

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe  
o Te Tihi o Maru

# Annual Report

2019/2020

[www.timaru.govt.nz](http://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 the 2019/20 Annual Report. This has been a year of significant challenge for us all, including for Council. The report outlines how we have responded to those challenges, while continuing to deliver our services across our District. It reports against Year 2 of the 2018-28 Long Term Plan, including our financial position, service delivery and project completion to the end of June 2020.

## A Year of Adversity

The District has had its fair share of adversity during the year with:

- NZ's most expensive hailstorm in Timaru, with insurance claims totalling over \$130M
- The most significant flood on the Rangitata River for many years, severing the lower South Island for three days
- The spectre of COVID-19 still hanging over us, with a five week lockdown of the District in March-May 2020

While the District has weathered these storms, their effects continue, particularly with COVID-19 as it continues its scourge across the world. We are hugely grateful to all of our staff, partner agencies, contractors, community groups and volunteers who have supported and worked with us to address these issues and help get our community back on its feet.

We are now in the recovery phase from these events, with Council introducing initiatives like the \$2M Stimulus Fund and Recovery Ignition panel and approving a lower rates rise to help stimulate and drive the district economy forward, while providing support for our people. There is much work still to be done and still many unknowns, including how the full effects of COVID-19 will play out, but we will continue to monitor and evaluate as we move forward. However, the District's strong and diverse economic base, innovative people and caring communities are holding us in good stead.

## A New Council

2019/20 also heralded the 2019 triennial elections with the election of a new Mayor, four new Councillors and five new Community Board members, with five existing Councillors and eleven existing Community Board members re-elected. The voter turnout was 55%, significantly higher than the 2016 election and well above the national average.

## Council's Work Programme

While the above events have had some impacts on the delivery of our work programme, we have continued to provide our activities and services, and progressed multiple projects. The report covers these in detail, but below are a selection of highlights during the year:

- Good progress with drafting of the new District Plan including extensive collaboration and its development on a web based platform enabling enhanced navigation
- Identification of priority and potentially earthquake prone buildings under the Building Act ahead of the legislative deadlines
- Very good results for our two yearly Resident's Survey with  $\frac{3}{4}$  of residents rating Council's performance as good or very good
- A transfer of visitor and tourism responsibilities to Aoraki Development (now Venture Timaru)
- Progressing the Theatre Royal and Heritage Facility redevelopment with project management specialists and architects selected
- Developing online tools to promote use of our key recreational facilities such as the Art Gallery and Libraries over the COVID-19 lockdown
- A \$1.3M project to repair and reseal the Library roof and refurbish the library, brought forward due to COVID-19
- Ongoing upgrading of district parks and walkways, including significant work opening up the southern coastal views at Redruth Park
- Delivery of the majority of roading projects including road renewals, bridge replacement, road sealing and repair following the Rangitata River flood.

- Completion of the Redruth Resource Recovery Park
- Desludging of the Geraldine and Temuka oxidation ponds
- Stormwater projects including the Washdyke Flat Road stormwater basin construction
- Significantly progressing planning for major water projects including the Te Ana Wai (Downlands) water supply upgrades and Pareora pipeline replacement project.

### **Our people**

The safety and wellbeing of our staff is an absolute priority. We employ approximately 260 full time equivalent staff in diverse working environments. We are continually reviewing and improving our processes to ensure their safety and wellbeing, as well as increasing our focus on working with the various contractors who are engaged by Council. The safety of the facilities we provide is also of paramount importance.

### **Financial Impact**

Financially the Council has weathered the financial effects of COVID-19 well. While COVID-19 has inevitably impacted on some aspects of our income, this was not significant and was mainly in the area of fees for community facilities such as CBay that could not operate through lockdown. Overall Council's revenue was in line with its forecast. Council was delighted to be advised of an \$11.6M cash injection into the Theatre Royal and Heritage Precinct project from the government's shovel-ready projects fund.

### **Kia Kaha Timaru District**

It is our privilege to present this report of our activities over the last year.

Our sincere thanks to all who have contributed to make our district a better place this year, and supported Council in meeting the challenges it has presented – elected members, staff, contractors, partner agencies, community groups, and volunteers.

As many have said we are living in unprecedented times. We stay strong if we act in unity together.

Nō reira e ngā iwi o tēnei rohe  
 Tēnā koutou, tēnā koutou, tēnā  
 tātou katoa



**Nigel Bowen**  
 Mayor  
 Koromatu

**Bede Carran**  
 Chief Executive  
 Kaiwhakahaere



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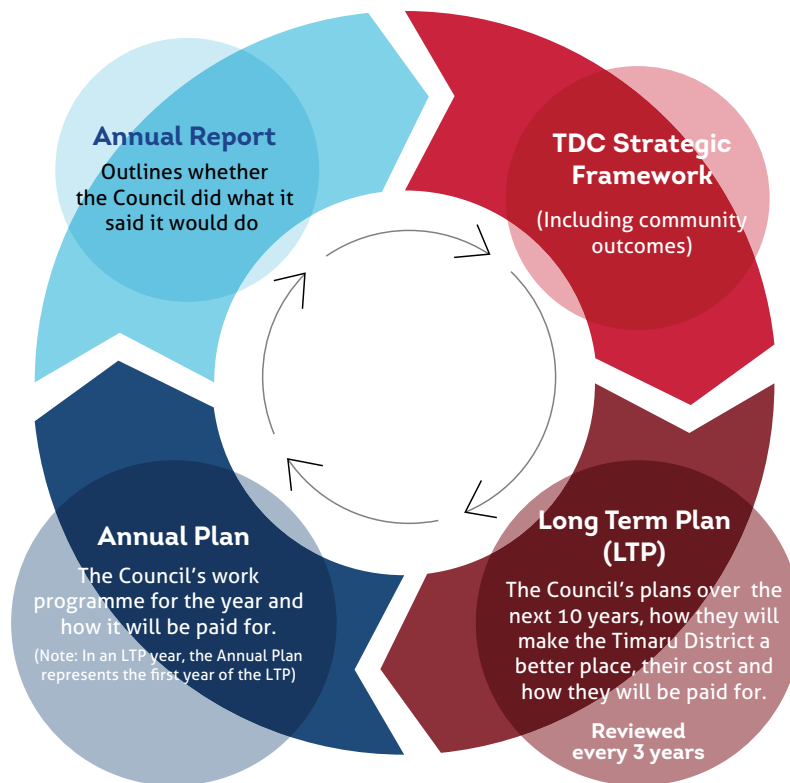
An aerial photograph of a golf course during sunset. The sky is filled with soft, orange and pink clouds. In the background, a large body of water is visible, with a line of trees and mountains on the horizon. The foreground shows a well-maintained green golf course with several palm trees and a paved path. A small, white, gabled structure is partially visible in the lower right. A large, dark blue diagonal shape overlays the right side of the image, containing the word "Overview" in white text.

# Overview

# About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2019/20 Annual Plan (Year Two 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 (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 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

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## 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

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## 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](http://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 offshore 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, Ngāi 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.

## Relationship with Ngāi Tahu

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, 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

The 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 the Council to meet its statutory requirements under the LGA and RMA. The Council will ensure all its key policy and decisionmaking 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, the 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. The 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 Management Team will also be available to meet with ngā rūnanga representatives as required.

## Key Projects

Mana whenua interests in Council activities are broad. Rangatiratanga and kaitiakitanga involve care for the natural environment and also the economic, social and spiritual wellbeing of the people and communities who live within and depend upon the natural environment. Mana whenua interests are not limited to 'culturally significant sites.' A township may have buildings or places that are prized for their architectural history, or providence, but a council is interested in all aspects of how the town functions. Similarly for mana whenua, wāhi tapu me wahi taonga (sacred and treasured places) are highly valued and require special protection, but kaitiakitanga is a duty that extends over the entire takiwā and to all those living within it.

While mana whenua are interested in all aspects of local governance, limitations on people's time and resources means some things are prioritised.

Current priorities include:

- exploring potential for transfer of powers to make decisions over ancestral land
- appropriate use of traditional place names
- management of significant sites
- stormwater management
- effects of industrial development/ expansion at Washdyke.



# Your Councillors and Community Boards

As at September 2020



Nigel Bowen  
**Mayor**  
(03) 688 1053 | 027 622 1111  
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Steve Wills  
**Deputy Mayor**  
**Timaru Ward**  
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Paddy O'Reilly  
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Gavin Oliver  
**Geraldine Ward**  
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Richard Lyon  
**Pleasant Point-  
 Temuka Ward**  
 (03) 614 7369  
 0274 269 735  
 richard.lyon@timdc.govt.nz

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## Geraldine Community Board

	Phone	Email
Wayne O'Donnell (Chairperson)	(03) 693 7066 027 221 1467	w.d.odonnell@xtra.co.nz
Janene Adams (Deputy Chairperson)	(03) 693 7693 022 614 1590	janeneadams@gmail.com
Jan Finlayson	(03) 693 7297 021 502 297	janfinlayson@xtra.co.nz
Jennine Maguire	022 045 8755	info@geraldineglass.co.nz
Natasha Rankin	021 902 501	natasharankin@hotmail.com
McGregor Simpson	03 696 3963 021 147 2014	

Plus Geraldine Ward Councillor: Gavin Oliver

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## Pleasant Point Community Board

	Phone	Email
John McDonald (Deputy Chairperson)	(03) 614 7619 027 860 7966	jdmcdonald60@gmail.com
Neville Gould	(03) 614 7760	tengawai@slingshot.co.nz
Raewyn Hessel	(03) 614 7356 027 385 5857	sturaehessel@gmail.com
Anne Lemmens	03 614 8914 0274 625 308	annelemmens2019@gmail.com
Ross Munro	03 614 7179 021 433 940	rossm@gmail.com

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

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## Temuka Community Board

	Phone	Email
Alison Talbot (Deputy Chairperson)	(03) 615 9189 027 205 7604	steveali@xtra.co.nz
Gaye Broker	03 615 8376 0272 447 157	ggbroker@xtra.co.nz
Stephanie McCullough	(03) 615 7097 027 228 6311	mcculloughp@xtra.co.nz
Lloyd McMillan	(03) 615 8231 027 2282 079	mcmillan-clan@xtra.co.nz
Charles Scarsbrook	(03) 615 9444 027 615 5500	homemade@xtra.co.nz

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

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# Timaru District Profile

## 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). Information on Council's relationship with mana whenua is provided earlier in this document.

## 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 30 June 2019 was 47,900. The 2018 Census population was 46,296. 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.

\* Based on Statistics NZ Population Projections

## Our Economy

The Timaru District economy is strongly influenced by its agricultural heritage. From its birth in pioneering sheep farming, our richly productive agricultural sector has grown to become New Zealand's "food bowl".

Today's farming is heavily influenced by dairy, with horticulture, intensive cropping, meat and wool also playing an important role. Significant manufacturing, processing, engineering and distribution operations contribute to extensive export and domestic supply of a wide range of goods and services.

This provides an array of employment opportunities across all sectors from trades and manufacturing to the professional, service and primary sectors. The Timaru District prides itself on having one of the lowest unemployment rates in New Zealand.

The wider South Canterbury region enjoys reliable and accessible water for irrigation and industry – indeed some of the most affordable resource in the country. This continues to provide the impetus for the development and growth of successful food processing and exporting operations. Large scale investment in water storage, quality and management is continuing, helping to ensure a robust, diverse economic future for the District.

## Our Communities

Timaru is the largest community, housing nearly two thirds (29,600) 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 Ara Institute providing tertiary education services.



## Our 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.



# Statement of Compliance

## Compliance

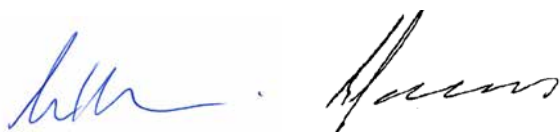
Pursuant to Section 98 of the Local Government Act 2002, the Council and management of Timaru District Council confirm that all the statutory requirements of Schedule 10 of the Local Government Act 2002 have been complied with.

## 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 2020 fairly reflect the financial position and operations of Timaru District Council.



Nigel Bowen

Mayor

22 December 2020

Bede Carran

Chief Executive

22 December 2020

## Independent Auditor's Report

### To the readers of Timaru District Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Timaru District Council (the District Council) and its subsidiaries and controlled entities (the group). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 22 December 2020. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 111 to 115 and pages 120 to 176:
  - present fairly, in all material respects:
    - the District Council and group's financial position as at 30 June 2020; and
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 116, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service performance on pages 43 to 107:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 46 to 106, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 46 to 106, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 177 and 178, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information and, where applicable, the District Council's Long-term Plan and annual plans.

## Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the District Council as set out on pages 175 and 176 of the financial statements and pages 45 to 104 of the statement of service performance. We draw specific attention to the following matter due to the significant level of uncertainty caused by COVID-19:

- **Group Investment property**

Note 20 on page 147 describes the greater degree of uncertainty highlighted by the valuer, related to estimating the fair values of the group's investment property.

## Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term Plan and annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 18, 22 to 42, 108 to 110, 117 to 119 and 181 to 188 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed. This engagement is compatible with those independence requirements.

Other than our audit, our report on the disclosure requirements and this engagement, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



John Mackey

Audit New Zealand

On behalf of the Auditor-General

Christchurch, New Zealand





# The Year in Review

## Financial Overview

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**\$85M**

TOTAL EXPENDITURE

(Compared with budget of \$81M)

---

**\$53M**

RATES REVENUE LEVIED

(Compared with budget of \$53M)

---

**\$1,055M**

TOTAL COUNCIL NET  
ASSETS

(2019/20: \$797M)

---

**\$37M**

RESERVE FUNDS

(2019/20: \$41M)

---





## Expenditure and Revenue

Overall operating expenditure was \$4,597,000 higher than budget. The major items in this unfavourable variance were:

- Personnel costs higher than budget \$184,000
  - An additional \$80,000 of costs were incurred due to the major flood event in December 2019
  - An additional \$40,000 for remuneration of elected members – set by the Remuneration Authority
  - An additional \$106,000 for minimum wage increases
- Operating costs \$3,212,000 more than budget mainly due to:
  - Desludging of the Geraldine and Temuka sewerage ponds \$505,000.
  - Additional emergency maintenance costs incurred of \$1,800,000 due to hail damage in November 2019 and the flood event in December 2019
  - Additional expenditure of \$213,000 was incurred on carbon credit purchases
  - Additional provision of \$1,158,000 was for aftercare expenditure on Timaru’s Redruth landfill and the Peel Forest closed landfill

### Capital Expenditure programme

- During 2019/20 capital expenditure on Council’s infrastructure, facilities and services totalled just over \$31M. This provided numerous employment opportunities for our local workforce while keeping our facilities and infrastructure are well maintained and fit-for-purpose.

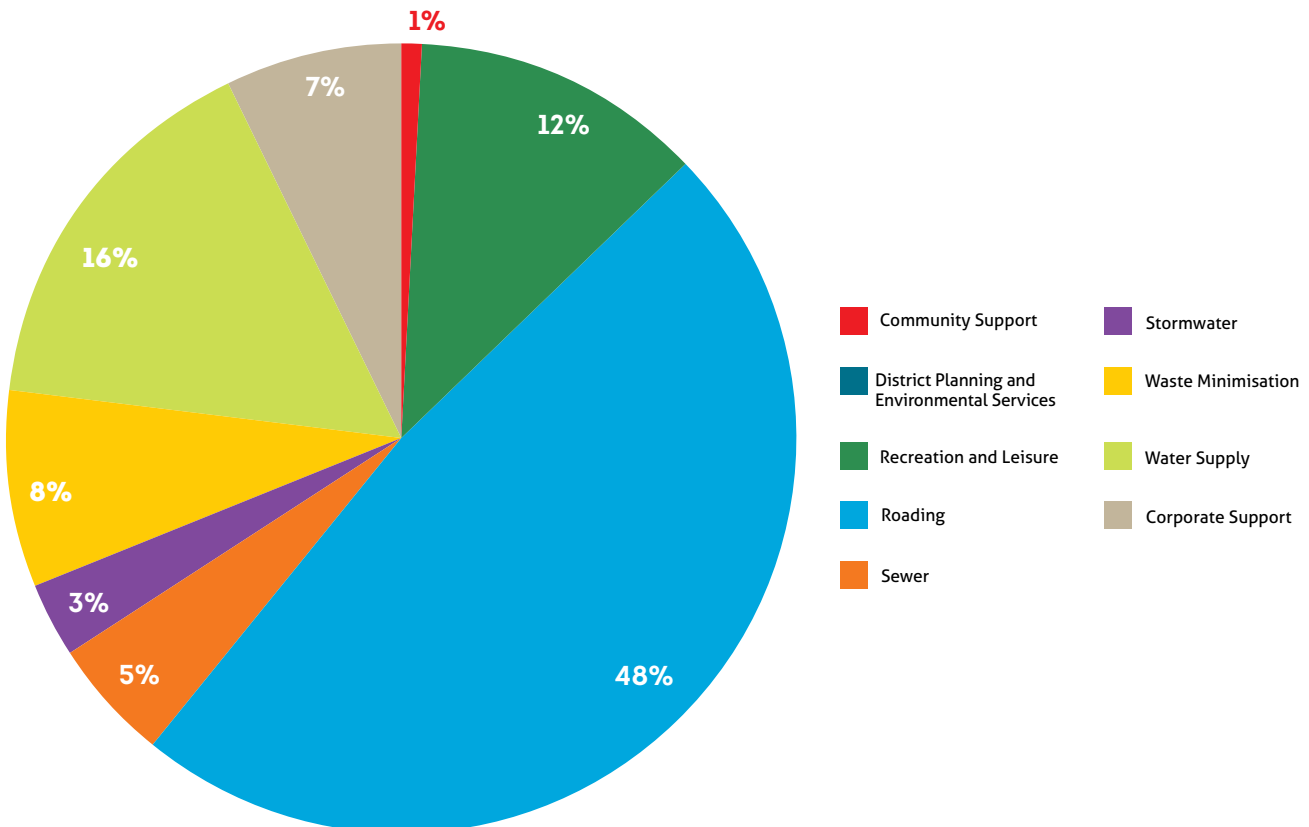
- Finance costs \$1,139,000 were under budget due to the actual timing of capital works being different from the budgeted timing. In many cases this is due to the planning, design and consenting processes taking longer than initial forecast. There was also lower than budgeted interest rates achieved.
- Depreciation costs were higher than budget by \$2,340,000 due to the revaluation of the three waters infrastructure assets (water, sewer, stormwater). The budget was based on pre-revaluation values.

Overall actual revenue was \$597,000 better than the budget. The major items in this favourable variance were:

- Other Revenue was \$1,083,000 more than budget due to vested assets of \$976,000.
- Subsidies and grants was \$438,000 more than budget. The New Zealand Transport Agency (NZTA) provided additional funding of \$1,154,179 for the December 2019 flood event.
- Unrealised loss on interest rate swaps of \$884,000 which is not budgeted for due to difficulties in forecasting market conditions.

- Most of the expenditure happened on our roading network and footpaths, with 48% of the total capital expenditure in the roading activity but some significant spend also occurred in the recreation and leisure activity.

### Capital Expenditure by Group of Activity



# A challenging year

Three key events impacted on Council operations in various ways during the 2019/20 year.

## November 2019 hailstorm

A November 2019 hailstorm caused significant damage to buildings and vehicles across the Timaru district. This storm has now been classified as one of the most significant weather insurance events in NZ history. While Council operations were not significantly disrupted by the storm, it did cause damage to some of our facilities, property and vehicle fleet.

## December 2019 Rangitata River floods

A significant flooding event for the Rangitata River at the northern edge of Timaru District's boundary followed six days of heavy rain in the Rangitata catchment. It resulted in three high river flows, peaking at 2307 cumecs (cubic metres per second), over 35 times more than normal. The event isolated the lower South Island with the closure of State Highway One for three days and caused significant damage to river protection works, roads and bridges and a large Council welfare response.

A State of Emergency was declared in Timaru District for seven days, necessitating management of significant road closures/road repairs, evacuations, assistance to flood damaged property owners, and providing for the welfare needs of locally affected residents and travellers stranded in our District.

## The impact of COVID-19

The emergence of COVID-19 pandemic in NZ during early 2020 has had a significant and ongoing effect on the community and Council operations. Council's leadership and response was threefold:

### Ongoing Service Delivery

All essential Council services continued to operate during lockdown.

Essential services included roading, water supply, sewer, stormwater, IT, Governance, Finance, Property, civil defence, and regulatory functions (e.g. Animal Control). Other Council services operated in some form during lockdown, largely in an online capacity. Non-essential services included most recreational and cultural facilities, with physical facilities such as CBAY, libraries, the museum and art gallery closed. However, many of these had online access and promoted online options (e.g. online fitness classes from CBAY).

Several of our major capital expenditure projects were held up by the COVID-19 Alert Levels 3 and 4 and the global pandemic. Site investigations, surveys and construction works were all on hold over this period, resulting in delivery delays of some of the capital work programme. The procurement of materials imported to New Zealand was also, sometimes significantly, delayed as a result of the pandemic. This included specialised materials such as the pool liner for the Temuka pool upgrade and the water pipe liner for the Downlands Water main.

The COVID-19 lockdown did however create some opportunities to accelerate projects while public facilities were closed.

These included:

#### ■ The Timaru Library re-roofing and refurbishment project

Rather than proceed with an 18 month partial closure the Timaru Library remained closed for an additional 8-week following Alert Levels 4 and 3 to fast-track internal renovations.

Over this time the Temuka and Geraldine libraries remained open and saw an increasing number of visitors, with many Timaru residents enjoying visiting a new library site and enjoying the other attractions these townships offer. An innovative "click and collect" service offered while the Timaru Library was refurbished was welcomed by a number of regular library users.

#### ■ Annual CBAY pool maintenance

The annual maintenance of the swimming pool at CBay was also completed under Alert Level 3 when the facility was closed to the public. This means the pool will not need to close for a week in October 2020 as normally occurs.

### Emergency Management response

The March lockdown initiated a state of national emergency with local Councils supporting and coordinating largely a local welfare response over the 7 week period of Level 3-4 lockdown.

This included work on the ground such as delivering groceries and other supplies to isolated residents and proactively calling older members of our community, agency coordination, monitoring the overall situation and planning for potential future events. With libraries closed during the COVID-19 lock down, library staff were involved with the Council COVID-19 support effort – making over 6000 welfare phone calls to potentially vulnerable residents who may have needed assistance. Staff from Recreational Facilities contributed significantly to the COVID-19 Welfare response by making door-to-door deliveries of household supplies and groceries to residents who needed support.

### District Recovery

Council introduced a one-off \$2M stimulus fund into its budget to support and boost the economic recovery from COVID-19 and enhance community wellbeing.

Applications would open during 2020/21. As part of the 2020/21 Annual Plan deliberations, the overall rates increase was limited to 2% in recognition of economic and social disruptions as a result of the pandemic. Led by Mayor Nigel Bowen, a collaborative Timaru District Re-ignition Panel was formed from representatives of industry, the rural sector, iwi, youth, social services and Council with a focus on reigniting and returning the district to a better place after COVID-19.



# 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.

## COMMUNITY FUNDING ROUNDS

FUNDING DISTRIBUTED TO WIDE RANGE OF COMMUNITY GROUPS

29

DOG CONTROL EDUCATION INITIATIVES DELIVERED

A significant increase in response to community demand

## Social wellbeing

95%

USER SATISFACTION WITH LIBRARY SERVICES

60%

RESIDENTS SATISFIED WITH HOW WELL COUNCIL KEEPS PUBLIC INFORMED AND INVOLVED IN DECISION-MAKING

93.5%

RESIDENT SATISFACTION WITH STREET AND INTERSECTION LIGHTING

\$2M

STIMULUS FUND PROVIDED TO SUPPORT COVID-19 RECOVERY

SPECIFICALLY USING

## LOCAL CONTRACTORS

FOR FAST TRACKED TIMARU LIBRARY REFURBISHMENTS

## Economic wellbeing

DELIVERING

## MyNextMove

A "YOUTH TRANSITION TO WORK INITIATIVE" WITH FUNDING FROM MINISTRY FOR SOCIAL DEVELOPMENT.

100%

OF RESOURCE CONSENTS PROCESSED WITH STATUTORY TIMEFRAME

**91%**  
SOCIAL  
HOUSING  
UNIT  
OCCUPANCY

Regular  
liaison with  
local runanga

**55%**  
2019 TRIENNIAL  
ELECTIONS  
VOTER TURNOUT

**MUSEUM**  
126 CULTURALLY AND  
HISTORICALLY SIGNIFICANT  
ACQUISITIONS

**Cultural wellbeing**

Gardens of  
Significance status  
TREVOR GRIFFITHS ROSE  
GARDEN AND TIMARU  
BOTANIC GARDENS

**108**  
NEW CITIZENS  
WELCOMED TO THE  
DISTRICT

**District Plan Review**

Significant progress,  
with public consultation  
scheduled later in  
the year

**ART GALLERY**  
3 SIGNIFICANT ART  
WORKS CONSERVED

Average building  
consent processing  
time reduced to

**12.38  
DAYS**  
(statutory  
requirement  
20 days)

**11,951**  
TONNES OF  
GREEN WASTE  
DIVERTED FROM  
THE LANDFILL

**Environmental wellbeing**

**97%**  
RESIDENT  
SATISFACTION  
WITH PARKS  
AND RESERVES

**18%**  
OF REAL WATER LOSS FROM  
RETICULATED NETWORK-  
A REDUCTION FROM 23%  
PREVIOUS YEAR

**100%**  
COMPLIANCE WITH  
WATER RESOURCE  
CONSENTS

# Community survey 2019/20

## Hearing from our community

Every second year the Council conducts a survey of residents to ask their views on how the Council is performing.

Information from this survey is used in performance targets which measure the level of service provided by the Council and to monitor trends over time. Feedback from our community helps us to develop, plan and improve the services we provide.

## Key results

In this year's survey, 73% of residents rated the Council's overall performance as good or very good, compared with 80% in 2017/18.

### Infrastructure services

Residents remain very satisfied with key infrastructural services provided by the Council, including waste minimisation kerbside collection service (92%, down 1%), sewage system (93%, down 3%), water supply (92%, up 2%), overall roading, including roads, footpaths and cycleways (71%, up 2%) and stormwater (68%, no change).

### Community Facilities

Community facilities continue to be well used and enjoyed by residents. Levels of satisfaction are high, including parks and reserves (97%, up 5%), swimming pools (89%, no change) public toilets (68%, down 4%) libraries (94%, down 1%) museum (92%, down 2%) and the art gallery (89%, down 2%).

### How the survey works

A telephone survey of 401 people was carried out in 4 survey periods between July 2019 and June 2020 by an independent research company. Those surveyed selected to provide a statistically representative sample of the district's population. The sample has an expected 95% confidence level (margin of error) of +/-4.9%, and is statistically representative of the district's population.



# 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.

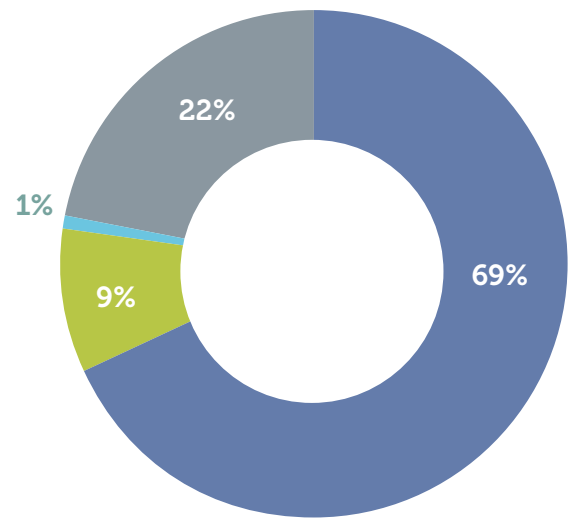
We have 157 performance measures with targets that we report on across 9 groups of activities.

We achieved 69% of targets (108 measures), nearly achieved 9% (14 measures) 22% were not achieved (34 measures). One performance measure was not measured this year.

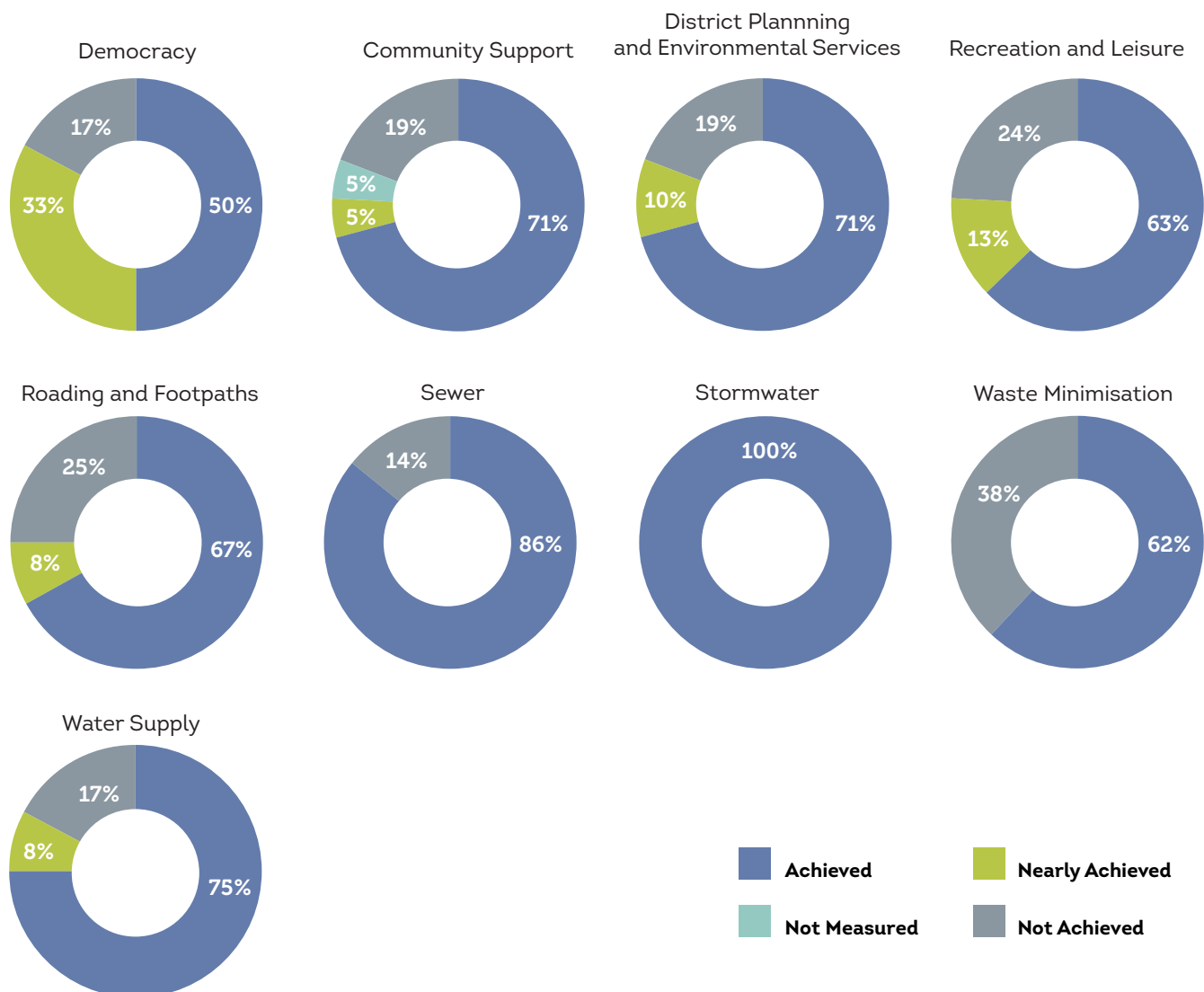
A number of our targets were not achieved this year due as a result of the COVID-19 lockdown period, for example visitor numbers to community facilities, and targets that related to community engagement.

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

## Overall Performance Summary



## Performance Summary by Group of Activities







## Projects and service highlights

### Sealed road resurfacing

Some excellent collaboration between staff and contractors meant that despite losing several weeks during peak construction time due to COVID-19 lockdown restrictions the road resurfacing programme was completed.

**70km**  
OF ROADS  
RESURFACED  
AT A COST OF  
**\$2.9M**

**\$1.1M+**

To improve safety on public roads including improvements around schools and road crossings, and traffic calming measures like speed bumps and signage to reduce vehicle speeds.

**\$1.7M**

New footpaths and footpath renewals including 2km of new footpaths in Pleasant Point, Geraldine and Temuka.

**\$312k**

### New books and libraries resources

With close to 470,000 library items issued by our libraries in Timaru, Geraldine and Temuka, and it is important to maintain an up to date and broad catalogue both of physical books and digital resources





# \$170k

Upgrading and new equipment in the following playgrounds across the district.

Fox Street and St Leonards Road in Temuka

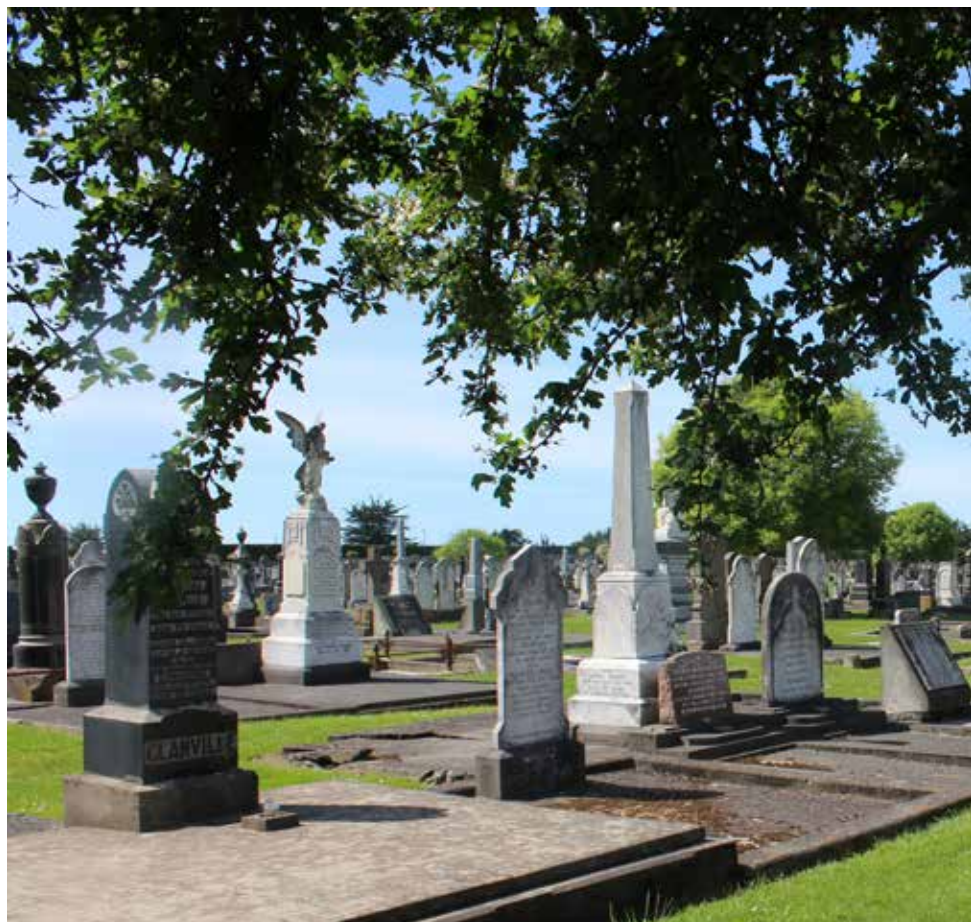
Rangitata Huts

Kennedy Park in Geraldine

Aorangi and Mulcahy Parks in Timaru

## Cemeteries

We have an ongoing programme to maintain the quality of the cemeteries in the district. This included installing new concrete beams as well as general maintenance work to improve the cemetery surroundings. In this year's community survey 96% of residents were satisfied with the cemeteries.



## Projects and service highlights

# \$1.2M

renewal of sewer assets throughout the district, including renewal of sewer pipes on:

- Mowbray Street, Norwood Street, Timaru
- Talbot Street (Kennedy to Strawberry Place) in Geraldine and
- Levens Lane in Temuka.

# \$1.5M

renewal and maintenance work on the water supply network

A number of watermains across the district were renewed, including

- Dawson Street, Dunkirk Street, and Totara Street in Timaru,
- Levens Lane in Temuka
- Wooding Road, Ribbonwood Road and Woodbury Road in Geraldine.





# \$160k

The new 2km off road combined cycleway/walkway from Washdyke to Gould Road was completed. This provides an safe cycle and walking route into Timaru that is off the main road. The route is already being used extensively and this is expected to grow with the ongoing residential development near the route.



## Supporting our residents and businesses to minimise waste

Our Waste Minimisation team provide an extensive education programme including zero waste tours of the Resource Recovery Park, zero waste information at numerous district events, support for local businesses wanting help to reduce their waste footprint, and new initiatives to help encourage waste diversion.

- 25 zero waste tours
- 35 district events provided with zero waste support and educational material
- 41 local businesses provided with zero waste support



**WARNING**  
Aircraft Blast

OPERATIONAL AREA  
*CA*  
UNAUTHORISED ACCESS PROHIBITED



# Council Activities



# Council Activities

This section describes the work and performance of the Council's Groups of Activities, for the 2019/20 year.

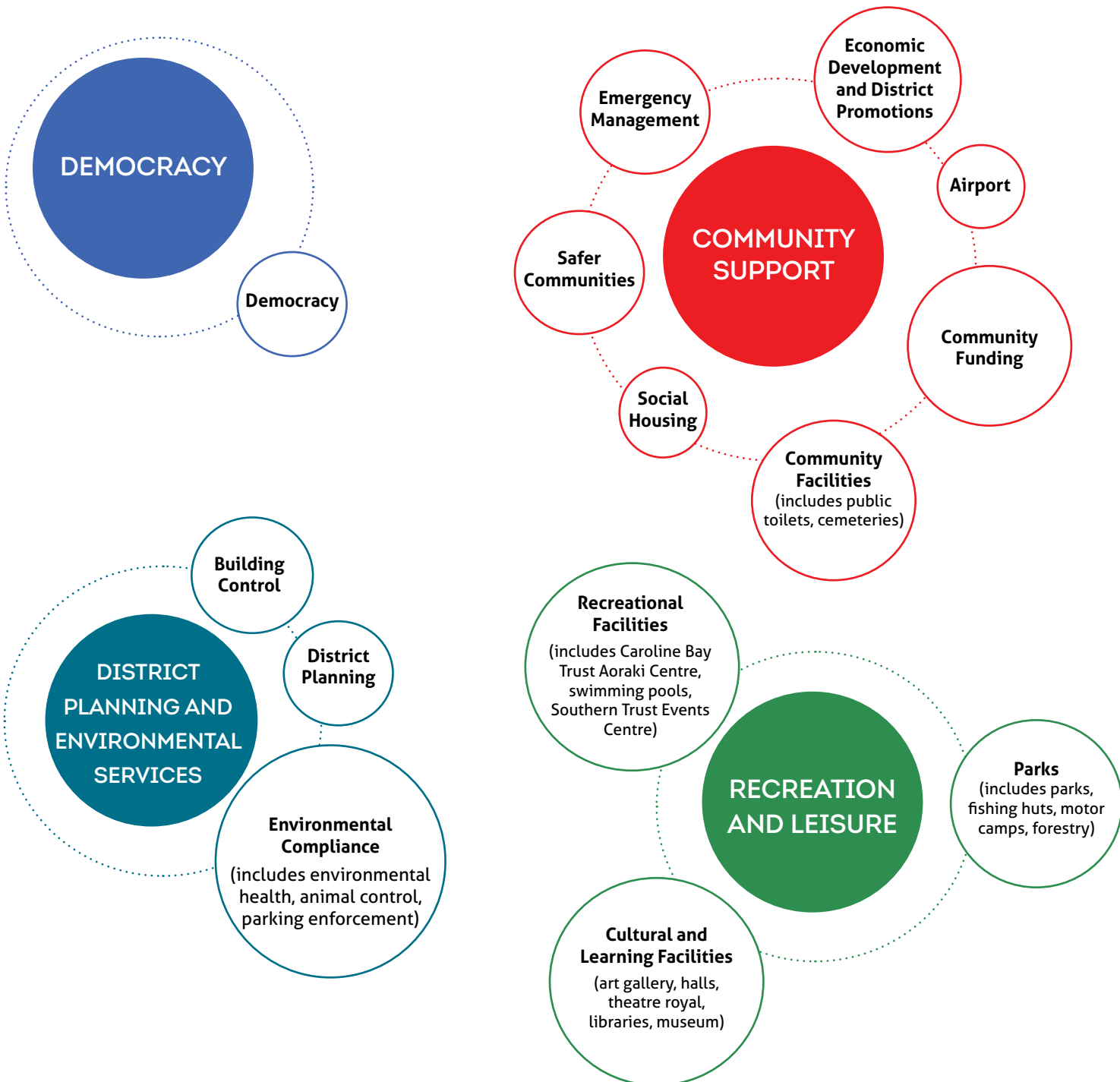
## What we do

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

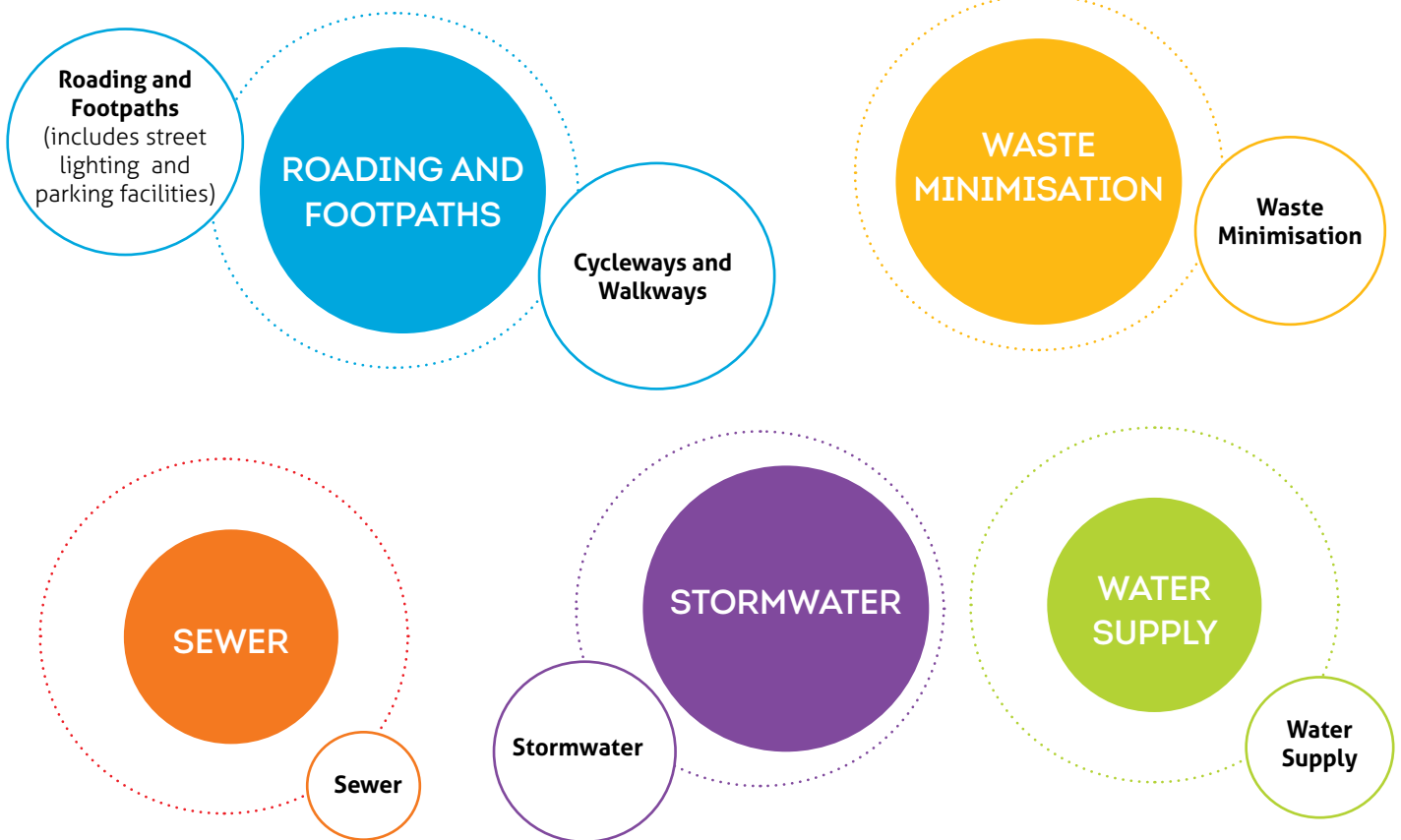
A description of some of the highlights and challenges for each activity.

### 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



**P** Primary contribution    **S** Secondary contribution

# Democracy Highlights

## **Council continued to advocate and provide leadership on behalf of our community, including on proposed central government priorities and legislative amendments, such as:**

- **3 Waters Reform:** Following the 2016 Havelock North water contamination inquiry the Government signalled comprehensive reform of the drinking water regulatory and delivery systems, with targeted reforms to improve the regulation and performance of wastewater and stormwater networks. Council has, and continues to participate actively in this process, advocating for the best interests of our community as these reforms are refined and implemented.
- **Fire and Emergency New Zealand Funding Review:** Council advocated for a first principles review of the funding mechanism for Fire and Emergency New Zealand, as we believe the current levy, paid on vehicle and property insurance, is not equitable or universal.
- **Landfill Levy and Product Stewardship:** Council provided the government with feedback, supporting the proposals to increase the landfill levy and to regulate product stewardship for products including plastic packaging and tyres. The increased levy will boost funding for local and national initiatives and reduce the amount of landfilled waste. We provided examples and evidence of successful recycling initiatives implemented at Redruth Landfill to support our submission.
- **Road to Zero – Road Safety Strategy:** Council advocated strongly for the government to increase its commitment to road safety with the aim of zero road deaths. Council provided feedback to the Ministry of Transport highlighting the need for more investment in road safety education, vehicle safety regulation, and improved speed management.
- **Climate Change Response (Zero Carbon) Amendment Bill:** This Amendment Bill has created a framework by which New Zealand can develop and implement clear and stable climate change policies, including emissions targets and budgets, a national climate change risk assessment and a national adaptation plan. Council submitted to the Bill highlighting the importance of close engagement with, and support for local government to ensure that these policies are effective at a local level.
- Council has also provided feedback on the development of National Policy Statements for Freshwater Management, Urban Development, amendments to the Resource Management Act 1991, the Building Act 2004, and the Residential Tenancies Act 1986, and a review of the laws governing burials and cremations, to ensure central government policy makers are aware of impacts of these laws and regulations at a local level.



**Significant events impacted on the District during the 2019/20 year, including the November 2019 hailstorm, December 2019 Rangitata River flood and COVID-19 pandemic. These are discussed throughout the annual report document.**

Completion of the 2018/19 Annual Report with an unmodified audit opinion.

The 2020/21 Annual Plan was prepared in challenging times with the COVID-19 lockdown period commencing just as Council was considering the draft plan.



Successful completion of the 2019 triennial local government election with an increase in voter turnout to 55% and a number of new and existing candidates standing. The election resulted in a number of new candidates elected on Council and Community Boards and a new district mayor.

A comprehensive induction programme was developed and delivered to the new Council following the election.

**The COVID-19 lockdown period required rapid deployment of new processes to enable virtual Council and committee meetings via Zoom.**

**This was successfully delivered within a very short timeframe and the meeting schedule was largely unaffected.**

## Our 2021-31 Long Term Plan

We are underway with the preparation of the 2021-31 Long Term Plan, including vision and strategy sessions with Elected Members. We will be asking our residents for their views on the draft plan during 2020/21.

## 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%	Nearly achieved 88.76% (biennial - 2018/19: 72.78%) The proportion of items considered in closed meetings reduced from previous years with all items held in closed meetings for reasons outlined under the Local Government Official Information and Meetings Act.
	Resident satisfaction with influence on Council decision making	≥50%	Nearly Achieved 47% (biennial -2017/18: 53%)
Provide leadership on issues affecting the district	Resident satisfaction with Council's leadership	≥65%	Achieved 66% (biennial - 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 Achieved 60% (biennial - 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 2018/19 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	Achieved Statutory Local Government Act Planning and Regulatory requirements were met in respect of the 2018/19 Annual Report. This was adopted by Council on 8 October 2019, well within the statutory timeframe. A clear (unmodified audit opinion was received. The 2020/21 Annual Plan was adopted by Council on 30 June 2020, after a period of community consultation. The Annual Plan is not subject to audit.

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

## Timaru District Council: Funding Impact Statement for 2019/20 Democracy

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	3,935	3,926	4,226
Targeted rates	22	22	22
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3	3	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>3,959</b>	<b>3,951</b>	<b>4,248</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,219	1,304	1,318
Finance costs	-	-	-
Internal charges and overheads	2,709	2,686	3,369
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>3,928</b>	<b>3,990</b>	<b>4,687</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>31</b>	<b>(39)</b>	<b>(438)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	31	(39)	(439)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>31</b>	<b>(39)</b>	<b>(438)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(31)</b>	<b>39</b>	<b>438</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

### **General rates, uniform annual general charges, rates penalties \$300,000 above LTP**

The 2019/20 Annual Plan increased the budget over the LTP by \$270,000. The increase was to fund for additional expenditure.

### **Internal charges and overheads \$683,000 above LTP**

An additional \$300,000 was budgeted in the 2019/20 Annual Plan over the LTP for corporate overheads. An additional expenditure of \$380,000 was incurred and reflect actual costs.

### **Increase / (decrease) in reserves \$399,000 below LTP**

Transfers from reserves were required to fund the increased operating expenditure that was incurred.



## **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
<b>Airport</b>	P	P	S		S	
<b>Community Facilities</b>	P		P	S		S
<b>Community Funding</b>		S	P	S	P	S
<b>Economic Development and District Promotions</b>	S	P	S	P	P	
<b>Emergency Management</b>	S		P	P		
<b>Safer Communities</b>			P	P	S	
<b>Social Housing</b>	P		S	S		

P Primary contribution    S Secondary contribution

# Community Support Highlights

## COMMUNITY FUNDING

**Council continues to receive large numbers of applications for community funding grants and loans.**

**Some of the community groups to benefit from funding this year included**

- Motorcycling NZ – towards the cost of hosting NZ Superbike Championship at Levels Raceway
- Pleasant Valley and Kingsdown/Salisbury Halls – for building upgrading work
- Geraldine Historical Society – a heritage grant to assist with the administration and running costs of the Geraldine Museum
- Timaru Plunket and Volunteering Mid and South Canterbury – grants to assist with rental and lease costs for their South Canterbury premises.

With the advent of COVID-19 a number of planned events were put on hold, or delayed, however an undertaking has been given to groups that they are welcome to apply for funding again in the future.

## CEMETERIES

The removal of the hedge in the Timaru Cemetery means there is now a lovely view down the Timaru coast, and walkers and cyclists are enjoying the more open space and new tracks.

Investigations to find a suitable land to develop a new cemetery for Timaru are ongoing and 14 sites have been assessed in 2019/20.

Investigations will continue, with the aim of purchasing a suitable site in 2020/21.

## EMERGENCY

### MANAGEMENT

Council plays a critical part in the management and recovery from emergencies.

Responding to the week-long Rangitata flooding event in December 2019 and supporting the district wide response to COVID-19 in March – April 2020 were two very different but both major events in our district in the past year.

We continue to improve our preparedness for emergency events through enhancements to our emergency communications equipment and working with communities in a number of different ways to build their knowledge of and resilience to our hazard environment.



Photo credit: The Courier, Allied Press

Documentation of the new Safety Management System (SMS) is well advanced and is expected to be completed in 2020/21. This is key requirement to maintaining Civil Aviation Accreditation for Timaru Airport.

## PUBLIC TOILETS

### The public toilet upgrading programme that has been underway for several years is almost complete.

This year the Washdyke Community Centre public toilets were upgraded and new facilities were installed at Patiti Point in Timaru and at Temuka cemetery.

The consistently high levels of resident satisfaction with public toilets is an endorsement we are on the right track with our upgrading programme.

## Economic Development and District Promotions

Aoraki Development (now Venture Timaru) is responsible for fostering economic development within the district.

During 2019/20, Council transferred the responsibility for promoting the district and a range of events and attractions to Venture Timaru.

Some highlights during the year included:

- **Working with** Aoraki Migrant Centre prior to the April 2020 welcome for 110 refugees to our community. This included assisting with an initial cross-agency workshop with community representatives.
- **Delivering** MyNextMove a Youth Transition Initiative with funding from Ministry for Social Development. This is a partnership with local careers advisors, secondary schools and business and industry. With unemployment expected to rise due to slowing of the national economy, Venture Timaru's role in this process has become even more important.
- **District Promotions** - Promoting our district has become even more significant in the COVID-19 restricted environment, with an emphasis on encouraging residents to explore local attractions as well as encouraging domestic tourists from other regions.

On 30 June 2020, via the 2020/21 Annual Plan process, Council resolved to create a \$2,000,000 stimulus fund as part of the COVID-19 recovery plans. Of this, Council resolved to transfer \$150,000 of this fund to Venture Timaru for events funding during 2020/21.

## SOCIAL HOUSING UPGRADES

Council has continued the installation of heat pumps and new ovens in our social housing units. Preparation is underway for further improvements to meet the next tranche (ventilation upgrades) requirements of Healthy Homes regulations.

The hailstorm that hit Timaru in November 2019 resulted in spouting damages in several housing units. These unscheduled repairs were carried out as quickly as possible.

## Safer Communities

While Council make the decision not to renew the Project Turnaround contract with the Ministry of Justice, supporting the Safer Communities initiative is ongoing.

The Safer Communities Group is a collaboration of a number of local agencies involved in community safety, with some administrative support provided by Council.

During the year the Group, chaired by the Timaru District Mayor, has been reviewing its focus to ensure they are helping address the high priority community safety issues in the most effective way.

## 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 80%* (2018/19 95%) * small sample size
	Airport Civil Aviation Authority accreditation	Annual CAA accreditation identifies no significant matters that prevent ongoing accreditation	Not measured. Audit not required at discretion of CAA. Accreditation retained (2018/19: Not Measured)
	Satisfaction with cemeteries	Visitor: ≥85% Resident: ≥85%	Achieved Visitor 94% Resident 96% (biennial - 2017/18: 91%)
	Satisfaction with public toilets	User: ≥65%	Achieved 68% (biennial - 2017/18: 72%)
	Complaints about public toilet cleaning standards*	< 6	Achieved No complaints (2018/19: 3 complaints)
Social housing units are tenanted and well managed	Occupancy rate	≥97%	Not Achieved 91% (2018/19: 94%) Bedsit units are increasingly difficult to fill. Upgrades are often undertaken between tenancies.
	Response to urgent service requests within 24 hours	100%	Achieved 100% (2018/19 :100%)
Provide accessible and up to date cemetery records	Percentage of cemetery records are updated within a month	95%	Achieved 100% (2018/19: 95%)
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	Not Achieved Community engagement was limited due to COVID-19 (2018/19: 1)
	Number of community educational presentations to reduce risks from hazards to our district	20	Not Achieved 16 Community engagement was limited due to COVID-19 (2018/19:16)

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 (2018/19: Achieved)
		Annual Civil Defence Emergency Management exercise participation	Achieved (2018/19: Achieved)
		Maintain registered volunteer teams, run Annual Volunteer training programme	Achieved (2018/19: Achieved)
		Complete District Recovery Plan	Achieved Planning for COVID-19 Response included a review and update of the Pandemic Plan. During the response this was augmented by the development of a concurrent plan for evacuations should another event arise while under pandemic restrictions. (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 (2018/19: 8)
	Percentage Accountability forms returned	≥90%	Achieved 93% (2018/19: 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% (2018/19: Achieved)
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 Achieved 25% 44% believe it is the same, making a total of 69% who consider Timaru is either the same or a better place to do business. (biennial - 2017/18: 31%)
	Percentage of residents who believe Timaru is a better place to live than three years ago	≥40%	Nearly Achieved 39% (biennial - 2017/18: 40%)
	Aoraki Development CCO Statement of Intent targets met	100%	Achieved 100% (2018/19: Achieved)

\* 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 2019/20 Community Support

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	2,845	2,916	2,959
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	292	288	150
Fees and charges	514	561	636
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,435	1,430	1,351
<b>Total operating funding</b>	<b>5,086</b>	<b>5,195</b>	<b>5,096</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,803	3,856	3,869
Finance costs	188	214	157
Internal charges and overheads	614	631	689
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>4,604</b>	<b>4,700</b>	<b>4,716</b>
<b>Surplus (deficit) of operating funding</b>	<b>481</b>	<b>495</b>	<b>380</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(262)	1,663	(304)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(262)</b>	<b>1,663</b>	<b>(304)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	38	1,037	-
- to improve the level of service	189	1,170	144
- to replace existing assets	117	112	264
Increase/(decrease) in reserves	( 124)	( 162)	(331)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>219</b>	<b>2,158</b>	<b>76</b>
<b>Surplus (deficit) of capital funding</b>	<b>(481)</b>	<b>(495)</b>	<b>(380)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## **Significant Financial Variances between Actual and the Long Term Plan**

### **Increase / (decrease) in debt \$1,967,000 below LTP**

A loan of \$1,920,000 was budgeted to be raised for the purchase and development of a new cemetery site. As this project is delayed, no loan was required to be raised this financial year.

### **Capital expenditure – to meet additional demand \$1,037,000 below LTP**

Expenditure of \$1,022,000 was budgeted in the LTP for the purchase and development of a new cemetery site. Due to delays with this project no expenditure was incurred in this financial year.

### **Capital expenditure – to improve the level of service \$1,027,000 below LTP**

Expenditure of \$1,022,000 was budgeted in the LTP for the purchase and development of a new cemetery site. Due to delays with this project no expenditure was incurred in 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
<b>Building Control</b>		S	P	S		
<b>District Planning</b>	S	S	P	P	S	S
<b>Environmental Compliance</b>		P	P	P		S

P Primary contribution    S Secondary contribution

# District Planning and Environmental Services

## Highlights

### BUILDING CONTROL

**Proactive liaison continued with building owners in the district to work through the requirements of the earthquake prone building legislation. Priority and potentially earthquake prone buildings have been identified ahead of the statutory timeframe.**

The first 3 year cycle of ensuring all residential swimming pools are compliant within our district has been successfully completed.

**A successful accreditation (IANZ) audit confirmed we are performing our Building Consent Authority responsibilities well.**

### ENVIRONMENTAL COMPLIANCE

As part of our liquor licencing responsibilities, the Council continues to work with its Tri-Agency partners SCDHB and NZ Police to educate, administer and enforce the Sale & Supply of Alcohol Act 2012. The Tri-Agency group hosted a breakfast meeting for licensees to provide current information, education and a networking opportunity.



## DISTRICT PLANNING

Drafting of the new District Plan continues to progress well.

Public consultation is scheduled to occur between October and November 2020. The drafting process has involved extensive collaboration with multiple groups including the Tangata Whenua Steering Group, the Heritage Steering Group and the Biodiversity Steering Group. Representatives from Environment Canterbury and Te Runanga o Arowhenua have been involved in all District Plan chapters through Council's Technical Working Group. Landowner consultation has occurred with owners of heritage items; landowners with Significant Natural Areas; and landowners with landscape classifications.

As COVID-19 has had a significant impact on some within the hospitality sector we have offered assistance where possible including payment plans for fees.

The animal control team had a focus on following up on dogs in the district that have not been micro-chipped and assisted dog owners to comply with legislative requirements by offering several free micro-chipping clinics through the year.

## 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 (2018/19: 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 to not proceed and instead give effect to the National Policy Statements through the District Plan Review, which is currently in progress. This is considered a relatively minor statutory non-compliance, which the Ministry for the Environment is aware of. (2018/19: Not Achieved)
	Council milestones for the District Plan review are met	2019/20: Draft District Plan consultation completed	Not Achieved Drafting of the new District Plan is nearly complete. Consultation on the Draft District Plan is now scheduled to commence in October 2020.

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 99.29% (2018/19: 99.19%)
	Average building consent processing time	Processing time reduces	Achieved 12.38 days (2018/19: 12.54 days)
	Percentage of Land Information Memorandums (LIM) processed within 10 working days	100%	Achieved 100% (2018/19: 100%)
	Percentage of resource consents granted within statutory timeframes	100%	Achieved 100% (2018/19: 100%)
	Percentage of Land Use consents monitored within a year of being given effect to	100%	Not Achieved 80.39% New resource added which improved result from last year but was not in place for the full year. (2018/19: 15.87%)
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%	Achieved 90% (2018/19: 78%)
	Percentage of customer satisfaction with information and education from district planning services	≥90%	Achieved 93% (2018/19: 81%) Note small sample size
	Percentage of customer satisfaction with information and education from environmental compliance services	≥90%	Achieved 100% (2018/19: 94%)
Support responsible dog ownership	Percentage of known dogs in District registered	≥95%	Achieved 98.33% (2018/19 99.87%)
	Number of dog control education initiatives delivered	≥5	Achieved 29 There has been a significant increase in demand for education initiative, particularly from local schools. (2018/19: 7)

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, with target shortfall due to COVID-19. 85% (2018/19: 91%)
	* (targets relate to Timaru District businesses and premises only)		
	Percentage of Health regulated premises and Bylaw regulated premises inspected	80%	Achieved 81% (2018/19: 79%)
	Percentage of non-compliant businesses or premises subsequently become compliant	100%	Achieved No non-compliance identified at inspection (2018/19: 100%)
	Percentage of alcohol premises monitored annually	80%	Not Achieved 34% Most inspections are scheduled during the March - June period, and due to COVID-19 restrictions many were not operating, so inspections have been delayed. (2018/19: 74%)
	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% (2018/19: 100%)
	Percentage of registered swimming pools inspected annually	33%	Achieved 33% All pools due for inspection this year have received inspections. (2018/19: 52%)
	Percentage of non-compliant swimming pools identified at inspection that have had issues resolved in line with the Building Act 2004	100%	Nearly Achieved 99% 5 of the 445 pools on the register are still being followed up to achieve compliance (2018/19: 100%)
Fulfil Council's statutory requirements under the Building (Earthquake-prone Buildings) Act	Percentage EPBs (Priority Buildings) identified by July 2022	100%	Achieved 464 buildings have been identified as priority buildings and all of these building owners have now been notified.

## Timaru District Council: Funding Impact Statement for 2019/20 District Planning and Environmental Services

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	3,089	2,689	1,830
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,430	3,462	2,969
Internal charges and overheads recovered	28	28	5
Local authorities fuel tax, fines, infringement fees and other receipts	39	39	67
<b>Total operating funding</b>	<b>6,585</b>	<b>6,218</b>	<b>4,870</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,435	4,972	4,877
Finance costs	-	-	-
Internal charges and overheads	1,212	1,302	1,247
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,646</b>	<b>6,274</b>	<b>6,124</b>
<b>Surplus (deficit) of operating funding</b>	<b>(62)</b>	<b>(57)</b>	<b>(1,253)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	1,216
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>1,216</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	5	-	-
- to improve the level of service	-	3	-
- to replace existing assets	-	3	3
Increase/(decrease) in reserves	(67)	(62)	(40)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>(62)</b>	<b>(57)</b>	<b>(38)</b>
<b>Surplus (deficit) of capital funding</b>	<b>62</b>	<b>57</b>	<b>1,253</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

### **General rates, uniform annual general charges, rates penalties \$859,000 below LTP**

The 2019/20 Annual Plan changed the funding of the District Plan Review from rate funded to loan funded over ten years, in line with industry practice. This move resulted in a decrease of \$900,000.

### **Fees and charges \$493,000 below LTP**

Building consent revenue from fees and charges was budgeted to be \$2,105,000. Actual revenue received was \$1,757,000.

Planning consent revenue from fees and charges was budgeted to be \$412,000. Actual revenue received was \$293,000.

### **Increase / (decrease) in debt \$1,216,000 above LTP**

The 2019/20 Annual Plan changed the funding of the District Plan Review from rate funded to loan funded over ten years, in line with industry practice. As a result of this change a loan of \$1,216,000 was raised to cover 2019/20 expenditure on the District Plan Review.

A young child with dark hair, wearing a grey and black long-sleeved shirt and dark shorts, is sliding down a blue slide. The child is smiling and holding a pinecone in their right hand. The slide is set on a grassy hillside. In the background, there are tall evergreen trees and a clear blue sky. A green diagonal graphic element is overlaid on the left side of the image, containing text.

## **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 open 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
<b>Cultural and Learning Facilities</b>	P	S	P	P	P	S
<b>Parks</b>	P	S	P	P	P	S
<b>Recreational Facilities</b>	P	S	P	P	P	S

P Primary contribution    S Secondary contribution

# Recreation and Leisure **Highlights**

## Theatre Royal and new Heritage Facility

This key CBD regeneration project will bring the Theatre Royal back to life and introduce a significant new building into the existing streetscape to also provide a new home for our South Canterbury Museum exhibitions. The \$23.8M project is forecast for completion in 2023.

The Theatre Royal was closed in November 2020 for the project and to commence decommissioning.

Project Management Company Rubix were appointed as project managers for the project and procurement commenced for the design team. Since 30 June, Architectus were selected as lead architect after an open competitive two stage procurement process. Timaru District Council applied to Crown Infrastructure Partners for shovel ready funding, and in September 2020 we were advised of an \$11.6M cash injection from the fund for this project.

## Art Gallery

The Art Gallery staff found new ways of sharing the art collection and exhibitions with residents during COVID-19 lockdown.

Through a variety of online tools such as the 'your home collection' campaign, interactive feedback sessions and children's art activities residents were still able to enjoy a "virtual visit" to the Aigantighe Art Gallery

Despite the period of closure a number of local exhibitions were held, including

- local Fairlie artist Sue Tennent "Distant lands"
- Timatanga Hou | New Beginnings: a collaboration show by local artists to celebrate Matariki,
- Ross Gray "Then Again: a glimpse into the artists practice over the last 50 years"
- Lisa Chandler's 'The Dividing Line'
- Catherine Day, 'Undercurrents'
- A collection show "the Gazing Eye".

The Art Gallery continues to expand its collection with the purchase of the following five artworks during the year.

Three of these were purchased thanks to the support of the Sevicke-Jones Lattimore and MacKay bequests.

- Martin Thompson, Untitled (bequest funding)
- Saskia Leek, Slopes #7 (bequest funding)
- Yuki Kihara, Sina ma Tuna (bequest funding)
- Yuki Kihara, Sina ma Tun
- Lonnie Hutchinson, You Make Me Happy.

**A number of events and exhibitions were hosted by the Museum including "Heritage Alive", an opportunity for residents to celebrate the Timaru Heritage precinct.**

## MUSEUM

With an extension of Ministry of Education contract for an additional two years and some generous private donations to cover the funding shortfall, the Museum has been able to continue the Learning Outside the Classroom programme to local primary schools.

During COVID-19 lockdown resources were able to be adapted so that online learning at home and for schools could continue.

## LIBRARIES

Even more digital material available from the library

Digital resources played an even more significant part of providing library services during lockdown, and digital membership numbers grew significantly. We expect increasing use of our digital offerings now that many customers have experienced using them for the first time during these closures.

### **\$1.3M** Timaru Library roof and interior upgrade

This project was accelerated due to the COVID-19 lockdown. The Library roof has been repaired and resealed and the exterior of the building was cleaned and resealed. Inside the library, a new community room was built, a new heating system and insulation installed and the carpet replaced. Paintwork and energy efficient lighting were also installed.

The work programme over the last few years to upgrade and refresh the interior of our libraries in Timaru, Temuka and Geraldine has resulted in these facilities now being vibrant community hubs and meeting places used by an ever increasing range of community groups.

Here's a snippet of the range of activities offered at our libraries during the year

Storytime including Virtual storytimes

Visits from Schools/ Preschools/Kindergartens

Children's Day activities

Born To Read Outreach programmes

Lockdown Poetry Competition

Book Clubs

Device Advice

Knit and Knatter, knitting and crocheting

Mahjong club

Introduction to Sign Language sessions



## Retro Rock 2020

A free outdoor retro rock gig was celebrated in the natural amphitheatre outside the Museum, with "outdoor blast from the past" featuring music from the 80s and 90s

## RECREATIONAL FACILITIES

### Caroline Bay Trust Aoraki Centre (CBay)

Offering facilities and classes for all age groups in the community is a key focus for the staff at CBay

- the Aqua Fit and Age Fit continue to be very popular
- With many primary schools no longer having their own swimming pools, water skills sessions and swimming lessons are offered at CBay throughout the year.
- Turning a negative into a positive...While the CBay facility was closed during the COVID-19 lockdown the annual maintenance work was completed. This means that there will be no need for the usual maintenance closure week in October 2020.

### **\$149k**

Ongoing maintenance and renewal work during the year at the Pleasant Point, Geraldine and CBay swimming pools.



Redruth Park, adjacent to the Timaru Cemetery and with its coastline view, is being used more and more by cyclists and walkers. The area has had extensive new planting and the installation of additional tracks during the year.

### **Timaru Botanic Gardens**

– our Garden of Significance

A draft design concept for upgrading areas of Timaru Botanic Garden has been prepared.

This looks at access to the gardens, traffic and walking patterns and design themes. The ongoing upgrading work at the Gardens will assist in maintaining the national status as a 'Garden of Significance.'



## 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	Not Achieved: 12,638 (2018/19: 19,205) The gallery was closed to visitors March - May due to COVID-19
	Art Gallery – online users	Annual increase	Achieved: 1,565 (Facebook followers) (2018/19: 1,325)
	Museum – visitor numbers	20,000	Not Achieved: 15,563 (2018/19: 19,315) The museum was closed to visitors March - May due to COVID-19
	Museum – online users	Annual increase	Achieved 23,381 (web page users) (2018/19: 13, 177)
	Museum – student users	≥4,000	Achieved: 4,198 (2018/19: 6,424) The museum was closed to visitors March - May due to COVID-19
	Library – visitor numbers	350,000	Not Achieved: 248,388 (2018/19: 333,003) The libraries were closed to visitors March - May due to COVID-19, and the Timaru Library closed until 6 July for renovations
	Library – Online website and catalogue searches	300,000	Achieved: 492,280 (2018/19: 432,716)
	Library – Database searches including PressReader	220,000	Achieved: 301,000 (2018/19: 393,415) Numbers reduced due to PressReader withdrawing access to popular publications
	Library – Aotearoa People’s Network Kaharoa (APNK) PC and Wifi library sessions per year	≥80,000	Achieved: 98,942 (2018/19:117,510) Reduced numbers due to COVID-19 and renovation closures
	Library issues (physical & digital) of materials per year	≥500,000	Not Achieved: 463,473 Reduced numbers due to COVID-19 and renovation closures, although digital issues were high (2018/19: 553,921)
CBay swimming complex – visitor numbers	325,000	Not Achieved: 271,976 (2018/19: 338,921) The facility was closed to visitors March - May, due to COVID-19	

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%	Resident 89% Achieved User 89% Nearly Achieved (biennial - 2017/18: Resident 91% User 93%)
	Satisfaction with Libraries	Resident: ≥95% User: ≥95%	Resident 94% Nearly Achieved User 95% Achieved (biennial - 2017/18: Resident 94%, User 97%)
	Satisfaction with Museum	Resident: ≥80% User: ≥80%	Achieved User 92% Resident 92% (biennial - 2017/18: Resident 95%, User 97%)
	Satisfaction with Parks and Recreation	Resident: ≥90% User: ≥92%	Achieved User 97% Resident 97% (biennial - 2017/18: Resident 92%, User 92%)
	Satisfaction with Swimming Pools	Resident: ≥80% User: ≥75%	Achieved User 90% Resident 89% (biennial - 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	Not Achieved Art Gallery: 2 Libraries: 3 Museum: 3 Onsite programmes were limited due to COVID-19 restrictions. Innovative online programmes were able to be delivered when the facilities were closed (2018/19: 4 programmes at each facility)
	Number of annual exhibitions	Art Gallery: ≥10 Museum: ≥3	Achieved Art Gallery: 13 Museum: 3 (2018/19: Art gallery: 20, Museum 4)
	Number of aqua fitness classes	≥350	Nearly Achieved 346 (2018/19: 507)
	Aqua swimming education	Swim for life participants: ≥2,000 Learn to swim enrolments: ≥3,000 Competitive squad swimmers (per term): ≥70	Swim for life: 1,551 Not Achieved Learn to swim: 2,916 Nearly Achieved Competitive squad swimmers (per term): 87 Achieved (2018/19: Swim for life 2,405, Learn to swim 3,036, squad 80) Numbers affected by COVID-19 restrictions
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 (2018/19: Achieved )

Level of Service	Performance Measure	Target	Result/Achievement
Recreation and Leisure facilities are safe, fit for purpose and well maintained	Number of closures of playground equipment due to safety issues	0	Not achieved 3-2 precautionary and the other was the result of vandalism. (2018/19: 1)
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 New software improved and streamlined collection management meaning a number of additional collection works could be catalogued during the year. 100% (2018/19: 100%)
	Art Gallery – Number of collection works re-catalogued	50	Assistance from the Friends of the Aigantighe and new software meant a number of additional collection works could be catalogued during the year. Achieved 1,211 (2018/19: 838)
	Art Gallery – Number of art works conserved	≥5	Not Achieved 3 This work is dependent on funding availability (2018/19: 7)
	Museum – number of acquisitions	≥150	Not Achieved COVID-19 shutdown impacted on acquisition target. There was less material able to be donated for acquisition due to facility closure during COVID-19 lockdown. 126 (2018/19: 140)
	Percentage of Museum collection items held in acceptable conditions	≥90%	Achieved 97% (2018/19: 98%)
	Percentage of Museum collection items documented to acceptable standards	≥85%	Achieved 95% (2018/19: 93%)
Develop and maintain Park facilities to meet future expectations and demand	Kilometres of off-road walking and biking tracks	58km	Achieved 61km (2018/19: 59km)
	Number of playgrounds per 1,000 residents under 15 years of age	≥5.3	Achieved 5.38 (2018/19: 5.4)
	Park hectares per 1,000 residents	14ha	Achieved 14.45ha (2018/19: 14.45)
	Trevor Griffiths Rose Garden and Timaru Botanic Gardens retained as Gardens of Significance	1 Garden of National Significance, 1 Garden of Significance	Achieved (2018/19: Achieved)

## Timaru District Council: Funding Impact Statement for 2019/20 Recreation and Leisure

	2018/19 Long-term plan (\$'000)	2019/20 Long-term plan (\$'000)	2019/20 Actual (\$'000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	12,478	12,887	13,086
Targeted rates	20	20	19
Subsidies and grants for operating purposes	75	30	96
Fees and charges	2,358	2,033	2,207
Internal charges and overheads recovered	312	317	153
Local authorities fuel tax, fines, infringement fees and other receipts	1,892	1,326	591
<b>Total operating funding</b>	<b>17,135</b>	<b>16,613</b>	<b>16,153</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,401	11,298	11,839
Finance costs	766	947	567
Internal charges and overheads	1,704	1,795	1,627
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>13,872</b>	<b>14,040</b>	<b>14,033</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,263</b>	<b>2,573</b>	<b>2,120</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	1,000	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,013	4,438	191
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	43	-
<b>Total sources of capital funding</b>	<b>3,013</b>	<b>5,480</b>	<b>191</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	90	95	-
- to improve the level of service	2,442	4,372	316
- to replace existing assets	5,880	4,484	3,325
Increase/(decrease) in reserves	(2,136)	(897)	(1,329)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>6,277</b>	<b>8,053</b>	<b>2,311</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,263)</b>	<b>(2,573)</b>	<b>(2,120)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.



## Significant Financial Variances between Actual and the Long Term Plan

### Payments to staff and suppliers \$541,000 above LTP

Expenditure on staff costs for CBay aquatic centre and was budgeted at \$203,000 less than actual expenditure. Government legislation in regards minimum wage adjustments was not included within the LTP budget.

### Finance costs \$380,000 below LTP

The LTP included interest costs of \$193,000 for the Theatre Royal upgrade. Due to timing of the project the loan that was budgeted to be raised in 2018-2019 was not raised and therefore no interest costs were incurred.

The LTP included interest costs of \$90,000 for the Timaru Library roof replacement. Due to timing of the project the loan budgeted to be raised in 2018-2019 did not occur resulting in less interest costs incurred.

The LTP budgeted interest costs at 6.0%, actual interest costs for the year averaged at less and provided a \$100,000 saving.

### Subsidies and grants for capital expenditure \$1,000,000 below LTP

The LTP budgeted to receive \$1,000,000 grant funding towards the Theatre Royal and Heritage Centre upgrade. Due to delays in the project, funding has not been received.

### Increase / (decrease) in debt \$4,247,000 below LTP

Due to delays with the Theatre Royal upgrade a loan of \$4,781,000 was not required to be raised. The project has been rebudgeted to commence construction in the 2020/21 financial year. The LTP also budgeted for debt repayment of \$50,000 which has also not been incurred.

A loan of \$1,180,000 was raised for the Timaru Library roof replacement. This project was rebudgeted from the original LTP timeframe of 2018/19 to this financial year. The LTP also budgeted for debt repayment of \$61,000 which was not incurred.

The LTP budgeted for loan repayments of \$411,000 for the CBay aquatic centre debt. Actual repayments made were \$785,000.

### Capital expenditure – to improve the level of service \$4,056,000 below LTP

The LTP included \$3,846,000 for the Theatre Royal upgrade. The project has been delayed and the upgrade has been rebudgeted in the 2020-2021 financial year.

The LTP had expenditure of \$386,000 included for the Temuka Domain development and for upgrades on shared urban tracks. Actual expenditure incurred was \$249,000.

### Capital expenditure – to replace existing assets \$1,158,000 below LTP

The LTP included \$2,525,000 for the Theatre Royal upgrade. Actual expenditure incurred was \$162,000.

The LTP included \$974,000 for parks assets renewals. Actual expenditure for the year was \$575,000.

In the 2019/20 Annual Plan the Timaru Library roof replacement was rebudgeted. The project was completed at a cost of \$1,327,000.

Expenditure on the upgrade of the Temuka Swimming Pool was \$187,000, the original LTP budget was included in 2018/19.

### Increase / (decrease) in reserves \$432,000 below LTP

Transfers from reserves were higher due to the timing of expenditure on capital projects and decreased revenue received.



## **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
<b>Roothing and Footpaths</b>	P	P	S	P	S	S
<b>Cycleways and Walkways</b>	P	S	P	P	S	S

**P** Primary contribution    **S** Secondary contribution

# Roading and Footpaths **Highlights**

Despite three separate severe emergency events including the November 2019 hailstorm, the Rangitata River flood, the Covid-19 shutdown for 6 weeks in prime construction season, most of the planned roading projects were delivered. Good working relationships with contractors and smart procurement helped ensure this work was completed on time.

## **Top Marks for efficiency....**

The national Road Efficiency Group has ranked Timaru District Council at the top of the equivalent peer group in terms of knowledge of the roading network and cost efficiency.

## **\$2.3M**

A comprehensive and prioritised road renewal programme is an essential part of ensuring the district's roading network is fit for purpose.

Excellent progress was made on the replacement of remaining street lights on major streets with LED lanterns.

## **During the year 7.2km of roads were renewed, including sections of:**

- Domain Ave in Temuka
- Landsborough Road, Old North Road, Pages Road, Fraser/Hayman Streets in Timaru
- Totara Valley near Pleasant Point
- Arowhenua Road near Temuka
- Talbot Street, Coach Road, Winchester-Hanging Rock Road, Te Moana Road, Badham Roads near Geraldine and Winchester.

**All upcoming roading works are listed on a map available on our website. Have a look to check what is planned in your neighbourhood.**

**[www.timaru.govt.nz/services/roads-transport-and-parking/roading-work-and-projects](http://www.timaru.govt.nz/services/roads-transport-and-parking/roading-work-and-projects)**

## **New Welcome to Timaru District entrance signs give a striking sense of arrival (featured on this Annual Report's cover)**

\$120K New signs were installed at the 5 main entrances to the district.

The signs, designed by local artist Debbie Templeton-Page in collaboration with designer Matt Searles and, fabricated locally are striking public artworks that offer a unique welcome to our district.

## **\$2M**

to repair road and bridge damage from the December 2019 Rangitata River flood

With both the SH1 and the Route 72 inland bridges being impassable and significant damage to the surrounding road network, the South Island was severed with no alternative route for traffic. With a significant effort, overcoming many challenges, Route 72 (inland route) was reopened just over 2 days later. SH1 was reopened three days later.



## 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 80% (2018/19: 85%)
	Percentage of customer service requests responded to within 10 working days – Roading (Mandatory)	≥70%	Not Achieved 47% The contract management system indicates good contractor response times however the interface with Councils reporting system needs improvement. This is affecting results. (2018/19: 53%)
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 86.5 minutes (2018/19: 93.1)
	Evening Journey time on key Timaru routes*	<96.58 minutes	Achieved 88.50 minutes (2018/19: 95.70 mins)
	Number of complaints about traffic disruption due to maintenance and renewal works	≤10	Achieved 5 (2018/19: 3)
	Road condition – Average quality of ride on sealed local road network percentage smooth travel exposure index	≥90%	Achieved 95% (2018/19: 95%)
	Percentage resident satisfaction with maintenance of unsealed roads	≥70%	Achieved 70% (2018/19: 67.5%)
	Percentage resident satisfaction with maintenance of sealed roads	≥75%	Achieved 76% (2018/19: 74%)
	Percentage sealed local road network resurfaced (Mandatory)	4%	Achieved 7.2% (2018/19: 8%)
	Percentage of bridges that have capacity for full HPMV loading	65%	Nearly Achieved 63% (2018/19: 66%)

\* 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 79% (2018/19: 73.5%)
	Percentage of footpaths to be in average or better condition	75%	Achieved 91% (2018/19: 90.6%)
	Kilometres of footpaths resurfaced	7km	Not Achieved 6.64km (2018/19: 9.15km)
Traffic signals, road signage and markings and amenity lighting provide clear guidance	Percentage resident satisfaction with road signs and markings provide guidance that is helpful and effective	≥95%	Achieved 98.5% (2018/19: 98.%)
	Percentage resident satisfaction that there is sufficient lighting of streets and intersections in urban areas	≥95%	Nearly Achieved 93.5% (2018/19: 94%)
Roading works and road safety initiatives help promote district road safety and awareness	Percentage of residents believe the road network is safe	85%	Achieved 88% (2018/19: 79.5%)
	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	Achieved 1 road fatality and 9 serious injury crashes, a reduction of 3 compared to 2018/19 (2018/19: 13)
	Percentage of residents aware of road safety programmes or advertisements	40%	Not Achieved No clear reason for not meeting target. Reviewing delivery of programme using a multi-media approach. This is a regional issue involving collaboration with other partners, including police. 24% (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 82.5% (2018/19: 79.5%)
	Percentage resident satisfaction with location, design and maintenance of car parking	80%	Achieved 90.5% (2018/19: 90%)

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 (2018/19: 1)
	Percentage of residents using public transport	15%	Not Achieved 1.5% Major changes in Timaru public transport are showing signs of increasing usage (2018/19: 2%)
	Percentage of residents regularly cycling	30%	Not Achieved 20.5% (2018/19: 16.5%)
	Percentage of residents regularly walking	80%	Not Achieved No clear reason for not meeting target. Will require further analysis. 42.5% (2018/19: 63%)

\*\* 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 2019/20 Roothing and Footpaths

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	8,817	9,136	9,245
Targeted rates	1,771	1,983	1,431
Subsidies and grants for operating purposes	2,694	2,971	3,270
Fees and charges	881	700	427
Internal charges and overheads recovered	1,941	1,945	-
Local authorities fuel tax, fines, infringement fees and other receipts	351	450	455
<b>Total operating funding</b>	<b>16,455</b>	<b>17,184</b>	<b>14,827</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,973	8,117	7,889
Finance costs	743	770	630
Internal charges and overheads	2,551	2,736	2,215
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>11,267</b>	<b>11,622</b>	<b>10,734</b>
<b>Surplus (deficit) of operating funding</b>	<b>5,188</b>	<b>5,562</b>	<b>4,093</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	5,592	5,104	7,622
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,156	301	(137)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	165	165	-
<b>Total sources of capital funding</b>	<b>6,913</b>	<b>5,571</b>	<b>7,485</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	134	106	-
- to improve the level of service	4,271	2,832	2,759
- to replace existing assets	8,622	9,054	12,670
Increase/(decrease) in reserves	(926)	(860)	(3,851)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>12,101</b>	<b>11,133</b>	<b>11,578</b>
<b>Surplus (deficit) of capital funding</b>	<b>(5,188)</b>	<b>(5,562)</b>	<b>(4,093)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.



## Significant Financial Variances between Actual and the Long Term Plan

### Targeted rates \$552,000 below LTP

The NZTA made available funding for footpaths. This funding was not originally included in the LTP. With the funding this has resulted on less funding needed through rates.

### Internal charges and overheads recovered \$1,945,000 below LTP

In the 2019/20 Annual Plan, the Land Transport Unit was reclassified as a Corporate Overhead and removed from being included within the Roothing and Footpaths activity. This has resulted in only expenditure charged to Roothing and Footpaths from the Land Transport Unit being shown within this activity.

### Internal charges and overheads \$520,000 above LTP

In the 2019/20 Annual Plan, the Land Transport Unit was reclassified as a Corporate Overhead and removed from being included within the Roothing and Footpaths activity. This has resulted in only expenditure charged to Roothing and Footpaths from the Land Transport Unit being shown within this activity.

### Subsidies and grants for capital expenditure \$2,518,000 above LTP

NZTA made available funding for footpaths, this funding was not originally included in the LTP.

Due to a significant rainfall event in December 2020 resulting in major flooding, increased emergency funding was made available from the NZTA.

### Increase / (decrease) in debt \$438,000 below LTP

A loan of \$1,200,000 was budgeted to be raised for subsidised roading capital works. Due to lower expenditure incurred no actual loan was required to be raised.

Loan repayments were budgeted to be \$899,000 in the LTP. Actual loan repayments were \$137,000 for this financial year.

### Capital expenditure – to replace existing assets \$3,616,000 above LTP

Expenditure on cyclic renewals and replacements were budgeted at \$9,054,000. Actual expenditure incurred is \$12,670,000.

### Increase / (decrease) in reserves \$2,991,000 below LTP

Transfers from reserves was greater as a result of utilising the disaster recovery reserve to cover the shortfall of NZTA subsidy funding and non-subsidised flood repairs and maintenance.

A photograph of a construction site. In the foreground, two workers in high-visibility orange shirts and hard hats stand near a yellow excavator. The excavator has 'PAUL SMITH' written on its arm. In the background, there is a blue truck and several tall evergreen trees under a clear blue sky. An orange and white traffic cone is in the lower foreground. A large orange diagonal shape is overlaid on the left side of the image, containing text.

## 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

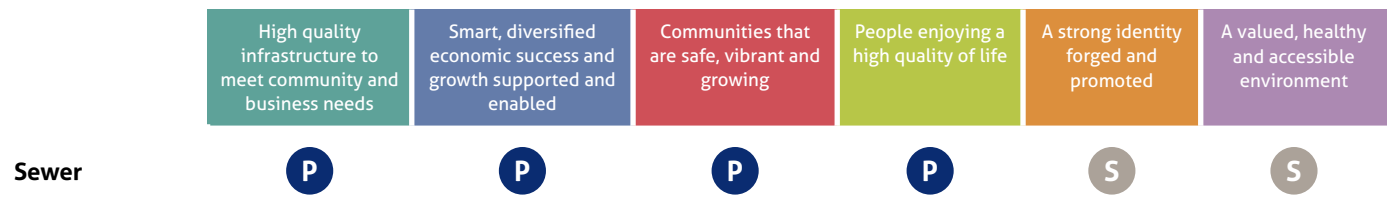
Our sewer services include the collection, treatment and disposal of domestic and industrial wastewater.

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



**P** Primary contribution    **S** Secondary contribution

# Sewer Highlights

The Geraldine Trunk sewermain replacement under the Waihi River (Geraldine Syphon) requires both cultural and ecological assessments to supplement the resource consent application. This assessment work is underway, and as a result construction has been deferred until next year.

Investigations, consenting and design work for the sewermain on Talbot Street in Geraldine were completed. Construction work for the first section was completed this year, the remaining section is planned for 2020/21.

**Temuka Domain sewer main upgrade - planning work has commenced but the project has been delayed as an archaeological authority application is required. Construction has been deferred to 2020/21.**

User satisfaction with the sewer services

Target:  
85%

Achieved:  
93%

The Geraldine and Temuka oxidation ponds were desludged at a \$1.1M operational cost plus \$353k of capital expenditure. This is a once in 10 - 15 year task that will improve the long-term performance of the ponds. Considerable earthworks were required on site to enable the collection and dewatering of the materials.



## 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	Not Achieved 3.16 (2018/19: 1.58)
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions - (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2018/19: Achieved)
Provide management of trade waste services	Percentage of industries with trade waste agreements that have been monitored for compliance	100%	Achieved 100% (2018/19: 100%)
Maintain excellent customer service	Median attendance times to sewerage overflow faults in the network (Mandatory)	<1 hour	Achieved 0.47 hour (2018/19: 0.44 hour)
	Median resolution time (in hours) to sewerage overflow faults in the network (Mandatory)	<8 hours	Achieved 2.06 hours (2018/19 3.12 hours)
	Number of complaints per 1,000 connections received about : 1) Sewerage odour 2) Sewerage system faults 3) Sewerage system blockages 4) The TDC response to sewerage system issues (Mandatory)	≤14	Achieved 8.26 1) Odour: 1.58 2) System faults: 1.15 3) Blockages: 5.53 4) TDC response: 1 (2018/19: 12.29)
	User satisfaction with sewer services	≥85%	Achieved 93% (biennial - 2017/18: 96%)

## Timaru District Council: Funding Impact Statement for 2019/20 Sewer

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	52
Targeted rates	7,130	7,130	7,190
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,370	2,430	2,682
Internal charges and overheads recovered	-	-	3
Local authorities fuel tax, fines, infringement fees and other receipts	186	169	79
<b>Total operating funding</b>	<b>9,686</b>	<b>9,746</b>	<b>10,005</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,688	2,623	3,202
Finance costs	2,515	2,458	2,000
Internal charges and overheads	1,596	1,896	1,156
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,799</b>	<b>6,978</b>	<b>6,357</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,887</b>	<b>2,768</b>	<b>3,648</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	145	169	115
Increase/(decrease) in debt	(565)	(1,736)	(2,214)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(420)</b>	<b>(1,567)</b>	<b>(2,099)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	820	102	-
- to improve the level of service	620	-	-
- to replace existing assets	2,796	1,910	1,427
Increase/(decrease) in reserves	(1,769)	(812)	122
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>2,467</b>	<b>1,200</b>	<b>1,549</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,887)</b>	<b>(2,768)</b>	<b>(3,648)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

### Payments to staff and suppliers \$579,000 above LTP

Expenditure on desludging ponds at Temuka and Geraldine was budgeted at \$500,000. Actual expenditure incurred was \$1,050,000.

### Finance costs \$458,000 below LTP

The 2017-2018 budget included a loan to be raised for capital works of \$13,604,300 which in the 2019-2020 budget included interest costs to service that loan. Due to delays with renewal works the loan was not raised and has resulted in less interest cost being incurred.

### Internal charges and overheads \$741,000 below LTP

The 2019/20 Annual Plan increased overhead charges from that indicated in the LTP. It also included a budget for the revaluation of the three waters infrastructure, which was also not included in the LTP.

### Increase / (decrease) in debt \$478,000 below LTP

A loan of \$502,000 was budgeted to be raised in regards sewer extensions and development works. Due to physical delays with the projects no actual loans were required to be raised this financial year.

### Capital expenditure – to replace existing assets \$483,000 below LTP

Reticulation upgrades and renewals were budgeted at \$1,910,000. Actual expenditure incurred was \$1,427,000, due to delays with work programmes.

### Increase / (decrease) in reserves \$934,000 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.

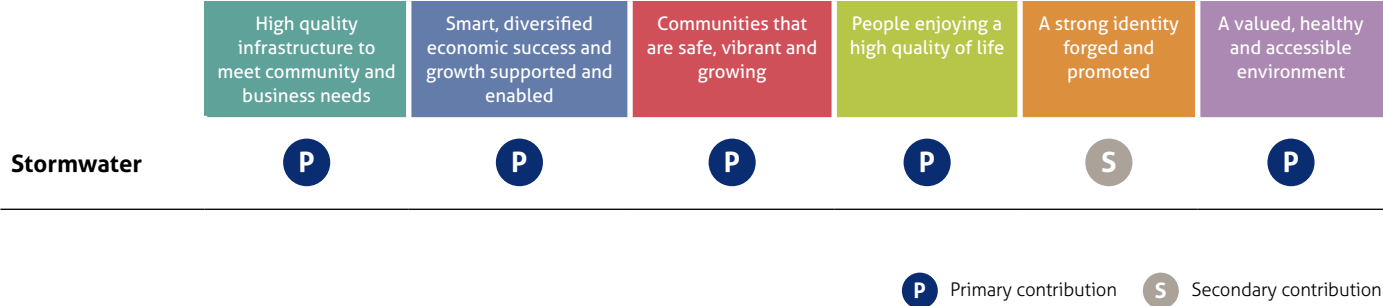
Stormwater is rainwater that flows from surfaces like roofs, footpaths and roads. Large amounts of uncontrolled stormwater can lead to flooding and damage to property and can lead to potential health hazards, so it's important it is managed properly.

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



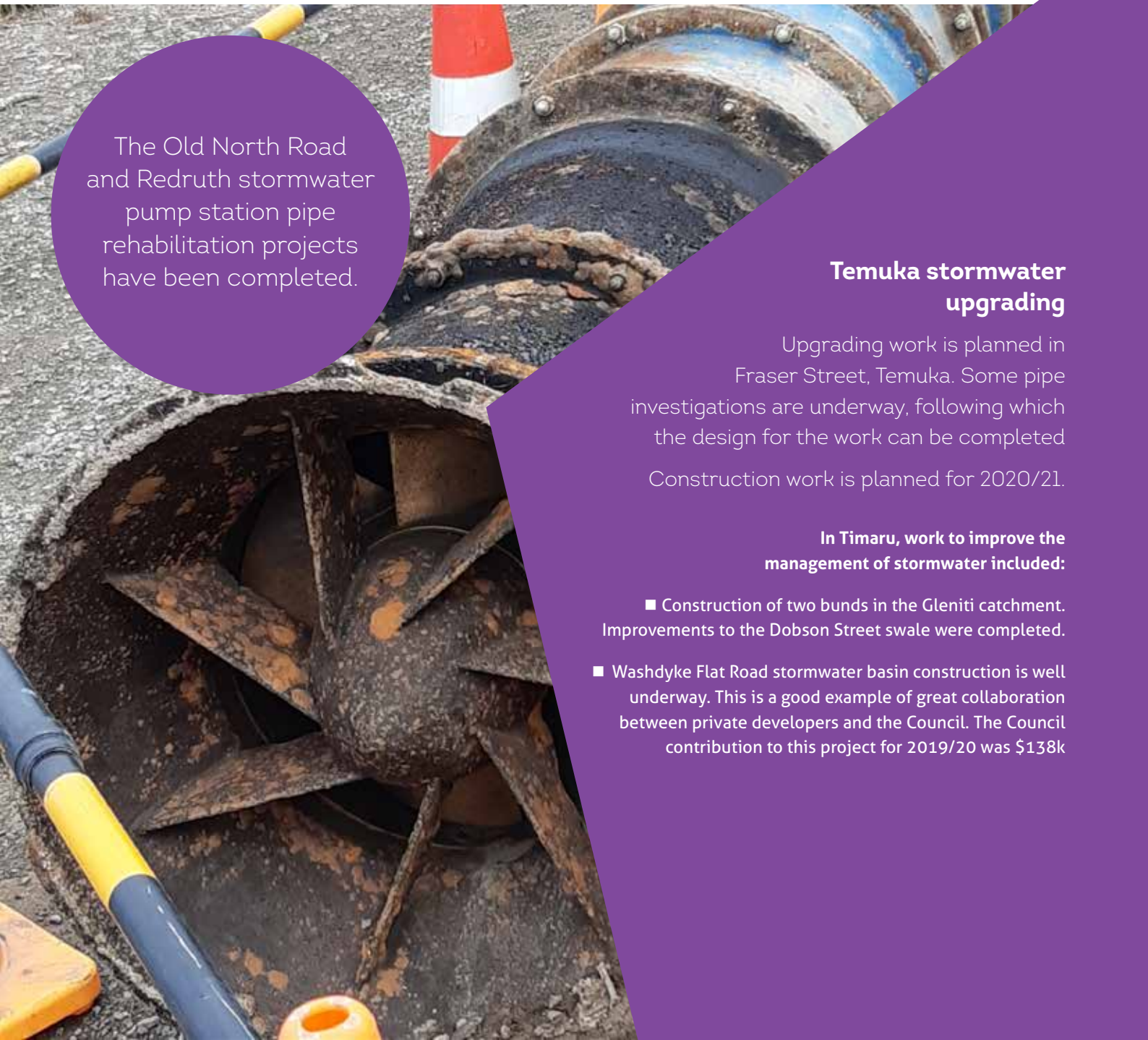
# Stormwater **Highlights**

Our focus on developing stormwater management plans in line with national and regional environmental standards has continued this year. After extensive preparation work a contract was awarded for the development of stormwater management plans for Timaru, Pleasant Point, Temuka and Washdyke.

Significant progress has also been made on drafting stormwater provisions, including the identification and protection of overland flow paths, for the District Plan Review.

## **Improvements to the stormwater network in Geraldine are progressing. This includes:**

- Completion of the upgraded stormwater pipes in Hislop and Huffey Streets.
- Completion of the design for the Geraldine Domain Swale Improvements (construction work is planned for 2020/21).



The Old North Road and Redruth stormwater pump station pipe rehabilitation projects have been completed.

## **Temuka stormwater upgrading**

Upgrading work is planned in Fraser Street, Temuka. Some pipe investigations are underway, following which the design for the work can be completed. Construction work is planned for 2020/21.

### **In Timaru, work to improve the management of stormwater included:**

- Construction of two bunds in the Gleniti catchment. Improvements to the Dobson Street swale were completed.
- Washdyke Flat Road stormwater basin construction is well underway. This is a good example of great collaboration between private developers and the Council. The Council contribution to this project for 2019/20 was \$138k

## 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 (2018/19: 0)
	Number of flooding events for rain events up to a 1 in 10 year return for commercial and industrial zones (Mandatory)	0	Achieved 0 (2018/19: 0)
	Number of habitable floors affected by flooding events in the Timaru district, per 1000 properties connected to the stormwater system (Mandatory)	0	Achieved 0 (2018/19: 0)
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 (2018/19: Achieved)
Maintain excellent customer service	Median response times to attending a flooding event (Mandatory)	<1 hour	Achieved Zero. No flooding events recorded for 2019/20 year (2018/19: Achieved)
	Total complaints (per 1000 connections) received about performance of stormwater system (Mandatory)	≤10	Achieved 0 (2018/19: 1.14)
	Percentage resident satisfaction with stormwater services	≥65%	Achieved 68% (biennial - 2017/18: 68%)

## Timaru District Council: Funding Impact Statement for 2019/20 Stormwater

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	13
Targeted rates	1,747	1,714	1,757
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>1,747</b>	<b>1,714</b>	<b>1,770</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	611	485	323
Finance costs	49	63	26
Internal charges and overheads	199	239	139
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>859</b>	<b>787</b>	<b>488</b>
<b>Surplus (deficit) of operating funding</b>	<b>889</b>	<b>928</b>	<b>1,281</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	25
Increase/(decrease) in debt	489	245	142
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	35	36	-
<b>Total sources of capital funding</b>	<b>524</b>	<b>281</b>	<b>167</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	100	87	-
- to improve the level of service	582	447	353
- to replace existing assets	851	236	628
Increase/(decrease) in reserves	(120)	438	467
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,413</b>	<b>1,208</b>	<b>1,448</b>
<b>Surplus (deficit) of capital funding</b>	<b>(889)</b>	<b>(928)</b>	<b>(1,281)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

Capital expenditure – to replace existing assets \$392,000 above LTP

Expenditure on network renewals within Timaru Stormwater was \$545,000 which included the LTP budget of \$153,000 and \$337,000 which was rebudgeted from 2018-2019.



**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

## Lots of activity at Redruth

The capping of the Stage 1 landfill cell at Redruth was completed using a crushed glass aggregate. As well as being cost effective, we were able to utilise a considerable amount of recycled glass.

## Completion of the Resource Recovery Park, including an upgrade of the waste sort facility.

This will make it easier for customers to sort their recyclables. The facility was officially opened on 1 September, 2020 by the Hon Eugenie Sage, Associate Minister for the Environment.

The Radio Frequency Identification Data project was also completed in this year. The tagging of over 90% of kerbside bins will enable real time tracking of any lost or stolen bins and better identification of bins being misused.

The Waste Minimisation and Management Services contract renewal tenders were received. The new contract is expected to bring a strong customer focus, along with sustainability and innovation.

A new 15 year contract has been awarded.

## 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: $\geq 90\%$ User: $\geq 90\%$	Resident 91% Achieved User 92% Achieved (biennial - 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 (2018/19: 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	Not Achieved 2,889 tonnes Facility was closed during COVID-19 lockdown, and increased contamination noted in kerbside collection (2018/19: 3,580)
	Compost Facility – Organic nett tonnages diverted	15,000 tonnes	Not Achieved 11,951 tonnes Facility was closed during COVID-19 lockdown, and increased contamination noted in kerbside collection (2018/19: 12,526)
	Resource Facility – Recycling nett tonnages diverted via recycling other than for MRF recyclables	300 tonnes	Achieved 315 tonnes Volumes reduced during COVID-19 lockdown (2018/19: 524)
	Number of transactions at re-use shop	20,000	Not Achieved 18,926 Facility was closed during COVID-19 lockdown (2018/19: 26,482)
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 5,693 (2018/19: 6,201)
	Kerbside collection information provided across a range of media	2,000 items	Achieved 3,060 (2018/19: 5,207)
	Number of businesses provided with zero waste support	75	Not Achieved 41 Reduced service due to COVID-19 lockdown (2018/19: 58)
	Number of programmes/ initiatives provided to encourage waste diversion	18	Achieved 23 (2018/19: 22)
	Number of events provided with zero waste support	25	Achieved 35 Target had been achieved prior to COVID-19 lockdown (2018/19: 36)
	Number of zero waste support talks/tours	52	Not Achieved 25 The Redruth site was closed to public access for a significant part of the year due to landfill gas issues, construction work at the Resource Recovery Park, and the COVID-19 lockdown, meaning no public tours or talks were possible after October 2019. (2018/19: 95)

## Timaru District Council: Funding Impact Statement for 2019/20 Waste Minimisation

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	315	315	360
Targeted rates	6,237	6,425	5,997
Subsidies and grants for operating purposes	175	175	127
Fees and charges	2,885	2,937	3,785
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	379	404	373
<b>Total operating funding</b>	<b>9,991</b>	<b>10,256</b>	<b>10,643</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,935	7,875	10,057
Finance costs	320	325	269
Internal charges and overheads	465	584	534
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>8,719</b>	<b>8,784</b>	<b>10,860</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,272</b>	<b>1,472</b>	<b>(217)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	597	(414)	(181)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>597</b>	<b>(414)</b>	<b>(181)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	696
- to improve the level of service	2,594	1,021	879
- to replace existing assets	152	13	1,073
Increase/(decrease) in reserves	(877)	25	(3,046)
Increase/(decrease) of investments	-	-	0
<b>Total applications of capital funding</b>	<b>1,869</b>	<b>1,058</b>	<b>(398)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,272)</b>	<b>(1,472)</b>	<b>217</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

### Targeted rates \$428,000 below LTP

In the 2019/20 Annual Plan targeted rates funding required was reduced by \$428,000 from the LTP budget.

### Fees and charges \$848,000 above LTP

Income from fees at landfills was budgeted at \$2,937,000. Actual income received was \$3,785,000, due to increased tonnage received at sites from that budgeted.

### Payments to staff and suppliers \$2,182,000 above LTP

Landfill aftercare provisions of \$1,158,000 were incurred. The LTP had a budget of \$175,000.

Kerbside collection contractor, waste site maintenance and procurement support services were budgeted in the LTP at \$6,163,000. Actual expenditure incurred was \$7,104,000 and is a result of increased tonnage picked up and processed over that budgeted. The unfavourable variance is offset by increased income from fees and charges.

Operating expenditure on carbon credits was \$705,000. The LTP had a budget of \$428,000. The unfavourable variance was due to higher unit rates from what was budgeted and also additional units required to be purchased to meet Council's liability.

### Capital expenditure – to meet additional demand \$696,000 above LTP

Capital expenditure on carbon credits was \$696,000. The LTP did not have a budget.

### Capital expenditure – to replace existing assets \$1,061,000 above LTP

Capital works for the new transfer station (stage 2) were delayed from the 2018/19 LTP year with an approved carry forward to this financial year. Actual expenditure incurred was \$1,065,000.

### Increase / (decrease) in reserves \$2,570,000 below LTP

The purchase of carbon credits was funded from reserves. Reserve funding was also used to cover the expenditure incurred on the carry forward of the new transfer station and the reduction in targeted rate funding in the 2019/20 Annual Plan.



**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

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## Contributions to Community Outcomes

Water Supply contributes to the following Community Outcomes



# Water Supply Highlights

## Our district wide network of water supply assets is worth \$322M (including Timaru District and Downlands Water Supply)

Managing these assets requires an ongoing and extensive renewal and maintenance plan. During 2019/20, over \$2.2M of work was carried-out on the water supply network. This included renewal of several watermains across our district at Dawson Street, Dunkirk Street, and Totara Street in Timaru, Levens Lane in Temuka and Wooding Road, Ribbonwood Road and Woodbury Road in Geraldine.

### Timaru-Pareora Pipeline Upgrade

The design for the Timaru - Pareora Pipeline renewal is progressing, and the contract for Section 1 has now been awarded.

### As well as renewal and maintenance work, several new projects were completed

- In Temuka, the raw reservoir bypass and aerator renewal have been completed. The bypass will enable the maintenance of the reservoir without causing any disruption to the water supply. A tender for installation of a new reservoir in Temuka was also awarded this year and work will commence in 2020/21.
- The Ultra Violet Water Treatment Units were replaced in the Geraldine Water Treatment Plant.

Good progress has been made on the upgrade of the Downlands Water Supply Scheme including the new Te Ana Wai water treatment plant and trunkmain upgrade and on the Pareora Pipeline upgrade. However there have been significant delays due to complexities in terms of design and resource consenting processes.

### Downlands Water Supply Scheme Upgrade progress

- Preparation of the contract for the design and construction of the Te Ana Wai water treatment plant. The Design and Build contract for the Te Ana Wai water treatment plant was awarded in August 2020.
- Awarded the contract for the Te Ana Wai trunk main Stage 1 upgrade using an innovative pipe lining product.
- Awarded the contract for the construction of the Te Ana Wai raw water storage reservoirs and associated pipework.
- The designation of the Te Ana Wai water treatment plant site has been delayed due to resource consent planning issues.



## 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)	<p>Not Achieved: 9 out of 12 treatment schemes were compliant.</p> <p>All reticulation networks were compliant, but the following Treatment Plants were not compliant: The Pareora Treatment Plant complied with the treatment processes for a small water supply. However the requirements for a small water supply include the requirements to have a current Water Safety Plan. The plan has expired so the treatment Plant was deemed non compliant. The Geraldine Treatment Plant was non compliant on 4 days for 3 to 5 minutes each day with high turbidity on pump startup. This was traced to a leak in the pipes which was repaired. 4 days data was lost with the data not transferring to the SCADA master from the site. 6 days data available only every 15 minutes, not every minute during commissioning of new UV units. Unable to comply with UV monitoring requirement. The total number of non compliant days was 14. The Pleasant Point Treatment Plant was non compliant as a result of the turbidity meter being accidentally turned for 3 days off during commissioning of the new chlorine treatment system. Leniency has been requested but no decision has yet been advised from the accredited Drinking Water Assessor.</p> <p><b>(2018/19: 2 non compliant treatment schemes)</b></p>
	<p><i>The risk due to the non compliance is negligible. Overall the treatment process compliance is greater than 99.99%, however technical non-compliance due to insufficient data reduces this to 99.2% for Pleasant Point and 97.4% for Geraldine. Geraldine has a higher risk over and above the treatment non-compliance as the drinking water does not have a chlorine residual.</i></p>		
	Drinking Water Standards (Part 5) – Protozoal Compliance (Mandatory)	100% (8 treatment plants currently treated for protozoal)	<p>Not Achieved: 4 out of 8 treatment schemes were not compliant. 4 additional schemes (Camerons, St Andrews, Te Ngawai, Waitohi) do not currently conduct any protozoal treatment, and so are also not compliant.</p> <p>The Pareora Treatment Plant complied with the treatment processes for disinfection for protozoa for a small water supply however is deemed non-compliant as the water safety plan had expired. The upgrade to Water Treatment Plant is planned for 2020.</p> <p>Pleasant Point Treatment Plant was non compliant when the turbidity meter was accidentally turned off for 3 days during commissioning of the new chlorine dosing system.</p> <p>Geraldine Treatment Plant Protozoal compliance not achieved on 14 days total. Treatment non compliant on 4 days for 3 to 5 minutes with high turbidity on pump startup. This traced to a leak in the pipes which was repaired.</p> <p>The treatment plant to achieve compliance for Te Moana at Pleasant Valley is being designed in 2020/21.</p> <p><b>(2018/19: 6 out of 7 treatment plants were compliant)</b></p>
	<p><i>The risk is very low to negligible. The treatment process compliance is greater than 99.99% however technical non-compliance due to insufficient data reduces this to 99.2% for Pleasant Point and 97.4% for Geraldine. The Te Moana scheme does not comply with Protozoal standards, however a new treatment plant being designed in 2020/21.</i></p>		

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent water supply network services	Percentage of real water loss from TDC's networked reticulation systems (Mandatory)	% reduces	Achieved 17.81% (2018/19 23.92%) Percentage of water loss is arrived at through a complex calculation of variables from the characteristics of the water supply schemes.
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: 0.48 hours Rural: 0.70 hours (2018/19: Urban 0.51 hour, Rural 0.80 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: 2.39 hours Rural: 5.5 hours (2017/18: Urban 2.9 hours, Rural 7.2 hours)
	Median attendance 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: 6.5 and 10.8 working days respectively (2018/19: 7 and 11 working days respectively)
	Number of complaints per 1,000 connections received about drinking water (mandatory)	<26	Achieved: 14.52 (clarity 0.85 taste 0.33; odour 0.24; water pressure/flow 4.94; continuity of supply 7.43 TDC response to complaints 0.75) (2018/19: 14.85)
	Percentage user satisfaction with water supply services	≥85%	Achieved 92% (biennial - 2017/18: 90%)
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 (2018/19: 310 litres)
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions – Water Supply	100% compliance	Achieved No Non Compliance identified (2018/19: Nearly Achieved)



## Timaru District Council: Funding Impact Statement for 2019/20 Water Supply

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	48
Targeted rates	6,007	7,327	6,732
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,652	1,791	1,778
Internal charges and overheads recovered	80	80	107
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>7,739</b>	<b>9,197</b>	<b>8,665</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,514	3,566	3,448
Finance costs	841	1,384	455
Internal charges and overheads	1,138	1,338	1,938
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>5,492</b>	<b>6,289</b>	<b>5,841</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,247</b>	<b>2,909</b>	<b>2,824</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	44
Increase/(decrease) in debt	13,769	7,932	(603)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	22	73	-
<b>Total sources of capital funding</b>	<b>13,790</b>	<b>8,005</b>	<b>(559)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5,124	12	-
- to replace existing assets	14,881	13,264	3,932
Increase/(decrease) in reserves	(3,968)	(2,362)	(1,667)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>16,037</b>	<b>10,914</b>	<b>2,264</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,247)</b>	<b>(2,909)</b>	<b>(2,824)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Timaru District Council: Funding Impact Statement for 2019/20 Downlands Water Supply

	2018/19 Long-term plan (\$000)	2019/20 Long-term plan (\$000)	2019/20 Actual (\$000)
<b>Sources of Operating Funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,476	1,558	1,554
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	5
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	147	95	4
<b>Total operating funding</b>	<b>1,623</b>	<b>1,653</b>	<b>1,562</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	509	464	544
Finance costs	107	429	-
Internal charges and overheads	92	139	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>707</b>	<b>1,032</b>	<b>544</b>
<b>Surplus (deficit) of operating funding</b>	<b>916</b>	<b>621</b>	<b>1,018</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	13
Increase/(decrease) in debt	3,726	9,181	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	84	-
<b>Total sources of capital funding</b>	<b>3,726</b>	<b>9,265</b>	<b>13</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,476	5,657	6
- to replace existing assets	3,850	7,034	997
Increase/(decrease) in reserves	(684)	(2,804)	28
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>4,642</b>	<b>9,886</b>	<b>1,031</b>
<b>Surplus (deficit) of capital funding</b>	<b>(916)</b>	<b>(621)</b>	<b>(1,018)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2020 actual column.

## Significant Financial Variances between Actual and the Long Term Plan

### Timaru District Council Water Supply

#### Targeted rates \$595,000 below LTP

In the 2019/20 Annual Plan targeted rates for urban water supplies was reduced by \$575,000 from the LTP budget.

#### Finance costs \$929,000 below LTP

Finance costs for the Urban water supply schemes was budgeted at \$1,384,000. Actual expenditure incurred was \$455,000 due to more favourable interest rates from the LTP as well as less funding required to be raised in the previous financial years from what was budgeted.

#### Internal charges and overheads \$600,000 above LTP

The 2019/20 Annual Plan increased overhead charges from that indicated in the LTP. It also included a budget for the revaluation of the three waters infrastructure, which was also not included in the LTP.

#### Increase / (decrease) in debt \$8,535,000 below LTP

A loan of \$8,861,000 was budgeted to be raised in regards the Timaru – Pareora pipeline renewal. Due to lower expenditure incurred this financial year no funding was required.

#### Capital expenditure – to replace existing assets \$9,332,000 below LTP

The Timaru – Pareora pipeline renewal was budgeted at \$10,424,000. Actual expenditure incurred was \$642,000. The project has been rebudgeted in the 2020-2021 financial year. Expenditure on urban reticulation renewals and upgrades was budgeted at \$1,300,000. Actual expenditure incurred was \$918,000.

The Temuka water supply storage and pumps upgrade was rebudgeted at \$1,200,000 in the 2019/20 Annual Plan. Actual expenditure incurred was \$165 000.

The Te Moana water supply treatment upgrade was rebudgeted at \$1,500,000 in the 2019/20 Annual Plan. Actual expenditure incurred was \$559,000.

The Seadown water supply water storage and treatment upgrade was rebudgeted at \$412,000 in the 2019/20 Annual Plan. Actual expenditure incurred was \$73,000.

#### Increase / (decrease) in reserves \$695,000 above LTP

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

### Downlands Water Supply

#### Finance costs \$429,000 below LTP

A development loan was budgeted to be raised in the 2018-2019 financial year. Due to delays in the timing of capital projects the loan was not raised and hence not incurring interest costs in this financial year.

#### Increase / (decrease) in debt \$9,181,000 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 \$5,651,000 below LTP

Upgrades to the treatment plant and treated water storage were budgeted at \$5,447,000. No actual expenditure has been incurred this financial year.

Expenditure on the Springbrook treatment upgrade was budgeted at \$256,000, Actual expenditure incurred was \$6,200.

#### Capital expenditure – to replace existing assets \$6,037,000 below LTP

Renewals of the Te Ana Wai infiltration gallery and low lift pump and mains, tanks and intakes were budgeted at \$7,034,000. Actual expenditure incurred was \$997,000. Works have been rebudgeted in the 2020-2021 financial year.

#### Increase / (decrease) in reserves \$2,832,000 above LTP

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





# Financial Reporting

## Section Overview

This section outlines the financial results of Council activities for 2019/20. 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**

This 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 2020

	Note	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>REVENUE</b>						
Rates, excluding metered water charges	3	52,646	52,697	50,421	52,303	50,091
Fees, charges and metered water charges	4	16,085	16,213	19,342	15,865	19,257
Subsidies and grants	5	11,265	10,827	9,634	11,321	9,634
Finance Revenue	6	1,862	1,894	2,741	1,345	2,100
Dividend Revenue	7	3,058	2,890	32,789	5,769	5,450
Other Revenue	7	5,283	4,200	4,257	7,969	6,761
Other gains/(losses)	8	(881)	-	(1,340)	1,237	2,574
<b>Total Revenue</b>		<b>89,318</b>	<b>88,721</b>	<b>117,844</b>	<b>95,809</b>	<b>95,867</b>
<b>EXPENDITURE</b>						
Personnel costs	9	19,785	19,601	17,732	20,176	18,018
Operating costs	10	42,980	39,768	38,288	42,991	38,784
Finance costs	6	3,516	4,655	3,833	4,204	4,693
Depreciation and amortisation	17, 17a,18	19,207	16,867	15,997	19,393	16,179
<b>Total Operating Expenditure</b>		<b>85,488</b>	<b>80,891</b>	<b>75,850</b>	<b>86,764</b>	<b>77,674</b>
<b>OPERATING SURPLUS / (DEFICIT) BEFORE TAX</b>		<b>3,830</b>	<b>7,830</b>	<b>41,994</b>	<b>9,045</b>	<b>18,193</b>
Share of associate surplus/(deficit)	21	-	-	-	6,156	4,173
Gains on Revaluation of Assets						
Library collection debit Revaluation Reserve balance (expensed)/written back	27	-	-	92	-	92
<b>SURPLUS / (DEFICIT) BEFORE TAX</b>		<b>3,830</b>	<b>7,830</b>	<b>42,086</b>	<b>15,201</b>	<b>22,458</b>
Income Tax expense	11	-	-	-	(16)	130
<b>SURPLUS / (DEFICIT) AFTER TAX</b>		<b>3,830</b>	<b>7,830</b>	<b>42,086</b>	<b>15,185</b>	<b>22,588</b>
<b>OTHER COMPREHENSIVE REVENUE</b>						
Gains on Revaluation of Assets	17,27	228,859	-	-	228,859	-
<b>Total Other Comprehensive Revenue</b>		<b>228,859</b>	<b>-</b>	<b>-</b>	<b>228,859</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE REVENUE</b>		<b>232,689</b>	<b>7,830</b>	<b>42,086</b>	<b>244,044</b>	<b>22,588</b>

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 2020

	Council			Group	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Equity at the beginning of year	821,849	789,061	779,763	903,217	880,629
Total comprehensive revenue	232,689	7,830	42,086	244,044	22,588
<b>Total revenue and expense</b>	<b>232,689</b>	<b>7,830</b>	<b>42,086</b>	<b>244,044</b>	<b>22,588</b>
<b>Equity at end of year</b>	<b>1,054,339</b>	<b>796,891</b>	<b>821,849</b>	<b>1,147,261</b>	<b>903,217</b>

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



# Statement of Financial Position

as at 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	12	19,238	7,985	11,496	21,392	13,325
Debtors and other receivables	13	9,938	6,218	7,158	11,295	8,451
Inventories	14	35	72	79	36	79
Other financial assets	15	28,339	21,728	44,487	29,534	45,163
<b>Total current assets</b>		<b>57,550</b>	<b>36,003</b>	<b>63,220</b>	<b>62,257</b>	<b>67,020</b>
<b>Non-current assets</b>						
Property, Plant and equipment	17	1,051,971	875,709	811,010	1,052,696	811,891
Intangible assets	18	3,305	2,283	2,232	3,307	2,237
Forestry	19	1,217	1,045	1,201	1,217	1,201
Investment Property	20	1,628	1,730	1,546	49,110	47,036
Investments in associates	21	-	-	-	105,405	99,249
Investment in CCOs and other similar entities	15	53,659	20,974	53,659	218	218
Other financial assets	15	4,691	4,488	4,576	4,691	4,576
Future tax benefits	15	-	-	-	16	30
<b>Total non-current assets</b>		<b>1,116,471</b>	<b>906,229</b>	<b>874,224</b>	<b>1,216,660</b>	<b>966,438</b>
<b>Total Assets</b>		<b>1,174,021</b>	<b>942,232</b>	<b>937,444</b>	<b>1,278,917</b>	<b>1,033,458</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	23	15,189	11,874	8,514	15,698	8,805
Employee benefit liabilities	24	2,192	872	1,945	2,230	1,962
Borrowings	26	42,602	5,214	27,500	42,602	27,500
Derivative financial instruments	16	1,669	-	1,183	1,864	1,478
<b>Total current liabilities</b>		<b>61,652</b>	<b>17,960</b>	<b>39,142</b>	<b>62,394</b>	<b>39,745</b>
<b>Non-current liabilities</b>						
Provisions	25	7,377	6,200	6,227	7,377	6,227
Employee benefit liabilities	24	130	1,500	198	130	198
Borrowings	26	46,882	119,681	66,984	58,282	80,884
Derivative financial instruments	16	3,441	-	3,042	3,441	3,189
<b>Total non-current liabilities</b>		<b>57,830</b>	<b>127,381</b>	<b>76,451</b>	<b>69,230</b>	<b>90,498</b>
<b>Total liabilities</b>		<b>119,482</b>	<b>145,341</b>	<b>115,593</b>	<b>131,624</b>	<b>130,243</b>
<b>Net assets</b>		<b>1,054,539</b>	<b>796,891</b>	<b>821,850</b>	<b>1,147,293</b>	<b>903,216</b>
<b>EQUITY</b>						
Retained earnings	27	788,185	788,332	781,043	877,692	862,267
Other reserves	27	37,468	8,559	40,807	40,715	40,949
Asset revaluation reserves	27	228,886	-	-	228,886	-
<b>Total Equity</b>		<b>1,054,539</b>	<b>796,891</b>	<b>821,850</b>	<b>1,147,293</b>	<b>903,216</b>

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

# Statement of Cashflows

for the year ended 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash was provided from</i>						
Rates		51,285	52,697	50,522	50,942	50,190
Other Revenue		30,819	31,200	30,093	33,423	31,736
Interest		1,862	1,894	2,503	1,340	2,589
Dividends		3,058	2,890	2,789	8,619	5,398
		<u>87,024</u>	<u>88,681</u>	<u>85,907</u>	<u>94,324</u>	<u>89,913</u>
<i>Cash was disbursed to</i>						
Suppliers & Employees		(54,664)	(59,305)	(55,311)	(55,049)	(55,080)
Interest Paid		(3,516)	(4,655)	(3,879)	(4,204)	(4,821)
		<u>(58,180)</u>	<u>(63,960)</u>	<u>(59,190)</u>	<u>(59,253)</u>	<u>(59,901)</u>
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES		28,844	24,721	26,717	35,071	30,012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash was provided from</i>						
Sale of Fixed Assets and intangibles		-	45	618	-	618
Mortgage/Loan Repayments		-	220	22	-	22
Sale of Investments		46,938	37,521	45,999	46,938	48,112
		<u>46,938</u>	<u>37,786</u>	<u>46,639</u>	<u>46,938</u>	<u>48,752</u>
<i>Cash was disbursed to</i>						
Purchase of Fixed Assets and intangibles		(31,588)	(70,475)	(28,268)	(31,706)	(30,608)
Mortgage/Loan Advances		-	(220)	-	-	-
Purchase of Investments		(31,454)	(29,823)	(44,330)	(34,736)	(45,358)
		<u>(63,042)</u>	<u>(100,518)</u>	<u>(72,598)</u>	<u>(66,442)</u>	<u>(75,966)</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(16,104)	(62,732)	(25,959)	(19,504)	(27,214)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash was provided from</i>						
Debt Issues		-	30,598	31,001	-	32,501
		<u>0</u>	<u>30,598</u>	<u>31,001</u>	<u>0</u>	<u>32,501</u>
<i>Cash was disbursed to</i>						
Debt Repayment		(5,000)	(5,214)	(32,500)	(7,500)	(35,000)
Dividend Paid		-	-	-	-	-
		<u>(5,000)</u>	<u>(5,214)</u>	<u>(32,500)</u>	<u>(7,500)</u>	<u>(35,000)</u>
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES		(5,000)	25,384	(1,499)	(7,500)	(2,499)

# Statement of Cashflows

for the year ended 30 June 2020

	Council			Group	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	7,740	(12,627)	(741)	8,067	299
Opening Cash Balance 1 July	11,496	20,612	12,237	13,325	13,026
	<b>19,238</b>	<b>7,985</b>	<b>11,496</b>	<b>21,392</b>	<b>13,325</b>
<b>REPRESENTED BY</b>					
Cash & cash equivalents	19,238	7,985	11,496	21,392	13,325
	<b>19,238</b>	<b>7,985</b>	<b>11,496</b>	<b>21,392</b>	<b>13,325</b>

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

# Funding Impact Statement

for the year ended 30 June 2020

	2018/19 Annual Plan (\$000)	2018/19 Annual Report (\$000)	2019/20 Annual Plan (\$000)	2019/20 Actual (\$000)
<b>Sources Of Operating Funding</b>				
General Rates, Uniform annual general charges, rates penalties	28,682	26,808	28,302	27,962
Targeted Rates (other than metered water supply rates)	24,980	23,750	26,027	24,683
Subsidies and grants for operating purposes	3,446	3,533	5,119	3,643
Fees and charges	14,183	14,864	17,899	15,594
Interest and dividends from investments	4,889	5,356	4,784	4,920
Local authorities fuel tax, fines, infringement fees and other receipts	4,630	7,700	1,629	4,602
<b>Total Operating Funding</b>	<b>80,811</b>	<b>82,011</b>	<b>83,760</b>	<b>81,404</b>
<b>Applications Of Operating Funding</b>				
Payments to staff and suppliers	56,836	58,807	59,299	62,941
Finance costs	5,705	4,040	4,655	3,516
Other operating funding applications	0	0	0	0
<b>Total Applications of Operating Funding</b>	<b>62,542</b>	<b>62,847</b>	<b>63,954</b>	<b>66,457</b>
<b>Surplus/(Deficit) Of Operating Funding</b>	<b>18,269</b>	<b>19,164</b>	<b>19,806</b>	<b>14,947</b>
<b>Sources Of Capital Funding</b>				
Subsidies and grants for capital expenditure	5,592	6,128	6,273	7,622
Development and financial contributions	45	309	30	197
Increase/(decrease) in debt	19,995	343	25,384	5,000
Gross proceeds from the sale of assets	45	320	45	1
Lump sum contributions	0	0	0	0
Other dedicated capital funding	197	248	244	0
<b>Total Sources Of Capital Funding</b>	<b>25,874</b>	<b>7,349</b>	<b>31,976</b>	<b>12,820</b>
<b>Applications Of Capital Funding</b>				
Capital expenditure				
- to meet additional demand	1,181	1,029	4,345	696
- to improve the level of service	17,631	8,900	20,061	4,579
- to replace existing assets	38,355	16,916	46,068	26,313
Increase/(decrease) in reserves	(13,024)	(332)	(18,692)	(3,822)
<b>Total Applications Of Capital Funding</b>	<b>44,143</b>	<b>26,513</b>	<b>51,782</b>	<b>27,767</b>
<b>Surplus/(Deficit) Of Capital Funding</b>	<b>(18,269)</b>	<b>(19,164)</b>	<b>(19,806)</b>	<b>(14,947)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 (2019: \$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 2019/20 \$000	Interest 2019/20 \$000	Total 2019/20 \$000
<b>Subsidiaries</b>			
Timaru District Holdings Limited	2,850	562	3,412
Aoraki Development and Promotions Limited	0	0	0
	<b>2,850</b>	<b>562</b>	<b>3,412</b>
<b>Associates</b>			
Alpine Energy Limited	0	0	0
PrimePort Timaru Limited	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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, with both the Board and officers.

Performance targets 2019/20	Target	Adjusted Target**	Actual	Achieved	Adjusted Actual*	Achieved*
Net profit after tax to shareholder's funds	7%	8%	12.5%	Yes	12%	Yes
Net tangible assets per share	\$11.53	\$115.25	\$3.96	No*	\$122.70	Yes
Earnings per fully paid share	\$8.23	\$9.04	\$0.46	No*	\$14.36	Yes
Dividends per fully paid share	\$2.85	\$2.85	\$0.09	No*	\$2.85	Yes
Shareholder funds to total assets	77%	77%	78%	Yes	78%	Yes

# Statement of Financial Involvement in Council Controlled Organisations

\*A taxable bonus share issue of \$30m was declared on 29 June 2019. This increased the Council's shareholding in TDHL. The targets for 2020 were prepared based on the shareholding prior to the taxable bonus issue. This directly affected the ratios and has resulted in some of the targets for the 2020 year not being met. An adjusted actual is shown, eliminating the effect of the taxable bonus issue showing all performance targets met.

\*\*The methodology used for calculating the actuals is different from the methodology used for calculating the targets. An adjusted target has been shown using the same calculation methodology used for the actuals, eliminating this effect.

## Aoraki Development and Promotions Limited (ADPL)

Aoraki Development and Promotion Limited (trading as Aoraki Development) is a Council Controlled Organisation focused on regional economic development. It is 100% owned by Timaru District Council (2019: 100%).

Note: The name Aoraki Development and Promotions Limited trading as Aoraki Development was changed to Venture Timaru Limited with effect from July 2020.

### Vision

Innovative, Thriving and Connected Heartland

### 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

**Major Achievements** (Full details may be found in the Aoraki Development Statement of Performance 2019/2020)

- The Covid-19 pandemic has presented unexpected challenges for the year and Aoraki has taken a lead role as the Council's "economic development agency" in facilitating the District's economic recovery.
- The MSD "MyNextMove" Youth Initiative contract continues to develop as best practice to "Expose, Educate and Excite" the next generation for career pathways and further education opportunities and has been nationally recognised as the basis of new Ministry of Education nation-wide programs.
- As a result of the prominence of "MyNextMove" become a member of the Industry Funding Reference Group (assisting the development of the new funding model for the Reform of Vocational Education – RoVE) and most recently an appointed member to the interim Canterbury Regional Skills Leadership Group.
- Ongoing collaborative meetings via Business Connection Groups addressing workforce issues, business promotion, best practice sharing and enhanced business communication.
- Facilitation with the University of Canterbury and Callaghan Innovation of the "Sustainable is Attainable" project identifying solutions for waste and by-product treatment and utilisation, involving 20 local food processing and manufacturing businesses.
- Approached by the Government to be a third-party administrator of the Regional Apprenticeship Initiative (RAI) for Mid- and South Canterbury and North Otago.
- Assumption of responsibility for District Tourism's operations, establishment of local Tourism Advisory Board, progressive implementation of the 2020/21 Visitor Strategy with reignition of Post-Covid local events.
- Progressed database of available industrial land and introduction of business owners to industrial landowners.
- Ongoing promotion of the benefits of doing business in the District via web, social and tv media, printed material and developing networks.

# Statement of Financial Involvement in Council Controlled Organisations

## Aorangi Stadium Trust

Aorangi Stadium Trust (AST) 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.

### Performance

Ratio of equity to total assets at least 90%	Met (2019/20: 99.5%; 2018/19: 98.0%)
Regular liaison occurs with the tenant (Timaru District Council) on at least a six monthly basis.	Met (2018/19: Met)
Promote ongoing development and maintenance of Aorangi Sports Stadium on Morgans Road Recreation Reserve.	Met (2018/19: Met)
Audited annual report completed within 3 months of financial year end	Not Met (2018/19: Met)

# Notes to the Financial Statements

for the year ended 30 June 2020

## 1. Statement of Accounting Policies for the year ended 30 June 2020

### 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, associates and joint arrangements: Timaru District Holdings Limited (100% owned), Aoraki Development and Promotions Limited (100% owned), Aorangi Stadium Trust (100% controlled) and Downlands Water Supply (82% controlled).

Timaru District Holdings Limited owns associate companies PrimePort Timaru Limited (50% owned) and Alpine Energy Limited (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 2020. The financial statements were authorised for issue by the Council on 22 December 2020.

### 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) and comply with Tier 1 Public Benefit Entity Accounting (PBE) Standards.

### Changes in Accounting Policies and Disclosures

#### Revaluation of Council Water Infrastructure

- Council reassessed its accounting for Council Water Infrastructure with respect to measurement of a class of property, plant and equipment after initial recognition. Council had previously measured this class of asset using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset

was carried at cost less accumulated depreciation and accumulated impairment losses.

- On 1 July 2019 Council elected to change the method for accounting for Council Water Infrastructure because it believes that the revaluation model provides more relevant information to the users of the financial statements and is more aligned to practices adopted by the industry. In addition, available valuation techniques provide more reliable estimates of the fair value of the assets. Council applied the revaluation model prospectively. After initial recognition, Council Water Infrastructure is measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. For details refer to Note 17.

#### Accounting for joint arrangements

- There has been one change in accounting policy during the financial year. In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These standards replace the expired 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. Council has applied the new standards in preparing the 30 June 2020 financial statements.
- Council's interest in the Downlands Water Scheme has been assessed as a Joint Arrangement (Joint Operation) under PBE IPSAS 37, thereby recognizing its assets, liabilities, revenue and expenses relating to Council's 82% interest in the scheme.
- This is a change from the 2019 'joint venture' classification, which saw the application of the proportionate consolidation method of accounting. The impact of this change is negligible.
- A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists when there is a binding agreement between the parties involved in the arrangement and this agreement requires the relevant activities of the arrangement to be decided by unanimous consent from all parties involved in the arrangement.
- For joint arrangements, the Council recognises in its financial statements its assets, liabilities, revenue and expenses relating to its share in the arrangement.
- The Council has a joint arrangement with the Waimate District Council and Mackenzie District Council for the Downlands Rural Water Scheme. The Downlands Rural Water Scheme is a joint operation rather than a joint venture because the three Councils jointly own their specified share of the whole scheme and have rights to the



assets and obligations for the liabilities relating to the arrangement, due to the structure of the arrangement not being through a separate vehicle. Council's share in the joint arrangement equates to 82%, with Waimate District Council's share being 14% and Mackenzie District Council's 4%.

## Standards Issued and Not Yet 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:

### 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 is not planning to apply this standard and instead early adopt PBE IPSAS 41 in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standards.

In March 2019, The NZASB issued PBE IPSAS 41 Financial Instruments. When applied, this standard supersedes parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IPSAS 41 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 early adopt this standard in preparing its 30 June 2022 financial statements instead of adopting PBE IFRS 9. The Council and group has not yet assessed the effects of the new 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.

## Basis of consolidation

The consolidated financial statements comprise the Council, its controlled activities, its interest in associates and joint arrangements.

### 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.

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

### Associates

The group's associate investments are 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

# Notes to the Financial Statements

for the year ended 30 June 2020

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 Arrangements

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 arrangement. There have been no changes in the accounting practices utilised in accounting for joint arrangements from those previously used for joint ventures.

## 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 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.

# Notes to the Financial Statements

for the year ended 30 June 2020

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, 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 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.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 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 other comprehensive revenue or expense, 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 include:
  - Land

- Buildings and building Improvements
- Airport Improvements
- Plant and Equipment (including motor vehicles)
- Furniture and office equipment
- Library books
- Art works
- Heritage assests

Operational assets are all assets not included elsewhere, utilised by the Council to deliver services, directly and indirectly.

### ■ Infrastructure assets include:

- Sewer, stormwater, water
- Roads, bridges and lighting
- Land under roads

Infrastructure assets are the fixed utility systems, with each including all components required for the network to function.

### ■ Restricted assets include:

- Parks and Reserves

Restricted assets cannot be disposed of because of legal or other restrictions.

Unless specifically stated below, acquisitions are initially valued at cost. Prior to 1 July 2005 a number of valuations were undertaken for several asset classes, separately outlined below which has become the opening cost value for that class.

## Revaluations

For asset classes where revaluations are now performed regularly, assets are revalued with sufficient regularity to ensure that their carrying value does not differ materially from fair value, and at least every three years with revaluation movements accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset, however where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

## Additions

Additions are recognised as an asset when it is expected that

# Notes to the Financial Statements

for the year ended 30 June 2020

future economic benefit or service potential will occur beyond one year, otherwise they will be expensed in the financial period in which the cost is incurred or committed or the value derived from the expenditure is initially delivered subject to reliable valuation.

Additions will usually be initially valued at cost, through an exchange transaction, but which may include its estimated fair value at the time of acquisition when acquired through a non-exchange transaction or on the anticipated net present value of future benefits where appropriate.

Subsequent costs relating to an existing asset will be capitalised based on the same assessment of future benefits as the initial acquisition. Costs that do not meet the requisite capitalisation assessment, such as the costs of servicing assets, will be recognised in the surplus and deficit as they are incurred.

## Disposals

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying value of the asset and are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in assets revaluation reserves relating to the assets disposed of are transferred to accumulated funds.

## Land

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

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

## Buildings and building improvements

Buildings and Building Improvements, have been stated at cost, which is fair value as valued by I Fairbrother ANZIV of QV Valuations as at 1 July 2005.

## Airport improvements

Airport improvements, including runway, have been stated at cost less depreciation and impairment losses, which is optimised depreciated replacement cost as valued by B Dench ANZIV of QV Valuations as at 1 July 2005.

## Plant and Equipment

Plant and equipment for parks and pools is stated at cost less depreciation, which is the optimised depreciated replacement cost as assessed by Maunsell Limited, Valuers, at 1 July 2005.

Other plant and equipment (including motor vehicles) are at cost less depreciation and impairment losses.

## Furniture and office equipment

Furniture and office equipment have been stated at cost less depreciation, which is the assessed fair value at 1 July 2005 based on the 1 July 1993 indemnity value as assessed by Morton & Co Limited, Valuers with acquisitions from 1 July 1993 to 1 July 2005 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 cost which is the assessed fair value at 1 July 2005 based on the 1 April 1992 insurance value by the Art Gallery Director, with acquisitions from 1 April 1992 to 1 July 2005 at cost.

## Sewer, Stormwater, Water

Sewer, stormwater and water assets are stated at their fair value using standard unit rates as per the valuation methodology, however acquisitions subsequent to 1 July 2019 are valued at cost, until future revaluations are performed.

Prior to 1 July 2019, Water Infrastructure assets were stated at their cost less depreciation and impairment losses, which is optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, Valuers.

The assets were revalued on 1 July 2019 by Timaru District Council officers and peer reviewed by B. Smith, CA, of Brian Smith Advisory Services Limited.

Sewerage, stormwater and water infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method, including:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity. No opportunities for optimisation was identified within the 2019 revaluation.
- Estimating the replacement cost of the asset: the replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth,

# Notes to the Financial Statements

## for the year ended 30 June 2020

and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2019 quarter index with an estimate for June 2019) for civil constructions to convert them to current dollar value at the valuation date.

- Estimates of the remaining useful life over which the asset will be depreciated: these estimates can be affected by the local condition, for example, pipe material or wall thickness. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Acquisition subsequent to 1 July 2019 are measured at their fair value using standard unit rates.

### Roads, Bridges and Lighting

Roads, bridges and lighting are stated at cost less depreciation and impairment losses, which is the optimised depreciated replacement cost valued at 1 July 2005 by Maunsell Limited, Valuers.

### Land under Roads

Land under roads has been stated at cost less depreciation and impairment losses at an average of adjacent "undeveloped land value" valued at 1 July 2005 by Maunsell Limited, Valuers.

### Heritage Assets

Heritage buildings are included in the buildings asset class.

Significant statues are stated at cost less depreciation and impairment losses, which is the 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.

### 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.

Land	Nil
Buildings and building improvements	1-30% Straight Line
Airport Improvements	2-50% Straight Line
Plant and equipment: pools and parks	2%-33% Diminishing Value
Plant and equipment: motor vehicles	5-25% Diminishing Value
Plant and equipment: other	10%-50% Diminishing Value
Furniture and office equipment	4-50% Diminishing Value
Library collection: permanent retention	Nil:
Library collection: current	12% Straight Line
Art Works	Nil
Water - plant and facilities	2 - 100 years
Water - reticulation	2 - 100 years
Sewerage – plant and facilities	2 - 100 years
Sewerage – reticulation	2 - 100 years
Stormwater - plant and facilities	2 - 100 years
Stormwater - reticulation	2 - 100 years
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 work in progress are not depreciated. The total cost of a project is transferred to the relevant asset classes on completion and then depreciated.

### 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

# Notes to the Financial Statements

for the year ended 30 June 2020

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 land-fill 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 costs arise.

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:

- Retained Earnings
- Restricted reserves - special funds
- Separate reserves (funds)

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 (special funds) 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.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without

# Notes to the Financial Statements

for the year ended 30 June 2020

reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Separate reserves (separate funds) are maintained for targeted rates charged for a specific purpose or for self funded activities. A separate account is maintained for each targeted rate of self funded activity to ensure that the funds are held and used for the specific purpose intended.

Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

## 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 account 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 15 includes information relating to investments in other financial assets, including subsidiaries and other entities.

Note 17 includes information regarding the valuation of assets and the use of cost less depreciation and impairment losses.

Note 21 provides information about the estimates and assumptions regarding investments in associates.

Note 22 provides information about the estimates and assumptions regarding jointly owned operations.

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

## 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.

### Changes in Accounting Policies

Council reviewed its policy for presenting its interest in the Downlands Water Supply Joint Standing Committee (Downlands). Downlands is an arrangement between the Timaru, Mackenzie and Waimate District Councils' administered by a Joint Standing Committee of the three Councils for the supply of water to various communities and businesses within the three districts. Council has previously presented its interest in the Downlands arrangement as an interest in a joint venture. Council is changing its policy and presenting its interest in the Downlands arrangement as an interest in a joint arrangement. The reason for the change is that all decisions of the three Councils, who share control of the Downlands Water Supply, are made unanimously. Council will continue to record that it holds an 82% interest in the Downlands Water Supply scheme.

### Going Concern and the impact of COVID-19

On 11 March 2020 the World Health Organisation declared a pandemic as a result of the outbreak and spread of Covid-19. Two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March 2020 to 27 April 2020 and remained in lockdown at Alert Level 3 until 13 May 2020.

The financial statements presented in this report include the direct and indirect impact from the changes in alert levels due to Covid-19.

The Council and its subsidiaries were impacted in varying degrees both financially and non-financially that affected the performance of the Council and group in the last quarter of the year. The details are set out in Note 38.

Having taken the above into consideration, management has concluded that it is appropriate that these financial statements are prepared on a going concern basis and no significant changes to the presentation of the financial statements are required.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 2. Summary Revenue and Expenditure for Group of Activities

	Council		
	Budget 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Revenue</b>			
Corporate Support	3,667	2,848	30,577
Democracy	4,220	4,248	3,992
Community Support	5,117	5,202	5,066
District Planning and Environmental Services	5,261	4,865	6,416
Recreation and Leisure	17,002	16,042	17,859
Roading and Footpaths	22,482	22,715	21,821
Waste Minimisation	10,659	10,643	9,712
Sewer	9,915	10,287	10,387
Stormwater	1,822	1,970	2,348
Water Supply	8,576	10,498	9,666
<b>Total Revenue</b>	<b>88,721</b>	<b>89,318</b>	<b>117,844</b>
<b>Expenditure</b>			
Corporate Support	4,123	3,230	2,054
Democracy	4,259	4,687	3,854
Community Support	5,287	5,235	4,893
District Planning and Environmental Services	6,295	6,126	5,802
Recreation and Leisure	16,591	16,100	15,916
Roading and Footpaths	15,107	16,337	15,827
Waste Minimisation	9,808	11,467	9,798
Sewer	9,894	9,615	8,631
Stormwater	1,752	2,433	1,501
Water Supply	7,775	10,258	7,574
<b>Total Expenditure</b>	<b>80,891</b>	<b>85,488</b>	<b>75,850</b>

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 2020 \$000	Actual 2019 \$000
General rates	27,566	26,206
Targeted rates attributable to activities		
Water, excluding metered water supply rates	8,267	7,504
Sewerage	7,190	7,174
Solid Waste	5,997	5,418
Community Works and Services	3,229	3,652
Rates Penalties	396	468
<b>Total revenue from rates, excluding targeted water supply rates</b>	<b>52,646</b>	<b>50,421</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

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		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Rates, excluding metered water supply rates	52,646	50,421	52,303	50,091
Metered water supply rates	1,777	1,761	1,777	1,676
	<u>54,423</u>	<u>52,182</u>	<u>54,080</u>	<u>51,767</u>

## Rating base

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

Number of rating units at end of preceding year

Council	
Actual 2020	Actual 2019
22,830	22,714

Total capital value of rating units at end of preceding year

Total land value of rating units at end of preceding year

Council	
Actual 2020 \$000	Actual 2019 \$000
14,200,797	14,041,208
7,199,800	7,182,054

## 4. Fees, Charges and Metered Rates for Water Supply

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Metered Rates for Water Supply	1,777	1,761	1,777	1,676
Trade Waste	2,674	2,449	2,674	2,449
Landfill Use	4,102	3,720	4,102	3,720
Consent Fees	2,051	2,338	2,051	2,338
Social Housing Rent	1,229	1,221	1,229	1,221
Parking Fees	792	1,099	792	1,099
Swimming Pool Admission Fees	866	913	866	913
Other Fees and Charges	2,594	5,841	2,374	5,841
<b>Total Fees, Charges and Metered Rates for Water Supply</b>	<u>16,085</u>	<u>19,342</u>	<u>15,865</u>	<u>19,257</u>

Note: In 2020 a new financial modelling tool was utilised for the preparation of external financial reporting. At set up a review was completed on the mapping various revenue accounts. This has resulted in a movement from fees, charges and metered water supply of \$2,685,000 to other revenue.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 5. Subsidies and Grants

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
New Zealand Transport Roding subsidies	10,892	8,891	10,892	8,891
Other subsidies and grants	373	743	429	743
<b>Total Subsidies and Grants</b>	<b>11,265</b>	<b>9,634</b>	<b>11,321</b>	<b>9,634</b>

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

## 6. Finance Revenue and Finance Costs

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Finance revenue</b>				
Interest Revenue				
Term deposits	1,282	1,841	1,327	1,927
Related party loans	562	727	-	-
Community loans	17	22	17	22
Investments in debt securities	1	151	1	151
<b>Total Finance Revenue</b>	<b>1,862</b>	<b>2,741</b>	<b>1,345</b>	<b>2,100</b>
<b>Finance costs</b>				
Interest expense				
Interest expense on borrowings	3,516	3,833	4,204	4,693
<b>Total Finance Costs</b>	<b>3,516</b>	<b>3,833</b>	<b>4,204</b>	<b>4,693</b>

Any gain/(loss) on changes in the fair value of interest rate swaps are shown in Note 8. Other gains /(losses)

## 7. Other Revenue

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Rental revenue from investment properties	203	208	2,889	2,752
Petrol tax	514	492	514	492
Vested assets	976	1,930	976	1,930
Development and financial contributions	49	51	49	51
Other	3,541	1,576	3,541	1,536
<b>Total Other Revenue</b>	<b>5,283</b>	<b>4,257</b>	<b>7,969</b>	<b>6,761</b>
Dividend Revenue	3,058	32,789	5,769	5,450

Note: In 2020 a new financial modelling tool was utilised for the preparation of external financial reporting. At set up a review was completed on the mapping various revenue accounts. This has resulted in a movement from fees, charges and metered water supply of \$2,685,000 to other revenue.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 8. Other gains/(losses)

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Gain/(loss) on changes in fair value of forestry assets	16	156	16	156
Gain/(loss) on disposal of property, plant & equipment	(167)	(20)	(167)	(20)
Gain on changes in fair value of investment property	82	91	1,956	3,820
Gain in disposal of investments classified as fair value through equity	43	-	43	-
Gain/(Loss) on changes in fair value of derivative financial instruments	(884)	(1,567)	(640)	(1,382)
Gain/(Loss) Other	29	-	29	-
<b>Total gains/(losses)</b>	<b>(881)</b>	<b>(1,340)</b>	<b>1,237</b>	<b>2,574</b>

## 9. Personnel costs

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Salaries and wages	19,050	17,225	19,441	17,512
Defined contribution plan employer contributions	556	534	556	534
Increase/(decrease) in employee benefit liabilities	179	(27)	179	(28)
<b>Total personnel costs</b>	<b>19,785</b>	<b>17,732</b>	<b>20,176</b>	<b>18,018</b>

Employer contributions to defined contributions plans include contributions to Kiwisaver.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 10. Operating Costs

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenses include:</b>				
<i>Fees to principal auditor</i>				
Audit fees for financial statement audit	121	119	144	133
Audit fees for Long-Term Plan audit	-	-	-	-
Audit fees for Debenture Trust Deed audit	4	4	4	4
Fees to other auditors	-	-	6	3
Donations	-	-	-	-
Impairment of receivables (note 13)	9	36	9	36
Bad debts written off	-	5	15	5
Rates Remissions	189	185	189	185
Minimum lease payments under operating leases	430	408	430	408
Direct expenses from investment property generating revenue	12	9	12	641
Other operating expenses	42,215	37,522	42,182	37,369
<b>Total other expenses</b>	<b>42,980</b>	<b>38,288</b>	<b>42,991</b>	<b>38,784</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

## 11. Tax

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Surplus/(deficit) before tax 3,364	3,830	42,086	15,201	22,458
Tax at 28% (2019: 28%)	1,072	11,784	4,256	6,288
Non-taxable income	(25,009)	(33,343)	(28,304)	(27,965)
Non-deductible expenditure	23,937	21,559	24,064	21,608
Prior period adjustment	-	-	-	(61)
<b>Tax expense/(benefit)</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>(130)</b>
<b>Comprising of:</b>				
Current tax	-	-	-	-
Deferred tax	-	-	16	(130)
	-	-	16	(130)
<b>Deferred tax benefit/(liability)</b>				
Opening balance	-	-	30	(100)
Temporary differences				
Long Term assets	-	-	-	-
Employee entitlements	-	-	1	-
Others	-	-	(15)	130
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>30</b>
<b>Future tax benefit/(deferred taxation) is represented by:</b>				
Long term assets	-	-	-	-
Employee entitlements	-	-	4	3
Tax losses	-	-	12	27
	-	-	16	30

During the year, Timaru District Council made no subvention payments to Timaru District Holdings Limited (2019: \$Nil). As at 30 June 2020, there were no subvention payments payable by Timaru District Council (2019: \$Nil).

The Timaru District Council Group has imputation credits of \$3,024,101 (2019: \$1,969,670) which can be used to impute dividend payments to the Council.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 12. Cash and cash equivalents

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and in hand	16,238	11,496	18,392	13,295
Short term deposits maturing 3 months or less from date of acquisition	3,000	-	3,000	30
<b>Total cash and cash equivalents</b>	<b>19,238</b>	<b>11,496</b>	<b>21,392</b>	<b>13,325</b>

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 \$5,600,000 (2019: \$3,600,000).

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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and in hand	16,238	11,496	18,392	13,295
Short term deposits maturing 3 months or less from date of acquisition	3,000	-	3,000	30
	<b>19,238</b>	<b>11,496</b>	<b>21,392</b>	<b>13,325</b>

## 13. Debtors and other receivables

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Rates receivables	2,366	1,005	2,366	1,005
Other receivables	6,210	5,141	8,275	7,102
Related party receivables (note 31)	875	727	138	-
Less provision for impairment of receivables	(137)	(133)	(137)	(133)
	<b>9,314</b>	<b>6,740</b>	<b>10,642</b>	<b>7,974</b>
<b>Prepayments</b>	<b>624</b>	<b>418</b>	<b>653</b>	<b>477</b>
<b>Total receivables</b>	<b>9,938</b>	<b>7,158</b>	<b>11,295</b>	<b>8,451</b>

### Total receivables comprise:

Receivables from non-exchange transactions - including outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	2,836	3,774	2,836	2,975
Receivables from exchange transactions - including outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	6,478	2,966	7,806	4,999
	<b>9,314</b>	<b>6,740</b>	<b>10,642</b>	<b>7,974</b>



# Notes to the Financial Statements

for the year ended 30 June 2020

## 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 2020 and 2019, 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 \$48,866 (2019: \$41,057).

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

	2020			2019		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	5,690	-	5,690	5,415	-	5,415
Past due 1 - 60 days	189	(28)	161	276	(11)	265
Past due 61 - 120 days	8	(2)	6	49	(24)	25
Past due > 120 days	148	(40)	108	128	(45)	83
<b>Total</b>	<b>6,035</b>	<b>(70)</b>	<b>5,965</b>	<b>5,868</b>	<b>(80)</b>	<b>5,788</b>
<b>Group</b>						
Not past due	7,696	-	7,696	6,649	-	6,649
Past due 1 - 60 days	189	(28)	161	276	(11)	265
Past due 61 - 120 days	8	(2)	6	49	(24)	25
Past due > 120 days	148	(40)	108	128	(45)	83
<b>Total</b>	<b>8,041</b>	<b>(70)</b>	<b>7,971</b>	<b>7,102</b>	<b>(80)</b>	<b>7,022</b>

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

	2020			2019		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	2,156	-	2,156	843	-	843
Past due 1 year	32	-	32	43	-	43
Past due 2 years	43	-	43	38	-	38
Past due 3 years	37	(5)	32	34	(5)	29
Past due > 3 years	98	(62)	36	47	(47)	-
<b>Total</b>	<b>2,366</b>	<b>(67)</b>	<b>2,299</b>	<b>1,005</b>	<b>(52)</b>	<b>953</b>

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.

# Notes to the Financial Statements

for the year ended 30 June 2020

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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
As at 1 July	133	97	133	97
Additional provisions made/(released) during the year	-	30	-	30
<b>Receivables written off during year</b>	4	6	4	6
<b>At 30 June</b>	<b>137</b>	<b>133</b>	<b>137</b>	<b>133</b>

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

Note: In 2020 a computer upgrade of the Council's rating software created a separation of rates payments in advance from total rates receivables - the credits were separated out into its own area rather than being shown as credits against charges. For the 2020 accounts this meant that the rates in advance are now listed as a current liability. The difference to rates receivable if it was shown per the 2019 accounts would be a reduction by \$1,075,000.

## 14. Inventories

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Pool shop inventories	-	53	-	53
Other	35	26	36	26
<b>Total Inventories</b>	<b>35</b>	<b>79</b>	<b>36</b>	<b>79</b>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2019: \$Nil).

# Notes to the Financial Statements

for the year ended 30 June 2020

## 15. Other financial assets

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Current portion</b>				
Short term deposits	28,190	44,330	29,385	45,006
Community loans	149	157	149	157
Investments in debt securities	-	-	-	-
<b>Total Current Portion</b>	<b>28,339</b>	<b>44,487</b>	<b>29,534</b>	<b>45,163</b>
<b>Non-current portion</b>				
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	31,000	-	-
Investment in ADAP Ltd	260	260	-	-
Loans to related parties (note 31)	22,181	22,180	-	-
<b>Total investments in CCOs and similar entities</b>	<b>53,659</b>	<b>53,659</b>	<b>218</b>	<b>218</b>
<i>Investments in other entities</i>				
Unlisted share in Levels Plain Irrigation Co	50	50	50	50
Unlisted shares in Greenfield's Co-operative Society Limited	1	1	1	1
Community loans	417	345	417	345
Future tax benefits	-	-	16	30
Investments in LGFA	1,072	1,072	1,072	1,072
Investments in debt securities	3,151	3,108	3,151	3,108
<b>Total investment in other entities</b>	<b>4,691</b>	<b>4,576</b>	<b>4,707</b>	<b>4,606</b>
<b>Total Non-Current Portion</b>	<b>58,350</b>	<b>58,235</b>	<b>4,925</b>	<b>4,824</b>

### 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 \$565,888 (2019: \$501,596). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2019: 10.0%).

The face value of community loans is \$599,008 (2019: \$566,376).

## Notes to the Financial Statements

### for the year ended 30 June 2020

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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
At 1 July	501	564	501	564
Amount of new loans granted during the year	69	-	69	-
Fair value adjustment on initial recognition	90	-	90	-
Loans repaid during the year (principal and interest)	(183)	(187)	(183)	(187)
Impairment loss recognised during the year	-	-	-	-
Unwind of discount and interest charged	89	124	89	124
<b>At 30 June</b>	<b>566</b>	<b>501</b>	<b>566</b>	<b>501</b>

#### Investments in debt securities

The fair value of investments in debt securities is \$3,150,681 (2019: \$3,108,010). Fair value has been determined based on current market values using yields of between 0.77% and 3.25% (2019: 2.13% and 2.96%).

#### 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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Current liability portion</b>				
Loans repaid during the year (principal and interest)	1,669	1,183	1,864	1,478
	<u>1,669</u>	<u>1,183</u>	<u>1,864</u>	<u>1,478</u>
<b>Non-current liability portion</b>				
Loans repaid during the year (principal and interest)	3,441	3,042	3,441	3,189
	<u>3,441</u>	<u>3,042</u>	<u>3,441</u>	<u>3,189</u>

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2020 were \$53,900,000 (2019: \$57,900,000). Maturity dates range from June 2021 to April 2025.

At 30 June 2020, the interest rates for interest rate swaps vary from 0.97% to 6.82% (2019: 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 2020

## 17. Property, plant and equipment

### Insurance on Assets

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

	Council	
	Actual 2020 \$000	Actual 2019 \$000
The maximum amount to which insured assets are insured	317,183	316,703
The total value of all Council assets covered by insurance contracts*	107,981	115,190
The total value of all Council assets covered by financial risk-sharing arrangements	471,211	232,413
Maximum amount available to the Council under financial risk-sharing arrangements	821,088	587,004
Total value of assets that are self-insured**	469,406	460,507
Value of funds maintained for self insurance	2,438	2,476

\* 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
<b>2020</b>				
Water:				
- treatment plants and facilities	31,200	1,923	-	30,723
- other assets (such as reticulation systems)	116,431	3,389	341	115,968
Sewerage:				
- treatment plants and facilities	57,939	397	-	58,797
- other assets (such as reticulation systems)	129,775	1,233	151	130,576
Stormwater	105,026	662	217	106,450
Flood Protection and controls works**	-	-	-	-
Roads and footpaths	220,743	10,719	192	-
<b>2019</b>				
Water:				
- treatment plants and facilities	11,575	423	-	-
- other assets (such as reticulation systems)	56,512	2,068	154	-
Sewerage:				
- treatment plants and facilities	10,040	304	-	-
- other assets (such as reticulation systems)	61,672	1,870	168	-
Stormwater	34,598	1,638	319	-
Flood Protection and controls works**	-	-	-	-
Roads and footpaths	214,325	12,538	412	-

\* 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 2020

### Work in progress

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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Roading network	700	400	700	400
Water system	5,338	4,414	5,338	4,414
Drainage system	981	231	981	231
Sewerage system	1,427	1,333	1,427	1,333
Waste Minimisation	125	860	125	860
Buildings and improvements	2,038	828	2,038	828
Plant and Equipment	216	120	216	120
Furniture and Equipment	69	21	69	21
	<b>10,894</b>	<b>8,207</b>	<b>10,894</b>	<b>8,207</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

2020	Cost/ Revaluation 1 July 2019	Accum depn and impairment charges 1 July 2019	Carrying amount 1 July 2019	Current year additions	Current year transfers	Reclassif- ication of cost/ reval	Reclassif- ication of accum depn and impairment charges	Current year disposals	Current year impairment charges	Current year depn	Revaluat- ions	Cost/ Revaluation 30 June 20	Accum depn and impairment charges 30 June 20	Carrying amount 30 June 20
<b>Council restricted assets</b>														
Land	23,926	-	23,926	-	-	-	-	-	-	-	-	23,926	-	23,926
Buildings and improvements	7,804	(4,164)	3,640	-	-	(2)	-	-	-	(171)	-	7,802	(4,335)	3,467
<b>Total restricted assets</b>	<b>31,730</b>	<b>(4,164)</b>	<b>27,566</b>	-	-	<b>(2)</b>	-	-	-	<b>(171)</b>	-	<b>31,728</b>	<b>(4,335)</b>	<b>27,393</b>
<b>Council operational assets</b>														
Land and Buildings	89,590	(17,825)	71,765	1,216	106	612	(138)	(31)	-	(1,541)	-	91,493	(19,504)	71,989
Furniture and equipment	10,310	(6,307)	4,003	611	-	(26)	24	-	-	(554)	-	10,895	(6,837)	4,058
Art Works	2,516	-	2,516	27	-	-	-	-	-	-	-	2,543	-	2,543
Heritage assets	1,542	(338)	1,204	-	-	-	-	-	-	(28)	-	1,542	(366)	1,176
Library collections	4,530	(2,417)	2,113	243	68	-	-	-	-	(253)	(42)	4,799	(2,670)	2,129
Plant and equipment	39,011	(17,269)	21,742	1,216	-	(17,030)	6,908	(44)	-	(1,067)	-	23,153	(11,428)	11,725
Work in Progress	968	-	968	2,515	(81)	-	-	-	-	-	-	3,402	-	3,402
<b>Total operational assets</b>	<b>148,467</b>	<b>(44,156)</b>	<b>104,311</b>	<b>5,828</b>	<b>93</b>	<b>(16,444)</b>	<b>6,794</b>	<b>(75)</b>	-	<b>(3,443)</b>	<b>(42)</b>	<b>137,827</b>	<b>(40,805)</b>	<b>97,022</b>
<b>Council infrastructural assets</b>														
Land and buildings	67,092	(9,076)	58,016	2,535	15	(33,755)	4,620	-	-	(591)	-	35,887	(5,047)	30,840
Sewerage system	98,673	(26,957)	71,712	1,630	-	2,872	26,957	(43)	-	(3,246)	87,828	190,960	(3,246)	187,714
Water system	94,689	(26,602)	68,087	5,312	-	(17,307)	26,602	(437)	-	(3,936)	69,310	151,567	(3,936)	147,631
Stormwater network	45,971	(11,369)	34,598	662	-	(11,296)	11,369	(87)	-	(1,944)	71,720	106,970	(1,944)	105,026
Roads and footpaths	279,378	(65,053)	214,325	10,719	-	-	-	-	-	(4,301)	-	290,097	(69,354)	220,743
Bridges	61,373	(10,968)	50,405	3,360	-	-	-	-	-	(885)	-	64,733	(11,853)	52,880
Land under roads	171,851	-	171,851	6	-	-	-	-	-	-	-	171,857	-	171,857
Lighting	4,638	(1,934)	2,704	15	767	-	-	-	-	(278)	-	5,420	(2,212)	3,208
Landfill - post closure costs	590	(394)	196	-	-	-	-	-	-	(31)	-	590	(425)	165
Work in Progress	7,239	-	7,239	1,128	(875)	-	-	-	-	-	-	7,492	-	7,492
<b>Total infrastructural assets</b>	<b>831,494</b>	<b>(152,353)</b>	<b>679,133</b>	<b>25,367</b>	<b>(93)</b>	<b>(59,486)</b>	<b>69,548</b>	<b>(567)</b>	-	<b>(15,212)</b>	<b>228,858</b>	<b>1,025,573</b>	<b>(98,017)</b>	<b>927,556</b>
<b>Total Timaru District</b>	<b>1,011,691</b>	<b>(200,673)</b>	<b>811,010</b>	<b>31,195</b>	-	<b>(75,932)</b>	<b>76,342</b>	<b>(642)</b>	-	<b>(18,826)</b>	<b>228,816</b>	<b>1,195,128</b>	<b>(143,157)</b>	<b>1,051,971</b>
<b>Subsidiaries property, plant and equipment</b>														
Buildings	4,251	(3,411)	840	-	-	-	-	-	-	(173)	-	4,251	(3,584)	667
Furniture and equipment	154	(113)	41	27	-	-	-	-	-	(10)	-	181	(123)	58
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total subsidiaries</b>	<b>4,405</b>	<b>(3,524)</b>	<b>881</b>	<b>27</b>	-	-	-	-	-	<b>(183)</b>	-	<b>4,432</b>	<b>(3,707)</b>	<b>725</b>
<b>1,016,096</b>	<b>(204,197)</b>	<b>811,891</b>	<b>31,222</b>	-	<b>(75,932)</b>	<b>76,342</b>	<b>(642)</b>	<b>(642)</b>	-	<b>(19,009)</b>	<b>228,816</b>	<b>1,199,560</b>	<b>(146,864)</b>	<b>1,052,696</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

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



# Notes to the Financial Statements

for the year ended 30 June 2020

## 17a. Depreciation and amortisation expense by group of activity

	Council	
	Actual 2020 \$000	Actual 2019 \$000
Corporate Support	1,130	1,013
Democracy	1	1
Community Support	519	508
District Planning and Regulatory Services	8	8
Recreation and Leisure	2,153	2,119
Roading and Footpaths	5,603	5,439
Waste Minimisation	607	525
Sewer	3,261	3,124
Stormwater	1,945	864
Water Supplies	3,980	2,396
	<b>19,207</b>	<b>15,997</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

## 18. Intangible assets

	Council and Group		
	Computer Software \$000	Carbon Credits \$000	Total \$000
<b>Balance as at 1 July 2019</b>			
Cost	4,879	604	5,483
Accumulated amortisation and impairment	(3,246)	-	(3,246)
<b>Opening carrying amount</b>	<b>1,633</b>	<b>604</b>	<b>2,237</b>
<b>Year ended 30 June 2020</b>			
Additions	700	696	1,396
Disposals	-	-	-
Amortisation charge	(326)	-	(326)
Amortisation reversed on disposals	-	-	-
<b>Movement for the year</b>	<b>374</b>	<b>696</b>	<b>1,070</b>
<b>Balance as at 30 June 2020</b>			
Cost	5,579	1,300	6,879
Accumulated amortisation and impairment	(3,572)	-	(3,572)
<b>Closing carrying amount</b>	<b>2,007</b>	<b>1,300</b>	<b>3,307</b>
<b>Balance as at 1 July 2018</b>			
Cost	4,589	604	5,193
Accumulated amortisation and impairment	(2,910)	-	(2,910)
<b>Opening carrying amount</b>	<b>1,679</b>	<b>604</b>	<b>2,283</b>
<b>Year ended 30 June 2019</b>			
Additions	290	-	290
Disposals	-	-	-
Amortisation charge	(336)	-	(336)
Amortisation reversed on disposals	-	-	-
<b>Movement for the year</b>	<b>(46)</b>	<b>0</b>	<b>(46)</b>
<b>Balance as at 30 June 2019</b>			
Cost	4,879	604	5,483
Accumulated amortisation and impairment	(3,246)	-	(3,246)
<b>Closing carrying amount</b>	<b>1,633</b>	<b>604</b>	<b>2,237</b>

### 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 2020

## 19. Forestry assets

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Balance as at 1 July	1,201	1,045	1,201	1,045
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value	16	156	16	156
Decreases due to harvest	-	-	-	-
<b>Balance as at 30 June</b>	<b>1,217</b>	<b>1,201</b>	<b>1,217</b>	<b>1,201</b>

Timaru District Council owns 194.1 hectares of Radiata Pine, Douglas fir and Macrocarpa forest, which is at varying stages of maturity ranging from 2 to 69 years.

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2020. A pre-tax discount rate of 7.0% 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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Balance as at 1 July	1,546	1,730	47,036	41,161
Additions from acquisitions	-	-	118	2,330
Write offs – demolitions	-	-	-	-
Disposals	-	(275)	-	(275)
Fair value gains/(losses) on valuation (note 8)	82	91	1,956	3,820
<b>Balance as at 30 June</b>	<b>1,628</b>	<b>1,546</b>	<b>49,110</b>	<b>47,036</b>

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2020 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 2020 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 valuation report has indicated that a greater degree of uncertainty is attached to the valuation of the investment properties due to severe market disruption and lack of transactional data as a result of COVID-19.

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 (2019: Nil)

# Notes to the Financial Statements

for the year ended 30 June 2020

## 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 2020 \$000	Actual 2019 \$000
<b>Movements in the carrying amount of investments in associates</b>		
Balance as at 1 July	28,599	26,655
New Investments during the year	-	-
Disposal of investments during the year	-	-
Share of total recognised revenue and expenses	2,541	2,594
Share of dividend	(850)	(650)
<b>Balance as at 30 June</b>	<b>30,290</b>	<b>28,599</b>

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

	Actual 2020 \$000	Actual 2019 \$000
Assets	91,928	90,208
Liabilities	30,591	32,252
Revenue	24,189	22,917
Total Comprehensive Revenue	5,081	5,188
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 2020 \$000	Actual 2019 \$000
<b>Movements in the carrying amount of investments in associates</b>		
Balance as at 1 July	70,650	68,421
New Investments during the year	-	-
Disposal of investments during the year	-	-
Share of total recognised revenue and expenses	9,176	6,940
Share of dividend	(4,711)	(4,711)
<b>Balance as at 30 June</b>	<b>75,115</b>	<b>70,650</b>

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

	Group	
	Actual March 2020 \$000	Actual March 2019 \$000
Assets	323,611	295,825
Liabilities	171,670	153,264
Revenue	91,308	79,651
Total Comprehensive Revenue	19,318	14,611
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 2020

## 22. Joint Arrangement

Timaru District Council has an 82% interest in the Downlands Water Supply joint operation, 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 2020 \$000	Actual 2019 \$000
Current assets	5,981	5,917
Non-current assets	25,130	11,391
Current liabilities	334	256
Non-current liabilities	-	-
Revenue	1,661	1,629
Expenses	1,212	972

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

## 23. Trade and other payables

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Trade creditors and accruals	12,863	6,800	13,087	6,928
Amounts due to related parties (note 31)	716	-	-	-
Contract retentions	387	411	387	411
Deposits and bonds	563	505	677	505
Revenue in advance	246	254	380	399
Accrued interest expense	414	544	1,167	563
<b>Total trade and other payables</b>	<b>15,189</b>	<b>8,514</b>	<b>15,698</b>	<b>8,806</b>

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.

Note: In 2020 a computer upgrade of the Council's rating software created a separation of rates payments in advance from total rates receivables - the credits were separated out into its own area rather than being shown as credits against charges. For the 2020 accounts this meant that the rates in advance are now listed as a current liability. The difference to rates receivable if it was shown per the 2019 accounts would be a reduction by \$1,075,000.

## 24. Employee benefit liabilities

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Accrued salaries and wages	-	3	-	7
Annual leave	1,616	1,327	1,654	1,340
Long service leave	130	171	130	171
Retiring gratuities	576	642	576	642
<b>Total employee benefits</b>	<b>2,322</b>	<b>2,143</b>	<b>2,360</b>	<b>2,160</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Comprising:				
Current	2,192	1,945	2,230	1,962
Non-current	130	198	130	198
<b>Total employee benefits</b>	<b>2,322</b>	<b>2,143</b>	<b>2,360</b>	<b>2,160</b>

## 25. Landfill aftercare provision

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Opening balance	6,227	6,127	6,227	6,127
Unused amounts reversed during the year	60	(1,158)	60	(1,158)
Amounts used during the year	-	-	-	-
Increase/(decrease) due to discount rate changes and assessment of liability	981	1,151	981	1,151
Discount unwinding	109	107	109	107
<b>Closing balance</b>	<b>7,377</b>	<b>6,227</b>	<b>7,377</b>	<b>6,227</b>

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 2021 and 2072). 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 1.54% (2019: 2.22%).

A provision of \$500,000 was made for remedial works in regards to the closed landfill at Peel Forest.

## 26. Borrowings

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Bank overdraft	-	-	-	-
Secured loans	-	-	-	-
Bonds Issued	-	10,000	-	10,000
LGFA Debt	42,602	17,500	42,602	17,500
<b>Total current borrowings</b>	<b>42,602</b>	<b>27,500</b>	<b>42,602</b>	<b>27,500</b>
<b>Non-current</b>				
Secured loans	-	-	11,400	13,900
Bonds Issued	-	-	-	-
LGFA Debt	46,882	66,984	46,882	66,984
<b>Total non-current borrowings</b>	<b>46,882</b>	<b>66,984</b>	<b>58,282</b>	<b>80,884</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

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 (2019: \$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.

## Fair values of non-current borrowings

### Council

	Carrying Amount		Fair Value	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Secured loans	-	-	11,400	-
Bonds	-	-	-	-
LGFA Debt	89,484	66,984	89,484	84,484
	<u>89,484</u>	<u>66,984</u>	<u>100,884</u>	<u>84,484</u>

### Group

	Carrying Amount		Fair Value	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Secured loans	-	13,900	11,400	13,900
Bonds	-	-	-	-
LGFA Debt	89,484	66,984	89,484	66,984
	<u>89,484</u>	<u>80,884</u>	<u>100,884</u>	<u>80,884</u>

The fair values are based on borrowing rates ranging from 1.82% to 6.00% (2019: 1.82% 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 2020

## 27. Equity

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Retained earnings</b>				
As at 1 July	781,043	743,981	862,267	844,755
Surplus/(deficit) for the year	3,830	42,086	15,217	22,588
Revaluation of Infrastructural Assets	228,859	-	228,859	-
Reserves Transfer				
Special Funds	8,588	2,672	5,484	2,619
Separate Funds	(5,249)	(7,696)	(5,249)	(7,695)
Revaluation Reserves	(228,886)	-	(228,886)	-
<b>As at 30 June</b>	<b>788,185</b>	<b>781,043</b>	<b>877,692</b>	<b>862,267</b>
<b>Special funds</b>				
As at 1 July	33,111	35,783	33,254	35,874
Transfers from Retained Earnings	16,381	20,246	19,431	20,302
Transfers to retained Earnings	(24,969)	(22,918)	(24,915)	(22,922)
<b>As at 30 June</b>	<b>24,523</b>	<b>33,111</b>	<b>27,770</b>	<b>33,254</b>
<b>Separate funds</b>				
As at 1 July	7,696	-	7,695	-
Transfers from Retained Earnings	20,349	12,327	20,349	12,326
Transfers to retained Earnings	(15,100)	(4,631)	(15,100)	(4,631)
<b>As at 30 June</b>	<b>12,945</b>	<b>7,696</b>	<b>12,944</b>	<b>7,695</b>
<b>Asset revaluation reserves</b>				
As at 1 July	-	-	-	-
Revaluation gains/(losses)	228,859	92	228,859	92
Revaluation reserve written off	27	(92)	27	(92)
<b>As at 30 June</b>	<b>228,886</b>	<b>-</b>	<b>228,886</b>	<b>-</b>
<b>Asset revaluation reserves consist of:</b>				
Library books	-	-	-	-
Port operational Land	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fair value through equity reserve</b>				
As at 1 July	-	-	-	-
Valuation gains/(losses) taken to equity	-	-	-	-
Transfers to statement of financial performance on disposal	-	-	-	-
<b>As at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Reserves</b>	<b>266,354</b>	<b>40,807</b>	<b>269,600</b>	<b>40,949</b>

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



# Notes to the Financial Statements

for the year ended 30 June 2020

Special Funds		Purpose	2020				2019				
			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	
Name of Fund	Activity										
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	0				0
Cemetery Future (Tu) Fund	Community Support	Development of future cemetery for Timaru.	89	2	0	91	87	2			89
Collett Bequest (Museum)	Recreation and Leisure	For museum items.	561	12	0	573	545	16			561
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.	284	35	12	306	355	44		115	284
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.	353	0	0	353	286	67			353
Contingency Fund	All of Council	For emergency purposes as determined by Council.	1,235	26	0	1,261	1,210	35		10	1,235
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.	3,581	8,973	13,153	(599)	6,247	8,269		10,935	3,581
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.	74	0	74	0	73	5		4	74
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).	78	(0)	78	0	274	96		292	78
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				1

# Notes to the Financial Statements

for the year ended 30 June 2020

Special Funds											
Name of Fund	Activity	Purpose	2020			2019					
			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		
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.	250	0	250	0	237	13			250
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.	26	0	26	0	39	16	29		26
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).	175	0	175	0	179	74	78		175
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.	774	(0)	774	0	719	91	35		774
Depreciation Fund – Sewer	Sewer	For the renewal and/or replacement of Sewer depreciable assets and for the repayment of loans associated with such assets.	1,347	0	1,347	0	1,685	3,548	3,886		1,347
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.	342	(0)	342	0	577	187	422		342
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).	(20)	20	0	0	321	188	529		(20)
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).	1,160	0	1,160	0	2,395	1,227	2,462		1,160
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.	4,078	0	4,078	0	3,563	2,514	1,999		4,078
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.	226	210	240	196	431	254	459		226
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	1	29	237	265				265
Disaster Relief Fund	All of Council	For the replacement of infrastructural assets excluding roading in the event of a natural disaster.	2,476	74	112	2,438	2,630	272	426		2,476

# Notes to the Financial Statements

for the year ended 30 June 2020

Special Funds										
Name of Fund	Activity	Purpose	2020			2019			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		
District Recreation Facilities Fund	All of Council	To be used for the development of significant recreation facilities in the district.	705	16	0	721	685	20		705
Dowling Bequest	Recreation and Leisure	For the purchase of Christian fiction literature for the library.	21	0	2	19	23	0	2	21
Downlands Asset Replacement Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	5,545	750	1,176	5,119	5,061	941	457	5,545
Downlands Capital Contribution Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	133	13	0	147	123	10		133
Economic Development Fund	Community Support	For economic development support.	284	6	15	275	276	8		284
Election Expenses Fund	Democracy	To provide for meeting election expenses.	32	60	114	(22)	13	56	37	32
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	790	17	0	808	475	315		790
Forestry Development Fund	Recreation and Leisure	To provide funding for the development of forests within the District.	395	4	166	233	424	12	41	395
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			2
Grants & Donations Fund	Community Support	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	215	118	104	230	147	119	50	215
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.	1,800	5,798	356	7,243	1,260	740	200	1,800
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			1
Jordan Bequest (Art Gallery)	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	525	11	13	523	0	547	22	525
Jordan Bequest (Museum)	Recreation and Leisure	For the purchase of articles for the Museum.	228	5	0	233	0	228		228
Lattimore W A (Tu) Bequest	Recreation and Leisure	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	15	0	0	15	17		2	15
Mackay Bequest (Art Gallery)	Recreation and Leisure	For the purchase of paintings.	234	13	10	237	236	7	9	234
Mackay Bequest (Library)	Recreation and Leisure	For the purchase of books relating to art for the Timaru Library.	153	(0)	5	147	150	4	1	153
Main Creative Communities NZ Fund	Community Support	Carried forward balance of Creative Communities NZ fund – main committee.	15	1	0	16	9	6		15

# Notes to the Financial Statements

for the year ended 30 June 2020

Special Funds		Activity	Purpose	2020			2019		
				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
Main Drains Cost Sharing Fund	Sewer, Stormwater, Water Supply	Extension of main drains on a cost sharing basis.	1,398	30	0	1,428	56		1,398
Mayor's Welfare Fund	Democracy	Help out the needy as determined by the Mayor.	14	5	2	18	15	1	14
McCarthy Bequest - Library	Recreation and Leisure	For general purposes at the Timaru Public Library	13	1	0	14	13		13
McCarthy Bequest - Parks	Recreation and Leisure	For general purposes at the Timaru gardens	49	1	0	50	48	1	49
Museum Acquisition Fund/ Alan Ward Fund	Recreation and Leisure	For the purchase of articles for the Museum.	10	0	0	10	10		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.	517	9	44	483	541	15	517
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.	126	75	398	(197)	389	7	270
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	686	12	266	432	667	19	686
R C Hervey Fund	Recreation and Leisure	For providing improved services to the Timaru Library.	79	2	0	81	77	2	79
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	12		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.	139	49	7	182	119	44	139
Safer Community Funds	Community Support	For Safer Communities projects.	327	6	45	289	393	10	327
Sevicke-Jones Bequest	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	2	1	1	2	0	2	2
Social Housing Fund (TDC)	Community Support	Funding of new social housing units and major maintenance.	0	0	0	0	0		0
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.	832	19	0	852	688	144	832
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	353	(0)	353	0	340	13	353

# Notes to the Financial Statements

for the year ended 30 June 2020

Special Funds										
Name of Fund	Activity	Purpose	2020				2019			
			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
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.	21	0	0	21	20	1		21
Winchester Domain Fund	Recreation and Leisure	For maintenance and development of the Winchester Domain area	83	2	42	42	88	2	7	83
<b>Total Special Reserves</b>			<b>33,111</b>	<b>16,381</b>	<b>24,969</b>	<b>24,523</b>	<b>35,783</b>	<b>20,246</b>	<b>22,918</b>	<b>33,111</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

Separate Funds		Purpose	2020				2019			
			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
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.	(1)	1	11	(11)	0	50	51	(1)
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.	36	4	0	40	0	36		36
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.	43	8	0	51	0	43		43
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.	25	6	4	27	0	25		25
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.	51	9	5	55	0	51		51
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.	(2)	5	9	(6)	0	6	9	(2)

# Notes to the Financial Statements

for the year ended 30 June 2020

Separate Funds		Purpose	2020				2019			
			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
Name of Fund	Activity									
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.	1	5	5	1	0	6	5	1
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	1	1	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	4	4	(0)	0	6	5	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.	4	3	0	7	0	4	0	4
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.	2,630	35	1,926	739	0	3,260	630	2,630
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.	190	381	296	275	0	190	0	190

# Notes to the Financial Statements

for the year ended 30 June 2020

Separate Funds											
Name of Fund	Activity	Purpose	2020			2019					
			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.	71	350	196	225	0	123	52	71	
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.	219	330	221	328	0	272	53	219	
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.	164	3,607	2,556	1,215	0	460	296	164	
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.	2,583	5,998	4,431	4,149	0	4,758	2,175	2,583	
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.	(2)	85	6	78	0	3	5	(2)	
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.	25	259	3	281	0	25	0	25	



# Notes to the Financial Statements

for the year ended 30 June 2020

Separate Funds		Purpose	2020				2019			
Name of Fund	Activity		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.	303	47	102	248	0	332	29	303
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.	172	920	162	930	0	172	0	172
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.	862	954	660	1,156	0	862		862
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.	(24)	7,330	4,446	2,860	0	1,270	1,294	(24)
Dog Control	District Planning and Environment's 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.	348	7	56	299	0	372	24	348
<b>Total Separate Reserves</b>			7,696	20,349	15,100	12,945	0	12,327	4,631	7,696

# Notes to the Financial Statements

for the year ended 30 June 2020

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

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Surplus/(deficit) after tax	3,830	42,086	15,185	22,588
Add/(less) non-cash items:				
Share of associate surplus/(deficit)	-	-	(6,156)	(4,173)
Taxable Bonus Issue	-	(30,000)	-	-
Depreciation and amortisation	19,207	15,997	19,393	16,179
Impairment Charges	-	-	-	-
Vested assets	(954)	(1,930)	(954)	(1,930)
Adjustment 2019 Assets	557	-	-	-
(Gains)/losses in fair value of biological assets	(16)	(156)	(16)	(156)
(Gains)/losses in fair value of investment property	(82)	(91)	(1,956)	(3,820)
Increase/(decrease) in deferred taxation	-	-	-	(109)
(Gains)/losses in fair value of derivatives	884	1,567	640	1,382
(Gains)/losses in fair value of debt instruments	-	(13)	-	(13)
(Gains)/losses Other	(29)	-	(29)	-
Movement in provision	1,150	100	1,150	100
Other movements	-	1,317	-	1,299
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	167	(20)	167	(20)
(Gains)/losses on disposal of investment properties	-	-	-	-
(Gains)/losses on investment	(43)	-	(43)	-
(Gains)/losses on disposal of shares	-	-	-	-
Interest capitalised	-	-	-	-
Add/(less) movements in working capital items:				
Accounts receivable	(2,780)	(1,305)	(1,337)	(1,144)
Inventories	44	11	43	11
Accounts payable	6,909	(846)	8,984	(182)
Income tax payable	-	-	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28,844</b>	<b>26,717</b>	<b>35,071</b>	<b>30,012</b>

## 29. Capital commitments and operating leases

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Capital commitments</b>				
Roading network	-	178	-	178
Water system	4,829	518	4,829	518
Sewerage system	457	45	457	45
Stormwater network	1,211	-	1,211	-
Buildings and improvements	329	-	329	-
	<b>6,826</b>	<b>741</b>	<b>6,826</b>	<b>741</b>

# Notes to the Financial Statements

for the year ended 30 June 2020

Refer to note 20 for capital commitments for investment properties.

## 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 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	7	78	7	78
Later than one year and not later than five years	-	1	-	1
Later than five years	-	-	-	-
<b>Total non-cancellable operating leases</b>	<b>7</b>	<b>79</b>	<b>7</b>	<b>79</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2019: \$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 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	181	195	2,409	2,306
Later than one year and not later than five years	570	655	7,221	5,629
Later than five years	343	433	30,617	22,455
<b>Total non-cancellable operating leases</b>	<b>1,094</b>	<b>1,283</b>	<b>40,247</b>	<b>30,390</b>

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

## 30. Contingencies

### Contingent Liabilities

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Building Act Claims	-	-	-	-
Housing NZ social housing advance	1,100	1,100	1,100	1,100
Other legal proceedings	-	-	-	-
	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>

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 (2019: \$nil).

# Notes to the Financial Statements

for the year ended 30 June 2020

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 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 (\$37,483) and the anticipated final call, estimated at \$37,500, is expected in 2022/23.

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2020 (2019: \$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 a disclaimed property. The 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, however sources for future funding have not been fully determined therefore there is a potential risk that the cost of remediation may fall on the Council. The possible future costs relating to full remediation cannot yet be fully accurately assessed.

Timaru District Council has 18,550,000 shares (2019: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2019: \$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 2020, NZLGFA had borrowings totalling \$11.9 billion (2019: \$9.5 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 (2019: \$nil).

## Share of 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 (2019: \$nil).

Primeport has no contingent liabilities at 30 June 2020 as a result of the Don Wong 701 catching fire and the burnt out vessel being laid up at Primeport since 9 April 2018 (2019: \$Nil).

Alpine Energy Limited group has contingent liabilities as at 31 March 2020 of \$11.5m in the form of performance and import guarantees to cover ongoing project work (2019: \$5.68m)

## Contingent assets

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

# Notes to the Financial Statements

for the year ended 30 June 2020

## 31. Related party transactions

During the year to 30 June 2020, 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 arrangement (Downlands Water Supply), including transactions with the associates, subsidiaries and joint operations of those companies and operations.

The following transactions were carried out with related parties:

	Actual 2020 \$000	Actual 2019 \$000
<b>Timaru District Holdings Limited</b>		
Rates paid to Timaru District Council	343	330
Interest paid to Timaru District Council	562	727
Services provided by Timaru District Council	232	360
Services provided to Timaru District Council	2	2
Loans payable to Timaru District Council	22,181	22,180
Accounts payable to Timaru District Council	868	94
Accounts receivable from Timaru District Council	-	-
Dividends paid to Timaru District Council	2,850	32,750
The loan payable to Timaru District Council is secured by a debenture over the company's assets.		
<b>PrimePort Timaru Limited</b>		
Services provided by Timaru District Council	208	166
Services provided to Timaru District Council	1	-
Accounts payable to Timaru District Council	7	7
Accounts receivable from Timaru District Council	-	-
<b>Aoraki Development and Promotions Limited</b>		
Services provided by Timaru District Council	-	-
Services provided to Timaru District Council	788	530
Accounts payable to Timaru District Council	-	-
Accounts receivable from Timaru District Council	285	152
<b>Downlands Water Supply</b>		
Services provided by Timaru District Council	339	310
Services provided to Timaru District Council	8	-
Rates collected by Timaru District Council	1,578	1,559
Accounts payable to Timaru District Council	22	63
Accounts receivable from Timaru District Council	393	-
<b>Alpine Energy Limited</b>		
Services provided by Timaru District Council	100	188
Services provided to Timaru District Council	1,068	292
Accounts payable to Timaru District Council	2	4
Accounts receivable from Timaru District Council	431	22

# Notes to the Financial Statements

for the year ended 30 June 2020

## 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 then Mayor Odey is a Director. The transactions amounted to \$12,687 (2019: \$20,047). The balance outstanding as at 30 June 2020 is \$460 (2019: \$1,860).

During the year, Timaru District Council purchased goods and services from Air & Power Industrial Limited, an organisation in which the then Mayor Odey is a Director. The transactions amounted to \$Nil (2019: \$Nil). The balance outstanding as at 30 June 2020 is \$Nil (2019: \$Nil).

During the year, Timaru District Council purchased goods and services from The Speights Ale House, an organisation in which Councillor/Mayor Bowen is a Director. The transactions amounted to \$Nil (2019: \$1,106). The balance outstanding as at 30 June 2020 is \$Nil (2019: \$Nil).

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2019: \$Nil).

## Key management personnel compensation

Salaries and other short term employment benefits  
Total key management personnel compensation

Actual 2020 \$000	Actual 2019 \$000
2,040	2,017
<b>2,040</b>	<b>2,017</b>

Key management personnel include Mayor, Councillors (8 FTE), Chief Executive and other senior management personnel (6FTE).

## 32. Remuneration

Elected representatives

	Total remuneration			
	Council		Group	
	2020	2019	2020	2019
Mayor Odey (ceased 19 October 2019)	39,284	116,411	45,515	145,761
Councillor/Mayor Bowen (commenced as Mayor 20 October 2019)	99,736	38,328	111,228	38,328
Councillor/Deputy Mayor Lyon (ceased as Deputy Mayor 19 October 2019)	52,323	50,908	70,323	68,908
Councillor Booth (commenced 20 October 2019)	30,982	-	30,982	-
Councillor Burt	50,344	45,439	50,344	45,439
Councillor Gilchrist (commenced 20 October 2019)	34,775	-	34,775	-
Councillor Jack (ceased 19 October 2019)	15,569	45,439	15,569	45,439
Councillor Leslie (ceased 19 October 2019)	13,179	38,504	13,179	43,504
Councillor Oliver (commenced 20 October 2019)	31,037	-	31,037	-
Councillor O'Reilly	44,251	38,328	44,251	38,328
Councillor Parker	47,905	38,328	47,905	38,328
Councillor Piddington commenced 20 October 2019	30,982	-	30,982	-
Councillor Stevens (ceased 19 October 2019)	15,706	47,138	21,937	65,138
Councillor/Deputy Mayor Wills (commenced as Deputy Mayor 20 October 2019)	57,932	45,439	57,932	45,439
<b>Total</b>	<b>564,005</b>	<b>504,263</b>	<b>605,959</b>	<b>574,613</b>
Chief Executive	301,506	301,149	301,506	301,149

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

# Notes to the Financial Statements

for the year ended 30 June 2020

	Council		Council
	2020		2019
<\$60,000	217	<\$60,000	227
\$60,000 - \$79,999	60	\$60,000 - \$79,999	62
\$80,000 - \$99,999	40	\$80,000 - \$99,999	26
\$100,000 - \$119,999	15	\$100,000 - \$119,000	15
\$120,000 - \$139,999	6	\$120,000 - \$139,999	6
\$140,000 - \$179,999	7	\$140,000 - \$219,000	7
\$180,000 - \$319,999	4	\$220,000 - \$319,999	2
	349		345

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 205 full-time employees (2019: 195), with the balance of staff representing 49 full-time equivalent employees (2019: 45). 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

On 11 August 2020 Timaru District Council agreed to participate in the Government's "3Waters" stimulus package tranche 1, submitting the signed memorandum of understanding on 24 August 2020, which offers the Council up to \$6.86m of new funding in return for participating in the development of options for the future of water, stormwater and sewage management. Timaru District Council have been offered \$11.6m for the development of the Theatre Royal and Heritage Centre project as part of the Government's "shovel ready" projects support programme.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 35. Financial instruments

### Financial Instrument Categories

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>FINANCIAL ASSETS</b>				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument assets	-	-	-	-
Other financial assets:				
- Investments in debt securities	3,151	3,108	3,151	3,108
<b>Total fair value through surplus or deficit</b>	<b>3,151</b>	<b>3,108</b>	<b>3,151</b>	<b>3,108</b>
<b>Loans and receivables</b>				
Cash and cash equivalents	19,238	11,496	21,392	13,325
Trade and other receivables	9,938	7,158	11,295	8,451
Other financial assets:				
- Term deposits	28,190	44,330	29,385	45,006
- Community loans	566	502	566	502
- Loans to related parties	22,181	22,180	-	-
<b>Total loans and receivables</b>	<b>80,113</b>	<b>85,666</b>	<b>62,638</b>	<b>67,284</b>
<b>Fair value through other comprehensive revenue</b>				
Other financial assets:				
- Unlisted shares	269	269	269	269
<b>FINANCIAL LIABILITIES</b>				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	5,110	4,225	5,305	4,667
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	15,189	8,514	15,698	8,806
Borrowings:				
- Bank overdraft	-	-	-	-
- Lease liabilities	-	-	-	-
- Secured loans	-	-	11,400	13,900
- Bonds	89,484	94,484	89,484	94,484
- Redeemable Preference Shares	-	-	-	-
<b>Total financial liabilities at amortised cost</b>	<b>104,673</b>	<b>102,998</b>	<b>116,582</b>	<b>117,190</b>

### 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.



# Notes to the Financial Statements

for the year ended 30 June 2020

- **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:

	Valuation technique			
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
<b>30 June 2020 - Council</b>				
<b>Financial assets</b>				
Derivatives	-	-	-	-
Investments in debt securities	3,151	-	3,151	-
Shares	269	-	-	269
<b>Financial liabilities</b>				
Derivatives	5,110	-	5,110	-
<b>30 June 2020 - Group</b>				
<b>Financial assets</b>				
Derivatives	-	-	-	-
Investments in debt securities	3,151	-	3,151	-
Shares	269	-	-	269
<b>Financial liabilities</b>				
Derivatives	5,305	-	5,305	-
<b>30 June 2019 - Council</b>				
<b>Financial assets</b>				
Derivatives	-	-	-	-
Investments in debt securities	3,108	-	3,108	-
Shares	269	-	-	269
<b>Financial liabilities</b>				
Derivatives	4,225	-	4,225	-
<b>30 June 2019 - Group</b>				
<b>Financial assets</b>				
Derivatives	-	-	-	-
Investments in debt securities	3,108	-	3,108	-
Shares	269	-	-	269
<b>Financial liabilities</b>				
Derivatives	4,667	-	4,667	-

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:

# Notes to the Financial Statements

for the year ended 30 June 2020

	2020 \$000	2019 \$000
Balance as at 1 July	170	270
Gain and losses recognised in the surplus or deficit	-	-
Gain and losses recognised in other comprehensive revenue	-	-
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance as at 30 June</b>	<b>170</b>	<b>270</b>

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

## 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:

# Notes to the Financial Statements

for the year ended 30 June 2020

	Council		Group	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and term deposits	47,428	55,826	50,777	58,331
Trade and other receivables	9,938	7,158	11,295	8,451
Community loans	566	502	566	502
Related party loans	22,181	22,180	-	-
Investments in debt securities	3,151	3,108	3,151	3,108
Derivative financial instrument assets	-	-	-	-
<b>Total credit risk</b>	<b>83,264</b>	<b>88,774</b>	<b>65,789</b>	<b>70,392</b>

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.

## 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 (2017: \$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
<b>Council 2020</b>					
Trade and other payables	14,147	14,147	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	-	-	-	-	-
Bonds	94,484	27,500	10,000	47,000	9,984
Finance leases	-	-	-	-	-
<b>Total</b>	<b>108,631</b>	<b>41,647</b>	<b>10,000</b>	<b>47,000</b>	<b>9,984</b>
<b>Group 2020</b>					
Trade and other payables	15,408	15,408	-	-	-
Bank overdraft	11,400	-	11,400	-	-
Secured loans	-	-	-	-	-
Bonds	89,484	42,500	16,000	30,984	-
Redeemable Preference shares	-	-	-	-	-

## Notes to the Financial Statements

for the year ended 30 June 2020

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Finance leases	-	-	-	-	-
<b>Total</b>	<b>116,292</b>	<b>57,908</b>	<b>27,400</b>	<b>30,984</b>	<b>-</b>

### Council 2019

Trade and other payables	8,515	8,515	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	-	-	-	-	-
Bonds	94,484	27,500	10,000	47,000	9,984
Finance leases	-	-	-	-	-
<b>Total</b>	<b>102,999</b>	<b>36,015</b>	<b>10,000</b>	<b>47,000</b>	<b>9,984</b>

### Group 2019

Trade and other payables	8,806	8,806	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	13,900	3,000	10,900	-	-
Bonds	94,484	27,500	10,000	47,000	9,984
Redeemable Preference shares	-	-	-	-	-
Finance leases	-	-	-	-	-
<b>Total</b>	<b>117,190</b>	<b>39,306</b>	<b>20,900</b>	<b>47,000</b>	<b>9,984</b>

### 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 2020	5,000	12,900	36,000	-
Council 2019	13,500	12,900	3,600	-
Group 2020	-	11,900	24,000	22,000
Group 2019	-	20,400	24,000	22,000

### 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
<b>Council 2020</b>				
Cash and cash equivalents	19,238	19,238	-	-
Trade and other receivables	9,161	9,161	-	-
Loans to related parties	22,181	-	-	22,181
Unlisted shares	269	-	-	269
Other financial assets:				
- term deposits	28,190	28,190	-	-
- community loans	566	149	384	33

# Notes to the Financial Statements

for the year ended 30 June 2020

	Carrying Amount	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000
- investment in debt securities	3,151	-	2,645	506
<b>Total</b>	<b>82,756</b>	<b>56,738</b>	<b>3,029</b>	<b>22,989</b>
<b>Group 2020</b>				
Cash and cash equivalents	21,392	21,392	-	-
Trade and other receivables	11,307	11,307	-	-
Unlisted shares	269	-	-	269
Other financial assets:				
- term deposits	29,385	29,385	-	-
- community loans	566	149	384	33
- investment in debt securities	3,151	-	2,645	506
<b>Total</b>	<b>66,070</b>	<b>62,233</b>	<b>3,029</b>	<b>808</b>
<b>Council 2019</b>				
Cash and cash equivalents	11,496	11,496	-	-
Trade and other receivables	7,158	7,158	-	-
Loans to related parties	22,180	-	-	22,180
Unlisted shares	269	-	-	269
Other financial assets:				
- term deposits	44,330	44,330	-	-
- community loans	502	157	307	38
- investment in debt securities	3,108	-	2,924	184
<b>Total</b>	<b>89,044</b>	<b>63,141</b>	<b>3,231</b>	<b>22,672</b>
<b>Group 2019</b>				
Cash and cash equivalents	13,325	13,325	-	-
Trade and other receivables	8,451	8,451	-	-
Unlisted shares	270	-	-	270
Other financial assets:				
- term deposits	45,006	45,006	-	-
- community loans	502	157	307	38
- investment in debt securities	3,108	-	2,924	184
<b>Total</b>	<b>70,662</b>	<b>66,939</b>	<b>3,231</b>	<b>492</b>

## 36. Severance payments

For the year ended 30 June 2020, the Council made five severance payments (2019: one) to employees totalling \$57,918 (2019: \$55,756).

# Notes to the Financial Statements

for the year ended 30 June 2020

## 37. Explanation of major variances against budget

Timaru District Council made a net surplus of \$3,500 (budgeted surplus of \$7,830).

Revenue and expenditure	2020 \$000
Annual Plan surplus	7,830
<b>Increases/(Reductions)</b>	
Other losses (on fair value of derivatives)	(884)
Vested Assets	936
Subsidies and grants	438
Landfill aftercare provision	(983)
Depreciation	(2,340)
Finance costs	1,139
Other expenditure	(2,556)
	<u>3,580</u>
<b>Annual Report surplus</b>	<u><b>3,830</b></u>

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

- Unrealised loss on interest rate swaps of \$884,000, which is not budgeted due to inherent difficulties in forecasting market conditions. A loss of swaps arises when interest rates at valuation date are lower than those previously valued.
- Vested assets of \$976,000 from residential developments were vested in Council during the year. The budget only includes minimal service connections vesting (approximately \$40,000)
- The New Zealand Transport Agency (NZTA) provided additional emergency works funding of \$1,154,179 for the December 2019 flood event.
- There has been an increase in the landfill aftercare provision due to interest rate changes and reassessment of the costs to provide aftercare.
- Actual costs for depreciation were higher than budget due to the revaluation of assets within the three waters.
- Finance costs were lower than budget by \$1,139,000 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.
- Additional expenditure of \$213,000 due to increased unit rates and unit requirements, was incurred on carbon credit purchases within Solid waste collection and Waste minimisation.
- Expenditure of \$1,800,000 was incurred for emergency works in regards the December 2019 flood event.
- The revaluation of the three waters (water, wastewater, stormwater) assets has resulted in an increase to property, plant and equipment of \$228,859,000. As a result of the revaluation there was increased depreciation costs for the three waters asset categories from that budgeted.

### Statement of financial position

With the delayed timing in capital expenditure, borrowings are less than budgeted, as some of these projects are being funded by borrowings. Some loan funding has been drawn down for delayed capital expenditure, which has resulted in increases in short-term investments.

As a result of the three waters asset revaluation reserve accounts of \$228,859,000 have been added.

# Notes to the Financial Statements

for the year ended 30 June 2020

## 38. Going concern and the impact of COVID-19

The Council and its subsidiaries were impacted in varying degrees both financially and non-financially that affected the performance of the Council and group in the last quarter of the year. The details are set out below.

All essential Council services continued to operate during Alert Level 3 and Level 4 of the lockdown. Essential services included roading, water supply, sewer, stormwater, waste minimisation, civil defence and regulatory functions. Where possible these occurred remotely or with appropriate personal protective equipment and processes in place.

Other Council services operated in some form during the lockdown, largely in an online capacity. Non-essential services including most recreational and cultural facilities were closed. Physical facilities such as CBay, libraries, halls, the museum and art gallery were closed with online access and options promoted.

Most Council staff worked remotely during Alert Level 4 with minimum staffing in the main Council office responsible for internal processes. During Alert Level 3, a limited number of staff worked back in the main office, with the majority continuing to work remotely. Public facilities remained closed.

Under Alert Level 2, public facilities reopened. Staff have largely returned to the main office with work flexibility arrangements and appropriate Covid-19 protocols in place.

During June 2020 the Council performed a reforecast for the 4th quarter of the 2019-2020 financial year. This reforecast identified a number of activities that may be impacted by the lockdown. During the preparation of the financial statements an assessment was carried out using the reforecast information and actual results.

The main impact of Covid-19 on the Council's financial statements is the loss of revenue from the non-essential activities during the lockdown. Revenue from CBay has dropped \$517,000 compared to 2018-2019 as a result of facilities closed and not charging members. The airport had a decrease in net revenue from landing fees and car parking charges of \$64,000. Revenue from parking fees and infringements was down from \$354,000 in 2018-2019 to \$108,000 due to officers not patrolling and no charges

on time-limited car parks. Other activities such as Building Control, District Planning and Environmental Compliance were affected to differing degrees. Decrease in consent activities and applications during the lockdown led to a decline in net revenue of \$19,000 in Building Control and \$39,000 in District Planning respectively.

Although there were some savings made in operating expenditure during Level 3 and 4 in the form of training, cleaning, electricity and maintenance costs, when Council activities were resumed in Level 2 these savings were used to offset increased expenditure in providing clean and safe facilities with sanitising stations, partitions for social distancing and increased signage and awareness.

The Council's 2020-2021 Annual Plan and Budgets have been revised to reflect the likely decrease in revenue due to Covid-19 for the next 12 months. Council adopted an average rates increase of 2%, the draft had detailed an increase of 4%. The 2% shortfall will be offset by utilising Council's reserves. The Council also included in the Annual Plan funding for a \$2,000,000 stimulus fund, to support initiatives that enhance and boost recovery in response to Covid-19, contributing to community wellbeing and stimulating economic activity.

Several capital projects such as the Temuka pool upgrade and the Downlands Water Supply main trunk renewal were delayed due to the restrictions under different Covid-19 alert levels, while some projects were brought forward to deliver earlier benefits to the communities and aid district stimulus. Examples of the accelerated projects included the Timaru Library renovation and road resurfacing programme which has given the local economy a boost by creating significant and immediate post-lockdown work for contractors.

# Notes to the Financial Statements

for the year ended 30 June 2020

An assessment of the impact of Covid-19 on the Council's financial position at 30 June 2020 is set out below:

	COVID-19 Assessment	Note
Cash and cash equivalents	No impact to the carrying value of cash on hand	12
Debtors and other receivables	Assessment has been done on the outstanding debtors as at 30 June 2020. No impairment is required to be recognised due to Covid-19	13
Inventories	No impairment is required to be recognised as the Council holds limited stock and the stock on hand was not affected by the lockdown	14
Property, plant and equipment	Property, plant and equipment are held at either fair value or depreciated replacement costs. Impairment assessments have been carried out and there is no evidence indicating that the value of these assets has been impacted due to Covid-19	17
Intangible assets	The carrying value of the intangible assets is considered reasonable taking in consideration the impact of Covid-19	18
Forestry and investment property	Forestry and investment property have been revalued to fair value as at balance date. The impact of Covid-19 has been factored into the revaluation performed	19 and 20
Investment in subsidiaries	The Council's subsidiaries, Timaru District Holdings Limited, Aoraki Development and Aorangi Stadium Trust have performed their own assessments with respect to the impact of Covid-19 on their operations and financial performance for the year ended 30 June 2020. Overall, Covid-19 is not considered to have a material impact on the subsidiaries' operations and financial performances, hence no impairment on the carrying value of the investments is required. More details on the impact of Covid-19 on each subsidiary are set out below this table	15
Other financial assets and investments	Short-term deposits, community loans and investments in debt securities are stated in the financial statements at fair value. Covid-19 did not affect the carrying value of the investments in other entities	15

Timaru District Holdings Limited has considered the impact of Covid-19 both financially and non-financially during the preparation of the company's financial statements. Impairment assessments have been carried out across all asset classes including debtors, investment property and investment in associates. Overall, there is no major impact on the company's operations and financial performances for the 2019-2020 year as a result of Covid-19. However, it is acknowledged that there are uncertainties with respect to the valuation of the investment properties due to severe market disruption and lack of transactional data due to Covid-19.

Covid-19 has negligible impact on Venture Timaru Limited and Aorangi Stadium Trust as they are funded substantially by the Council. Venture Timaru Limited also benefits from government initiatives such as funding received in support of job growth and training programmes.

Both Timaru District Holdings and Venture Timaru Limited have revisited their Statements of Intent to assess the impact of Covid-19 on their objectives and expected performance for the next 12 months. As part of the Council's 2020-2021 Annual Plan, the budgeted dividend income from Timaru District Holdings Limited has been revised to reflect the likely future impacts of Covid-19.

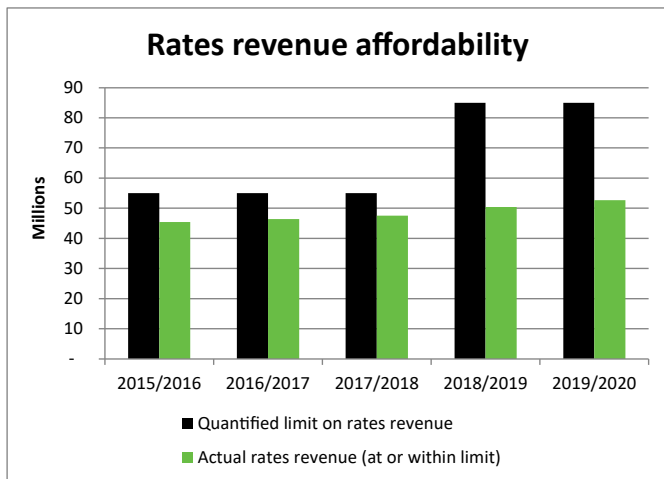


# Disclosure Statement

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

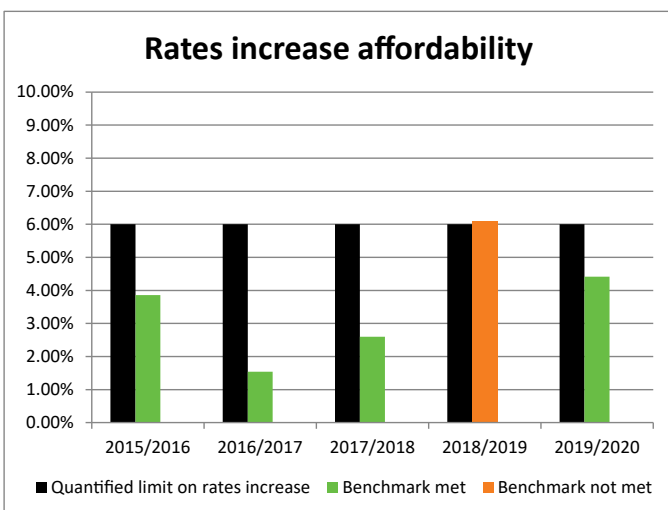
## 1. Rates (revenue) affordability benchmark

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 \$55m (from 2015/2016 to 2017/2018), and \$85m (from 2018/2019 to 2019/2020)



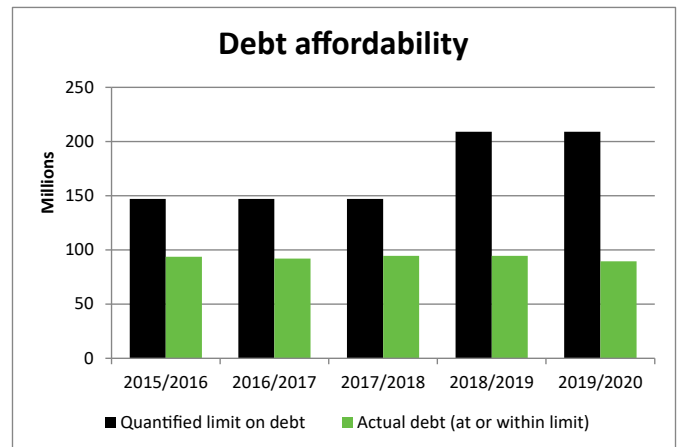
## 2. Rates (increase) affordability benchmark

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%.



## 3. Debt affordability benchmark

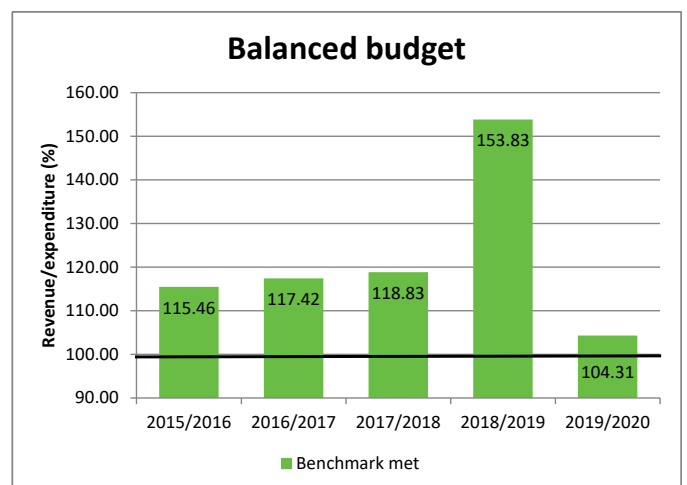
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is \$147m (from 2015/2016 to 2017/2018) and \$209m (from 2018/2019 to 2019/2020). The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



## 4. Balanced budget benchmark

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

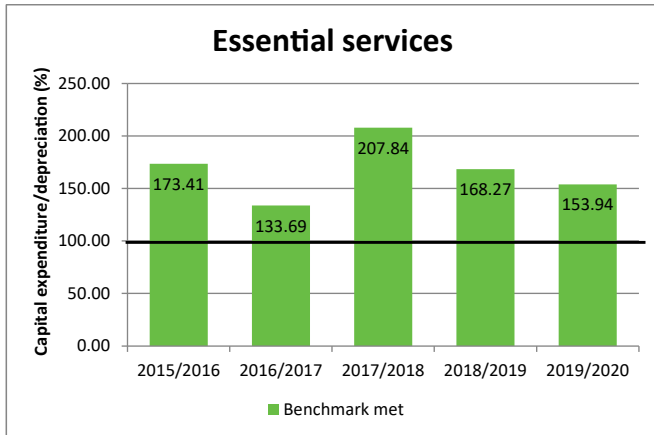
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



# Disclosure Statement

## 5. Essential services benchmark

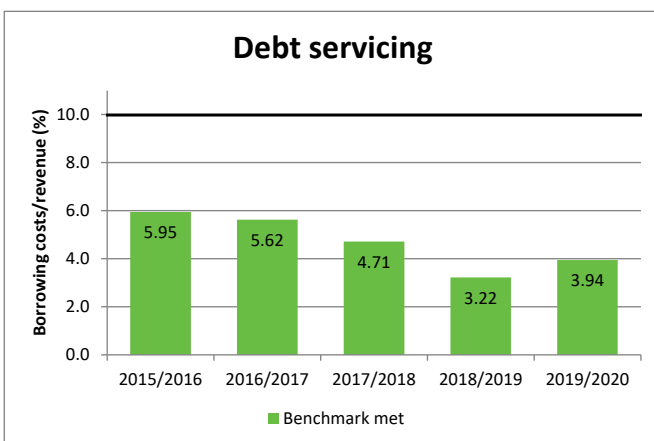
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## 6. Debt servicing benchmark

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

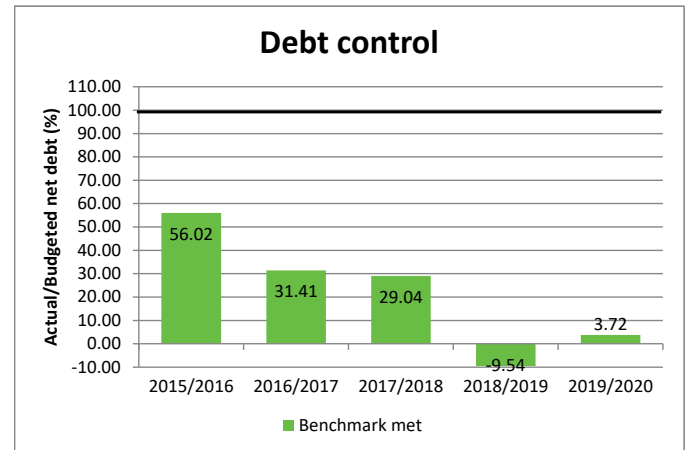
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## 7. Debt control benchmark

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

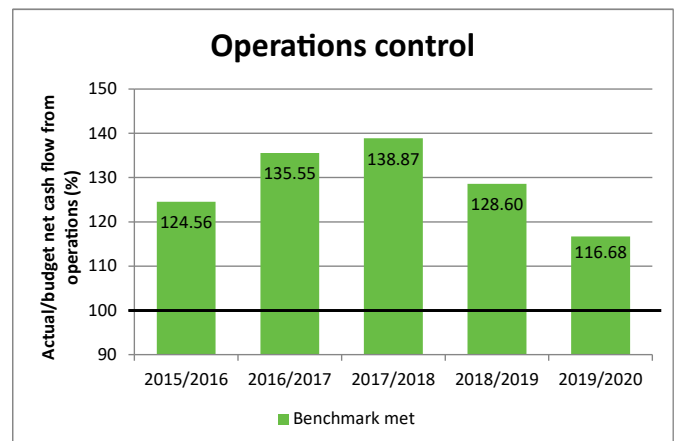
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## 8. Operations control benchmark

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

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









# Other information

## Directory

### Timaru District Council

Timaru District Council

PO Box 522

Timaru 7940

#### Timaru Main Office:

2 King George Place

Timaru 7910

Telephone: (03) 687-7200

Email: [enquiry@timdc.govt.nz](mailto:enquiry@timdc.govt.nz)

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

Hours (except statutory holidays)

Monday – Friday 8.30am – 5pm

### Temuka Library, Service and Information Centre

72-74 King Street, Temuka 7920

Telephone: (03) 687 7591

Email: [temuka.library@timdc.govt.nz](mailto:temuka.library@timdc.govt.nz)

Hours (except statutory holidays):

Monday –Friday 8.30am – 5pm

### Geraldine Library and Service Centre

78 Talbot Street, Geraldine 7930

Telephone: (03) 693-9336

Email: [libger@timdc.govt.nz](mailto:libger@timdc.govt.nz)

Hours (except statutory holidays):

Monday –Friday 8.30am – 5pm

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### Bankers

Bank of New Zealand

247 Stafford Street

Timaru 7910

### Auditors

Audit New Zealand

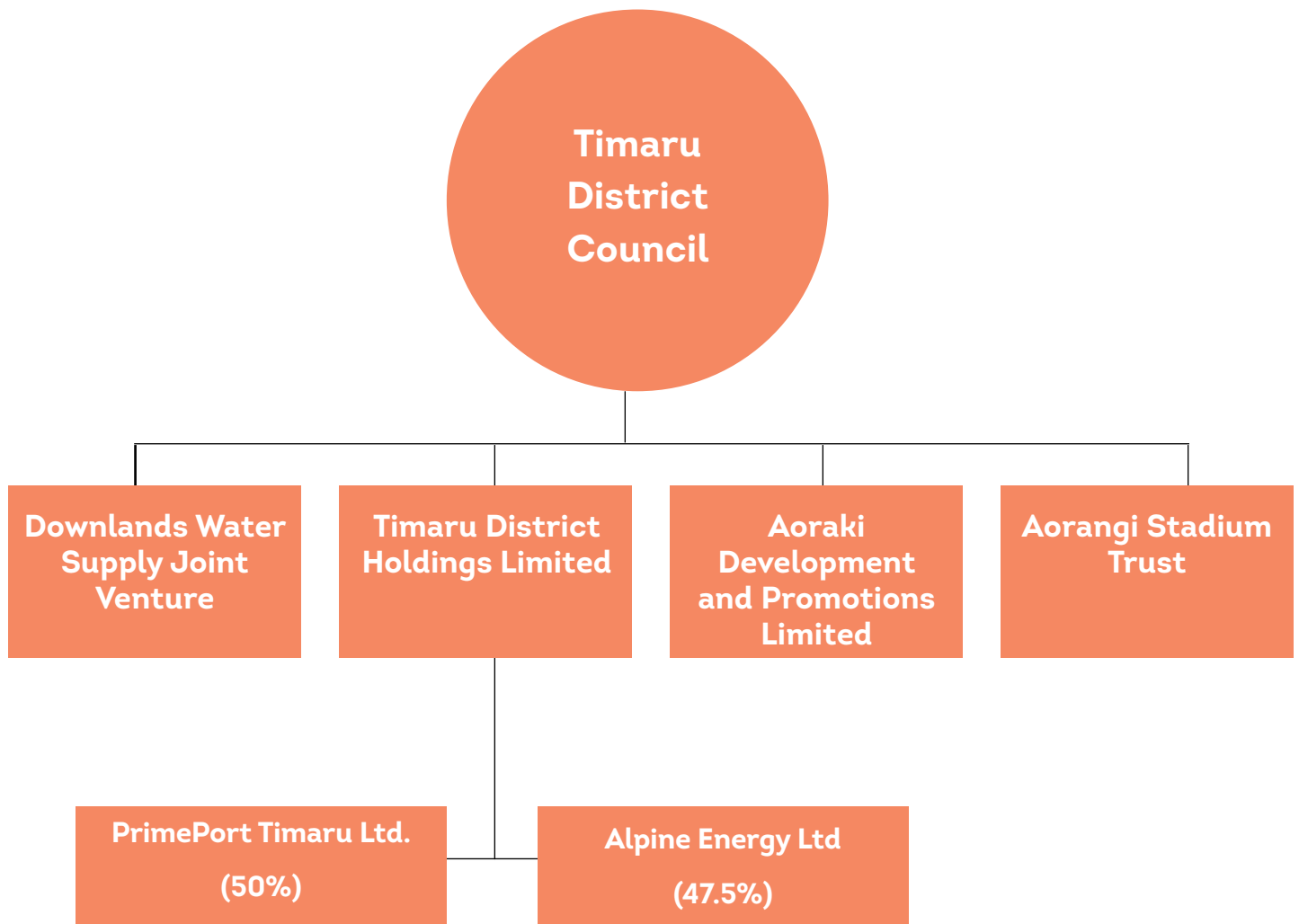
on behalf of the Controller and Auditor-General

PO Box 99

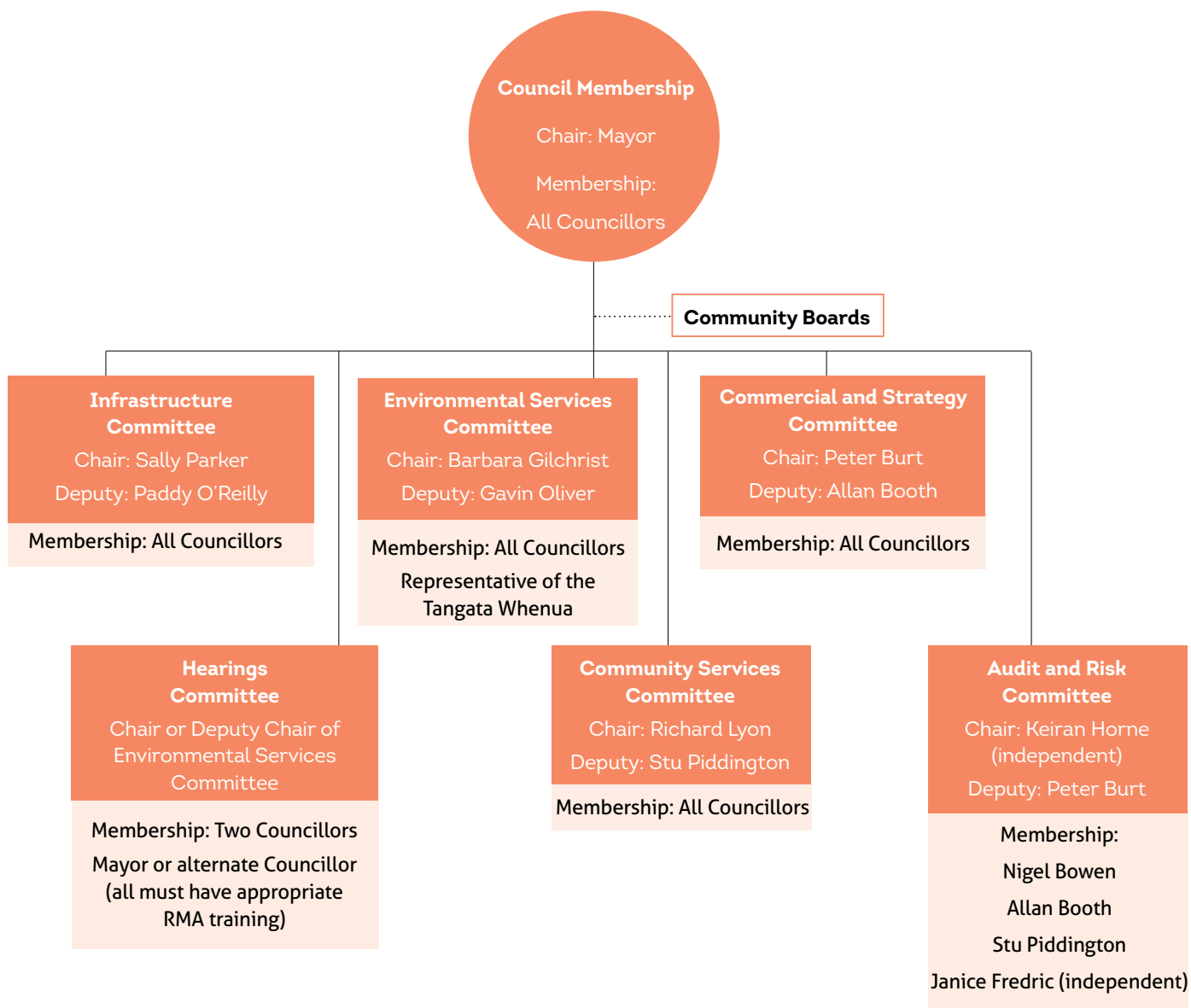
Wellington 6140

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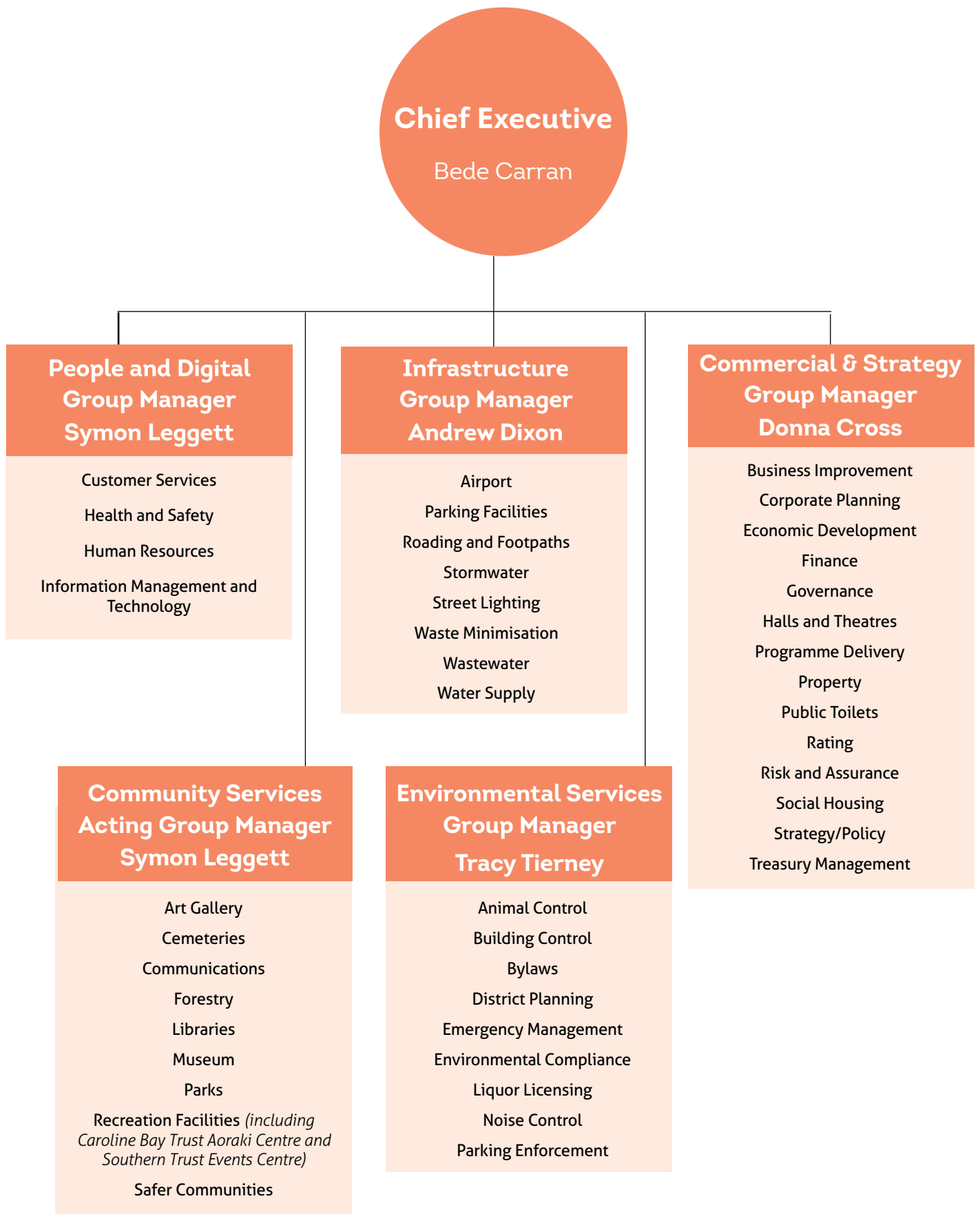
## Group Organisation Structure



## Council Committees (as at September 2020)







## Our Workforce

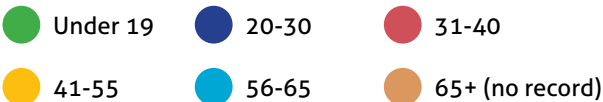
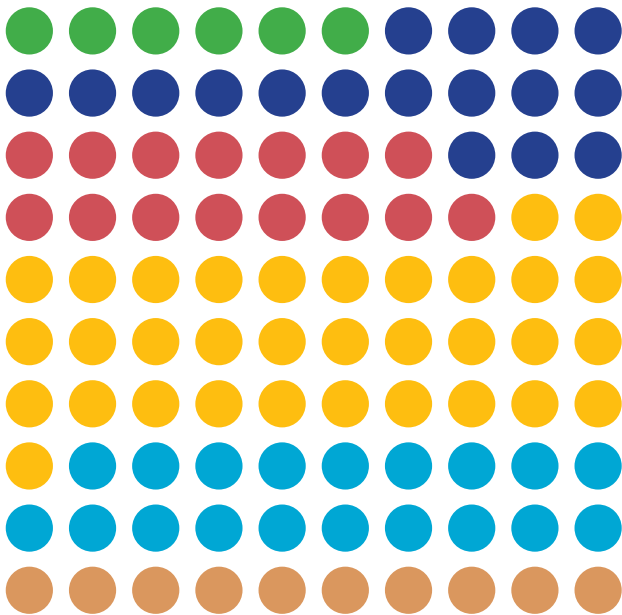
Timaru District Council employs a total of 260 full time equivalent staff (including casual positions)

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.

**16%**  
have worked for TDC  
for less than one year

**13%**  
have worked for TDC  
for 10-20 years

**39%**  
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

**4%**  
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 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.





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