

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe
o Te Tihi o Maru

Annual Report Summary

2019/2020

www.timaru.govt.nz



Timaru District Council Summary Annual Report 2019/20

This summary provides an overview of the Timaru District Council's activities and services for the year ended 30 June 2020. The information has been extracted from the full annual report for the year ended 30 June 2020 that was adopted by Council on 22 December 2020.

The full Timaru District Council Annual Report 2019/20 is available from Council offices and service centres, or online at timaru.govt.nz

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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 Summary. 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 ¾ 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 revenue, 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



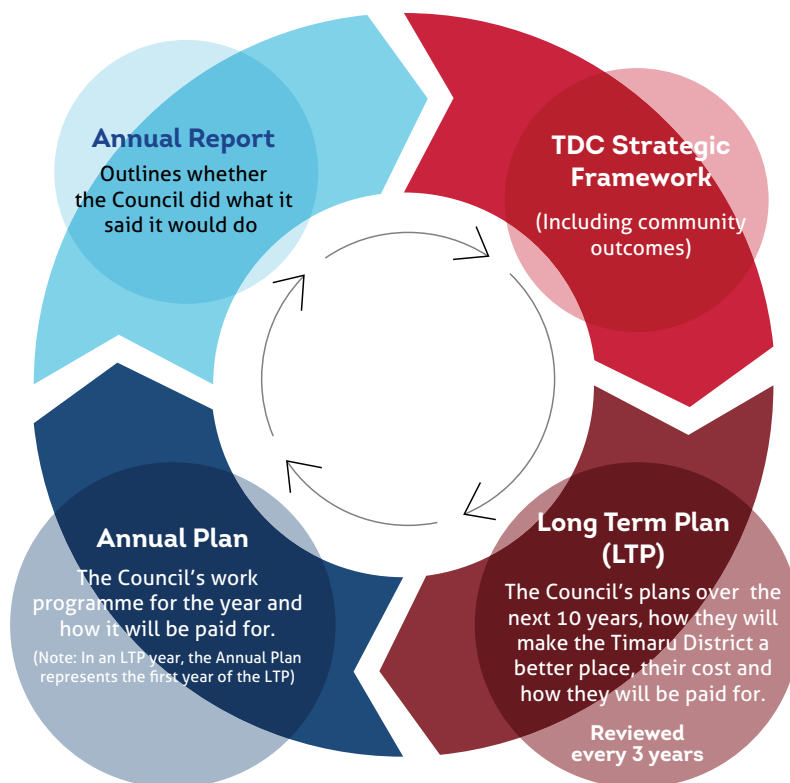
Nigel Bowen
Mayor
Koromatua

Bede Carran
Chief Executive
Kaiwhakahaere

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

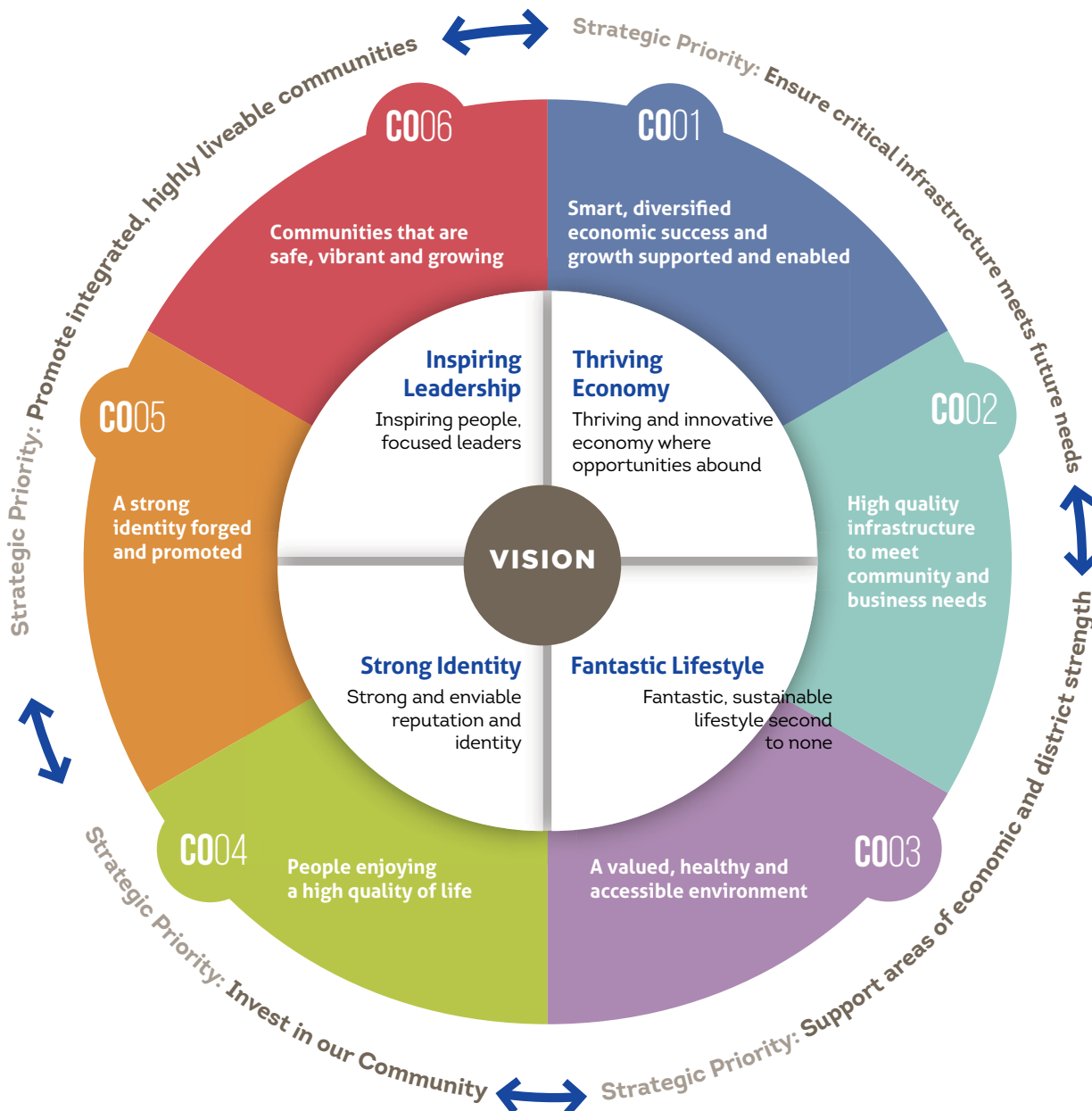
WASTE MINIMISATION

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

Strong Identity

Strong and enviable reputation and identity

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

This means:

We are proud of our district - our environment, our lifestyle, our communities, our people, our success

We build and own our identity

Our residents are our strongest advocates – locally, nationally, internationally

We respect and honour our heritage and individuality

We value, encourage and celebrate ethnic diversity

We celebrate and sell our story

New residents are welcomed, and feel welcome

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

Our communities preserve and grow their own individual identities

We celebrate our success

Thriving Economy

Thriving and innovative economy where opportunities abound

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

This means:

We build on our economy's agricultural roots and support innovative, future-focused industries

Our industries and businesses produce high quality goods and services while valuing the environment from which their raw materials are sourced

Our businesses are well supported and enabled to grow

Our district has a variety of training and employment opportunities available

Our standard of living grows continuously

We have planned balanced growth that keeps our businesses, population and youth local

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

New businesses choose Timaru District

Our businesses and other agencies work together for maximum district benefit

High quality infrastructure underpins the delivery of economic opportunity and prosperity

We put out the red carpet, not the red tape

Fantastic Lifestyle

Fantastic, sustainable lifestyle second to none

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

This means:

Our communities are well serviced with essential services

We have a humming, vibrant mix of places to go to and things to do

We feel safe walking the streets and crime rates remain low

Our families are strong and our children and youth are provided with great opportunities to learn and grow

We care for and respect our elderly

We have abundant leisure, cultural, and sporting opportunities

We care for, enhance and respect the natural environment

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

Council has identified the following community outcomes



Smart, diversified economic success and growth supported and enabled

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



High quality infrastructure to meet community and business needs

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



A valued, healthy and accessible environment

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



People enjoying a high quality of life

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



A strong identity forged and promoted

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



Communities that are safe, vibrant and growing

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

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



The Year in Review

Financial Overview

\$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 in regards 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

- 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:

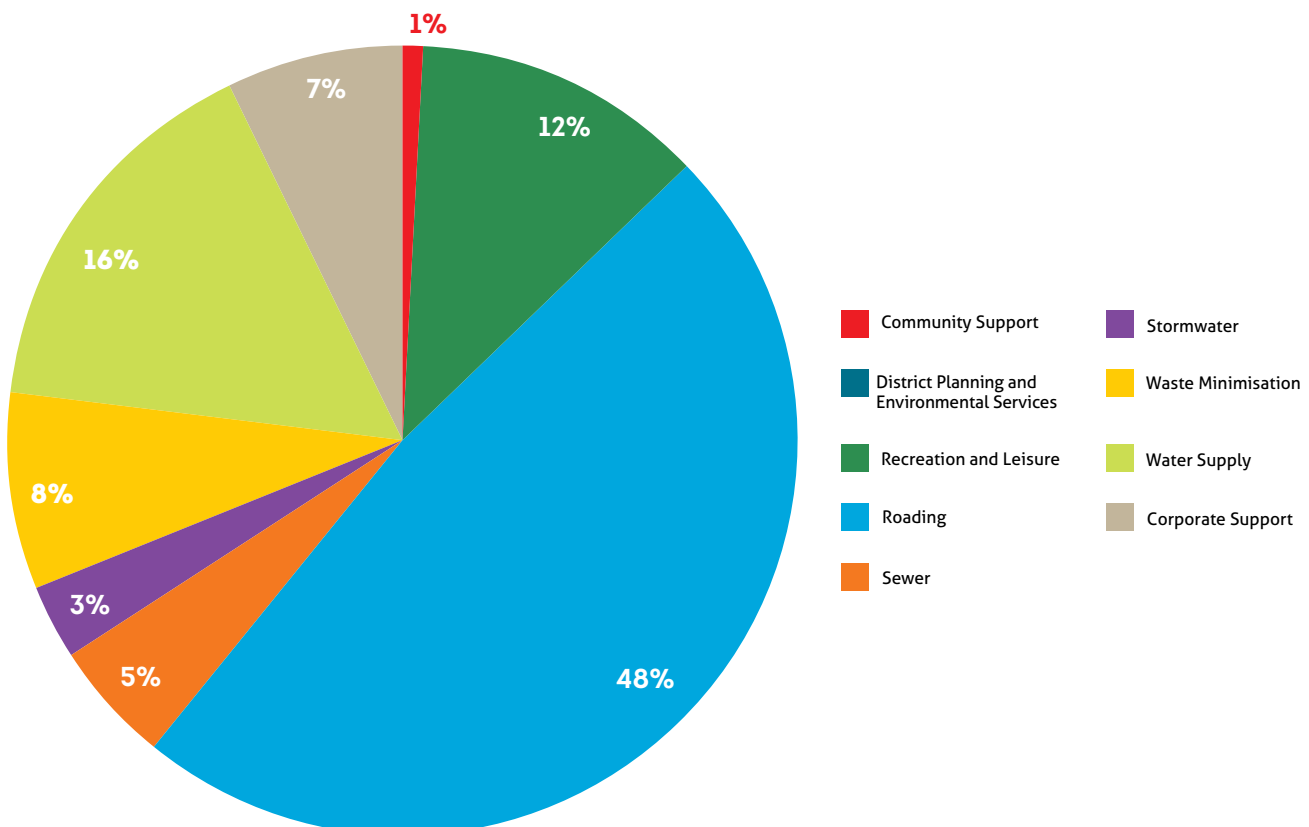
- Other Revenue was \$1,083,000 more than budget due to vested assets of \$976,000.
- Subsidies and grants was \$438,000 more than budget. The New Zealand Transport Agency (NZTA) provided additional funding of \$1,154,179 for the December 2019 flood event.
- Unrealised loss on interest rate swaps of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

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.

- 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.

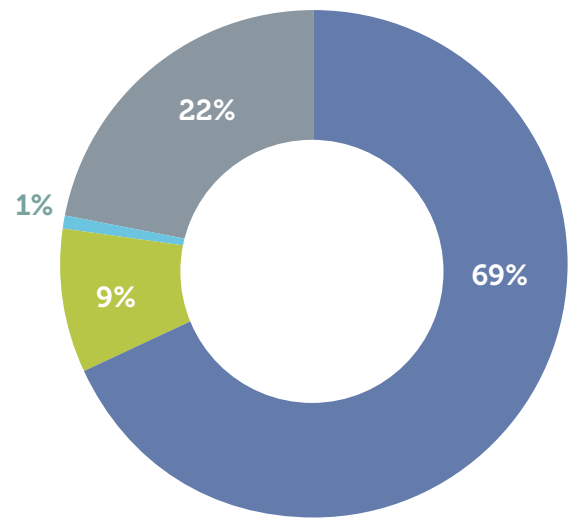
We have 157 performance measures with targets that we report on across 9 groups of activities.

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

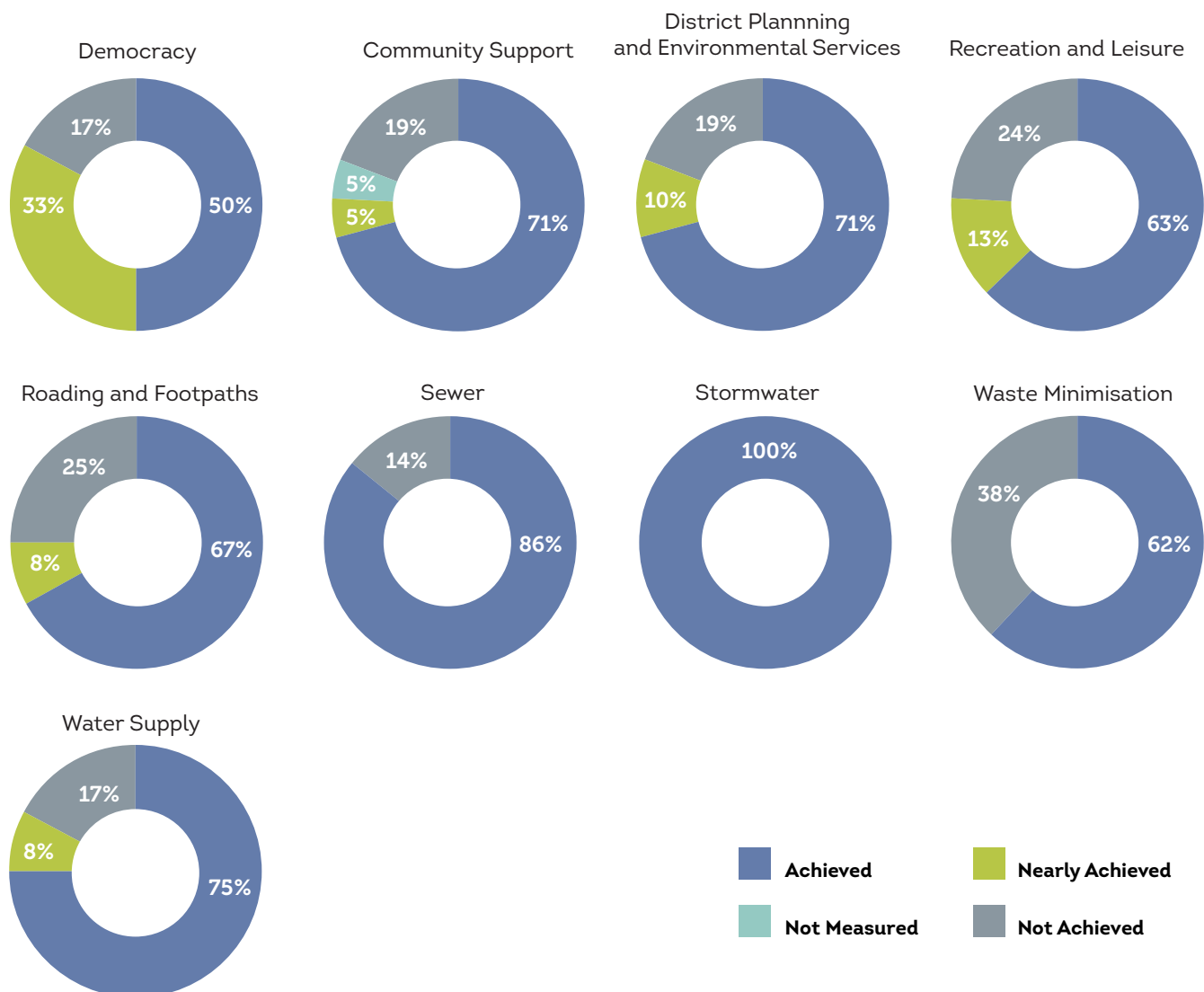
A number of our targets were not achieved this year due as a result of the COVID-19 lockdown period, for example visitor numbers to community facilities, and targets that related to community engagement.

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

Overall Performance Summary



Performance Summary by Group of Activities



Council is required to report against the following measures for roading and footpaths, sewer, stormwater, and water supply. The table below outlines the measures and their achievement for 2019/20. Complete information relating to these mandatory measures can be found in the Annual Report 2019/20.

Activity	Level of Service	Performance Measure	Result
Roading and Footpaths	Response to service requests	Customer Services Request responded to within 10 working days	Not achieved
	Road Maintenance	Sealed local road network resurfaced	Achieved
	Road Safety	Change in road fatalities, injury crashes	Achieved
	Road condition	Average quality of ride	Achieved
	Footpaths	Footpaths in average or better condition	Achieved
Sewer	System and Adequacy	Dry weather overflows	Not achieved
	Discharge Compliance	Resource consent conditions compliance	Achieved
	Fault Response times	Overflow attendance and resolution time	Achieved
	Customer Satisfaction	User satisfaction	Achieved
Stormwater	System Adequacy	Flooding events and habitable floors affected	Achieved
	Discharge Compliance	Resource consent conditions compliance	Achieved
	Response Times	Median response times for attendance	Achieved
	Customer satisfaction	Number of complaints	Achieved
Water Supply	Safety of Drinking Water	Bacterial and Protozoal compliance	Not achieved
	Maintenance of Reticulation network	Real water loss from reticulation network	Achieved
	Fault response times	Urgent and Non-urgent callout attendance and resolution times for water supply faults/ unplanned interruptions	Achieved
	Customer Satisfaction	User satisfaction	Achieved
	Demand Management	Average consumption of drinking water	Nearly achieved

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

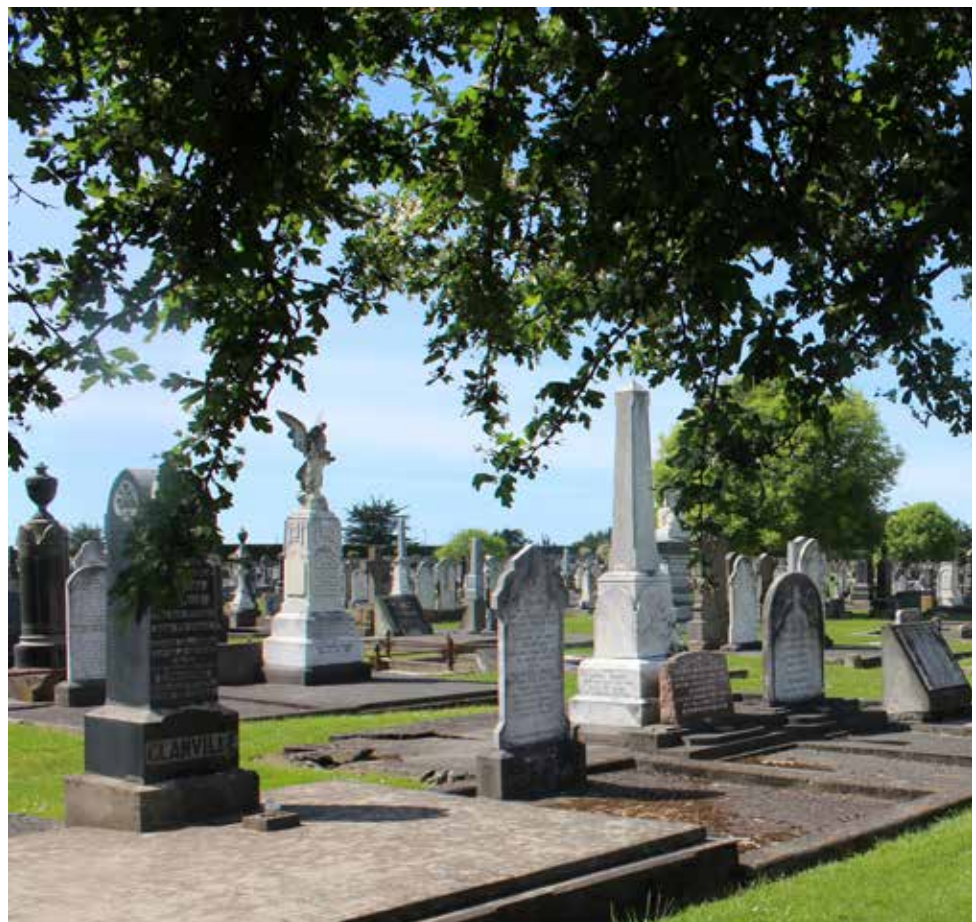
Rangitata Huts

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





Summary Financial Statements

Summary Financial Statements

This financial overview is for the year 1 July 2019 to 30 June 2020. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries.

Overall Result

The Timaru District Council (parent) made a surplus of \$3.8M compared to a budget surplus of \$7.830M. The group surplus was \$15.185M (after tax).

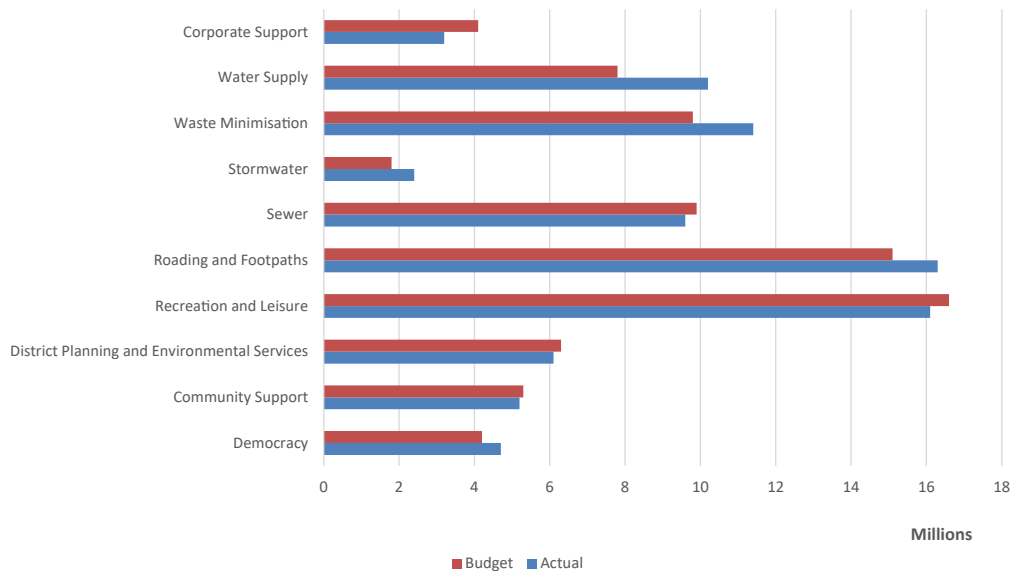
Expenditure was above budget mainly due to increased depreciation from the three waters asset revaluation, increased costs for carbon credit purchases and additional costs from the 2019 flood emergency event.

Revenue was above budget due to additional NZTA funding and vested assets.

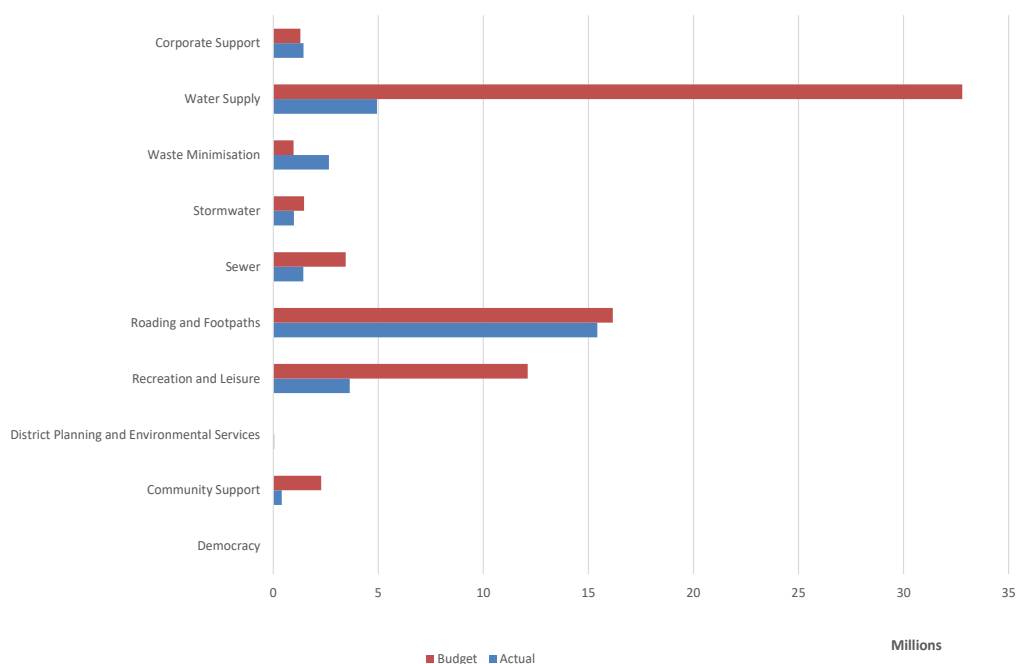
Reserve funds significantly increased due to the revaluation of the three waters assets (water, wastewater, stormwater). Council's debt remains below projected values with \$89.5M of debt at the end of June 2020 (budget \$124.9M).

Council is looking after \$1,058M of assets located throughout the district (budget \$881M). Ratepayer's equity in the district increased by 28.31% to \$1,054.5M for the Council and by 27.02% to \$1,147.3M for the Group.

Operating Expenditure by Activity 2019-2020



Capital Expenditure by Activity 2019-2020



Revenue and Expenditure 2019-2020

	Actual (\$M)	Budget (\$M)
Rates Revenue	52.6	52.7
Other Revenue	36.7	36.0
Operating Expenditure	85.5	80.9
Capital Expenditure	31.6	70.5
Investments	105.9	55.2
Borrowings	89.5	124.9
Reserve Funds	266.4	8.6

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2020

	Parent			Group ¹	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Revenue	89,318	88,721	117,844	95,809	95,867
Operating Expenditure	(81,972)	(76,236)	(72,017)	(82,560)	(72,981)
Finance Costs	(3,516)	(4,655)	(3,833)	(4,204)	(4,693)
Share of surplus of associates	0	0	0	6,156	4,173
Library collection debit revaluation reserve balance (expensed)	0	0	92	0	92
Net surplus / (deficit) before taxation	3,830	7,830	42,086	15,201	22,458
Taxation expense / (credit)	0	0	0	(16)	130
Net surplus / (deficit) after taxation	3,830	7,830	42,086	15,185	22,588
Attributable to:					
Gains on revaluation of assets	228,859	0	0	228,859	0
Total Other Comprehensive Revenue	228,859	0	0	228,859	0
Total Comprehensive Revenue	232,689	7,830	42,086	244,044	22,588

Note: ¹ Timaru District Council group consists of Timaru District Holdings Limited, Aoraki Development and Promotions Limited and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Arrangement (82% owned).

Changes in Equity

for the year ended 30 June 2020

	Parent			Group ¹	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Total comprehensive revenue	232,689	7,830	42,086	244,044	22,588
Prior year adjustment					
Dividends paid					
Equity at beginning of year	821,849	789,061	779,763	903,217	880,629
Equity at end of year	1,054,539	796,891	821,849	1,147,261	903,217

Financial Position

as at 30 June 2020

	Parent			Group ¹	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Equity	1,054,539	796,891	821,849	1,147,261	903,217
Total Equity	1,054,539	796,891	821,849	1,147,261	903,217
Current assets	57,550	36,003	63,220	62,257	67,020
Non-current assets	1,116,471	906,229	874,224	1,216,660	966,438
Current liabilities	(61,652)	(17,960)	(39,142)	(62,394)	(39,745)
Non-current liabilities	(57,830)	(127,381)	(76,451)	(69,230)	(90,498)

Cash Movements

for the year ended 30 June 2020

	Parent			Group ¹	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash Balance - 1 July	11,496	20,612	12,237	13,325	13,026
Net cash from operating	28,844	24,721	26,717	35,071	30,012
Net cash from investing	(16,104)	(62,732)	(25,959)	(19,504)	(27,214)
Net cash from financing	(5,000)	25,384	(1,499)	(7,500)	(2,499)
Cash Balance - 30 June	19,238	7,985	11,496	21,392	13,325

Note: ¹ Timaru District Council group consists of Timaru District Holdings Limited, Aoraki Development and Promotions Limited and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Arrangement (82% owned).

Accounting Policies and Notes to Accounts

1. Basis of Preparation

The summary financial statements of the Timaru District Council (the Council) have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These summary financial statements have been extracted from the full financial statements, which were authorised for issue on 22 December 2020.

The full financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: sections 95,100,101,111 and Schedule 10 which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity Accounting (PBE) Standards. This summary have been prepared in accordance with Public Benefit Entity (PBE) FRS43: Summary Financial Statements.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements have been prepared on an historical cost basis, except for the revaluation of investment properties, biological assets and financial instruments (including derivative instruments).

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

The full financial report and this summary received an unqualified audit opinion. Audit drew attention to the disclosures in the full Annual Report about the impact of COVID-19 on the Council. Specific attention was drawn to the greater degree of uncertainty highlighted by the valuer, related to estimating the fair values of the group's investment property due to the significant level of uncertainty caused by COVID-19.

The full financial report was authorised by the Council on 22 December 2020. This summary was authorised by the Timaru District Council Chief Executive on 19 January 2021.

This summary report cannot be expected to provide a complete understanding as provided by the full financial report. The full financial report is available from Council's service centres and website - www.timaru.govt.nz

Timaru District Holdings Limited (TDHL) has a loan outstanding from the Council of \$22.2M (2018: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$2.85M (2019: \$32.75M) were paid by TDHL to the Council during the year.

The Council has contingent liabilities including:

- Housing NZ has provided \$1.1M as at 30 June 2020 (2019: \$1.1M) towards the construction of social housing units. This advance is repayable with interest, if the Council withdraws its investment in joint funded social housing.
- Timaru District Council was vested ownership of the site at 2 North Street Timaru on 16 September 2016 by a ruling of the High Court of New Zealand, following the property becoming disclaimed property. Timaru District Council has been involved in a multi-agency response, that has included government agencies and local government, to address contamination issues caused by the prior use of the site. The cost of the clean up to date has been met with funding from the Ministry for the Environment. The agencies involved will continue to seek external funding for any remaining remedial work.
- Timaru District Council has 18,550,000 shares (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.

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 credit rating of AA+. Together with shareholders of LGFA and other guarantors, the Council is a guarantor of all LGFA's borrowings. As at 30 June 2020, LGFA 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, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The 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.

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.

Accounting Policies and Notes to Accounts

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.

2. Changes in Accounting Policy

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.

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 jointly by the three Councils for the supply of water to various communities and businesses within the three districts. Previously described as a joint venture, changes in accounting standards require that it now be described as a joint arrangement, however there are no changes to how it is accounted for.

3. 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.

4. 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.

5. Group Contingencies

PrimePort Timaru Limited has no contingent liabilities at balance date (2019: \$Nil).

Alpine Energy Limited group has contingent liabilities as at 31 March 2020 of \$11.55 million in the form of performance and import guarantees to cover ongoing project work (2019: \$5.68 million).



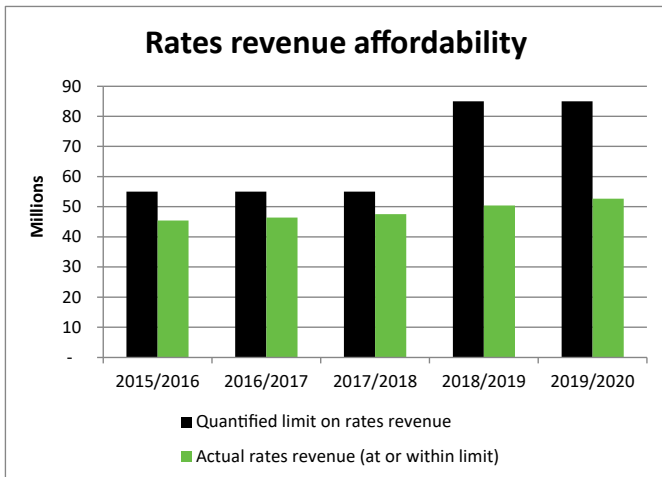
Disclosure Statement

Regulations were introduced in May 2014 requiring the 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.

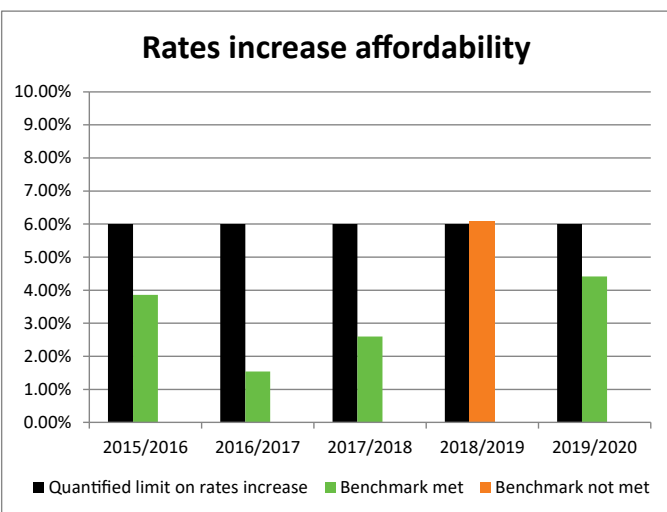
The quantified limit is \$55m (from 2015/2016 to 2017/2018), \$85m (from 2018/2019 to 2019/2020).



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.

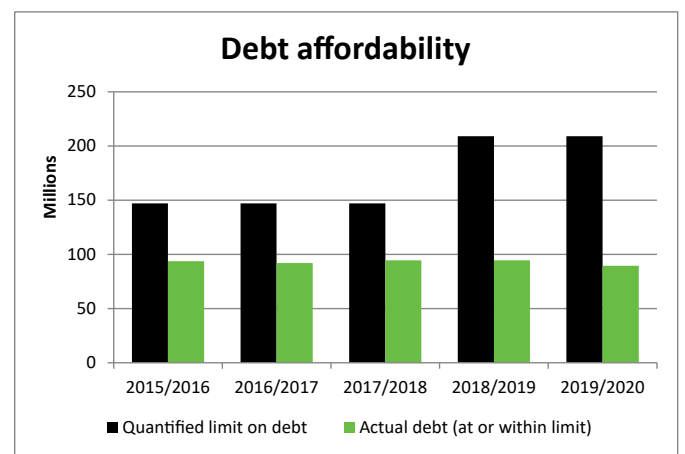
The quantified limit is 6%.



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 \$147 million (from 2015/2016 to 2017/2018) and \$209 million from (2018/2019 to 2019/2020).

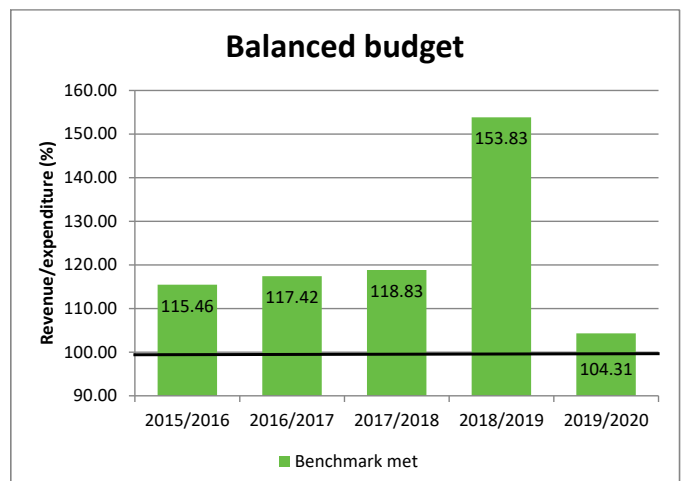
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



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 revaluation of property, plant or equipment).

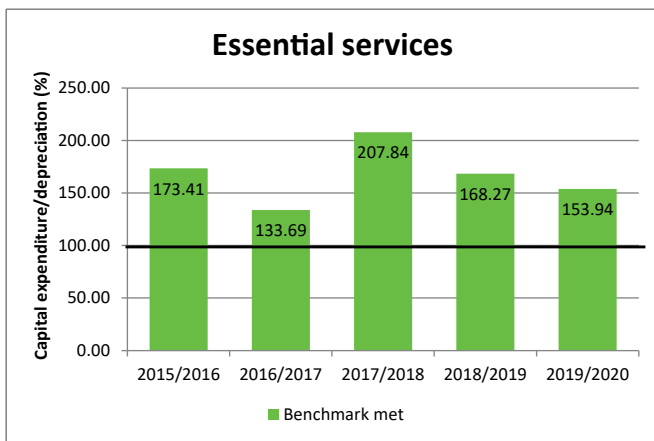
The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



5. Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

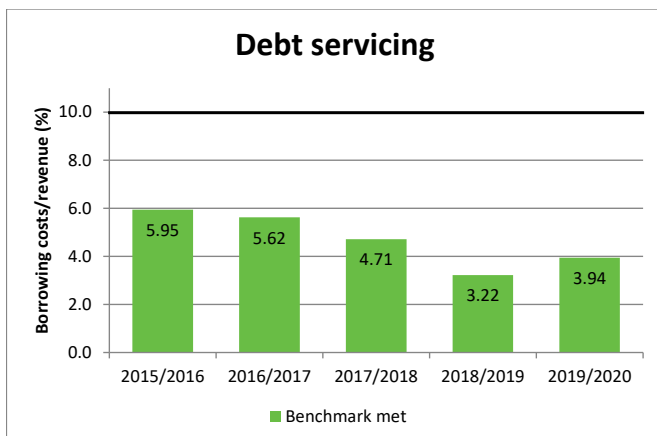
The Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than the depreciation on network services.



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).

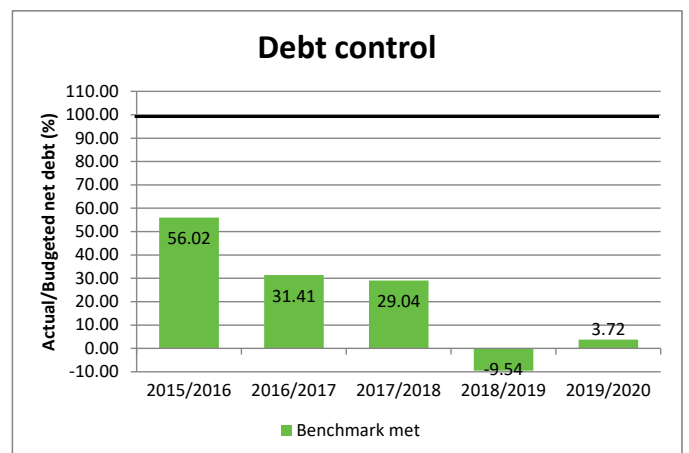
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark its borrowing costs equal or are less than 10% of its revenue.



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).

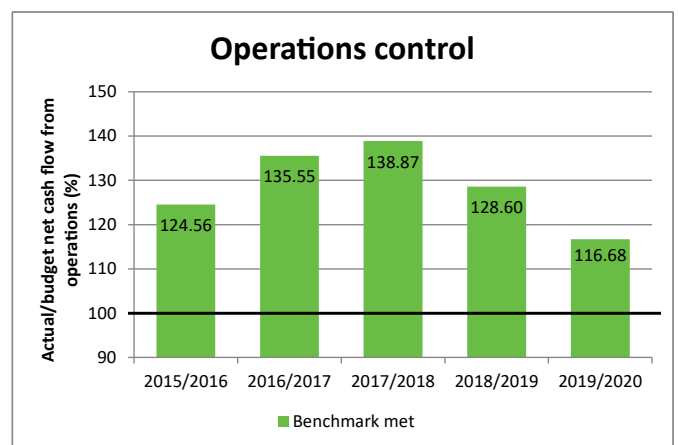
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



8. Operations control benchmark

The following 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 equals or is greater than its planned net cash flow from operations.



Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of the Timaru District Council and group (the group) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 10 to 33:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary activities statement.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 22 December 2020. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual report on pages 175 and 176 of the financial statements and pages 45 to 104 of the performance information. We drew specific attention to Note 20 on page 147, which describes the greater degree of uncertainty highlighted by the valuer, related to estimating the fair values of the group's investment property.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

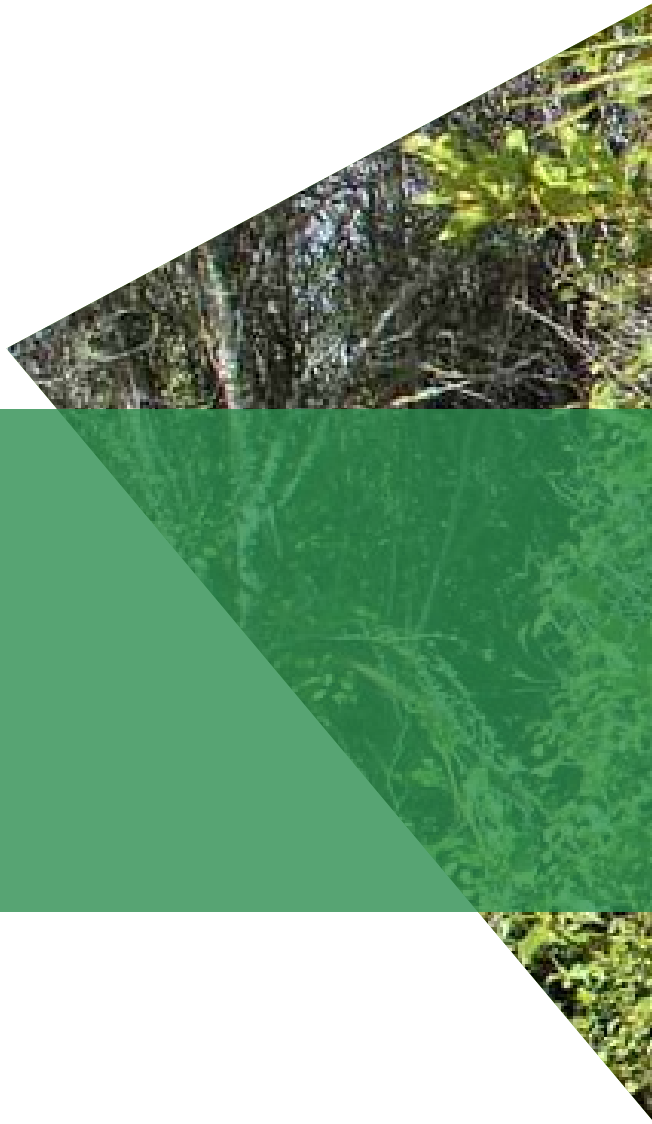
Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than in our capacity as auditor, 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
19 January 2021



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