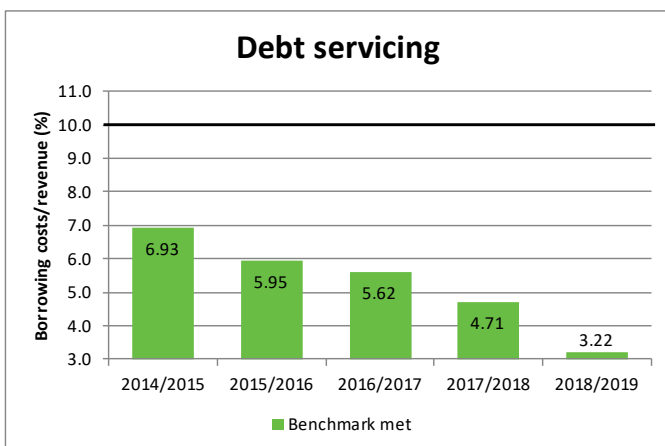


6. Debt servicing benchmark

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.

The 2018/19 balanced budget figure is impacted by the one off non-cash bonus share issue from TDHL showing as dividend income. Adjusting for this the debt servicing measure would be 4.31%.

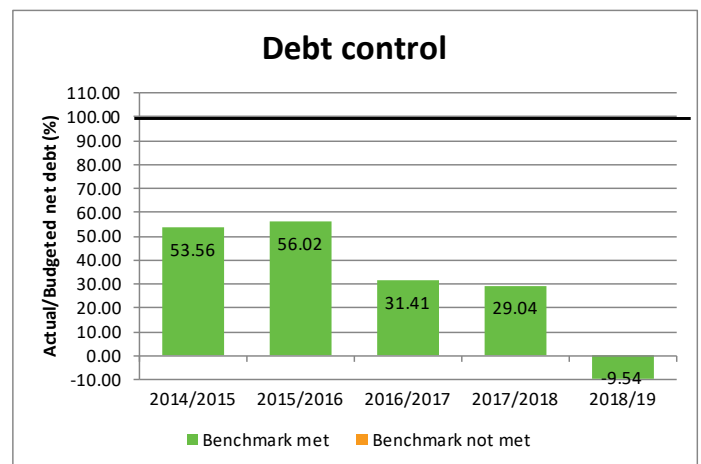


7. Debt control benchmark

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.

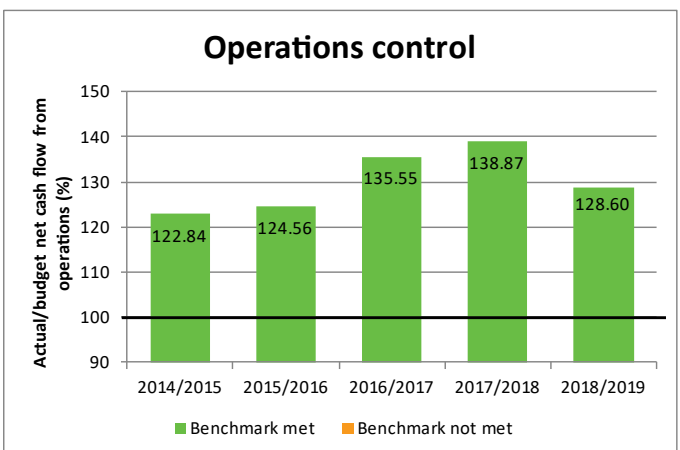
The 2018/19 balanced budget figure is impacted by the one off non-cash bonus share issue from TDHL increasing the Council's investment in CCOs. Adjusting for this, the debt control measure would be 31.18%.



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.





Other information



Directory

Timaru District Council

Timaru District Council
PO Box 522
Timaru 7940

Location

Timaru Main Office:
2 King George Place
Timaru 7910
Telephone: (03) 687-7200
Email: enquiry@timdc.govt.nz
Website: www.timaru.govt.nz
Hours (except statutory holidays):
Mon – Fri, 8.30am – 5pm

Temuka Service Centre:

72-74 King Street, Temuka 7920
Telephone: (03) 687 7591
Hours (except statutory holidays):
Mon – Thu, 8.30am – 5pm
Fri, 8.30am – 6pm
Sat, 10am – 1pm

Geraldine Service Centre:

78 Talbot Street, Geraldine 7930
Telephone: (03) 693-9336
Hours (except statutory holidays):
Mon – Thu, 8.30am – 5pm
Fri, 8.30am – 6pm
Sat, 10am – 1pm

Bankers:

Bank of New Zealand
247 Stafford Street
Timaru 7910

Auditors:

Audit New Zealand
on behalf of the Controller and Auditor-General
PO Box 99
Wellington 6140

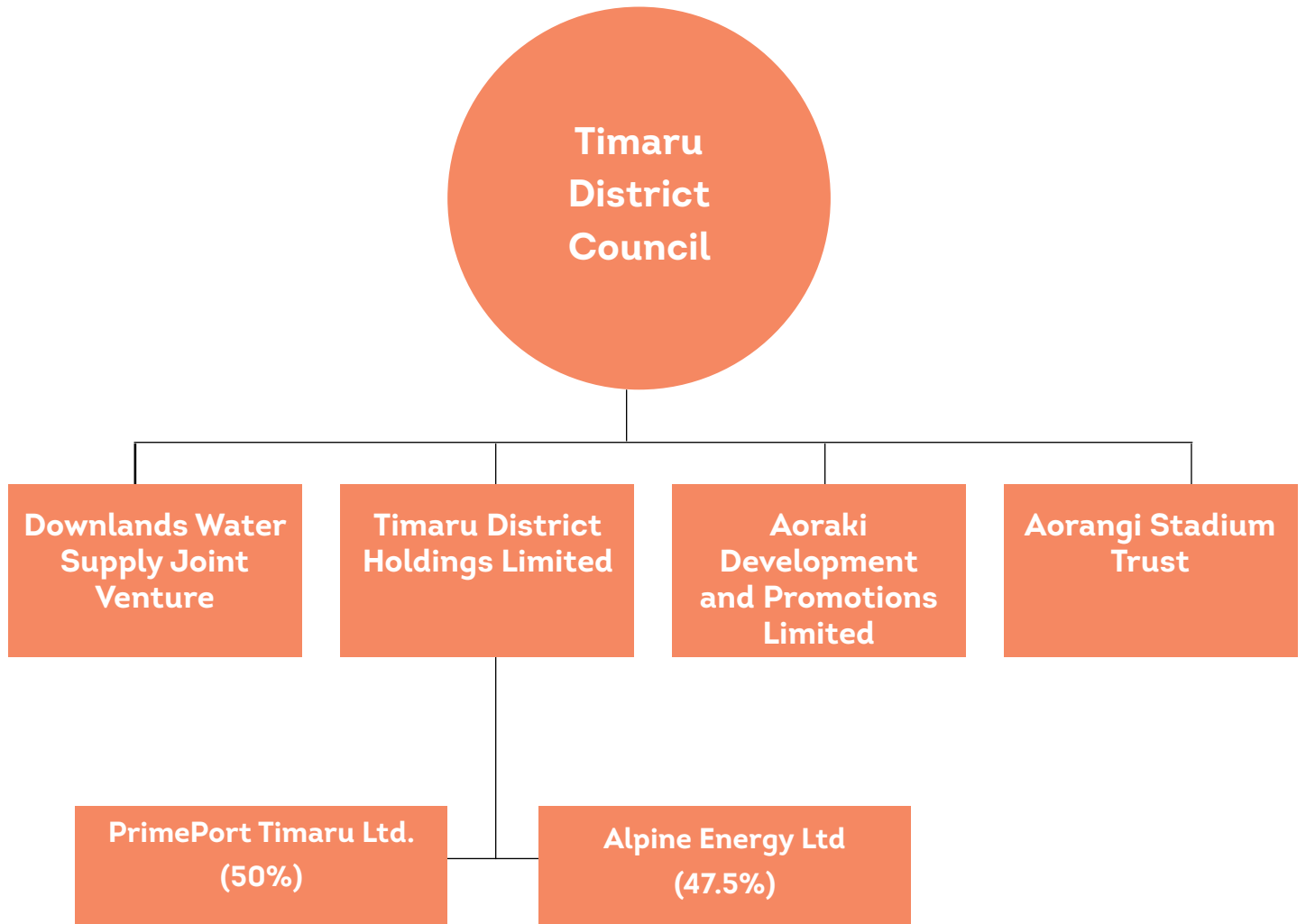
Coat of Arms

The grant of armorial bearings to the City of Timaru was made by the College of Heralds, London, by letters patent dated 18 October 1977. The original grants document with its impressive artwork and gold seals is displayed outside the Council Chamber in the upstairs foyer of the District Council Building, King George Place, Timaru. Although granted to the former Timaru City Council, the heraldic emblems used are equally applicable to the whole district and use of the Coat of Arms by the District Council has been approved by the New Zealand Herald of Arms.

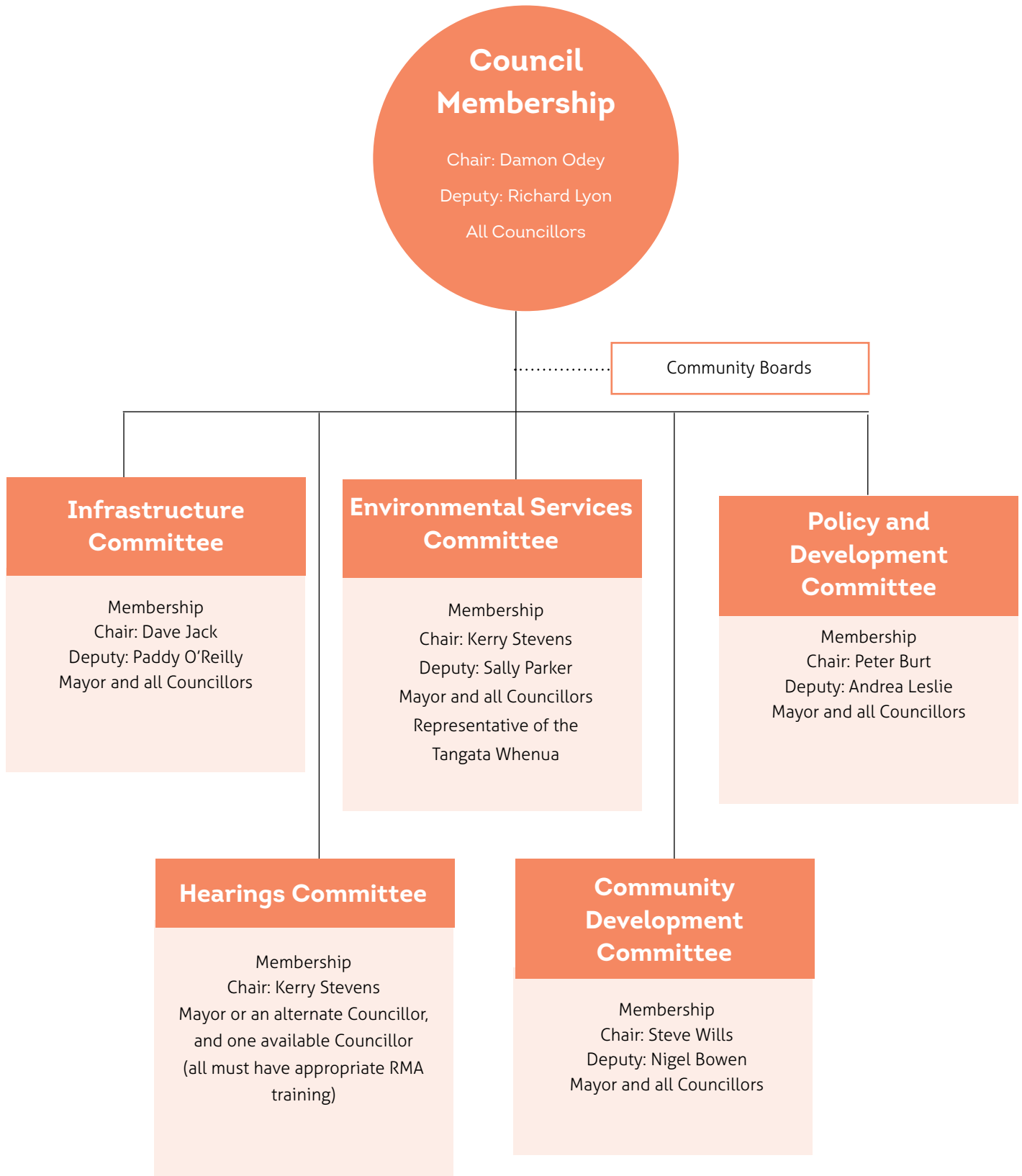
The Timaru District Council Coat of Arms is used to accentuate the civic responsibilities of Council or to denote Mayoral authority.

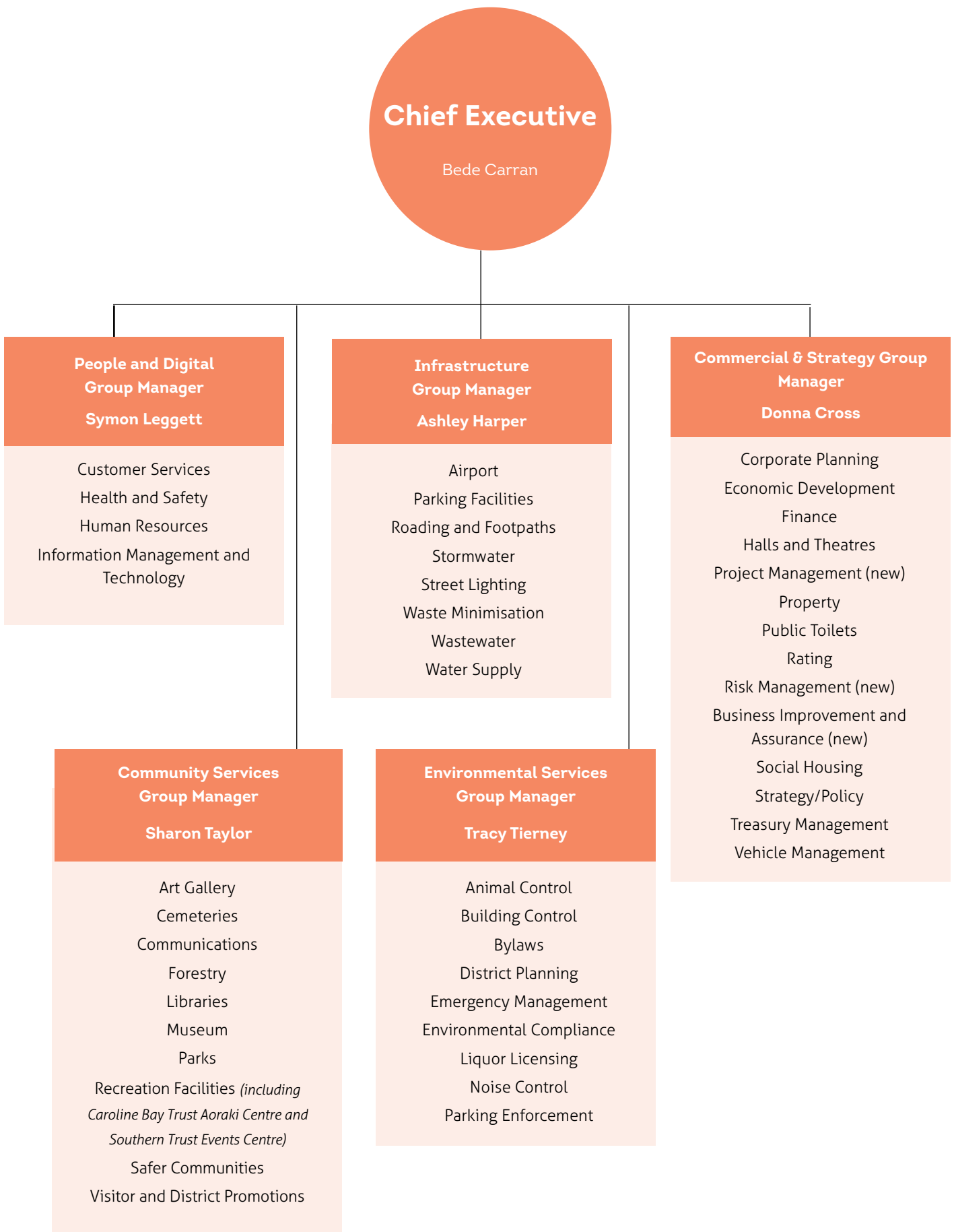


Group Organisation Structure



Council Committees (as at September 2019)





Our Workforce

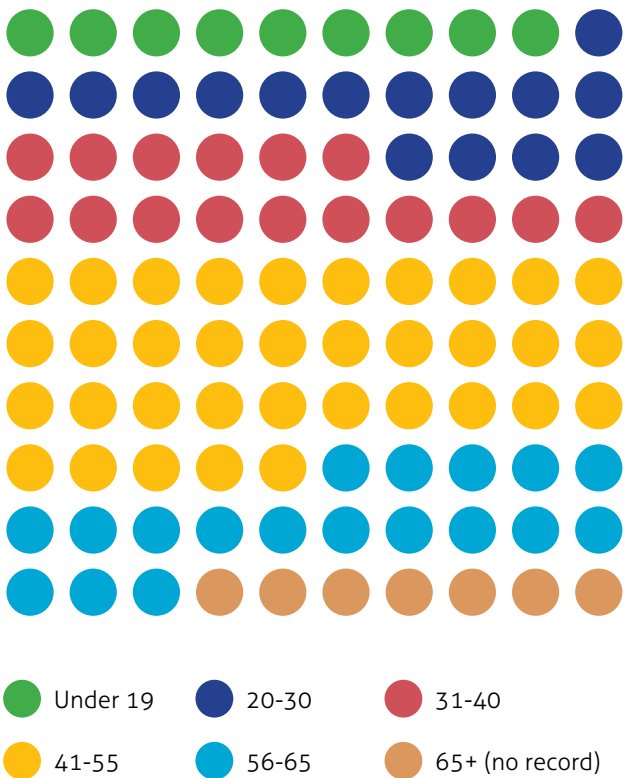
Timaru District Council employs a total of 240 full time equivalent staff (including casual positions)

Council has a strong commitment to the development and continuous improvement of its staff. We recognise that people are one of our most important assets and a more effective workforce positively impacts on Councils ability to deliver results for our community.

A very active and supportive Health and Safety Committee continues to be a key part of this process. We have an increasingly holistic focus, which incorporates the health and wellbeing of our staff and not just the safety components. This has included education about mental health awareness, domestic violence, suicide prevention, wellness and physical health.

Our staff – some quick facts

Age profile %



Length of Service

We have a good mix of experienced staff and staff new to the organisation.

18%
have worked for TDC for
less than one year

16%
have worked for TDC for
10-20 years

33%
have worked for TDC for
1-4 years

4%
have worked for TDC for
21-30 years

24%
have worked for TDC for
5-9 years

5%
have worked for TDC for
30+ years

Glossary

Activity

Services, projects or goods provided by, or on behalf of, Council (e.g. libraries, art gallery). These activities are then combined into groups of activities.

Annual Plan

The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements. The first year of a Long Term Plan cycle represents the Annual Plan for that year.

Annual Report

Reports on the performance of the Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.

Asset

Something of value that the Council owns on behalf of the people of Timaru District such as roads, drains, parks and buildings.

Activity/Asset Management Plan

A plan for managing an activity to ensure that its capacity to provide a service is maintained, future strategy is established, work is planned for and costs to provide an activity are identified.

Borrowing

The raising of loans for capital items, such as a sewerage scheme.

Capital Expenditure

Expenditure that will increase the value of the Council's assets. It generally involves building a new asset or replacing an existing asset.

Capital Value

Value of land including any improvements.

Community Boards

Local elected bodies set up under the Local Government Act. Community Boards are consulted by the Council and can represent community concerns to the Council. Timaru District has three Community Boards – Temuka, Geraldine and Pleasant Point.

Community Outcomes

Community Outcomes represent the outcomes that the Council "aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions".

Consultation Document

A document used to consult on issues presented. This may include options and a preferred option.

Council Controlled Organisations

Council-controlled organisations are organisations in which one or more local authorities control 50 per cent or more of the voting rights or appoint 50 percent or more of the directors.

Financial Strategy

Guides Council's financial direction, including information around revenue, expenditure, rating, debt and investments. It is required under Section 101A of the Local Government Act.

Financial Year

The Council's financial year runs from 1 July to 30 June of the following year.

General Rate

A rate levied across all properties for activities that benefit the whole District.

Group of Activities

Several activities combined together (e.g. Recreation and Leisure).

Infrastructure Strategy

A 30 year strategy that sets out significant infrastructure issues, expenditure forecasts, principal options and planned projects under Section 101B of the Local Government Act. At a minimum, the strategy must cover roading and footpaths, sewer, stormwater, flood control and water supply.

Land Value

Value of land, excluding any improvements.

Local Government Act 2002

The key legislation that defines the powers and responsibilities of local authorities like the Timaru District Council.

Long Term Plan (LTP)

A ten-year plan that sets out the Council's strategic framework, work programme, performance framework, funding approach and budget for the next ten years.

Operating Expenditure

Money the Council spends on day to day expenditure items such as salaries, materials, electricity and plant hire.

Operating Revenue

Money earned through the activities in return for a service provided, or by way of a grant or assistance to ensure

Glossary

particular services or goods are provided. Examples include NZTA financial assistance, rental income, permits and fees.

Operating Surplus/(Deficit)

The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.

Performance Measure

A measure that shows how well Council is doing in achieving the objectives it has set for itself.

Rates

Funds collected by the Council from levies on property. These are based on the land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.

Revenue and Financing Policy

This describes how the Council's work will be paid for and the mechanisms used for gathering funds (e.g. general rate, targeted rates, fees, user charges, grants).

Significance

In relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision or matter, as assessed by the local authority.

Significance and Engagement Policy

The Significance and Engagement Policy (SEP) enables the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities. It also provides clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters.

Statement of Cash Flows

This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

Statement of Comprehensive Revenue and Expense

Referred to as the Profit and Loss Statement, the Income Statement, or the Operating Statement. It shows the financial results of various Timaru District Council activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.

Statement of Financial Position

This shows the financial state of affairs at a particular time. It can also be referred to as the Balance Sheet.

Subsidies

Amounts received from other agencies for the provision of services.

Targeted Rates

Any rate levied other than the general rate, which is targeted at users of a service such as water supply, sewer and waste minimisation.

Transfer to/from Reserves

Transfers of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.

User Charges

Charges levied for use of Timaru District Council services (e.g. building consent fees, swimming pool entry fees).

Working Capital

The Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of the Council's ability to meet its obligations as they become due.

Timaru District Council

2 King George Place
PO Box 522, Timaru 7940
T (03) 687 7200
E enquiry@timdc.govt.nz

Temuka Service Centre

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

Geraldine Service Centre

73 Talbot Street, Geraldine
T (03) 693 9336

