

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe
o Te Tihi o Maru

Annual Report 2017/18



**Timaru District Council
Annual Report 2017/18**

For the year ended 30 June 2018

ISSN: 1171 - 8018 (Print)

ISSN: 1175 - 3080 (Online)

Published on 27 November 2018 by Timaru District Council

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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

The 2017/18 financial year is Year Three of the 2015-25 Long Term Plan. This Annual Report is an opportunity to reflect on the year and report to you, our community, on the progress Council has made towards achieving the plans we agreed in the Long Term Plan.

Achievements and Challenges

A lot of the work Council does relates to making sure we have the infrastructure our district needs. Much of this work is not visible to residents but it is essential for us to continue to thrive as a district. Some of the main infrastructure projects progressed this year include:

- Resurfacing of 58km of sealed roads and reconstruction of 7km of roads throughout the district
- Ongoing upgrading and renewal of sewer mains
- Progress on the Downlands Trunk main and Water Treatment Plant upgrade.

Our recreational and cultural facilities continue to provide quality services for both residents and visitors:

- The district swimming pools attracted record attendances across all age groups, with many residents taking advantage of the increasing range of classes and activities on offer.
- The school holiday programmes offered at the Art Gallery, Museum and Libraries are now so successful that a booking system is often needed. These creative sessions are popular with parents and caregivers as well as children, and help to raise community awareness of what these facilities offer.
- Our libraries/service centres are real community hubs, with an ever increasing range of activities and services offered in response to community requests.

We were also faced with some challenging issues, not the least being the urgent upgrading that was undertaken on part of the Temuka trunkmain due to delaminating asbestos in the existing trunkmain. This work was prioritised so that it could be completed with the least possible disruption to residents. We worked hard to communicate with Temuka residents, and appreciated their tolerance as the necessary repairs were carried out.

The change of government in September 2017 resulted in some significant legislative and policy changes for the local government sector, particularly in the areas of transport, water services and the role of local government itself. Adapting to these changes will continue to be a major focus over the next few years.

You can read more about our year, our performance and achievements in Sections 1 and 2 of this report.

Financial Performance

We are pleased to deliver an Annual Report that shows the Council's finances are in a significantly better position than forecast in the Annual Plan 2017/2018. This strong financial position was the result of a number of factors including:

- Vested assets from subdivisions within the district, valued at \$1,573,000, being received during the year.
- Ongoing low interest rates, combined with deferred capital expenditure and strong cashflow, resulting in lower interest costs.
- Other increases in revenue, such as from fees
- Depreciation expense is below budget due to deferred capital expenditure
- Waste tonnages to the landfill have increased during the year due to the level of commercial activity.

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

Community Views

During the year we again asked residents to tell us what they think about Council services, in the biennial community survey. We took heart from results like 80% satisfaction with the overall work of the council and 95% of residents considering the district to be at least as good a place to live as it was three years ago. The survey also showed areas we can work to improve, and this helps us focus our efforts going forward.

Planning for the long term

In June this year we adopted our Long Term Plan 2018-28. This multi-year project also relied on input from the community. The three fold increase in submissions was a fantastic response, and the views expressed helped shape Council decisions on how to plan for the best possible future for our district.

Health and Wellbeing

Council continues to focus on the health and safety of its staff and the facilities it provides to our community. We have revitalised our engagement models with both contractors and staff to improve the way we work which reduces risk and includes well-being as well as safety. Council has seen a reduction in serious injuries and an improvement in the amount of incidents being reported, indicating a growing safety culture across Council.

Finally

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

Nō reira e ngā iwi o tēnei rohe

Tēnā koutou, tēnā koutou, tēnā tātou katoa



Damon Odey

Mayor
Koromatua



Bede Carran

Chief Executive
Kaiwhakahaere

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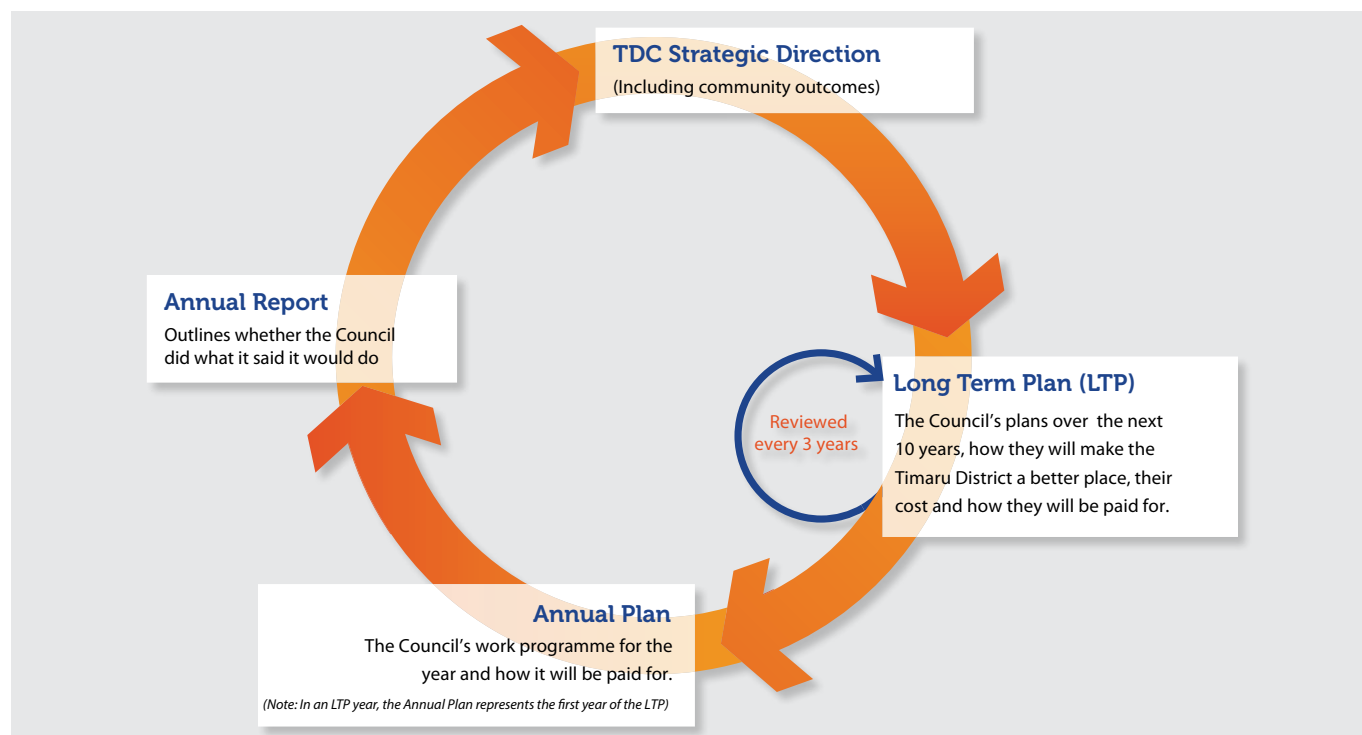


Overview

About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2017/18 Annual Plan (or Year Three of the 2015-25 Long Term Plan) as required by Section 98 of the Local Government Act 2002.

The diagram below shows our planning and reporting cycle:



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

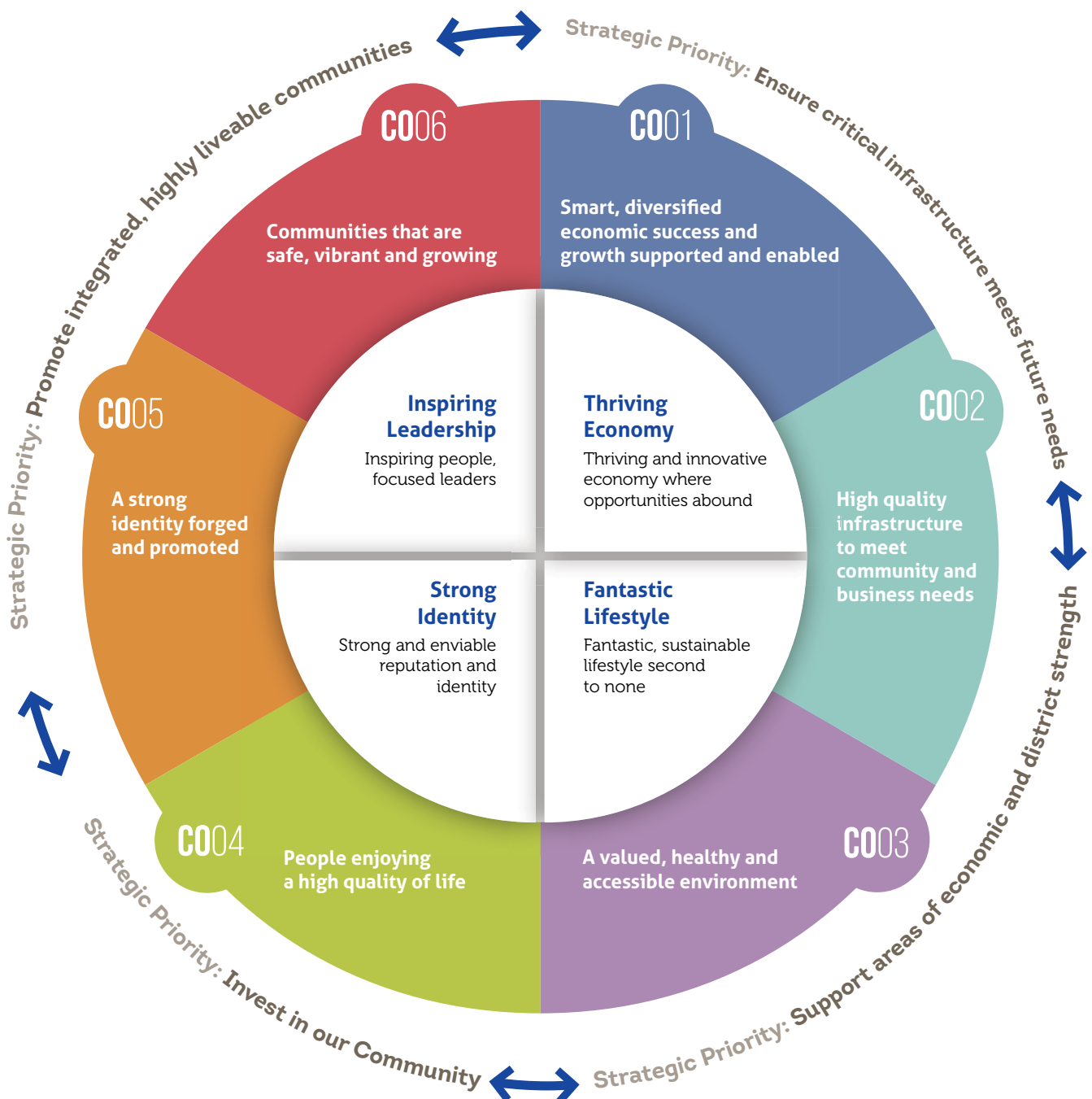
GROUP OF ACTIVITIES	ACTIVITIES	
Democracy	Governance and Leadership	
Community Support	Airport Community facilities (includes public toilets, cemeteries) Community Funding (includes community funding, subsidised labour)	Economic Development and District Promotions Emergency Management Safer Communities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

OUR STRATEGIC DIRECTION

The Timaru District Strategic Direction includes a Vision, Community Outcomes and Strategic Priorities.

Council's contribution towards the Strategic Direction is 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.



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 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

Strategic Direction

Council has identified the following community outcomes



Smart, diversified economic success and growth supported and enabled

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



High quality infrastructure to meet community and business needs

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



A valued, healthy and accessible environment

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



People enjoying a high quality of life

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



A strong identity forged and promoted

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



Communities that are safe, vibrant and growing

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

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

Relationship with Ngāi Tahu

Ngāi Tahu as Mana Whenua of Timaru District

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

Ngāi Tahu Takiwā

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

Te Rūnanga and Papatipu Rūnanga (ngā rūnanga)

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

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

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

Treaty of Waitangi & Duties of Local Authorities

The 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.

The 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 the 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 decision-making processes include opportunities for discussion with mana whenua, through their mandated representatives, at the earliest opportunity and before any decisions are made; and endeavour to provide resources to help facilitate that engagement.

Council shall provide opportunities for mana whenua to engage in the development of key policy and plans, including the long term plans and annual plans, and on resource management plans, policies and strategies including the process, timing and content of plan or policy development and review. Opportunities are also considered for appointments on planning and resource consent hearing committees. To assist in this commitment, 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.

The Year in Review 2017/18: Highlights

Our museum is a winner on the world stage!

South Canterbury museum staff put together a dance video with the aim of putting Timaru on the map. The video entry in the International Museum Dance Off which had a "vague and hallucinogenic" feel, was set to Ballroom Blitz by Sweet. It involved museum staff, volunteers, and young children from the Museum Explorers' Club. With huge community support the entry was judged the winner by popular vote.



Celebrating Winter at the Timaru Botanic Gardens

The Aigantighe Art Gallery, with the help of library and museum staff, organised a highly successful "Colour the Night" winter festival at the Timaru Botanic gardens. The event saw over 4,000 people enjoying the lights festival and a treasure hunt.



Our libraries - an integral part of the local community

Every year our libraries/service centres in Geraldine, Temuka and Timaru provide an increasing range of community focused activities. Some of the most popular this year included:

- a summer reading challenge - this extended beyond school age children to include readers of all ages.
- 'device advice' groups
- craft and puzzle groups
- a JP service, and support for those requiring assistance at NZ Census time
- space for community groups to promote their messages, including, Aoraki Embroiders' Guild, Heart Kids South Canterbury, South Canterbury Hearing Association, Timaru Community Patrol, South Canterbury Age Concern, to name a few.



The Year in Review 2017/18: Highlights

Million dollar upgrade complete at Timaru airport

The upgrade to the terminal building includes a larger baggage collection area, upgraded check in desks, new seating, lighting and heating, more sockets and charging stations and free wifi. The focus of the upgrade was to provide cleaner, more modern and comfortable surroundings.

The terminal upgrade follows the recently completed carpark extension, meaning the airport is now better equipped to cope with the move from a 19-seater plane to having to support up to 50 passengers in the larger aircraft now servicing the Timaru - Wellington route. A separate upgrade to the airport's toilets will also soon be completed.



Photo courtesy of Brian High



Photo courtesy of Brian High

Record community input into Long Term Plan

A major focus of preparing the 2018/28 Long Term Plan was inviting residents to share their vision and priorities for the district. Through the consultation document "Our Place, Our Future" Council asked for input on options around 4 key issues:

- Our Water - What Price - how to best achieve a resilient future water supply
- To Be Or Not To Be? - options for the redevelopment of the Theatre Royal in Timaru
- Moving Our Past To Our Future - options for developing a Heritage Facility
- Do We Really Want Better Waterways? - options for dealing with stormwater to improve our environment.

Particular efforts were made to engage with school students. Rather than the traditional approach of expecting students to come to Council, Cllr Sally Parker and Mayor Damon Odey went to the students. They spoke at assemblies at the 7 high schools in the district and then met with a small group of students at each school to hear their views.

Over 1,000 residents took the opportunity to make a submission on the Long Term Plan. In addition to the 4 big issues another 260 matters were raised for consideration.

These submissions formed part of the Council's deliberations and are reflected in the Long Term Plan 2018/18, adopted by Council to guide Council services for the next 10 years.



Gold medal status for CBay Learn2Swim

CBay Learn2Swim was endorsed as a Gold Quality Swim School by Swimming New Zealand.

The swim school is continuing to grow in popularity with over 43,000 swimming lessons completed this year.



The Year in Review 2017/18: Highlights

More progress on the District Plan review

This multi-year project involves a comprehensive review of the District Plan - the blueprint that guides the Council as it carries out its function of sustainable management under the Resource Management Act. Key progress included:

- Formal adoption of the Growth Management Strategy, following extensive consultation
- Drafting of the Ecosystems and Indigenous Biodiversity Chapter for the District Plan
- Heritage items and significant tree consultation commenced.



Timaru District 2045

Growth Management Strategy

New public toilet in Temuka

At the request of the Temuka Community Board a new toilet was provided at the Maude Street playground, Temuka, the for the convenience of the increasing number of walkers using the Taumatukahū stream walking track.



Building Control Unit retains accreditation

During the year the Building Control Unit successfully completed the biennial IANZ accreditation audit resulting in Building Consent Authority accreditation being retained for a further 2 years. This means Council's Building Control Unit is fully accredited to undertake the assessment of building proposals to ensure that they will comply with the relevant Building Code performance requirements.



What did our residents say about our services?

Council's biennial community survey shows 80% of residents surveyed are satisfied with the overall work of the council. Satisfaction is particularly high for infrastructure such as the sewerage and water supply systems (94% and 90% respectively) and services such as waste disposal and recycling 92%, and facilities including the art gallery, museum, libraries and swimming pools at 90%.

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

While resident satisfaction with influence on council decision making has increased from 46% to 53%, this remains an area we are working hard to improve, along with improving our overall communication with the community.

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



Timaru District Council Annual Residents' Survey



Report | June 2018



The Year in Review 2017/18: Highlights

Focus on our roads

Every year Council spends a significant portion of its budget on improving the district's roads and footpaths. Some of the key projects this year included:

- Significant road renewals in Cartwrights Road Washdyke, Canal Road, Clandeboye and Te Moana Road, Geraldine.
- Upgrading of Doncaster and Martin Streets in Washdyke including new kerb and channel, footpaths and seal widening.
- Bridge constructions on Arundel Belfield Road, and Brookfield Road which was renewed and widened to two lane.
- Resurfacing of 58km of sealed roads and reconstruction of 7km of roads
- Resurfacing of 6.98km of footpaths and installation of 1.18km of new footpaths



Canal Road Clandeboye

More new initiatives to stop waste going to landfill

A major focus for the Waste Minimisation team is to keep increasing the amount of waste we are able to divert away from the landfill. With the emphasis on reuse and recycling, some exciting new initiatives were launched during the year, including:

- An E-scrap dismantling trial in partnership with Sustainable South Canterbury Trust and E-Cycle Ltd.
- A "Seat Smart" recycling programme where Council offers a discount off the charge to recycle old child restraint car seats. The programme is growing in popularity.
- A waste sort trial looking at new options for sorting the various types of waste received at the Redruth Landfill



The Year in Review 2017/18: Highlights

Residents report satisfaction with water supply services

The 2017/18 community survey results indicate residents are very satisfied with the district's water supply, and that perceptions of taste have improved since the 2015/16 survey. An overall satisfaction of 90% is a collation of views on the reliability of the water supply and the taste and clarity of the water.



Timaru Dog Pound upgrade

Council's Dog Pound on Aorangi Road has been given a \$50,000 upgrade. The facility is now more suitable to meet the health and safety requirements of staff, as well as providing impounded dogs with a safe, clean and warm environment.



Major Infrastructure upgrades

Much of the infrastructure that keeps the district ticking is underground. While not the most glamorous services, well functioning infrastructure for stormwater, sewer and water supply are vital for residents and industry to prosper and continue enjoying the high quality of life the district prides itself on.

Key projects undertaken during the year included:

- Sewer main renewal work in Gibson Street, Clyde Street and Bouverie Street in Timaru and Strawberry Place in Geraldine.
- Installation of aerators at the Temuka oxidation ponds, reducing odour issues.
- Completion of stormwater diversion bunds in the Gleniti, Timaru (Residential 6) Stormwater System.
- Land for the Fraser Street, Temuka retention pond has been acquired and work will commence in August 2018.
- Urgent upgrading of part of the Temuka Trunkmain due to delaminating asbestos in the existing trunkmain. This work was prioritised and able to be completed with the least possible disruption to residents.
- Watermain upgrades in Gresham Road, Gualter Road and Wooding Road in the Te Moana water reticulation, McKeown Road in Woodbury, Hayes Street and Ritchie Street in Timaru, and Afghan Street in Pleasant Point.
- Watermain renewals in Kabul Street and Manse Street in Pleasant Point and Cornwall Street in Timaru.



The Year in Review 2017/18: Performance

Performance at a glance

93%

Tenant satisfaction
with social housing
units

43

thousand
swimming lessons at CBay



582,193

library items issued

22,032

visitors at the
Aigantighe Art Gallery

62.3km

of sealed roads resurfaced

**Airport
Accreditation
retained**

56

kilometres
of off road cycle and
walking tracks



83%

residents
satisfied with
overall services
and facilities

2,093

building consents
processed.

99.5%

of known dogs
registered

77%

of residents satisfied
with maintenance
of footpaths

72%

of residents think
Council provides
value for money

20,878 tonnes

of material diverted from landfill via recycling
composting and reuse

90%



user satisfaction with water supply services

100%

of Resource Consents processed with
statutory timeframes. Average processing
time of 12.3 days

Day-to-day we...

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

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

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

Process and issue building and resource consents.

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

Manage 51km of off road walking and cycling tracks.

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

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

Operate 4 swimming complexes across the district.

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

Manage a sewer asset base of oxidation ponds and wastewater treatment plants, 24 sewer pump stations, 354km of pipelines and 4000 manholes.

The Year in Review 2017/18: Performance

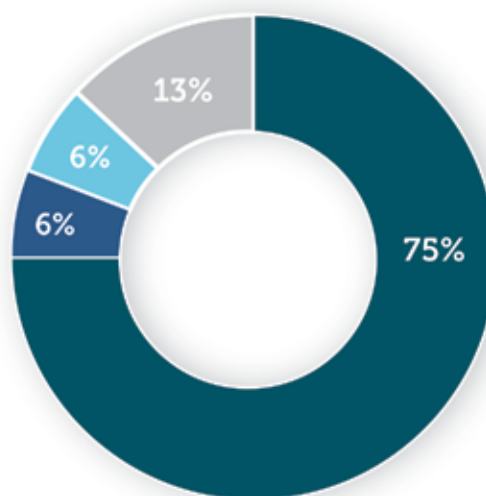
Measuring up

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

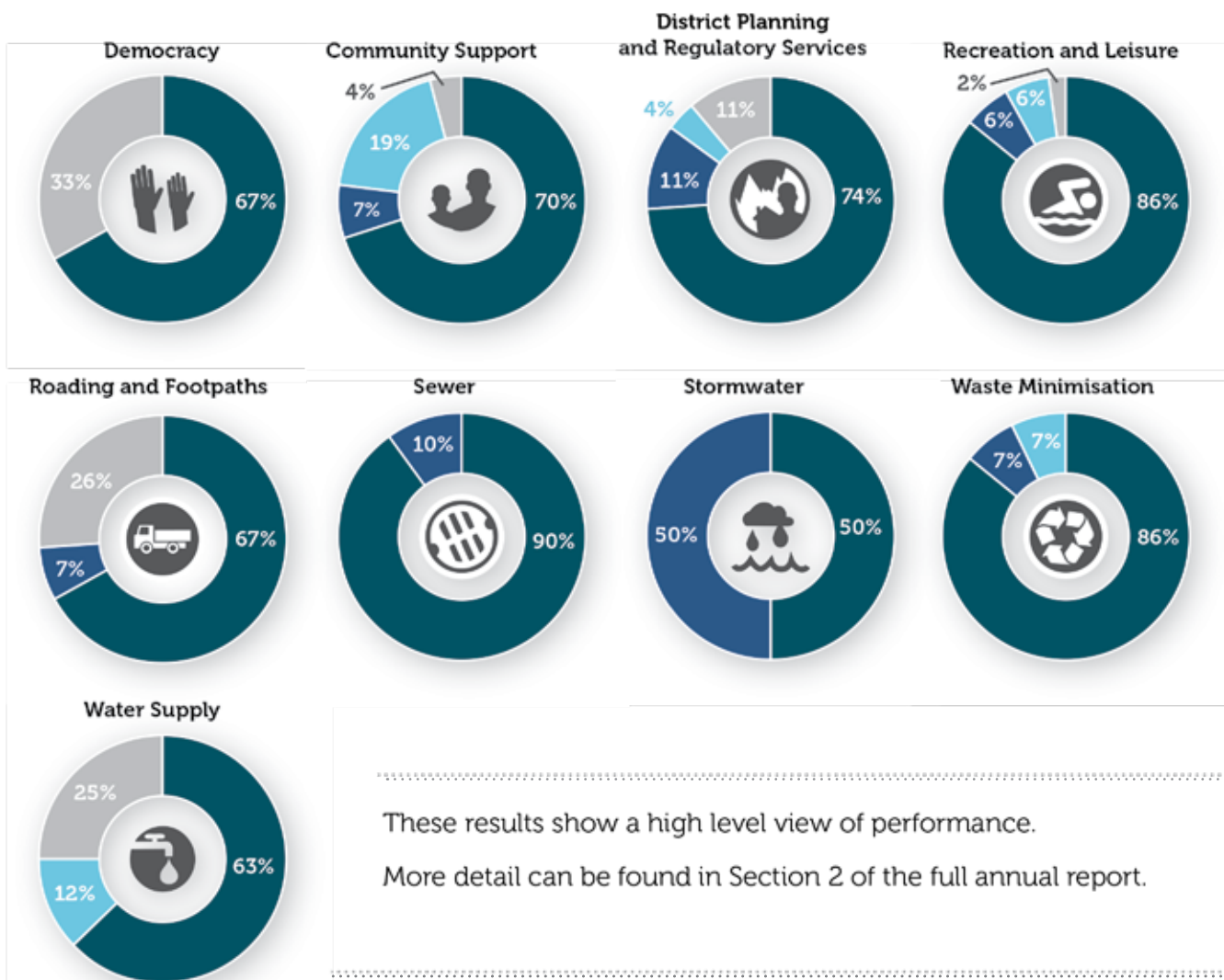
We have 182 performance measures that we report on across 9 groups of activities.

We achieved 136 of these, nearly achieved 11, and 23 were not achieved. 12 were not measured this year due to data collection issues.

Overall Performance Summary



Performance Summary by Group of Activities



These results show a high level view of performance.

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

Performance Measures by Activity – Summary

The following is a selection of some of our most significant performance measures

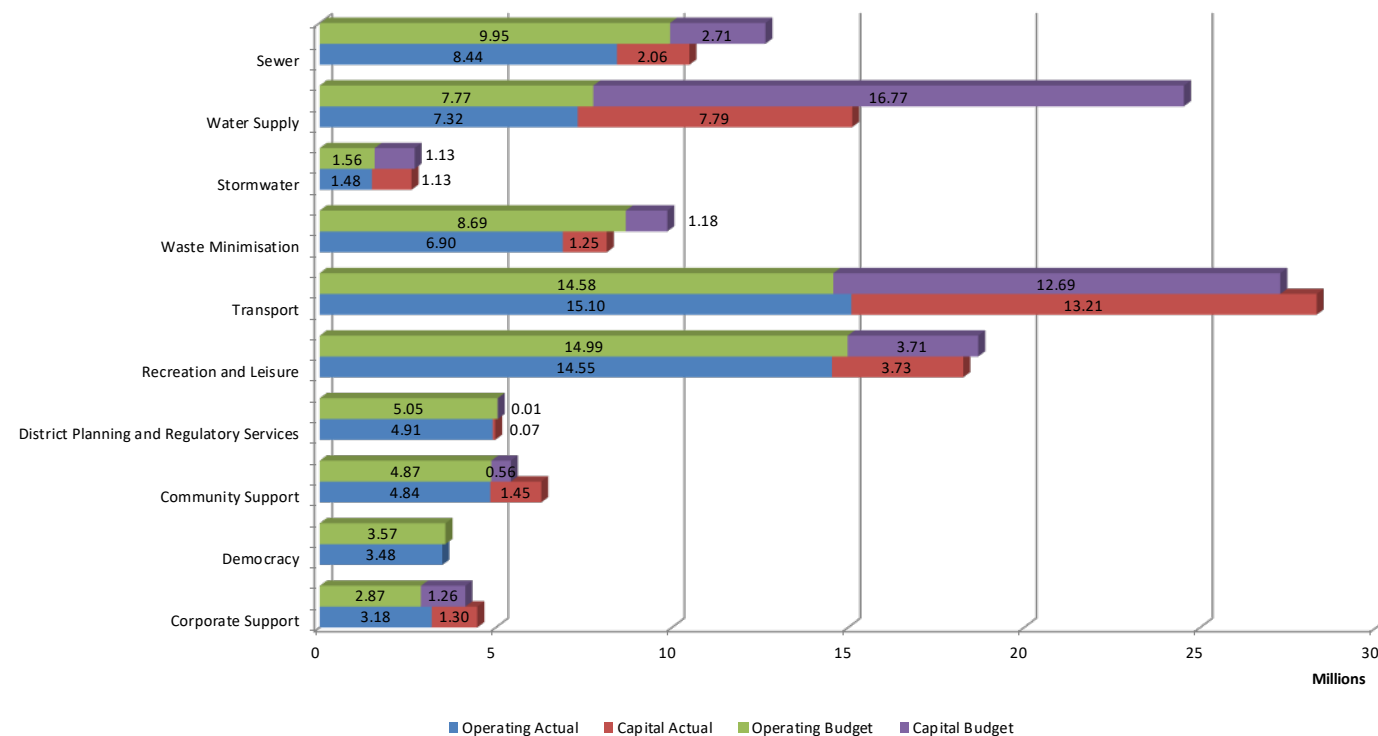
What we measure	How did we go	Target met
Democracy		
Council meetings items in open meeting	80%	X (target 90%)
Resident influence on Council decision making	53%	✓
Community Support		
Resident Satisfaction with facilities		
■ Public Toilets	72%	✓
■ Cemeteries	91%	✓
■ Airport	66%	X (target 82%)
Social Housing occupancy	96%	X (target 97%)
District Planning and Regulatory Services		
Resource Consents issued within statutory timeframes	100%	✓
Average processing time for building consents reduces	13 days	✓
Retain accreditation as Building Consent Authority	Achieved	✓
Food Premises – Food Control Plan audits	86%	✓
Recreation and Leisure		
Resident Satisfaction with facilities		
■ Art Gallery	91%	✓
■ Museum	95%	✓
■ Parks and Reserves	92%	✓
■ Libraries	94%	✓
■ Swimming Pools	89%	✓
Off Road walking and cycling tracks	56km	✓

The Year in Review 2017/18: Performance

What we measure	How did we go	Target met
Roading and Footpaths		
Footpaths resurfaced annually	6.98km	✓
Resurfacing of sealed roads annually	6.5% (62.3km)	✓
Resident satisfaction with:		
■ Maintenance of sealed roads	74.5%	X (target 75%)
■ Safety of road network	87.5%	✓
■ Parking facilities	89%	✓
Sewer		
Sewer overflow faults – median attendance and resolution time	attendance 0.62 hours	✓
	resolution 3.11 hours	✓
Complaints per 1,000 connections	6.87	✓
User satisfaction with service	96%	✓
Resident satisfaction with value for money	89%	✓
Stormwater		
Habitable floors affected in 50 year return flooding event	0.23 per 1000 connections	X (target 0)
Median time to attending flooding event	0.49 hour	✓
Complaints per 1,000 connections	6.46	✓
Waste Minimisation		
Resident satisfaction with Kerbside service		
■ Recycling	93%	✓
■ Managing Green waste	94%	✓
■ Managing General Waste	91%	✓
Waste diverted from landfill to:		
■ Composting Facility	16,591 tonnes	✓
■ Resource Recovery	435 tonnes	✓
Water Supply		
Compliance with Drinking Water Standards	3 treatment plants and 1 reticulation zone had periods of non compliance	X Target all treatment plants & reticulation zones comply
Urgent call outs - median attendance time	Urban 0.6 hours	✓
	Rural 1 hour	✓
Resident satisfaction with water services	90%	✓

The Year in Review 2017/18: Financials

Expenditure by Activity 2017/2018



Revenue and Expenditure 2017/2018

	Actual (\$M)	Budget (\$M)
Rates Revenue	47.5	47.5
Other Revenue	37.0	31.3
Operating Expenditure	70.3	73.9
Capital Expenditure	32.0	40.0
Investments	74.4	46.4
Borrowings	94.5	101.9
Reserve Funds	35.8	25.8

Your Council and Community Boards

(as at September 2018)



Damon Odey

Mayor

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



Richard Lyon

Deputy Mayor

Pleasant Point-Temuka Ward Councillor

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



Paddy O'Reilly

Pleasant Point-Temuka Ward Councillor

patrick.oreilly@timdc.govt.nz
(03) 615 7281 (home)
027 441 6725



Kerry Stevens

Geraldine Ward Councillor

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



Nigel Bowen

Timaru Ward Councillor

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



Peter Burt

Timaru Ward Councillor

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

Your Council and Community Boards

(as at September 2018)



Dave Jack

Timaru Ward Councillor

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



Andrea Leslie

Timaru Ward Councillor

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



Sally Parker

Timaru Ward Councillor

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



Steve Wills

Timaru Ward Councillor

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

Geraldine Community Board

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

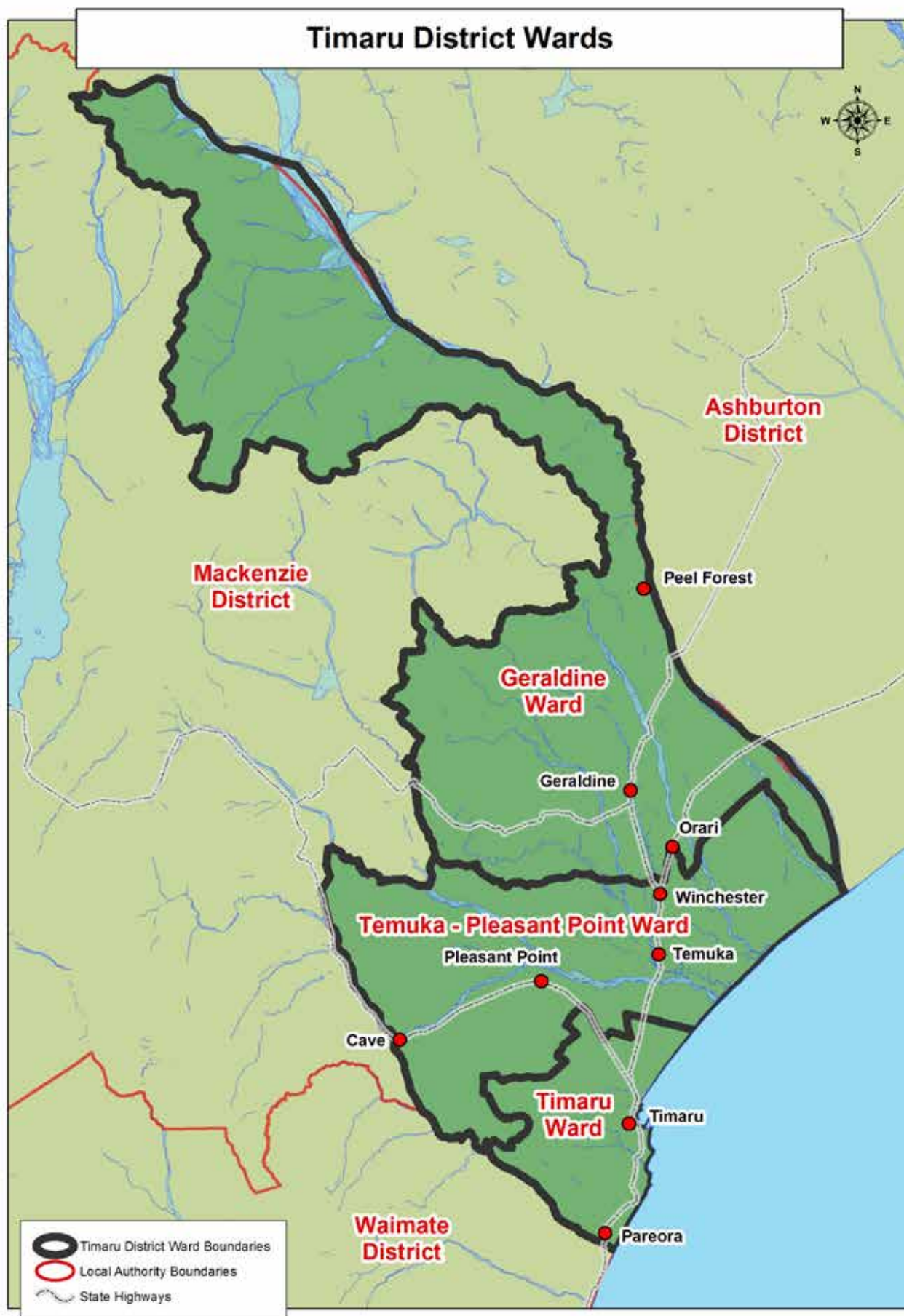
Pleasant Point Community Board

John McDonald (Deputy Chairperson)	03 614 7619	jdmcdonald1@hotmail.com
Neville Gould	03 614 7760	tengawai@slingshot.co.nz
Raewyn Hessel	03 614 7356	sturaehessel@extra.co.nz
Karalyn Reid	03 614 7858	karalynjoyce@extra.co.nz
Bernie Wilson	03 614 7097	goodstock@extra.co.nz
Plus Pleasant Point-Temuka Ward Councillors Richard Lyon (Chairperson) and Paddy O'Reilly		

Temuka Community Board

Alison Talbot (Deputy Chairperson)	03 615 9189	steveali@extra.co.nz
Noeline Clarke	03 615 8111	j.n.clarke@extra.co.nz
Stephanie McCullough	03 615 7097	mcculloughp@extra.co.nz
Lloyd McMillan	03 615 8231	mcmillan-clan@extra.co.nz
Charles Scarsbrook	03 615 9444	homemade@extra.co.nz
Plus Pleasant Point-Temuka Ward Councillors Paddy O'Reilly (Chairperson) and Richard Lyon		

Timaru District Wards



About Timaru District

Geography & 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 following outlines the demographics of the Timaru District population, based on the 2013 Census:

The estimated resident population of the Timaru District as at June 2017 was 47,100. The 2013 Census population was 43,929. Population projections*, based on a medium growth scenario, project the district's population to increase to 49,400 (+8.8%) by 2028, peaking in 2038 at 50,200. The rate of natural increase will become negative from around 2028 meaning there will be more deaths than births. This reflects the age makeup of the district's population. Growth from 2028 will be reliant on net migration.

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

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

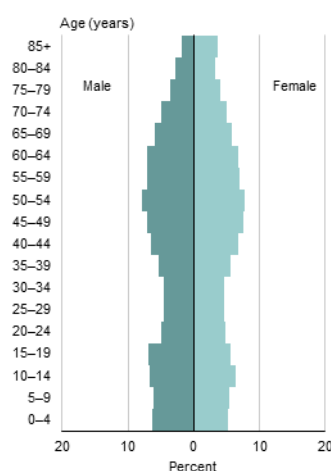
Cultural Diversity

Timaru District residents are:

- 92.5% European (NZ: 74%)
- 7.4% Maori (NZ: 14.9%)
- 11% Pacific Peoples (NZ: 7.4%)
- 2.3% Asian (NZ: 11.8%)
- 2.7% Other Ethnicities (NZ: 2.9%)

Age-Sex Profile

48.6% of Timaru District residents are male. 51.4% are female. The following illustrates the age-sex profile of Timaru District:



Source: Statistics New Zealand

*Based on Statistics NZ Population Projections update (released December 2016)

Household Composition

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

Families

In Timaru District:

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

Work

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

Income

In Timaru District:

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

Economy

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

Employment in the district is strong, with just 2.7% unemployment as at June 2018, compared with 4.5% nationally. The most significant business sectors in terms of employment opportunities are manufacturing, health care and social assistance, retail trade, agriculture, forestry and fishing, and construction sectors.

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

About Timaru District

The latest Infometrics report for the quarter ended June 2018 shows progress for some key economic indicators, compared to the NZ situation.

Indicators	Timaru District	New Zealand
	Annual average % change	
Gross Domestic Product	⬆ 2.3%	⬆ 2.7%
Traffic Flow	⬆ 1.4%	⬆ 3.1%
Residential Consents	⬇ -5.1%	⬆ 7.9%
Non-Residential Consents	⬆ 9.8%	⬆ 10%
House Prices*	⬆ 2.0%	⬆ 4.9%
House Sales	⬇ -11%	⬇ -7.0%
Guest Nights	⬆ 1.7%	⬆ 2.4%
Retail Trade	⬆ 4.5%	⬆ 4.4%
Car Registrations	⬆ 1.4%	⬆ 1.1%
Commercial Vehicle Registrations	⬆ 5.4%	⬆ 5.4%
Job Seekers Support	⬇ -5.9%	⬆ -0.05%
Tourism Expenditure	⬆ 6.0%	⬆ 8.5%

* Annual percentage change (latest quarter compared to a year earlier)

Communities

Timaru is the largest community, housing nearly two thirds (28,900 people) of the total population of the district. The next largest community is Temuka (4,300), followed by Geraldine (2,500) and Pleasant Point (1,400). Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. The South Canterbury District Health Board is the major health provider, with the Ara Institute of Canterbury providing tertiary educational services throughout the South Island.

Environment

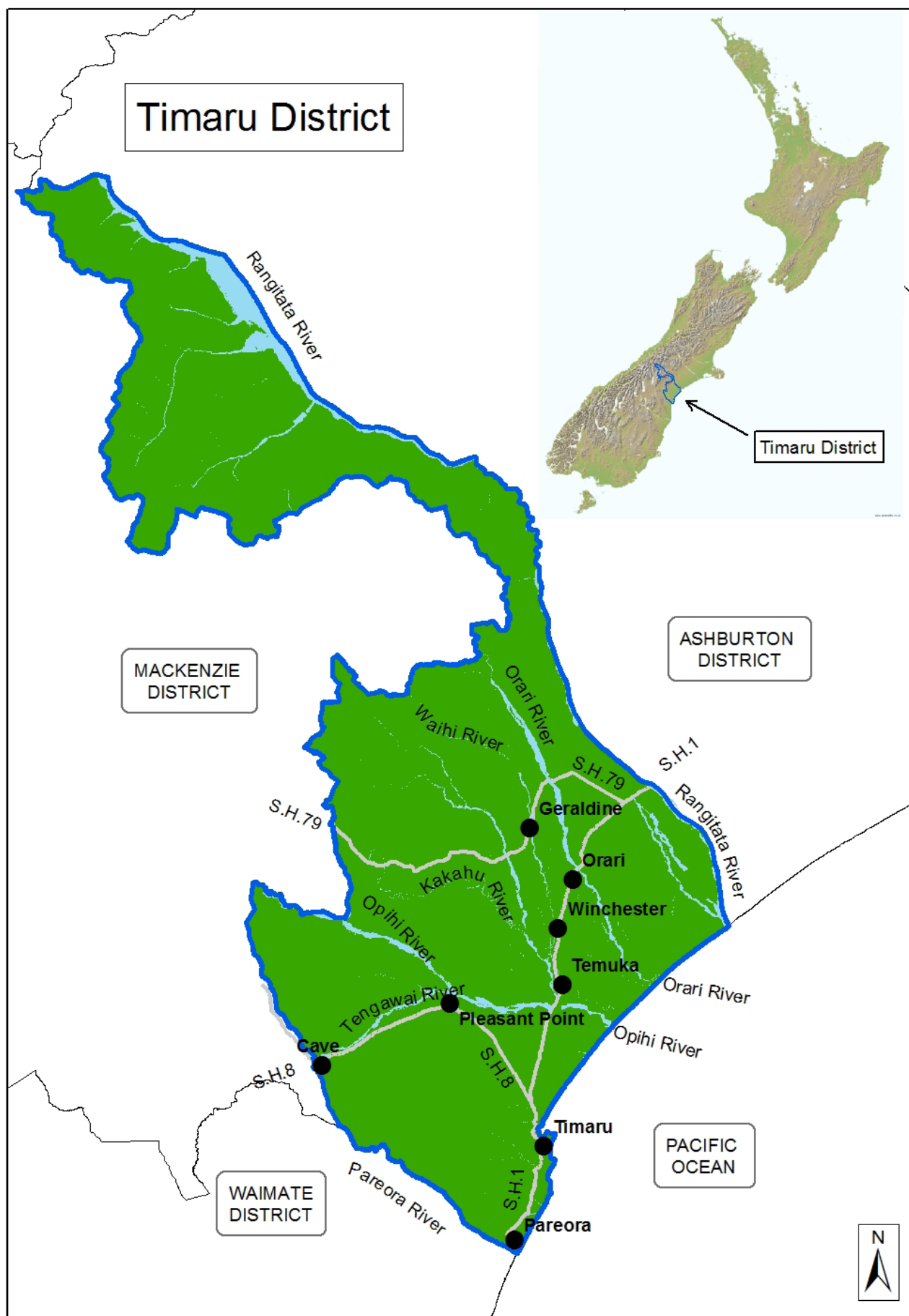
The diverse landscapes of the Timaru District include rolling downlands, tussock land, coastal plains and wetlands, forest remnants, river gorges and rugged mountain ranges. The coastal plains to the north and downlands to the south are highly modified for intensive cropping, meat, wool and dairy production.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

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

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

* Urban Area Population projections 2013(base) - 2043 update, September 2017)

About Timaru District



Statement of Compliance

Compliance

- 1 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

- 2 The Council and management of Timaru District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 3 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.
- 4 In the opinion of Council and management of Timaru District Council, the annual Financial Statements for the year ended 30 June 2018 fairly reflect the financial position and operations of Timaru District Council.



Damon Odey
Mayor
27 November 2018



Bede Carran
Chief Executive
27 November 2018

Independent Auditor's Report

To the readers of Timaru District Council and Group's annual report for the year ended 30 June 2018

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, Ian Lothian, 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 27 November 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 81 to 85 and 89 to 126:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - 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 Accounting Standards;
- the funding impact statement on page 86, 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 provision (referred to in the annual report as the Council Activities Performance) on pages 32 to 77:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - 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 32 to 77, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 32 to 77, 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 32 to 128, 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.

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.

Audit Report

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 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 provision, 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 6 to 26, 87, 88 and 130 to 137, 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 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, an amendment to the 2018-28 long term plan and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

A handwritten signature in black ink, reading "Ian Lothian". The signature is fluid and cursive, with the first name "Ian" and last name "Lothian" clearly distinguishable.

Ian Lothian
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

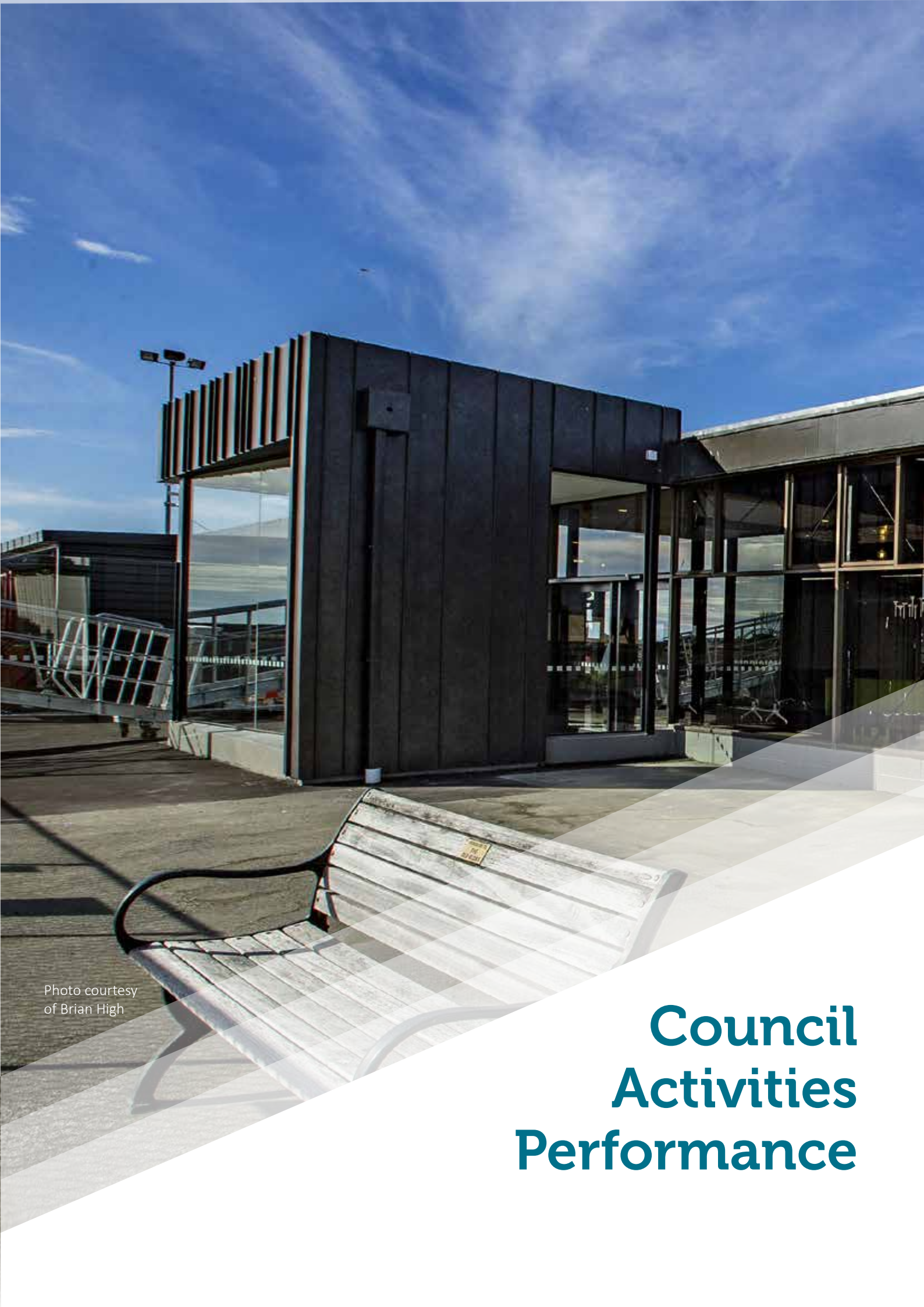


Photo courtesy
of Brian High

Council Activities Performance

Council Activities – Summary

This section describes the work and performance of the Council's Groups of Activities, including:

- Description – Activities included within each group, a brief description and how each group contributes to Community Outcomes.
- Key Achievements and Projects – A summary of key achievements and projects during the year.
- Performance – A summary of how the Council performed against performance measures for each activity.
- Variations – A summary of significant variances in the achievement of work projects or tasks planned during the year, including what has affected their achievement.
- Financial Information – key financial information for each group of activities, compared to budgets, including the prescribed Funding Impact Statement.

Council has nine groups of activities as outlined below:

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



LTP 2018-28 Submissions Hearing

Description

The Governance and Leadership activity supports and guides all the activities carried out by the Timaru District Council. The activity enables the 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 the community's 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 under the Governance and Leadership activity are as follows:

- 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 and policy
- 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 the Council operation
- Working regionally to ensure joint approaches on various issues.

Key Achievements and Projects

During the year:

- Council prepared and consulted on the Long Term Plan 2018-28. The Consultation Document focused on 4 big issues relating to water supply, stormwater, redeveloping the Theatre Royal and options for developing a Heritage Facility. A record number of 1036 submissions were received. As well as providing views on the 4 key issues, submitters raised 260 other topics for Council's consideration.
- Council completed the 2016/17 Annual Report with a clear audit opinion.
- Council conducted a number of formal and informal community consultations during the year including the 2017 Bylaw review, Growth Management Strategy, Easter Sunday Shop Trading and heritage and significant trees consultations.
- Council continued to advocate for the district by responding to numerous proposed changes in national policy and legislation including the Local Government (Community Wellbeing) Bill, Productivity Commission - Low Emissions Economy Report, Environment Canterbury Long Term Plan, Orari Temuka Opihi Pareora (OTOP) Draft Zone Implementation Programme Addendum, Ministry for the Environment - National Planning Standards, Government Policy Statement on Land Transport, and National Code of Practice for utilities access to the road corridor.
- Council continues to be an active participant in the greater Canterbury Mayoral Forum and associated forums. These forums provide leadership, co-ordination and advocacy for the Canterbury region and its communities.
- Council commenced a Representation Review. Legislation requires Council to review its electoral arrangements once every 6 years. In consultation with the community Council is reviewing the number of elected Council members, whether they are elected by ward or at large, and community board arrangements.
- Council hosted a range of civic events including the Trustpower Community Awards recognising outstanding efforts of residents, citizenship ceremonies, and welcomed sister city delegations from Weihai and Eniwa.

Contributions to Community Outcomes

Democracy contributes to the following Community Outcomes as shown in the table below:

	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
Governance and Leadership	P	P	P	P	P	P

P – Primary contribution S – Secondary contribution

Performance

Level of Service statement	Measure/Target	Result
Make decisions in an open, transparent manner	≥ 90% main items of Council Business* held in open meetings	80% of main items of Council Business were held in open meetings. Reasons for excluding the public were to protect people's privacy, enable negotiations to take place, to maintain legal professional privilege and to protect commercially sensitive information.
	Resident satisfaction with influence on Council decision making ≥ 50%	53% of residents were satisfied with the level of influence that residents have on Council's decision making. (2015/16: 46%) Satisfaction was higher in the Timaru ward (58%) than in the rural wards (Temuka/Pleasant Point 47%, Geraldine 40%). A further 37% said they were "indifferent" on this matter, having no particular view.
Advocate for the community	10 formal TDC submissions on issues made to agencies	9 submissions made: Local Government (Community Wellbeing) Bill, Productivity Commission - Low Emissions Economy Report (2), Environment Canterbury Long Term Plan, Orari Temuka Opihi Pareora (OTOP) Draft Zone Implementation Programme Addendum, Ministry for the Environment - National Planning Standards (2), Government Policy Statement on Land Transport, National Code of Practice for utilities access to the road corridor.
Communicate with the community	Resident satisfaction with adequacy of Council published information is ≥ 50%	69% of residents were satisfied with how the Council keeps the public informed and involved in decision making. (2015/6: 68%)
Monitor the Council organisation	Unmodified audit opinion for Council Annual Report and audit	Unmodified audit opinion was received for the 2016/17 Annual Report and end of year audit.
Meet our statutory obligations	Compliance with LGA planning and accountability requirements are achieved.	Statutory requirements were met including preparation and adoption of the Long Term Plan 2018/28 and Annual Report 2016/17, both with clear audit opinions.

Notes:

* This refers to the main business topics on the full Council agenda and existing four standing committees

Major Variations - 2017/18 Work Programme

There were no variances to the planned 2017/18 work programme.



Mayor and Councillors 2018

Timaru District Council: Funding Impact Statement for 2017/18 Democracy

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	3,688	3,543	4,072	3,767
Targeted Rates (other than a targeted rate for water supply)	20	0	20	0
Subsidies and grants for operating purposes				
Fees charges and targeted rates for water supply	3	0	3	(2)
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees and other receipts				
Total operating funding (A)	3,710	3,543	4,095	3,764
Applications of operating funding				
Payments to staff and suppliers	1,177	1,124	1,285	1,241
Finance costs				
Internal charges and overheads applied	2,174	2,172	2,233	2,235
Other operating funding applications				
Total applications of operating funding (B)	3,351	3,297	3,518	3,476
Surplus (deficit) of operating funding (A - B)	359	246	576	288
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt				
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	0	0	0	0
Application of capital funding				
Capital expenditure				
- to meet additional demand				
- to improve the level of service				
- to replace existing assets				
Increase (decrease) in reserves	359	246	576	288
Increase (decrease) of investments				
Total applications of capital funding (D)	359	246	576	288
Surplus (deficit) of capital funding (C - D)	(359)	(246)	(576)	(288)
Funding balance ((A - B) + (C - D))	0	0	0	0



LTP 2018 - 28 Mayor and Councillor Wills visit to Roncalli College

Community Support

Description

Community Support includes the following activities provided by the Council:

- Airport
- Community Facilities (includes Cemeteries and Public Toilets)
- Community Funding
- Economic Development and District Promotions
- Emergency Management
- Safer Communities
- Social Housing

This group includes activities that help build strong and supportive communities, meet specific needs in the community and support people, organisations and the business community.

Some of these activities, such as cemeteries and public toilets are necessary to ensure healthy communities. Others, such as Emergency Management, provide support to enable individuals and communities to be prepared and resilient in times of adversity. Social Housing provides assistance to vulnerable people in our community.

Contributions to Community Outcomes

Community Support contributes to the following Community Outcomes as shown in the table below:

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

P – Primary contribution S – Secondary contribution



Strathallan Public Toilets, Timaru were upgraded during the year

Community Support

Key Achievements and Projects

During the year:

- The major upgrade of the terminal building and carpark at the Timaru Airport was completed.
- A successful Civil Aviation Authority audit of Timaru airport resulted in a renewed Operating Certificate and ongoing accreditation.
- Further upgrades of public toilets were completed at Strathallan Street and Caroline Bay in Timaru and Maude Street in Temuka.
- A significant improvement in resident satisfaction with public toilet facilities was recorded in the 2017/18 community survey.
- Council was able to support a wide range of community initiatives with loans or grants through the annual community funding scheme, including:
 - Fundraising events such as the Caroline Bay Rock and Hop, South Island Masters Games, and the International Day on the Bay organised by the Timaru Festival of Roses Trust.
 - A contribution to projects such as the Alzheimers Society South Canterbury Park Centre shade sails and outdoor area, Pleasant Point Railway & Historical Society storage shed to house the original body of a Model T Ford railcar and other artefacts.
- Work towards improving community resilience continued with the completion of the community evacuation plan for Waipopo/ Opihi Huts/Peterson Park.
- Emergency preparedness volunteer training sessions were well attended, with an 18% increase in attendance.
- Timaru Project Turnaround received a clear Restorative Justice Audit from the Ministry of Justice. The service continues to experience high numbers of family violence referrals.
- Ongoing refurbishment of Council housing was progressed, including double glazing work and a continuation of the oven replacement and heat pump programme.



Photo courtesy
of Brian High

Timaru Airport Upgrade



Aoraki Development is a Council Controlled Organisation focused on economic development in the district. Key objectives are:

- actively attracting and assisting the establishment of new business
- assisting business to maintain and attract a skilled workforce
- encouraging new opportunities and facilitating growth of existing business.

Some of the key initiatives undertaken during the year included:

- Formation of a Young Professionals Group (YoPro's) with the aim of connecting the districts younger workforce by making social connections.
- Initial work on developing a locally focused digital platform aimed at the districts youth. Titled "MyNextMove". This initiative is aimed at enhancing connections between schools, training providers and industry.
- Facilitating collaboration with key industry sectors via Business Connection groups, with the aim of addressing workforce issues and improving connections between businesses.
- Introduction of local products to potential partners in Sister City markets in both China and Japan.

Community Support

Performance

Level of Service statement	Measure/Target	Result
Community facilities are well maintained, clean and safe	≥ 82 % user satisfaction with the airport	66% user satisfaction. The survey was carried out prior to the completion of the facilities upgrade. Improved results are expected now that upgrading work has been completed.
	Public Toilets ≥ 61% resident satisfaction ≥ 71% user satisfaction	<ul style="list-style-type: none"> ■ 72% resident satisfaction ■ 72% user satisfaction <p>This improvement on the previous survey results of 61% is an indication that upgrading work and improved cleaning standards are proving effective.</p>
	Cemeteries ≥ 80% resident satisfaction ≥ 85% visitor satisfaction	<ul style="list-style-type: none"> ■ 91% resident satisfaction ■ 91% visitors satisfaction
	≤ 3 complaints about Public Toilet cleaning standards*	3 complaints received. (* A complaint represents when a cleaning standard is not being met, not when a request for cleaning is made. Vandalism and anti-social use of toilets can occur between cleaning, the effects of which result in a request to clean).
	Cemeteries contractor compliance - ≤ 10 non-complying items with cemeteries contract	There were no non-complying items identified during the year.
	Airport Civil Aviation Authority accreditation - CAA audits identify no significant problems that prevent ongoing accreditation	CAA Audit was carried out in June 2018 and a clear audit report was issued.
Future provision of community facilities to meet community needs and expectations is planned for	Commence planning for a new Timaru cemetery	Having established that there are no suitable sites in Council ownership, a programme to further advance the site options is being developed.
Social housing units are tenanted and well managed	≥ 98% occupancy rate of Social Housing units	96% occupancy. This is slightly below target due to the need to maintain a balanced tenant mix, and difficulties renting the older style bedsit units.
	≥ 85% tenant satisfaction	93% tenant satisfaction. This high level of satisfaction is consistent with previous years.
	100% of urgent Social Housing requests responded to within 24 hours	100% of urgent requests were actioned within 24 hours.
Provide accessible, accurate cemetery records	100% cemetery records updated within one month	100% records updated within one month.
Improve individual, community and business awareness of the risks from hazards and assist them to build resilience to emergency events	One Community Response Plans (CRP) completed	One CRP was completed for the combined Waipopo Huts, Opihi Huts and Petersons Park community. This was prepared ahead of the scheduled Stratheona Huts CRP due to the higher level of risk in this area, and in preparation for siren installation.
	Annual volunteer training schedule is prepared and implemented	<p>The 2017 (calendar year) training was completed by December 2017. A total of 265 volunteers participated - an 18% increase on the previous year.</p> <p>The 2018 (calendar year) training schedule has been developed and training has commenced.</p>

Community Support

Level of Service statement	Measure/Target	Result
	Council staff and partner agencies participation in annual group training exercise	An Emergency Controllers workshop and Pre-planning workshop has been undertaken ahead of the annual group training exercise scheduled for July/August 2018.
Manage and allocate community funding scheme grants and loans	Annual Funding rounds held <ul style="list-style-type: none"> ■ TDC: General grants, Substantial grants, Community loans: 2 ■ TDC Youth Initiatives: 2 ■ Creative Communities fund: 4 	Council grants and funding schemes were managed in accordance with Council policy. During the year: <ul style="list-style-type: none"> ■ 2 TDC funding rounds were held ■ 2 Youth Initiative funding rounds were held ■ 4 Creative NZ funding rounds held
	≥ 90% accountability forms returned	85% of accountability forms were returned. This rose to 92% in July 2018 with several late returns. Applicants with overdue funding accountability forms are unable to apply for any further funding until these have been received.
Respond to existing and emerging crime trends with community sanctioned initiatives and operate Project Turnaround programme	Appropriate response identified within 3 months to existing or new crime issues where feasible Project Turnaround - 100% of Ministry of Justice targets are met	Effectively maintained stakeholder relationships. Aside from addressing graffiti on a regular basis, South Canterbury continued to be a predominantly incident-free community. The new Ministry of Justice contract no longer has specific targets. The 2018 Ministry review of Timaru Project Turnaround resulted in a high level of satisfaction with the service provided, and outcomes in line with national trends. Family Violence referrals are increasing and these represent a large portion of the Project Turnaround workload.



Timaru District State of Emergency Control Room Debrief

Community Support

Level of Service statement	Measure/Target	Result
Contribute to the economic development of the Timaru District	Aoraki Development CCO reporting quarterly to Council	Aoraki Development has provided quarterly reports to Council.
	Annual District economic growth above the national average	Data to June 2018 shows an increase in GDP of 2.3% compared to June 2017. This is slightly lower than the national average of 2.7%.
	Annual job creation of 300 new jobs	Data on numbers of new jobs is not available. Unemployment rate for the District is 2.7% as at June 2018 compared to the national average of 4.5%.
	Sector collaboration	Measures yet to be developed.
	Perception of living in the Timaru District	
	<ul style="list-style-type: none"> ■ Increase in local spend by residents, industry and travellers ■ Increase in new families/businesses settling in Timaru district ■ Increase in positive perceptions about Timaru district as a place to work, live and play 	<p>Data not available</p> <p>Data not available</p> <ul style="list-style-type: none"> ■ 40% of residents believe Timaru is a better place to live than 3 years ago. 55% believe it is the same. (2015/16: 43% better, 48% same) ■ 31% of residents believe Timaru is a better place to do business than 3 years ago. 45% believe it is the same. (2015/16: 39% better, 45% same) <p>Overall these results are a slight improvement on the previous survey results.</p>

Major Variations - 2017/18 Work Programme

There were no major variances to the planned 2017/18 work programme.

Community Support

Timaru District Council: Funding Impact Statement for 2017/18 Community Support

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	2,489	2,345	2,539	2,614
Targeted Rates (Other than a targeted rate for water supply)	194	78	202	
Subsidies and grants for operating purposes	217	457	222	205
Fees, charges and targeted rates for water supply	1,694	1,733	1,750	1,809
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts	25	25	25	33
Total operating funding (A)	4,619	4,638	4,738	4,661
Applications of operating funding				
Payments to staff and suppliers	3,581	3,554	3,651	3,617
Finance costs	158	102	171	148
Internal charges and overheads applied	468	481	479	514
Other operating funding applications				
Total applications of operating funding (B)	4,207	4,137	4,301	4,279
Surplus (deficit) of operating funding (A - B)	412	501	437	382
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt	53	1,173	401	(107)
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	53	1,173	401	(107)
Application of capital funding				
Capital expenditure				
- to meet additional demand	40	632	326	1,236
- to improve the level of service	310	381	442	152
- to replace existing assets	190	200	71	60
Increase (decrease) in reserves	(75)	461	0	(1,173)
Increase (decrease) of investments				
Total applications of capital funding (D)	465	1,674	839	275
Surplus (deficit) of capital funding (C - D)	(412)	(501)	(437)	(382)
Funding balance ((A - B) + (C - D))	0	0	0	0
INTERNAL LOANS				
Opening Balance		2,039		2,047
Additions		93		0
Repayments		(85)		(88)
Closing Balance		2,047		1,959
Interest		59		60

Financial Variations - Explanation

2017/18 & 2016/17 actual compared to budget (per LTP)

Additional capital expenditure was incurred in 2017/18 and 2016/17 upgrading the Airport to accommodate the larger plane being used by Air NZ on the Timaru to Wellington flight.

District Planning and Regulatory Services

Description

District Planning and Regulatory Services includes the following activities provided by Council:

- Building Control
- District Planning
- Environmental Health

This group is concerned with monitoring and enforcement functions across a wide cross-section of statutes, focusing on the protection of community health, safety and amenity. This includes processing consents under the Building Act 2004 and the Resource Management Act 1991.

Building Control

Building Control is responsible for administering and implementing the provisions of the Building Act 2004 (the Act). Under the Act, TDC must maintain accreditation as a Building Consent Authority (BCA). It is responsible for processing and granting building consents, inspecting and monitoring building work, issuing Code Compliance Certificates (CCC's), issuing Certificates of Public Use (CPU's), processing Land and Project Information Memorandums, providing advice on building related matters and enforcing numerous other provisions under the Act. The Act's main purpose is to provide for the regulation of building work, the establishment of a licensing regime for building practitioners, and the setting of performance standards for buildings. The activity is concerned with balancing delivery of a customer focused service within legislative requirements, while managing the risk to Council and to the public.

District Planning

The District Planning Activity is 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. This outlines the district's resource management issues and objectives, policies, methods and rules. These will be used to achieve integrated management of the effects of

the use, development, or protection of land and associated natural and physical resources of the district. On a day to day basis, the activity is concerned with providing advice on district planning matters, processing land use and subdivision consent applications, providing policy advice and monitoring work. The activity also provides policy advice on planning and development, conservation, design, heritage and environmental issues that affect the Timaru District.

Environmental Health

The Environmental Health activity is primarily concerned with improving, preserving and promoting public health and safety in the Timaru District. It deals with a multitude of issues such as food safety, disease containment, noise control, housing and accommodation, hazardous substances, liquor licensing, environmental nuisance, gambling control, parking enforcement and animal control. The activity is also responsible for the general administration, review and enforcement of the Timaru District Consolidated Bylaw 2018. The bylaws cover a wide variety of issues in the community that require rules, ranging from premises such as tattooists and ear piercing businesses, to overgrown or overhanging vegetation.

Council has two shared service arrangements with Mackenzie District Council and Waimate District Council, to provide environmental health and liquor licensing services.

Environmental Health Services are now contracted to Food and Health Standards (2006) Ltd.

This activity also administers the District Licensing Committee. The Committee considers applications and renewals relating to liquor licences, including Special Licences obtained for selling liquor at events or special occasions. This function had previously been undertaken by a central licensing body in Wellington. That body, now known as Alcohol Regulatory and Licensing Authority (ARLA), exists to deal with appeals and significant enforcement matters.

Contributions to Community Outcomes

District Planning and Regulatory Services contributes to the following Community Outcomes as shown in the table below:

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

P – Primary contribution S – Secondary contribution

District Planning and Regulatory Services

Key Achievements and Projects

During the year the Building Control Unit:

- Successfully completed the IANZ accreditation audit resulting in Building Consent Authority accreditation being retained for a further 2 years.
- Processed significantly more Building Consents and Code of Compliance Certificates than the previous year while still achieving a shorter processing time.

2017/18		2016/17	
	Processed	Compliance with legislative timeframes	Result
Building Consents	2,093	90.5%	1,572 (99.3%)
Code Compliance Certificates (CCC)	1,669	97%	1,341 (98.4%)

During the year the District Planning Unit:

- Processed 207 resource consents, 100% of these within the statutory timeframe (2016/17: 212 at 99.3%)
- Further progressed the District Plan Review, including:
 - Growth Management Strategy adopted
 - Ecosystems and Indigenous Biodiversity Chapter for the District Plan drafted
 - Heritage items and significant tree consultation commenced.

During the year the Animal Control Unit:

- Completed a refresh of the Aorangi Road Dog Pound
- 99.5% of known dogs in the Timaru District were registered at year end - the highest percentage achieved to date.

During the year the Environmental Health Unit:

- Completed the review of the Timaru District Bylaw, which after consultation, was adopted by Council in February 2018
- Conducted community consultation and subsequently adopted a Local Easter Shop Trading Policy that allows Easter Sunday trading in the district.
- Exceeded targets for auditing licenced food premises, health premises and bylaw regulated premises.



District Planning and Regulatory Services

Performance

Level of Service statement	Measure/Target	Result
Perform statutory functions as a regulator under key legislation	Retain accreditation as a Building Consent Authority	The biennial IANZ audit was carried out in February 2018. Accreditation was successfully retained with an acknowledgment from IANZ <i>"The BCA was very actively addressing all new requirements"</i>
	Retain accreditation as a Food Registration Authority	Accreditation is not currently a requirement of food safety legislation unless Council elects to pursue verification activities in relation to Custom Food Control Plans (accreditation to ISO/IEC 17020 Type A required as well as a Quality Management System - a system is currently being developed). Council does however perform its statutory functions under the Food Act 2014 via a contract with Food and Health Standards Ltd. All statutory functions were performed as required by legislation.
Deliver timely, efficient processing of consents and related requirements	100% Building Consent Processing within statutory timeframes of 20 working days	90.5% of the 2093 Building Consents were granted and issued within the 20 working day statutory timeframe. The 33% increase in Building Consents was largely due to Solid Fuel Heating consent applications resulting from Environment Canterbury Clean Air Zone requirements. This meant that the statutory timeframe was not able to be met within current staff resources.
	Average building consents processing time is reducing	The average processing time was 13 days (2016/17: 14.4 days).
	100% Resource Consent Processing within statutory timeframes of 20 working days (non-notified) or 70 working days (notified)	100% of the 207 resource consents were processed within the 20 day statutory timeframe (non-notified) and 70 working days (notified). (2016/17: 99.3%)
	90% of resource consents processed within 80% of the prescribed time	86.6% of resource consents were processed within 80% of the prescribed time (2016/17: 79%).
	Average resource consents processing time is reducing	Average processing time was 12.31 days (2016/17: 12.16 days).
	Successful objections and appeals limited to less than 3 per year (re consent conditions)	There were 2 partially successful objections to consent conditions for the year (2016/17: zero objections).
	100% of resource consents monitored within 3 months of the consent being given effect to	26% of resource consents were monitored within 3 months of the consent being given effect to (2016/17: 45%). This is significantly lower than target due to resource constraints.
Provide useful, timely and consistent advice and education on building, planning and regulatory enquiries	≥ 74% customer satisfaction with building services*	Building Unit internally conducted survey - 73% customer satisfaction (2016/17: 95%). Council wide survey - 50% customer satisfaction (2016/17: not measured as biennial survey).
	≥ 60% customer satisfaction with district planning services*	District Planning Unit internally conducted survey - 89% customer satisfaction (2016/17: 88%). Council wide survey - 48% customer satisfaction (2016/17: not measured as biennial survey).
	≥ 80% customer satisfaction with environmental health services*	Council wide survey (2016/17: not measured as biennial survey). ■ Animal Control: 66% customer satisfaction ■ Liquor Licensing: 79% customer satisfaction ■ Licensing of premises: 87% customer satisfaction
*Results should be treated with caution as all sample sizes were small		

District Planning and Regulatory Services

Level of Service statement	Measure/Target	Result
Maintain an up-to-date and responsive regulatory policy environment	Policies reviewed in line with Policy Review Programme and legislation	Policies were reviewed in line with the Council Policy Review Programme. Work completed included: <ul style="list-style-type: none"> ■ Preparation for changes to the earthquake prone buildings regime to be implemented under the Building (Earthquake-prone Buildings) Amendment Act 2016 ■ Preparation for updating the Dangerous, Affected and Insanitary Buildings policy underway ■ Road Naming policy reviewed and adopted ■ Biodiversity policy adopted ■ Consolidated Bylaw 2018 reviewed and adopted ■ Easter Sunday Shop Trading policy adopted.
Register known dogs	≥ 95% known dogs registered	99.5% of known dogs were registered (2016/17: 98.5%). Compliance with registration requirements continue to be high.
Ensure public buildings, building work, swimming pools, food and liquor premises inspected are safe and comply with rules	Food premises compliance with regulations: <ul style="list-style-type: none"> ■ 80% of premises on food control plans have undergone audit. 	86% of premises on Food Control Plan have undergone audit (201 of the 234 premises) (2016/17: 92%).
	<ul style="list-style-type: none"> ■ 80% of premises not on food control plans have been inspected 	91% of premises not on a Food Control Plan have undergone audit (110 of the 121 premises) (2016/17: 86%).
	Health regulated and Bylaw regulated premises <ul style="list-style-type: none"> ■ ≥ 80% of premises have been inspected 	89% of Health regulated and Bylaw regulated premises were inspected (450 of the 505 health premises) (2016/17: 88%).
	<ul style="list-style-type: none"> ■ 100% of non-compliant premises found above subsequently become compliant 	100% of non compliant premises subsequently became compliant
	<ul style="list-style-type: none"> ■ ≥ 95% of liquor premises monitored annually are compliant 	100% of liquor premises monitored were compliant (111 of 135 liquor premises were inspected) (2016/17: 100%).
	Public buildings comply with public building regulations ¹ : <ul style="list-style-type: none"> ■ 100% of non-compliant public buildings identified by the audit have had corrective action taken 	The targeted number of buildings to be inspected has not been met due to continuously high work loads processing priority building consents. Additional staffing resource has been approved for the new financial year to allow this work programme to progress.
	Swimming Pools comply with swimming pool regulations: <ul style="list-style-type: none"> ■ 100% of non-compliant swimming pools identified by the audit have had corrective action taken 	247 of the total 533 pools were inspected = 46.53% (note this is a 3 year inspection cycle). 17 of the pools inspected were non compliant and corrective action is being taken. 100% compliance is expected over time.
Investigate and respond to public complaints	Response* time to complaints:	
	<ul style="list-style-type: none"> ■ Routine - 100% within 10 working days 	Achieved 100% response within 10 working days
	<ul style="list-style-type: none"> ■ Urgent - 100% within 3 working days 	Achieved 100% response within 3 working days
	<ul style="list-style-type: none"> ■ Emergency** - 100% within 2 hours 	Achieved 100% response within 2 hours

¹ Measured from an audit of 5% of public buildings conducted during the year. Buildings non-compliant are followed up by the Building Unit to ensure compliance is achieved.

* Response refers to contact with the complainant, not necessarily resolution of the issue

**Emergency complaints refer to situations where physical danger exists to people

Major Variations - 2017/18 Work Programme

There were no major variances to the planned 2017/18 work programme.

District Planning and Regulatory Services

Timaru District Council: Funding Impact Statement for 2017/18 District Planning and Regulatory Services

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	306	1,368	314	1,490
Targeted Rates (other than a targeted rate for water supply)	1,236		1,192	0
Subsidies and grants for operating purposes				
Fees charges and targeted rates for water supply	3,241	3,350	3,322	3,436
Internal charges and overheads recovered	28	27	28	27
Local authorities fuel tax, fines, infringement fees and other receipts	15	34	16	38
Total operating funding (A)	4,826	4,779	4,871	4,992
Applications of operating funding				
Payments to staff and suppliers	3,747	3,652	3,767	3,807
Finance costs				
Internal charges and overheads applied	1,098	1,093	1,123	1,127
Other operating funding applications				
Total applications of operating funding (B)	4,844	4,745	4,890	4,934
Surplus (deficit) of operating funding (A - B)	(18)	34	(19)	58
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt				
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	0	0	0	0
Application of capital funding				
Capital expenditure				
- to meet additional demand				
- to improve the level of service	3		3	34
- to replace existing assets	3		3	34
Increase (decrease) in reserves	(23)	34	(25)	(9)
Increase (decrease) of investments				
Total applications of capital funding (D)	(18)	34	(19)	58
Surplus (deficit) of capital funding (C - D)	18	(34)	19	(58)
Funding balance ((A - B) + (C - D))	0	0	0	0

Recreation and Leisure

Description

Recreation and Leisure includes the following activities:

- Cultural and Learning Facilities
- Parks, Recreation and Swimming Pools

The Council provides and manages several key district facilities that help meet the district's leisure and recreational needs.

Cultural and Learning Facilities

Aigantighe Art Gallery

The Aigantighe (pronounced egg-and- tie) Art Gallery is a public art gallery in Timaru. It collects, exhibits, preserves, researches and educates about visual art. Its rich and growing permanent art collection is shown in the original House Gallery through revolving exhibitions, while temporary exhibitions of non-collection artworks are held in the 1978 extension. The House Gallery is temporarily closed for earthquake strengthening work. The Aigantighe is regarded as the regional art gallery of South Canterbury due to its focus on regional art both in the permanent collection and in temporary exhibition programme. The gallery is open 6 days a week and is free to visit.

South Canterbury Museum

The South Canterbury Museum is a regional museum of nature, history and culture located in Timaru. It provides access to unique collections of local heritage items, images, archives and information, long-term displays, a programme of short-term exhibitions, a variety of public programmes and services and heritage education programmes for schools.

Timaru District Libraries

Timaru District Libraries provides public library services delivered from facilities in Timaru, Temuka and Geraldine and online. Temuka and Geraldine libraries also double as Council Service Centres, with an Information Centre at Temuka.

The main Timaru library provides a public library service and coordinates branch services. In addition to borrowing, people make extensive use of facilities and resources such as study places, computers, WiFi, photocopying, faxing and historical collections for in-library reading, writing, research, study, relaxation and communication.

Halls and Theatres

The Council provides the Theatre Royal in Timaru. The theatre is

the premier venue for visiting cultural and entertainment shows and is also available for community use. The Council also provides or supports a number of other venues, including:

- Facilities owned and managed solely by TDC (e.g. Caroline Bay Hall, Temuka Alpine Energy Centre).
- Eleven facilities owned by Council and managed by committees (e.g. Clandeboye, Pleasant Valley, Taiko Halls), and twelve halls owned by committees (e.g. Claremont, Fairview, Seadown Halls). The West End Hall in Timaru is owned by Council but leased and managed by the Masonic Lodge.
- Facilities operated by the Council but not owned - Since February 2012, the Council has leased the Aorangi Stadium from the Aorangi Stadium Trust.

Parks, Recreation and Swimming Pools

Parks and Recreation

Parks and Recreation provides and manages over 540 hectares (excluding crown leases) of parks, reserves, sportsgrounds and gardens throughout the district. The District's parks network is grouped into five main categories, including Premier Parks (e.g. Caroline Bay), Sports and Recreation Parks (e.g. Pleasant Point Domain), Neighbourhood Parks (e.g. Cornwall Park), Amenity Parks (e.g. Kennedy Park, Geraldine) and Natural Parks (e.g. Claremont Bush).

Some recreation planning, co-ordination and provision is also managed through this activity, and is currently contracted to Sport Canterbury.

The Council also manages a small forestry programme comprising mixed aged and species plantations. Council manages two fishing huts sites and four motor camps on reserve land subject to the Reserves Act 1977.

Swimming Pools

The Council manages and operates four swimming complexes across the district:

- The Caroline Bay Trust Aoraki Centre (CBAY). The complex includes a 25 metre indoor pool, 50 metre outdoor pool, leisure pool, rapid river, programme pool, sauna, spa, hydrosides, wellness suite, cafeteria and gym facility.
- Geraldine - 25 metre outdoor pool, learners pool
- Pleasant Point - 25 metre outdoor pool, learners pool
- Temuka - 30 metre outdoor pool, toddlers pool

Contributions to Community Outcomes

Recreation and Leisure contributes to the following Community Outcomes as shown in the table below:

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

P – Primary contribution S – Secondary contribution

Recreation and Leisure

Key Achievements and Projects

During the year, the **Aigantighe Art Gallery:**

- Organised the highly successful "Colour the Night" event in the Timaru Botanic Gardens, with over 4000 people attending.
- Hosted *Nga Hau Ngakau (Breath of Mine)* - a Maori exhibition of paintings by Robin Slow and carvings of taonga puoro by Brian Flintoff with accompanying music by Bob Bickerton, Ariana Tikao, Solomon Rahui and Holly Tikao-Weir. This visually inspiring show, drawing upon ancestral Maori tradition, was very popular.
- Hosted the Pastel Artists of New Zealand Society for their annual exhibition and symposium. This was the first time the event has been hosted at the Aigantighe, with organisers speaking very favourably about the venue and professional staff.
- Held a highly successful school holiday activity - "Box City" where children were encouraged to get creative with boxes and craft material. The event attracted over 150 visitors per day over a 2 week holiday period.

During the year, the **South Canterbury Museum:**

- Exceeded target numbers for the Ministry of Education "Learning Outside the Classroom" contract, indicating the value of the programme to local schools.
- Facilitated a special WW1 commemorative dramatic performance over three evenings to mark the Passchendaele centenary. This event was fully attended and also live-streamed on Facebook, receiving wide community support.
- Hosted an extremely popular music event, "The 70's Show - an outdoor blast from Timaru's past". This included a live retro rock concert with local bands, food stalls and a 70's exhibition.
- Successfully raised the profile of the museum and South Canterbury on the national and international stage by winning both the 2018 National and International Museum Dance-off competitions
- Continued to experience high levels of community engagement via digital media including online catalogue and collection searches, as well as increasing website and facebook interactions.



During the year, the **Timaru District Libraries:**

- Spent approximately \$350,000 on new books, DVDs, CDs, talking books, newspapers, magazines and other materials to keep the collections up-to-date.
- Fostered increasing numbers of community groups utilising the library space including music, craft, puzzle, "device advice", literacy classes, census support, JP service and book groups.
- Supported and hosted a wide range of events including:
 - Author/Performer visits
 - Friends of the Library "topical speakers" events
 - Preschool and school visits
 - School holiday programmes, which have now become so popular that a booking system has had to be introduced
- Continued the refreshing of children's areas in all libraries to ensure they are user friendly and engaging.
- Launched a "summer reading challenge" throughout the community. This is an extension to the children's reading challenge, and is aimed at fostering a love of reading amongst residents of all ages.



Temuka Seed Library

During the year, **Parks and Recreation:**

- Hosted the inaugural 'Timaru Super Shot' event at Caroline Bay. The guest of honour was South Canterbury born Tom Walsh - world shot put title holder, and included other international competitors. This popular community event was both an acknowledgement of Walsh's achievements and, at his request, a celebration and showcasing of his home town.
- Work started on the replacement of the large Centennial Park bridge next to the BMX Jumps Park. A new lighter construction suspension bridge replaces the worn timber structure and

Recreation and Leisure

means piles are not needed in the stream bed. It is designed to carry 20 people which is double the limit that the old bridge could carry in recent years.

- Commenced a maintenance enhancement programme of the Trevor Griffiths Rose Garden at Caroline Bay. The contractor is now providing a dedicated staff member, which has improved presentation. Several replacement roses have also been sourced to fill gaps where some had failed. The end result is the garden is looking the best it has for many years.

During the year, the **Caroline Bay Trust Aoraki Centre and Local Swimming Pools:**

- Completed upgrading at the Geraldine pool - heating plant replacement.
- Replaced heating and filtration plant at CBay 50M Outdoor Pool.
- Saw a significant increase in swim squad numbers, with members of top squads qualifying for New Zealand and Canterbury teams.
- Completed the CBay Programme Room extension allowing further expansion of the range and number of fitness related classes to be offered.
- CBay Learn2Swim was endorsed as a Gold Quality Swim School by Swimming New Zealand

During the year, **Halls and Theatres:**

- Completed upgrading work at Caroline Bay - the hall back stage toilets and changing rooms had floors replaced and repainted, and the Sound Shell had back stage replacement carpet and repainting.
- Completed exterior maintenance of the Theatre Royal frontage.



Learn2Swim baby classes



ageFIT mid winter morning tea in the expanded Programme Room at CBay

Recreation and Leisure

Performance

Level of Service statement	Measure/Target	Result
Recreation and leisure facilities, programmes and materials are accessible to district residents, schools and visitors	<p><i>Annual visitor numbers:</i></p> <ul style="list-style-type: none"> ■ Art Gallery $\geq 21,000$ ■ Museum $\geq 24,000$ ■ School student users at the Museum $\geq 4,000$ ■ School visits to Art Gallery ≥ 50 <p><i>Online users:</i></p> <ul style="list-style-type: none"> ■ Art Gallery numbers increase annually ■ Museum numbers increase annually <p><i>Library:</i></p> <ul style="list-style-type: none"> ■ ≥ 12.3 visits per capita annually ■ $\geq 690,000$ issues ■ Aotearoa People's Network Kaharoa (APNK) usage - $\geq 103,000$ sessions ■ Stock turnover ≥ 4 average issues per item annually 	<ul style="list-style-type: none"> ■ Art Gallery - 22,032 visitors, including outreach visits ■ Museum - 22,646 visitors, including school student users ■ 5,766 school students at the museum ■ 52 school visits to the Art Gallery, including 39 schools visiting during Artarama 2017. ■ Art Gallery - there were 2,259 users to the main Art Gallery website page (2016/17: 3,380). Of these, 1,518 were new visitor sessions. (2016/17: 2,250). In addition there were 1,079 Facebook likes, (2016/17: 794 - a 36% increase). ■ Museum - there were 10,046 users to the main Museum website page (2016/17: 6,931). Of these 9,892 were new visitor sessions (2016/17: 6,845). In addition there were 1,860 Facebook likes (2016/17: 1,379 - a 35% increase). ■ Data not able to be reported for full year due foot traffic counter being disabled during capital upgrade work. ■ 582,173 library issues (2015/16: 585,596) Declining numbers is consistent with the national trend in materials issued in New Zealand Public Libraries. ■ 83,390 sessions (2016/17: 92,274 sessions) The reducing usage is due in a large part to the increased availability of free WiFi in the CBD, plus technical issues meaning the APNK system was unavailable for a period of time. ■ A stock turnover of 4.24 was achieved (2016/17: 4.17).



Art Gallery "Box City"

Recreation and Leisure

Level of Service statement	Measure/Target	Result
Provide a high quality experience at district recreation and leisure facilities	<p>Art Gallery:</p> <ul style="list-style-type: none"> ■ ≥ 80% resident satisfaction ■ ≥ 90% user satisfaction <p>Libraries:</p> <ul style="list-style-type: none"> ■ ≥ 92% resident satisfaction ■ ≥ 98% user satisfaction 	<ul style="list-style-type: none"> ■ 91% resident satisfaction ■ 93% user satisfaction <p>(2015/16: 96% resident satisfaction and 98% user satisfaction)</p> <ul style="list-style-type: none"> ■ 94% resident satisfaction ■ 97% user satisfaction <p>(2015/16: 91% resident satisfaction and 93% user satisfaction)</p>
	<p>Museum:</p> <ul style="list-style-type: none"> ■ ≥ 80% resident satisfaction ■ ≥ 95% user satisfaction <p>Parks and Recreation:</p> <ul style="list-style-type: none"> ■ ≥ 90% resident satisfaction ■ ≥ 92% user satisfaction <p>Swimming Pools:</p> <ul style="list-style-type: none"> ■ ≥ 85% resident satisfaction ■ ≥ 75% user satisfaction 	<ul style="list-style-type: none"> ■ 95% resident satisfaction ■ 97% user satisfaction <p>(2015/16: 91% resident satisfaction and 93% user satisfaction)</p> <ul style="list-style-type: none"> ■ 92% resident satisfaction ■ 92% user satisfaction <p>(2015/16: 95% resident satisfaction and 94% user satisfaction)</p> <ul style="list-style-type: none"> ■ 89% resident satisfaction ■ 91% user satisfaction <p>(2015/16: 86% resident satisfaction and 87% user satisfaction)</p>
Recreation and leisure facilities provide regular and varied services, exhibitions and programmes to support community wellbeing	<p>Art Gallery:</p> <ul style="list-style-type: none"> ■ ≥ 16 exhibitions 	<ul style="list-style-type: none"> ■ 17 exhibitions held (2016/17: 24) Numbers are lower than previous year due to the house gallery temporary closure.
	<p>Museum:</p> <ul style="list-style-type: none"> ■ ≥ 5 presentations ■ ≥ 50 external articles ■ ≥ 500 items added to collections online webpage ■ ≥ 30 Facebook posts ■ 4 exhibitions 	<ul style="list-style-type: none"> ■ 6 presentations ■ 48 external articles written ■ 600 items added to collections online webpage ■ 72 Facebook posts ■ 4 exhibitions held
	<p>Library:</p> <ul style="list-style-type: none"> ■ ≥ 59,000 database "hits"* <p>* from 2016/17 reporting searches, as data is more accurate and meaningful</p>	<ul style="list-style-type: none"> ■ 262,039 database searches (including PressReader) ■ 353,819 website & catalogue searches
	4 Holiday programmes per year provided at Art Gallery, Library and Museum	<ul style="list-style-type: none"> ■ Museum: 4 (a range of programmes during the 4 school holiday periods) ■ Art Gallery: 4 (a range of programmes during the 4 school holiday periods) ■ Library: 4 (this comprises 16 different programmes over the 3 district libraries, during the 4 school holiday periods)
	<p>Swimming Pools</p> <ul style="list-style-type: none"> ■ ≥ 20,000 swimming lessons ■ ≥ 300 Aqua Fitness classes 	<ul style="list-style-type: none"> ■ Over 43,000 swimming lessons completed ■ Over 400 Aqua Fitness classes held

Recreation and Leisure

Level of Service statement	Measure/Target	Result
Recreation and leisure facilities are safe, fit for purpose and well maintained	Facilities (Art Gallery, Libraries, Museum, Swimming Pools, Theatre Royal) have current: <ul style="list-style-type: none"> ■ Building Warrant of Fitness (WOF) ■ Fire Regulation Compliance ■ Licence requirements 	<ul style="list-style-type: none"> ■ Art Gallery: All requirements are current ■ Libraries: All requirements are current ■ Museum: All requirements are current ■ Swimming Pools: PoolSafe requirements are met ■ Theatre Royal: All requirements are current
	100% maintenance and capital work programmes achieved within budget and timeframe for Art Gallery, Libraries, Museum, Swimming Pools, Theatre Royal	<ul style="list-style-type: none"> ■ Art Gallery: Maintenance work and capital projects completed with the exception of work relating to the closed House Gallery and storage expansion. ■ Libraries: Purchase of books and resources completed. Ongoing capital projects deferred until 2018/19. ■ Museum: Maintenance work and capital projects completed with the exception of the heating/dehumidifier upgrade & completion of the exhibition area upgrading. ■ Swimming Pools: Maintenance work and capital projects completed. ■ Theatre Royal: Maintenance and renewal work completed.
	95% compliance with sportsfields grass lengths contract standards	95% compliance. Issues due to extreme growth and wet conditions over extended periods.
	Zero closures of playground equipment due to safety issues*	No closures of playground equipment were necessary due to safety issues. Some delays were incurred for routine renewals of equipment.
Collections of local heritage and art objects, records and information preserved for and available to the community and visitors	<p>Art Gallery:</p> <ul style="list-style-type: none"> ■ All new acquisitions are catalogued ■ 50 existing collection works are re catalogued annually ■ ≥3 art works conserved annually <p>Museum:</p> <ul style="list-style-type: none"> ■ Targeted acquisitions are made in line with Museum policy ■ ≥95% collection items held in acceptable conditions <p>■ ≥95% collection items documented to acceptable standards</p>	<ul style="list-style-type: none"> ■ All 35 new acquisitions have been accessioned into the collection. ■ 346 existing art works have been audited and updated in the collection database. ■ 6 art works have been conserved. <p>A total of 173 acquisitions were made, and these were in line with the requirements of the Museum Collection policy.</p> <p>93% of museum collection items are held in acceptable conditions. This is a collation of the following components:</p> <ul style="list-style-type: none"> ■ Environmental conditions: 100% of collections housed in acceptable conditions ■ Security: 100% of collections in secure monitored areas ■ Pest Control: 100% of collections in areas monitored and controlled for pests ■ Physical Protection: Approx 85-90% of collections maintained with physical protection measures ■ Chemical deterioration: Approx 80-85% of collections held in chemically-neutral enclosures ■ Light protection: 100% of collections held in acceptable lighting conditions to minimise over-exposure. <p>At least 95% of the Museum collection items have been documented to acceptable standards. (Note: % is based on estimate of known collections - exact number is difficult to precisely quantify).</p>

Recreation and Leisure

Level of Service statement	Measure/Target	Result
Develop and maintain Recreation and Leisure facilities to meet future expectations and demand	<ul style="list-style-type: none"> ■ ≥2% long term museum displays modified 	≥ 2% of long term displays have been modified. Stage 2 of Mezzanine Floor project is continuing. This will progressively allow more opportunity for display modification.
	Parks: <ul style="list-style-type: none"> ■ 51km of off road walking and biking tracks provided ■ 5.3** playgrounds per 1,000 residents under 15 years of age ■ 12.5 park hectares per 1,000 district residents ■ Retain 1 Garden of National Significance and 1 Garden of Significance 	<ul style="list-style-type: none"> ■ 56km of off road walking and biking tracks ■ 5.3 playgrounds per 1,000 residents under 15 years of age ■ 14 park hectares per 1,000 district residents ■ Both gardens retain 5 star rating (no assessment in 2017/18 year).

* Other than for routine maintenance, vandalism or catastrophic events **Error in LTP target should be 5.3 rather than 0.93

Major Variations - 2017/18 Work Programme

- **Art Gallery – Building Renewals/Extension** - Carried forward due to the pending work on the Historic House.
- **Museum – Exhibition Upgrades** - Underway with the remainder of the project to be completed in 2018/19.
- **Museum – Replace Dehumidifier/Heating** - Carried forward due to reassessment of current systems.
- **Libraries – Self Check Out System** - Project commenced and will be completed in 2018/19.
- **Libraries – Timaru Library Replacement roof, heating system & carpets** - Project complexities have resulted in the need for additional funding. Work is expected to commence in 2018/19.



Geraldine Library Board Book Tunnel

Recreation and Leisure

Timaru District Council: Funding Impact Statement for 2017/18 Recreation and Leisure

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	9,928	11,344	10,318	11,572
Targeted Rates (other than a targeted rate for water supply)	2,056		2,095	
Subsidies and grants for operating purposes	48	65	6	60
Fees charges and targeted rates for water supply	3,179	2,936	3,256	3,105
Internal charges and overheads recovered	159	317	159	318
Local authorities fuel tax, fines, infringement fees and other receipts	21	1,084	19	268
Total operating funding (A)	15,391	15,746	15,853	15,324
Applications of operating funding				
Payments to staff and suppliers	10,420	10,046	10,615	10,724
Finance costs	1,032	695	1,040	586
Internal charges and overheads applied	1,342	1,516	1,373	1,538
Other operating funding applications				
Total applications of operating funding (B)	12,795	12,257	13,028	12,848
Surplus (deficit) of operating funding (A - B)	2,596	3,489	2,825	2,476
Sources of capital funding				
Subsidies and grants for capital expenditure	80		155	
Development and financial contributions				
Increase (decrease) in debt	(768)	(916)	589	153
Gross proceeds from sale of assets		(12)		
Lump sum contributions				
Other dedicated capital fundings		30	55	289
Total sources of capital funding (C)	(688)	(898)	799	442
Application of capital funding				
Capital expenditure				
- to meet additional demand	76	144	99	320
- to improve the level of service	717	469	797	656
- to replace existing assets	2,356	1,700	2,087	2,750
Increase/(decrease) in reserves	(1,241)	279	641	(807)
Increase/(decrease) of investments				
Total applications of capital funding (D)	1,908	2,591	3,624	2,918
Surplus (deficit) of capital funding (C - D)	(2,596)	(3,489)	(2,825)	(2,476)
Funding balance ((A - B) + (C - D))	0	0	0	0
INTERNAL LOANS				
Opening Balance		61		58
Additions				231
Repayments		(3)		(2)
Closing Balance		58		287
Interest		2		2

Financial Variations - Explanation

2017/18 Actual compared to budget (per LTP) and 2016/17 actual

An insurance claim of \$720k was received in 2016/17 in respect of fire damage at the West End Hall. Capital expenditure relating to the Library roof, Theatre Royal flying system and Parks sports surfaces plant have all been delayed.

Roading and Footpaths

Description

Roading and Footpaths includes the following activities provided by Council:

- Roding and Footpaths
- Cycleways and Walkways

Roding and Footpaths is concerned with provision of the roading and footpaths network throughout the district.

Timaru District acts as a regional transportation hub, servicing significant agricultural areas, associated processing plants and a significant port operation. Roding and Footpaths delivers both assets (such as roads, signs, and infrastructure) and non-asset functions (such as street cleaning, garden/berm maintenance, temporary traffic management and road safety initiatives).

Council currently manages over 1,700km of sealed and unsealed roads, 289 bridges, 309km of footpath, drainage facilities (e.g. soak pits, culverts), street furniture, signs, bus stops, carparks, traffic signals, kerb and channel, 4,665 street lights, road marking and other minor structures.

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans, and user charges together with financial assistance received from central

government through the New Zealand Transport Agency (NZTA). The NZTA is also responsible for the State Highway network.

Overall management of the facilities is provided by the Council, with operational work carried out by contractors. The activity also includes managing the parking asset (e.g. parking meters and carparks). Monitoring parking compliance in the district is carried out by the Environmental Services Group.

Delivery of the Roding and Footpaths Activity is influenced by a complex array of Government policies, national and regional strategies and legislative framework. The Council also has several strategies that help guide delivery, headlined by the Timaru Transportation Strategy, with other strategies for active transport, demand management, road safety, lifecycle management and sustainable transport.

Council provides many cycleways and walkways throughout the district. These range from cycleways in the road corridor, to combined walkways and cycleways that are off-street, such as beside urban and rural streams. Off road walkways and cycleways are often managed jointly between the Parks and Land Transport units. Strategies, such as Active Transport Strategies and the Off-Road Walking and Cycling Strategy contribute to the direction for this activity.

Contributions to Community Outcomes

Roding and Footpaths contributes to the following Community Outcomes as shown in the table below:

	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
Roding and Footpaths	P	P	S	P	S	S
Cycleways and Walkways	P	S	P	P	S	S

P – Primary contribution S – Secondary contribution



Clearing Powerhouse Stream

Roading and Footpaths

Key Achievements and Projects

During the year:

- Significant road renewals were completed in Cartwrights Road Washdyke, Canal Road, Clandeboye and Te Moana Road, Geraldine.
- The upgrade of Doncaster and Martin Streets in Washdyke was completed to meet the needs of industrial activity in the area. This included new kerb and channel, footpaths and seal widening.
- Bridge constructions were completed on Arundel Belfield Road, where a new bridge replaced a ford and an old by pass bridge, and the bridge on Brookfield Road which was renewed and widened to two lane.
- Other roading, footpath and transport related projects were completed including:
 - Resurfacing of 62.3km of sealed roads and reconstruction of 7km of roads
 - Resurfacing of 6.98km of footpaths and installation of 1.18km of new footpaths
 - A high speed data survey of all sealed rural roads and high traffic volume urban roads including skid resistance. This data will enable more effective maintenance of the roading network by highlighting priority roads for repair and renewal
 - Extension of the shared walkway/cycleway in Old North Road, Timaru
 - LED lanterns - replacement of more streetlights with LED lanterns. There are now 2216 LED lanterns in place across the district.
- A successful NZ Transport Agency audit of roading contracts, processes and claims was completed. NZTA noted *"Timaru District Council has effective financial and activity management procedures in place to support the delivery of its transport programme."*



Road Sealing McKechnie Street, Geraldine



Doncaster Street, Washdyke Road Upgrade

Roading and Footpaths

Performance

Level of Service statement	Measure/Target	Result
Roads are designed and maintained to community expectations	<p>≥ 80% ratepayers believe they get value for money</p> <p>≥70% of customer service requests are responded to within contract response timeframes</p>	<p>■ 87% satisfied (2016/17: 92%)</p> <p>5,647 service requests were logged. Of these requests 36% were responded to and closed within 7 days (the contract response timeframe).*</p> <p>* work is ongoing to refine data reporting</p>
Roads are fit for purpose and provide for comfortable and efficient travel	Timaru journey times on key transport routes are maintained at 2005 +10% levels	<p>Measured combined morning peak journey time on key routes: 86.2 minutes (2005: 87.6 minutes 2017: 84.7 minutes)</p> <p>Measured combined evening peak journey time on key routes: 93.0 minutes (2005: 87.8 minutes 2017: 87.4 minutes)</p>
	≤ 10 complaints about traffic disruption due to maintenance and renewal work	One complaint received.
	Average Smooth Travel Exposure Index on all district roads is ≥90%	Average Smooth Travel Exposure Index for local sealed roads: 95%.
	<p>≥75% residents are satisfied with maintenance of sealed roads</p> <p>≥75% residents are satisfied with maintenance of unsealed roads</p>	<p>■ 74.5% resident satisfaction (2016/17: 83%)</p> <p>■ 61.5% resident satisfaction (2016/17: 64%) The satisfaction with the maintenance of unsealed roads continues to decline despite higher level of service. A recent NZTA audit noted that the unsealed roads were in excellent condition.</p>
	4% of the sealed road network is resurfaced annually	6.5% resurfaced
Bridges are accessible to road users and well maintained	50% of bridges on all primary collector and higher hierarchy roads are two-way	100% are two-way
	95% of bridges are not weight restricted	98% are not weight restricted
Footpaths are safe, well designed and well maintained	≥70% residents are satisfied with the smoothness, safety and maintenance of footpaths	77% resident satisfaction (2016/17: 78%)
	75% of footpaths to be average or better condition	92% (2016/17: 78%)
	9km of footpaths resurfaced annually	6.98 km. There has also been 1.18 km of new footpaths installed
Traffic signals, road signage and markings provide clear guidance	≥95% residents are satisfied that road signs and markings provide guidance that is helpful and effective	98.5% resident satisfaction (2016/17: 100%)
Street and amenity lighting enables safe and efficient movement	≥ 95% residents are satisfied that there is sufficient lighting of streets and intersections in urban areas	■ 92.5% resident satisfaction (2016/17: 94.5%)
Road works and road safety initiatives help promote district road safety and awareness	85% residents believe the road network is safe	■ 87.5% resident satisfaction (2016/17: 88%)

Roading and Footpaths

Level of Service statement	Measure/Target	Result
	Number of fatalities and serious injury crashes on the local road network is less than the previous financial year on an annual basis	9 fatal/serious injury crashes, 3 of these fatal (2016/17: 14 fatal/serious injury crashes, 2 of these fatal)
	40% residents are aware of road safety programmes or advertisements	31.5% residents aware (2016/17: 30%)
Carparks are available, fit for purpose and easy to access	75% or residents are satisfied that access to Council provided carparking is adequate	80.5% resident satisfaction (2016/17: 30%)
	80% of residents are satisfied with the location, design and maintenance of carparking	89% resident satisfaction (2016/17: 90%)
	Parking fees are reviewed annually and the activity is self funding	The parking fees were reviewed as part of the 2018-28 Long Term Plan process. The activity continues to be self funding.
Sustainable transport options* are facilitated and provided	90% of users are satisfied with the quality of public transport services	97% user satisfaction (2016/17: 97%)
	1 school travel plan completed or reviewed annually	A school travel plan for Gleniti Primary School is underway
	Use of Active/Public Transport modes: <ul style="list-style-type: none"> 80% residents regularly walk 30% residents regularly cycle 15% residents use public transport 	<ul style="list-style-type: none"> 75.5% of residents regularly walk 25.5% of residents regularly cycle 4% of residents use public transport <p>There has been a significant increase in cycling compared to the same period last year (15%).</p>

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

Major Variations - 2017/18 Work Programme

- **CBD Refresh** - Projects have been identified and prioritised for the rural townships. Council decided to hold any further work in Timaru CBD until further strategy work was completed.
- **Seal Extensions Unsealed Roads** - No projects aligning with policy were confirmed by Council.
- **District Welcome Signs Replacement** - Engineering design, traffic impact assessments and resource consent were completed. Now awaiting the confirmation of the pattern detail and name plate font details.
- **Bus Shelters-Relocations** - The Timaru Bus service is being reviewed so this is on hold as bus routes may change.
- **Washdyke Network Improvements** - Doncaster and Martin Streets upgrade is complete. Design work is progressing for the upgrade of Washdyke Flat Road with construction deferred to 2018/19 to coordinate with a new adjoining land development.
- **Christmas Decorations replacement** -The upgrade (electrical and component replacements) of the Timaru CBD decorations is complete. Design is underway for the replacement Wellingtonia tree 'star'.

Roading and Footpaths

Timaru District Council: Funding Impact Statement for 2017/18 Roothing and Footpaths

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	658	7,214	669	7,554
Targeted Rates (other than a targeted rate for water supply)	8,810	1,596	9,428	1,600
Subsidies and grants for operating purposes	2,481	3,060	1,834	3,945
Fees charges and targeted rates for water supply	1,118	1,168	1,156	1,450
Internal charges and overheads recovered	1,712	1,784	1,758	1,756
Local authorities fuel tax, fines, infringement fees and other receipts		(2)		12
Total operating funding (A)	14,779	14,820	14,844	16,318
Applications of operating funding				
Payments to staff and suppliers	7,301	7,152	7,478	8,730
Finance costs	789	641	889	585
Internal charges and overheads applied	2,431	2,469	2,492	2,426
Other operating funding applications				
Total applications of operating funding (B)	10,521	10,262	10,859	11,741
Surplus (deficit) of operating funding (A - B)	4,257	4,558	3,985	4,577
Sources of capital funding				
Subsidies and grants for capital expenditure	4,565	4,037	5,117	5,456
Development and financial contributions				
Increase (decrease) in debt	86	71	624	717
Gross proceeds from sale of assets				
Lump sum contributions				
Other dedicated capital funding	169	18	173	189
Total sources of capital funding (C)	4,820	4,126	5,915	6,362
Application of capital funding				
Capital expenditure				
- to meet additional demand	96	60	277	74
- to improve the level of service	2,738	1,865	3,400	3,619
- to replace existing assets	7,881	6,806	8,295	8,773
Increase (decrease) in reserves	(1,638)	(47)	(2,072)	(1,528)
Increase (decrease) of investments				
Total applications of capital funding (D)	9,077	8,684	9,900	10,938
Surplus (deficit) of capital funding (C - D)	(4,257)	(4,558)	(3,985)	(4,577)
Funding balance ((A - B) + (C - D))	0	0	0	0
INTERNAL LOANS				
Opening Balance		81		74
Additions		0		0
Repayments		(7)		(6)
Closing Balance		74		68
Interest		2		2

Financial Variations - Explanation

2017/18 actual compared to budget (LTP) & 2016/17 actual

Capital expenditure was delayed on the CBD refresh project. Changes to both the rate of NZTA funding and the types of project that attract funding have affected subsidies.

Description

Timaru District Council manages wastewater (sewage) collection, treatment and disposal services to communities in the Timaru District.

In 1996, TDC commenced developing the Timaru's District Wide Sewer Strategy to carry out district-wide upgrading of existing facilities, construction of additional facilities, and improvements in treatment and disposal processes highlighted by the separation of domestic and industrial wastewater flows and treatments.

Wastewater asset and process improvements have been carried out since the initiation of the Sewer Strategy in 1996, culminating with the completion of the upgrading of the domestic wastewater treatment plant in January 2015.

As a result of these improvements, wastewater from the inland towns of Geraldine, Pleasant Point and Temuka are no longer discharged to the rivers. Wastewater is piped via the inland towns pipeline to the maturation pond at the Timaru Wastewater Treatment Plant and discharged through the ocean outfall in Timaru.

Timaru's industrial wastewater stream is now treated separately from the domestic wastewater stream. Primary treatment occurs on-site by industries to comply with tradewaste discharge limits set by TDC before discharging to the public wastewater system.

In managing the Sewer Activity, TDC looks after an asset base consisting of the 3 oxidation ponds at the inland towns of Geraldine, Pleasant Point and Temuka, 24 sewer pump stations, 346 km of pipeline and nearly 4,000 manholes. The assets at the main wastewater treatment plant at Aorangi Road in Timaru consist of a milliscreen plant for industrial wastewater; oxidation ponds, wetland pond, biofilter/odour bed, domestic pump station, and screening structures for domestic wastewater; flow splitters, tanker reception facility and an ocean outfall.

ECan has granted TDC consent to discharge to the ocean until 2045.

Approximately 80% of the total district residential population receives the sewer service. Additional sewer services are not currently available for any rural zoned areas. Rural houses manage their own effluent.

Key Achievements and Projects

- Sewer main renewal work was completed in Gibson Street, Clyde Street and Bouverie Street in Timaru and Strawberry Place in Geraldine.
- Part of the domestic pressure sewermain for the Washdyke Industrial Expansion Zone has been completed.
- Design work is underway for the new tradewaste sewermain installation in the Washdyke Industrial Expansion Zone.
- Design work on the sewer main renewal in Meadows Road Timaru has commenced.
- Additional aerators have been installed at the Temuka oxidation ponds, reducing odour issues.
- The completed wastewater strategy won the best wastewater category at the International Public Works Association Australasian Excellence Awards in August 2017.



Bouverie St Sewermain Renewal

Contributions to Community Outcomes

Sewer contributes to the following Community Outcomes as shown in the table below:

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

P – Primary contribution S – Secondary contribution

Performance

Level of Service statement	Measure/Target	Result
Maintain excellent sewer network services	≤1 recorded dry weather overflows per 1000 connections	1.28 dry weather overflows per 1000 connections (21 overflows/ 16,442 connections). The increase is due to increased number of restrictions in the reticulation including tree roots, fat build up and other items. (2016/17: 0.79)
Deliver sewer services according to required environmental services	Compliance with resource consents* - no abatement notices, infringement notices, enforcement order or convictions	No abatement notices, infringement notices, enforcement orders and convictions were received.
Provide management of trade waste services	Liaise with and monitor 13 major industries 6 times per year	Liaised with and monitored 13 major industries 6 times during the year.
Maintain excellent customer service	Attendance and resolution times to sewerage overflow faults <ul style="list-style-type: none"> Median attendance** time less than 1 hour Median resolution*** time less than 8 hours 	<ul style="list-style-type: none"> Median attendance time: 0.62 hours Median resolution time: 3.11 hours
	≤ 10 total complaints per 1,000 connections received about: <ol style="list-style-type: none"> Sewage odour Sewerage system faults Sewerage system blockages issues TDC response to sewerage system issues 	6.87 complaints per 1000 connections (113 complaints, 16,442 connections). Of the 113 complaints, 21 were related to odour, 1 was related to TDC response and the remainder related to blockages and system faults.
	≥85% users are satisfied with sewer services where a service is provided	96% user satisfaction (previous survey 2015/16: 92%)
	≥80% residents are satisfied with sewer services	94% resident satisfaction (previous survey 2015/16: not available)
Deliver affordable sewer services	≥85% users think sewer services are good value for money	89% user satisfaction (previous survey 2015/16: 85%)
	Operating costs of combined sewer services are within budget	Achieved. Excluding corporate overhead, depreciation and loan expenses, the revised budgeted total operating expenditure for sewer services was \$2,302,900 and the actual expenditure was \$1,829,400.
*Excluding minor non-compliances as reported by Environment Canterbury ** Attendance response time applies from the time Council receives notification to the time service personnel reach the site *** Resolution response time applies from the time the Council receives notification to the time the service personnel confirm resolution of the fault		

Major Variations - 2017/18 Work Programme

- **Maintenance Generated Renewals** - Much of this budgeted renewal work was completed under other sewer projects.
- **Drainage/Sewer-Small Mains Renewals and Capital Upgrades** - 4 projects completed, with a further 2 projects to be completed in 2018/19.
- **Bio Filters/Trunk Main Ventilation** - No longer required.
- **Pump Renewals** - Renewal and maintenance work was undertaken as required. Not all of this budget was spent as the expected life of some plant was able to be extended.
- **Mechanical Plant and equipment Renewals** - Renewal and maintenance work was undertaken as required. Not all of this budget was spent as the expected life of some plant was able to be extended.
- **Inland Towns Ponds Screens and Aerators Renewal** - Temuka renewals completed, and work on Pleasant Point ponds now to be completed in 2018/19.
- **Sewer Reticulation Extensions to enable development (Urban Zone only)** - Investigation and design work is underway at Broughs Gully and Washdyke Industrial Expansion Zone, which is subject to developer's programme of work and will continue in 2018/19.



Gibson St Sewermain Renewal

Timaru District Council: Funding Impact Statement for 2017/18 Sewer

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	7,000	7,063	7,150	7,130
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	2,596	2,601	2,664	2,705
Internal charges and overheads recovered		2		6
Local authorities fuel tax, fines, infringement fees, and other receipts		282		334
Total operating funding (A)	9,596	9,948	9,814	10,176
Applications of operating funding				
Payments to staff and suppliers	2,056	1,684	2,192	1,660
Finance costs	3,678	2,566	3,567	2,218
Internal charges and overheads applied	1,525	1,502	1,407	1,438
Other operating funding applications				
Total applications of operating funding (B)	7,258	5,752	7,166	5,316
Surplus (deficit) of operating funding (A - B)	2,338	4,196	2,648	4,860
Sources of capital funding				
Subsidies and grants for capital expenditure	160		130	
Development and financial contributions				
Increase (decrease) in debt	(1,673)	(2,499)	(2,842)	(2,170)
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	(1,513)	(2,499)	(2,712)	(2,170)
Application of capital funding				
Capital expenditure				
- to meet additional demand	256		105	
- to improve the level of service	0	138	0	51
- to replace existing assets	1,766	2,177	2,050	1,706
Increase (decrease) in reserves	(1,197)	(619)	(2,220)	933
Increase (decrease) of investments				
Total applications of capital funding (D)	825	1,697	(64)	2,690
Surplus (deficit) of capital funding (C - D)	(2,338)	(4,196)	(2,648)	(4,860)
Funding balance ((A - B) + (C - D))	0	0	0	0
INTERNAL LOANS				
Opening Balance		1,659		1,473
Additions				
Repayments		(186)		(127)
Closing Balance		1,473		1,346
Interest		47		42

Financial Variations - Explanation

2017/18 actual compared to budget (per LTP) & 2016/17 actual

Debt levels continue to be lower than forecast, which combined with continuing lower interest rates than forecast, has significantly reduced finance costs from budget.

Description

Timaru District Council manages the operation of stormwater schemes for communities in Timaru, Temuka, Geraldine, Pleasant Point, Winchester, Cave and Milford-Ohapi. Approximately 83% of the total district resident population is serviced.

There are no significant stormwater activities in other rural areas, although some drainage is managed by Environment Canterbury and partially funded by Timaru District Council.

Schemes range from piped to open channel stormwater systems. Stormwater collected from schemes is disposed of to a mixture of soakpits, surface water bodies (e.g. rivers, ocean) and drains depending on the scheme.

The activity looks after an asset base of around 144km of pipeline, 33km of open channel, 4 detention dams, 2 pump stations, over 2,000 manholes and over 3,000 sumps.

Stormwater schemes in residential areas are designed to cope with a 1 in 5-year return rainfall event (i.e. the event has a 20% chance of occurring in any one year). In industrial and commercial zones they are designed to cope with a 1 in 10 year return rainfall event (i.e. the event has a 10% chance of occurring in any one year). Rainfall events of this size may cause temporary ponding, while some surface flooding may result where events exceed this size.

For larger rainfall events, stormwater systems are designed to flow along escape routes or secondary flow paths such as roads and gullies to prevent damage to structures. These are generally designed for a 1 in 50 year return rainfall event (i.e. the event has a 2% chance of occurring in any one year).

Key Achievements and Projects

During the year:

- Land for the Fraser Street, Temuka retention pond has been acquired and work will commence in August 2018.
- A new stormwater main installation in Rhodes Street, Timaru is nearing completion.
- The stormwater sump and network upgrade in Jollie Street, Geraldine was completed.
- Good progress has been made with the development of Stormwater Management Plans. The Washdyke Industrial Expansion Zone Stormwater Management Plan is underway with resource consent due to be lodged in July 2018, and work on the Geraldine Stormwater Management Plan is continuing.
- Stormwater diversion bunds in the Gleniti, Timaru (Residential 6) Stormwater System completed.
- Design is underway for stormwater diversion and treatment in the Geraldine Domain into a swale system between Hislop and Huffey Streets.

Contributions to Community Outcomes

Stormwater contributes to the following Community Outcomes as shown in the table below:

	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
Stormwater	P	P	P	P	S	P

P – Primary contribution S – Secondary contribution



Ashbury Park swale during July storm event

Performance

Level of Service statement	Measure/Target	Result
Maintain excellent stormwater network services	<ul style="list-style-type: none"> Zero flooding for events* up to a one in 50 year return period Zero habitable floors affected in events* up to one in 50 year return period per 1,000 connections 	<p>1 flooding event (major rain event August 2017).</p> <p>0.23 habitable floors affected (4 affected dwellings: 16,696 stormwater connections).</p>
Deliver stormwater services according to required environmental standards	Compliance with Resource consent conditions for discharge from stormwater systems - no abatement notices, infringement notices, enforcement order or convictions	No abatement notices, infringement notices, enforcement orders or convictions issued.
Maintain excellent customer service	Median time to attend a flooding event* will be less than one hour	0.49 hr attendance time.
	≤ 10 total complaints per 1,000 connections received about performance of the stormwater system*	6.46 complaints per 1,000 connections (108 complaints: 16,696 stormwater connections).
	<ul style="list-style-type: none"> ≥80% users are satisfied with stormwater services where a service is provided ≥75% of residents are satisfied with stormwater services 	<ul style="list-style-type: none"> 71% user satisfaction (previous survey 2015/16: 69%) 68% resident satisfaction (previous survey 2015/16: 69%)
Deliver affordable stormwater services	Operating costs of combined stormwater services are within budget	<p>Achieved.</p> <p>Excluding corporate overhead, depreciation and loan expenses, the revised budgeted total operating expenditure for stormwater services was \$481,600 and the actual expenditure was \$441,600.</p>

*Flooding event means an event where stormwater enters a habitable floor.

Major Variations - 2017/18 Work Programme

- **Geraldine Stormwater Capital Upgrades** - Design work is underway to upgrade the downstream pipework before introducing additional flow. The project will be completed in 2018/19.
- **Temuka Stormwater Capital Upgrades** - Land for Fraser Street retention pond has been acquired. Construction is due to start in August 2018 as it is not able to be carried out over winter period.
- **Timaru Stormwater Capital Upgrades** - Rhodes Street Stormwater Upgrade delayed due to contractor's resource commitment to other contract works. The project is expected to be completed in August 2018.
- **Timaru Stormwater Modelling** - Gap analysis and model and flow monitoring specification is underway and will be completed in 2018/19.
- **Timaru Number 1 Drain Upgrade** - This project has been deferred awaiting decisions in conjunction with Environment Canterbury on potential stormwater improvements in the Washdyke Industrial area. Capital funding has been transferred to the Gleniti Bund project - construction is underway with project completion expected over two financial years.

Timaru District Council: Funding Impact Statement for 2017/18 Stormwater

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	1,546	1,468	1,579	1,560
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply				
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	1,546	1,468	1,579	1,560
Applications of operating funding				
Payments to staff and suppliers	463	364	489	418
Finance costs	37	18	51	19
Internal charges and overheads applied	188	188	172	181
Other operating funding applications				
Total applications of operating funding (B)	687	570	712	618
Surplus (deficit) of operating funding (A - B)	859	898	867	943
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase/(decrease) in debt	239	(14)	331	345
Gross proceeds from the sale of assets				
Lump sum contributions				
Other dedicated capital funding	46	107	47	169
Total sources of capital funding (C)	285	93	378	514
Application of capital funding				
Capital expenditure				
- to meet additional demand	67		89	
- to improve the level of service	287	168	462	93
- to replace existing assets	98	278	138	691
Increase (decrease) in reserves	692	545	555	673
Increase (decrease) of investments				
Total applications of capital funding (D)	1,144	991	1,245	1,457
Surplus (deficit) of capital funding (C - D)	(859)	(898)	(867)	(943)
Funding balance ((A - B) + (C - D))	0	0	0	0
INTERNAL LOANS				
Opening Balance		637		622
Additions		50		410
Repayments		(65)		(64)
Closing Balance		622		968
Interest		18		19

Waste Minimisation

Description

Waste Minimisation includes the following activities provided by Council:

- Compost, Recycling and Refuse

Waste Minimisation addresses the management of waste generated in the Timaru District. In 2006, the Council implemented the 3-2-1-ZERO waste minimisation system in the District. This highly successful scheme has meant that 82% of the district is provided with kerbside collection services for organic waste, recycling and rubbish. Bins are collected regularly with materials sorted and managed at the Redruth Resource Recovery Park. The vision is:

"A sustainable community that is able to reuse, recycle and recover discarded resources and minimise residual waste to landfill, while ensuring protection of public health and the environment."

Council manages the overall activity including services listed below and owns waste minimisation sites and facilities where activity occurs. 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. Council services provided are:

- kerbside collection service to urban and some rural residents for organic waste, recycling and rubbish
- transfer station facilities at Geraldine, Pleasant Point, Temuka and Timaru (Redruth) incorporating:
 - Recycling, composting and rubbish drop-off

- E-scrap drop-off facilities
- Household hazardous waste drop-off
- Reusable goods drop-off
- Waste Minimisation facilities at Redruth Resource Recovery Park including:
 - A landfill
 - Recycling and composting facilities
- A retail shop for reusable materials called "The Crow's Nest" at Redruth. This also offers a kerbside collection service for reusable goods.
- An off-site scrap metal recycling facility.
- Information and education resources for the public and businesses.
- A Waste Exchange listing service
- 3-2-1-ZERO waste minimisation support for public events
- Implementation of business and community waste minimisation programmes such as the modern cloth nappy programme

Under the Waste Minimisation Act 2008, Councils must complete a Waste Management and Minimisation Plan (WMMP) every six years that assesses the provision of existing services and provides options for the delivery of future services.

The WMMP was reviewed, and updated in conjunction with the LTP 2018-28.

Contributions to Community Outcomes

Waste Minimisation contributes to the following Community Outcomes as shown in the table below:

	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
Compost, Recycling and Refuse	P	S	S	P	S	P

P – Primary contribution S – Secondary contribution

Waste Minimisation

Key Achievements and Projects

During the year:

- Excellent resident satisfaction was recorded in the community survey, with 94% satisfaction for managing green waste, 93% for recycling, and 91% for general waste.
 - Transactions at the Crow's Nest Reuse shop continue to increase, with annual results exceeding targets.
 - New initiatives to enable more waste to be diverted from the landfill were launched:
- An Escrap dismantling trial was established at Redruth Resource Recovery Park. This is a pilot programme in partnership with Sustainable South Canterbury Trust and E-Cycle Ltd.
 - A "Seat Smart" recycling programme was launched. Council offers a discount for recycling old child restraint car seats. The programme is growing in popularity.
 - A waste sort trial is underway.



Cell 3.4 at Redruth Resource Recovery Park



Compost Sales Shed

Waste Minimisation

Performance

Level of Service statement	Measure/Target	Result
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	<ul style="list-style-type: none"> ■ ≥90% resident satisfaction with waste minimisation services ■ ≥90% user satisfaction with waste minimisation services 	<ul style="list-style-type: none"> ■ Kerbside service: <ul style="list-style-type: none"> ● Resident satisfaction - recycling 93%, managing green waste 94%, managing general waste 91%. ● User satisfaction - recycling 94%, managing green waste 95%, managing general waste 93%. ■ Transfer station: <ul style="list-style-type: none"> ● Resident satisfaction - recycling 93%, managing green waste 94%, managing general waste 91%. ● User satisfaction - recycling 87%, managing green waste 87%, managing general waste 88%.
No adverse effects on the environment or human health from the operation of waste minimisation services	Compliance with resource consent conditions*	Full compliance was achieved.
Waste is diverted from the landfill via the Materials Recovery Facility (MRF)	3,750 recycling nett tonnes processed at the MRF	3,689 tonnes processed. Slightly under target but an increase on 2016/17: 3,195 tonnes
Waste is diverted from the landfill via the Compost Facility	14,500 nett tonnes processed at the Composting Facility	16,591 tonnes processed at composting facility. (previous survey 2015/16: 13,995 tonnes)
Waste is diverted from the landfill via resource recovery	200 nett tonnes diverted via recycling other than MRF recyclables format	435 tonnes diverted via recycling. (previous survey 2015/16: 328 tonnes)
Waste is diverted from the landfill via re-use	17,500 transactions at the Crow's Nest reuse shop	25,653 transactions. (previous survey 2015/16: 17,399 transactions)
Waste is diverted from the landfill via Pyrolysis Facility	1,200 nett tonnes diverted at the Pyrolysis Facility	163 tonnes diverted. Plant upgrade is pending. (previous survey 2015/16: 189 tonnes)

Waste Minimisation

Level of Service statement	Measure/Target	Result
Public information and programmes promote waste minimisation and appropriate sorting of waste	Kerbside collection and waste minimisation: <ul style="list-style-type: none"> ■ Distribution of 2,000 items of Kerbside Collection information per year ■ Distribution of 1,000 items of general Waste Minimisation information per year ■ Zero Waste event and business support, talks and tours: <ul style="list-style-type: none"> ● 52 or greater businesses supported ● 25 or greater events supported ● 52 talks and/or tours ● 40 participants in modern cloth nappy programme per year 	<ul style="list-style-type: none"> ■ 3,160 items of Kerbside Collection information distributed (2016/17: 2,500). ■ 3,360 items of Waste Minimisation information distributed (2016/17: 2,000). ■ 80 businesses supported (2016/17: 66). ■ 42 events supported (2016/17: 28). ■ 59 tours/talks provided (2016/17: 72). ■ 51 participants (2016/17: 55).
*Excluding minor non-compliances as reported by Environment Canterbury		

Major Variations - 2017/18 Work Programme

- **Redruth Landfill Stage 2 & 3 Development - capping of landfill cells & construction of new cells** - Contracts have been let and are due for completion December 2018.
- **Landfill Gas Project** - Contract has been let and is due for completion December 2018.
- **Compost Site** - Project has been deferred and is now combined with larger contracts at the Redruth site, for efficiency purposes.
- **Public Place Recycling Bins** - Installation of the Pleasant Point bins has been delayed at the request of the Community Board.

Waste Minimisation

Timaru District Council: Funding Impact Statement for 2017/18 Waste Minimisation

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	6,043	4,486	6,212	4,275
Subsidies and grants for operating purposes	135	178	135	178
Fees, charges and targeted rates for water supply	2,453	3,246	2,565	3,760
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	8,631	7,910	8,912	8,213
Applications of operating funding				
Payments to staff and suppliers	6,827	6,382	7,070	6,340
Finance costs	419	278	430	227
Internal charges and overheads applied	404	403	412	405
Other operating funding applications				
Total applications of operating funding (B)	7,649	7,063	7,911	6,971
Surplus (deficit) of operating funding (A - B)	982	847	1,001	1,242
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt	146	(537)	589	521
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	146	(537)	589	521
Application of capital funding				
Capital expenditure				
- to meet additional demand	43	285	45	488
- to improve the level of service	1,440	181	1,101	761
- to replace existing assets	193	87	245	
Increase (decrease) in reserves	(547)	(244)	199	514
Increase (decrease) of investments				
Total applications of capital funding (D)	1,128	310	1,590	1,763
Surplus (deficit) of capital funding (C - D)	(982)	(847)	(1,001)	(1,242)
Funding balance ((A - B) + (C - D))	0	0	0	0

Financial Variations - Explanation

2017/18 actual compared to budget (per LTP) & 2016/17 actual

Fees and charges have continued to increase due to improved economic conditions in the Timaru District. Capital expenditure to improve level of service has increased from 2016/17, as the Resource Recovery Park project was completed.

Water Supply

Description

Water Supply provides for the safe and effective treatment, storage and distribution of water to urban and rural parts of the district. This includes the permitted taking of water from various sources (e.g. rivers, bores) through allocations granted by Environment Canterbury (ECan). Quality water is delivered for residential, commercial, industrial and stockwater purposes. Water is not supplied for irrigation or horticultural purposes.

Over 16,000 properties are served through 12 individual water supplies operated on behalf of the residents of the Timaru District. Schemes are provided (in order of largest to smallest population served) to:

- Timaru – Urban drinking water
- Downlands - Rural drinking water and stock water
- Temuka - Urban drinking water
- Geraldine - Urban drinking water
- Te Moana - Rural drinking water and stockwater
- Pleasant Point - Urban drinking water
- Seadown - Rural drinking water and stockwater
- Winchester – Urban drinking water
- Orari - Rural drinking water and stockwater
- Peel Forest - Urban drinking water
- Rangitata/Orari – Stockwater races
- Beautiful Valley – Stockwater

Urban water schemes operate as individual water supplies but are funded as a single scheme. The Downlands scheme covers and is operated by Timaru District Council on behalf of residents of the Timaru, Mackenzie and Waimate Districts. Policy for this scheme is determined by a Joint Standing Committee of the three Councils.

Water sources for the schemes include rivers, bores and surface springs. ECan allocates water to the Council via resource consents, which set upper limits on the amount of water that can be taken from water sources. Water supply assets managed include 19 water intakes, 11 treatment plants, 27 reservoirs, 18 storage tanks and 21 pump stations. The total length of the pipe networks is about 1,820 kilometres.

The urban schemes are generally on-demand at the tap.

The rural drinking water and stockwater schemes are flow control supplies (using restrictors) to private storage tanks, except the Seadown scheme which supplies directly to stockwater troughs.

The Rangitata-Orari water race scheme supplies stockwater to water races on or adjacent to scheme properties.

Key Achievements and Projects

During the year:

- Urgent upgrading of part of the Temuka Trunkmain was required due to delaminating asbestos in the existing trunkmain. This work was prioritised and able to be completed with minimal disruption to residents.
- The Temuka Filtration Water Treatment Plant installation was completed.
- Watermain upgrades were completed in the Gresham Road, Gualter Road and Wooding Road in the Te Moana water reticulation, McKeown Road in Woodbury, Hayes Street and Ritchie Street in Timaru, and Afghan Street in Pleasant Point.
- Watermain renewals were completed in Kabul Street and Manse Street in Pleasant Point and Cornwall Street in Timaru.
- Construction of the Pleasant Point Reservoir commenced, with the project now nearing completion.
- Work was progressed on the Downlands Trunkmain and Water Treatment Plant Upgrade, a multi-year project.

Contributions to Community Outcomes

Water Supply contributes to the following Community Outcomes as shown in the table below:

	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
Water Supply	P	P	P	P	S	P

P – Primary contribution S – Secondary contribution

Water Supply

Performance

Level of Service statement	Measure/Target	Result
Provide Safe Drinking Water	All schemes comply with Drinking Water Standards Part 4) – Bacterial Compliance	<p>Bacterial Compliance was analysed with results as below</p> <p>All treatment plants were compliant except:</p> <ul style="list-style-type: none"> ■ The Pareora pipeline - no treatment. ■ Geraldine - for 4 minutes as there was flow when the UV was off, and 15 minutes of high turbidity. No samples were taken. ■ Pleasant Point - for 5 minutes with high flows through the treatment plant. No sample was taken. <p>All reticulation zones were compliant except:</p> <ul style="list-style-type: none"> ■ The Pareora Pipeline - no treatment process and it is known that e-coli is present. A very small number of consumers are supplied from the Pareora pipeline before the water enters the Claremont Water Treatment Plant. Those consumers are advised to treat their own water.
	<p>Compliance with Drinking Water Standards (Part 5) – Protozoal Compliance</p> <p>1. Downlands – Pareora Treatment Plant</p> <p>– Hadlow (Claremont Treatment Plant)</p> <p>2. Orari (Temuka Treatment Plant)</p> <p>3. Pleasant Point</p> <p>4. Seadown</p> <p>5. Temuka</p> <p>6. Geraldine</p> <p>7. Timaru</p> <p>8. Winchester</p> <p>9. Peel Forest</p>	<p>Protozoa compliance was achieved for the Treatment Plants at Temuka and Peel Forest (the Temuka Treatment Plant supplies Temuka, Orari and Winchester).</p> <p>The following Treatment Plants did not achieve Protozoal compliance:</p> <ul style="list-style-type: none"> ■ Pareora - for 75 hours with flow through treatment plant and high turbidity. ■ Claremont which supplies Hadlow and Timaru. Various short periods of non-compliance totalling 2811 minutes in the year. ■ Pleasant Point - for 5 minutes with high flows through the treatment plant. ■ Seadown for 3.6 days when UV irradiance was less than required as a result of heavy rain. ■ Geraldine - for 15 minutes with flow through the treatment plant and high turbidity and 4 minutes as there was flow when the UV was off.



Temuka Trunkmain Renewal

Water Supply

Level of Service statement	Measure/Target	Result
Maintain excellent water supply network services	Percentage of real water loss from TDC's networked reticulation systems - target to be determined	Real water loss: All schemes = 25% <ul style="list-style-type: none"> Urban schemes = 20% Rural schemes = 26%
	All outages to urban and rural scheme properties >8 hours reported to Medical Officer of Health	2 urban outages greater than 8 hours were reported to the Medical Officer of Health. First event: Temuka trunk main failure. Second event: Infrastructure-contractor accidentally left valve off to 6 consumers overnight. There were 2 rural outages greater than 8 hours which did not affect consumers as their water supply is to storage tanks with capacity for up to 3 days supply.
Maintain excellent customer service	The median time to attend* urgent callouts**: <ul style="list-style-type: none"> urban callouts - less than 1 hour rural callouts - less than 4 hours 	<ul style="list-style-type: none"> Urban callouts - 0.6 hour Rural callouts - 1 hour
	The median time to resolve***urgent <ul style="list-style-type: none"> urban callouts - less than 4 hours rural callouts - less than 8 hours 	<ul style="list-style-type: none"> Urban resolution time- 2.9 hours Rural resolution time- 7.2 hours
	The median time to attend and resolve all non-urgent callouts will be reported.	Median time to attend and resolve non-urgent call outs was 28.3 hours.
	10 or fewer complaints received per 1000 connections about: <ol style="list-style-type: none"> drinking water clarity drinking water taste drinking water odour drinking water pressure or flow continuity of supply the TDC response to these issues 	479 complaints were received per 1000 connections (1,013 complaints, 21,143 connections). Significantly over target due to the Temuka water supply burst watermain over November/December period. <ul style="list-style-type: none"> drinking water clarity: 28 drinking water taste: 26 drinking water odour: 3 drinking water pressure or flow: 552 continuity of supply (no water): 381 TDC response: 23
	<ul style="list-style-type: none"> ≥ 85% user satisfaction with water supply services where a service is provided ≥ 85% resident satisfaction with water supply services where a service is provided 	<ul style="list-style-type: none"> 90% user satisfaction (2015/16: 90%) 90% resident satisfaction (2015/16: 90%)
	Average consumption of drinking water per day per resident within the Timaru district - target to be determined	308 litres per person per day (determined by Water Balance calculations) (2016/17: 307 litres)

Water Supply

Level of Service statement	Measure/Target	Result
Deliver water services according to required environmental standards	Compliance with all consent conditions* *excluding minor non-compliances as reported by Environment Canterbury	Compliance was achieved with all consent conditions regarding the quantity of water taken. Compliance with the new Rangitata Orari scheme consent was not achieved as the required Strategy has not yet been completed.
Deliver affordable water supply services	≥ 85% of users think the services are good value for money Operating costs are within budget	87% user satisfaction (2015/16: 86%) Achieved. Excluding corporate overhead, depreciation and loan expenses, the revised budgeted total operating expenditure for water supply services was \$3,909,900 and the actual expenditure was \$3,900,600.

Major Variations - 2017/18 Work Programme

- **Urban Water Supplies -Reticulation and Services Renewals -** Project completed with the exception of Forth Street watermain renewal which will be completed in August 2018.
- **Urban Water Supplies - Timaru Pareora Pipeline Renewal -** Topography survey completed and design is in progress. The project is scheduled for completion 2019/20.
- **Urban Water Supplies -Temuka Source Upgrade -** The new bore has been commissioned, with the project due for completion during 2018/19.
- **Urban Water Supplies - Timaru Reservoir Cover -** Analysis shows that reservoir covers no longer have UV protection but still have life remaining, therefore renewal has been deferred until 2020/21.
- **Urban Water Supplies – Upgrade to Supply Te Moana from Geraldine: Pump upgrades -**Design of booster pumps in Geraldine and a pump upgrade in Tripp Street has not yet commenced. Work is now expected to be completed during 2018/19.
- **Rangitata-Orari Renewal of stock races -** Project is on hold while changes within the water supply scheme itself are clarified, as this will affect the final design.
- **Seadown Water Supply Water Supply Storage and Treatment Upgrade -** Design for the storage reservoir and treatment upgrade has not yet commenced due to resourcing constraints.
- **Te Ngawai Trunk Main Renewal -** Minor renewals are underway based on condition and the Tengawai Trunkmain Upgrade is in design. The project is expected to be completed 2019/20.
- **Te Ngawai Infiltration Gallery Upgrade and Low Lift Pumps -** Design is underway with the project due for completion 2018/19.
- **Downlands Scheme Reservoir -** Project has been rescheduled for 2019/20 as modifications or upgrades may be required after the Tengawai Trunkmain and Water Treatment Plant have been completed.



Temuka Trunkmain Renewal



Watermain Upgrade Hayes Street Timaru

Water Supply

Timaru District Council: Funding Impact Statement for 2017/18 - Water Supply

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	5,447	5,455	5,938	5,675
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	1,647	1,625	1,711	1,654
Internal charges and overheads recovered	71	62	71	80
Local authorities fuel tax, fines, infringement fees, and other receipts	0	8	0	0
Total operating funding (A)	7,165	7,150	7,720	7,409
Applications of operating funding				
Payments to staff and suppliers	3,318	2,959	3,346	3,329
Finance costs	381	181	580	210
Internal charges and overheads applied	1,067	1,044	1,011	1,014
Other operating funding applications				
Total applications of operating funding (B)	4,766	4,184	4,937	4,553
Surplus (deficit) of operating funding (A - B)	2,399	2,966	2,783	2,856
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase/(decrease) in debt	2,200	803	3,689	2,854
Gross proceeds from the sale of assets				
Lump sum contributions				
Other dedicated capital funding	74	52	74	22
Total sources of capital funding (C)	2,274	855	3,763	2,876
Application of capital funding				
Capital expenditure				
- to meet additional demand				
- to improve the level of service	2,374	208	1,951	887
- to replace existing assets	3,236	2,746	6,428	6,376
Increase (decrease) in reserves	(938)	867	(1,833)	(1,531)
Increase (decrease) of investments				
Total applications of capital funding (D)	4,672	3,821	6,546	5,732
Surplus (deficit) of capital funding (C - D)	(2,399)	(2,966)	(2,783)	(2,856)
Funding balance ((A - B) + (C - D))	(2,399)	(2,966)	(2,783)	(2,856)
INTERNAL LOANS				
Opening Balance		2,024		1,884
Additions		15		0
Repayments		(155)		(157)
Closing Balance		1,884		1,727
Interest		83		58

Financial Variations - Explanation

2017/18 actual compared to budget (per LTP) & 2016/17 actual

Delays in the timing of capital projects have caused reduction in the level of expenditure for replacement of current assets and to improve level of service. Consequently the increase in debt has also been delayed.

Water Supply

Timaru District Council: Funding Impact Statement for 2017/18 - Downlands Water Supply

	2016/17 Long-term plan (\$000)	2016/17 Actual (\$000)	2017/18 Long-term plan (\$000)	2017/18 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	1,324	1,260	1,550	1,370
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply		1		1
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts	49	108	22	142
Total operating funding (A)	1,373	1,368	1,572	1,513
Applications of operating funding				
Payments to staff and suppliers	439	327	451	424
Finance costs	219	0	404	0
Internal charges and overheads applied	120	123	118	116
Other operating funding applications				
Total applications of operating funding (B)	778	450	974	540
Surplus (deficit) of operating funding (A - B)	595	918	598	972
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase/(decrease) in debt	2,434		3,265	
Gross proceeds from the sale of assets				
Lump sum contributions				
Other dedicated capital funding		5		8
Total sources of capital funding (C)	2,434	5	3,265	8
Application of capital funding				
Capital expenditure				
- to meet additional demand				50
- to improve the level of service				
- to replace existing assets	4,020	163	4,255	293
Increase (decrease) in reserves	(990)	760	(392)	637
Increase (decrease) of investments				
Total applications of capital funding (D)	3,029	923	3,863	980
Surplus (deficit) of capital funding (C - D)	(595)	(918)	(598)	(972)
Funding balance ((A - B) + (C - D))	0	0	0	0

Financial Variations - Explanation

2017/18 actual compared to budget (per LTP)

Ongoing delays in the timing of major capital projects have caused variance on capital expenditure to replace existing assets and consequently the increase in debt has also been delayed.



Hayes Street Watermain Upgrade



Financial Performance and Council Controlled Organisations

Section Overview

This section outlines the financial results of Council activities for 2017/18. 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 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 Changes in Equity* - Equity is the residual interest in the assets of Timaru District Council after the deduction of its liabilities. This statement shows movement in that interest.
- *Statement of Financial Position* - This shows the financial state of affairs at a particular time. It can also be referred to as the Balance Sheet.
- *Statement of Cashflows* - This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.
- *Funding Impact Statement* - The Funding Impact Statement sets out the sources of operating and capital funding Council will use to fund its activities.
- *Council Controlled Organisations* - reports against the Council's CCO's policies, objectives, activities and performance targets.
- *Notes to the Financial Statements* - The notes contain additional information to facilitate greater understanding of the main financial statements, outlined above.
- *Disclosure Statement* - The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2018

	Note	Council			Group	
		Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
REVENUE						
Rates, excluding targeted water supply rates	3	47,527	47,496	46,405	47,237	46,197
Fees, charges and targeted rates for water supply	4	18,799	17,395	17,619	18,832	17,648
Development and financial contributions		43	20	32	43	32
Subsidies and grants	5	9,844	8,135	7,797	9,844	7,797
Finance Revenue	6	2,402	2,035	2,407	1,794	1,771
Other Revenue	7	5,953	3,748	5,551	10,620	9,444
Other gains/(losses)	8	3	15	1,363	5,836	3,925
TOTAL REVENUE	2	84,572	78,844	81,173	94,207	86,813
EXPENDITURE						
Personnel costs	9	16,741	16,581	15,626	17,020	16,030
Operating costs	10	34,037	34,993	31,886	33,777	31,050
Finance costs	6	3,931	5,838	4,423	4,760	5,193
Depreciation and amortisation	17, 17a, 18	15,481	16,475	15,075	15,668	15,265
TOTAL OPERATING EXPENDITURE	2	70,190	73,887	67,010	71,225	67,538
OPERATING SURPLUS / (DEFICIT) BEFORE TAX		14,382	4,957	14,163	22,982	19,275
Share of associate surplus/(deficit)	21	0	0	0	2,945	4,307
Library collection debit Revaluation Reserve balance (expensed)/written back	27	(104)	0	(148)	(104)	(148)
SURPLUS / (DEFICIT) BEFORE TAX		14,278	4,957	14,015	25,823	23,434
Income Tax expense	11	0	0	0	(124)	(81)
SURPLUS / (DEFICIT) AFTER TAX		14,278	4,957	14,015	25,699	23,353
<i>Surplus/(deficit) attributable to:</i>						
Timaru District Council		14,278	4,957	14,015	25,699	23,353
Non-controlling interest		0	0	0	0	0
OTHER COMPREHENSIVE REVENUE						
Operating land revaluations		0	0	0	0	0
Financial instrument hedging		0	0	0	0	0
Income tax relating to financial instrument hedging		0	0	0	0	0
TOTAL OTHER COMPREHENSIVE REVENUE		0	0	0	0	0
TOTAL COMPREHENSIVE REVENUE		14,278	4,957	14,015	25,699	23,353
<i>Total comprehensive revenue attributable to:</i>						
Timaru District Council		14,278	4,957	14,015	25,699	23,353
Non-controlling interest		0	0	0	0	0

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

Statement of Changes in Equity

for the year ended 30 June 2018

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Total comprehensive revenue	14,278	4,957	14,015	25,699	23,353
Prior year adjustment	0	0	0	0	0
Total revenue and expense	14,278	4,957	14,015	25,699	23,353
Equity at the beginning of year	765,485	757,205	751,470	854,930	831,577
Equity at end of year	779,763	762,162	765,485	880,629	854,930

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

Statement of Financial Position

as at 30 June 2018

		Council			Group	
		Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
ASSETS	Note					
Current assets						
Cash and cash equivalents	12	12,237	17,055	22,034	13,026	23,459
Trade and other receivables	13	5,853	6,218	6,682	7,309	7,911
Inventories	14	90	72	70	90	70
Other financial assets	15	46,216	27,417	34,566	47,976	36,782
Total current assets		64,396	50,762	63,353	68,401	68,223
Non-current assets						
Property, Plant and equipment	17	796,960	811,130	781,059	798,020	782,191
Intangible assets	18	2,283	1,557	1,882	2,283	1,882
Forestry	19	1,045	876	863	1,045	863
Investment Property	20	1,730	1,762	1,690	41,161	32,394
Investments in associates	21	0	0	0	95,076	92,131
Investment in CCOs and other similar entities	15	23,658	18,935	23,658	218	218
Other financial assets	15	4,538	0	4,422	4,538	4,672
Total non-current assets		830,213	834,260	813,574	942,340	914,351
Total Assets		894,609	885,022	876,927	1,010,741	982,574
LIABILITIES						
Current liabilities						
Trade and other payables	23	9,361	7,743	8,246	8,987	7,751
Employee benefit liabilities	24	1,823	1,970	1,871	1,841	1,894
Borrowings	26	32,500	30,129	15,000	32,500	15,000
Derivative financial instruments	16	663	881	535	958	784
Total current liabilities		44,347	40,723	25,651	44,286	25,429
Non-current liabilities						
Provisions	25	6,127	6,916	6,717	6,127	6,717
Employee benefit liabilities	24	347	266	233	347	233
Borrowings	26	62,028	71,727	77,028	76,928	92,928
Deferred tax liability	11	0	0	0	100	2
Derivative financial instruments	16	1,996	3,229	1,812	2,325	2,334
Total non-current liabilities		70,498	82,138	85,791	85,827	102,215
Total liabilities		114,846	122,861	111,442	130,113	127,644
Net assets		779,763	762,161	765,485	880,628	854,930
EQUITY						
Retained earnings	27	743,981	736,368	726,925	844,755	816,142
Other reserves	27	35,782	25,793	38,560	35,874	38,788
Total Equity		779,763	762,161	765,485	880,629	854,930

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

Statement of Cashflows

for the year ended 30 June 2018

		Council			Group	
		Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from	Note					
Rates		47,623	47,496	46,551	47,333	46,343
Other Revenue		31,072	26,577	27,029	33,290	28,800
Interest		2,451	2,035	2,550	1,860	1,913
Dividends		2,685	2,695	2,639	5,329	4,976
		83,831	78,803	78,769	87,812	82,032
Cash was disbursed to						
Suppliers & Employees		(50,228)	(51,511)	(46,693)	(50,831)	(47,436)
Interest Paid		(3,895)	(5,838)	(4,452)	(3,959)	(4,437)
Income Tax Expense		0	0	0	0	0
Net GST Movement		87	0	(384)	(166)	(523)
		(54,289)	(57,349)	(51,529)	(54,956)	(52,396)
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	28	29,795	21,454	27,240	32,856	29,636
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from						
Sale of Fixed Assets and intangibles		176	45	134	176	135
Mortgage/Loan Repayments		125	220	141	125	141
Sale of Investments		29,266	24,970	30,097	30,162	32,233
		29,567	25,235	30,372	30,463	32,509
Cash was disbursed to						
Purchase of Fixed Assets and intangibles		(30,397)	(39,973)	(19,811)	(33,555)	(26,145)
Mortgage/Loan Advances		(500)	(220)	0	(500)	0
Purchase of Investments		(40,762)	(18,335)	(32,665)	(41,197)	(32,842)
		(71,659)	(58,528)	(52,476)	(75,252)	(58,987)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(42,092)	(33,293)	(22,104)	(44,789)	(26,478)
CASHFLOWS FROM FINANCING ACTIVITIES						
Cash was provided from						
Debt Issues		20,000	27,636	26,000	22,000	32,000
Redeemable Preference Shares Issued		0	0	0	0	0
Shares Issued		0	0	0	0	0
		20,000	27,636	26,000	22,000	32,000
Cash was disbursed to						
Debt Repayment		(17,500)	(18,567)	(27,701)	(20,500)	(30,701)
Redeemable Preference Shares Repaid		0	0	0	0	0
Share buy back		0	0	0	0	0
Dividend Paid		0	0	0	0	0
		(17,500)	(18,567)	(27,701)	(20,500)	(30,701)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		2,500	9,069	(1,701)	1,500	1,299

Statement of Cashflows

for the year ended 30 June 2018

		Council			Group	
		Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
NET INCREASE/(DECREASE) IN CASH HELD		(9,797)	(2,769)	3,435	(10,433)	4,457
Opening Cash Balance 1 July		22,034	19,825	18,599	23,459	19,002
Less cash removed on partial sale of subsidiary		0	0	0	0	0
		12,237	17,056	22,034	13,026	23,459
REPRESENTED BY						
Cash & cash equivalents	12	12,237	17,056	22,034	13,026	23,459
		12,237	17,056	22,034	13,026	23,459

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

Funding Impact Statement

for the year ended 30 June 2018

	Actual 2018 (\$000)	Annual Plan 2018 (\$000)	Actual 2017 (\$000)	Annual Plan 2017 (\$000)
Sources Of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	24,642	25,927	23,839	14,213
Targeted Rates (other than a targeted rate for water supply)	22,885	23,602	22,566	33,509
Subsidies and grants for operating purposes	4,389	3,567	3,760	3,094
Fees charges and targeted rates for water supply	18,873	17,428	17,959	16,962
Local authorities fuel tax, fines, infringement fees and other receipts	6,445	5,547	7,061	5,858
Total Sources of Operating Funding	77,234	76,071	75,185	73,637
Total Operating Funding (A)				
Applications Of Operating Funding				
Payments to staff and suppliers	51,427	51,619	47,635	50,409
Finance costs	3,931	5,838	4,423	6,509
Other operating funding applications	0	0	0	0
Total Applications of Operating Funding	55,358	57,457	52,058	56,918
Surplus/(Deficit) Of Operating Funding	21,876	18,614	23,127	16,719
Sources Of Capital Funding				
Subsidies and grants for capital expenditure	5,456	4,568	4,037	4,749
Development and financial contributions	43	20	32	35
Increase/(decrease) in debt	2,115	9,069	(1,578)	7,106
Gross proceeds from the sale of assets	186	60	110	45
Lump sum contributions	0	0	0	0
Other dedicated capital funding	677	272	212	279
Total Sources Of Capital Funding	8,477	13,989	2,813	12,213
Applications Of Capital Funding				
Capital expenditure				
- to meet additional demand	2,168	886	1,120	605
- to improve the level of service	6,197	9,051	3,510	10,888
- to replace existing assets	22,033	30,037	15,292	26,228
Increase/(decrease) in reserves	(44)	(7,371)	6,017	(8,787)
Increase/(decrease) of investments	0	0	0	0
Total Applications Of Capital Funding	30,353	32,603	25,940	28,933
Surplus/(Deficit) Of Capital Funding	(21,876)	(18,614)	(23,127)	(16,719)
Funding Balance	0	0	0	0

Statement of Financial Involvement in Council Controlled Organisations

Timaru District Council has control over the following entities:

- Timaru District Holdings Limited
- Aoraki Development Business and Tourism Ltd.
- Aorangi Stadium Trust

It 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 (2017: \$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 2017/18 \$000	Interest 2017/18 \$000	Total 2017/18 \$000
Subsidiaries			
Timaru District Holdings Limited	2,650	736	3,386
Aoraki Development Business and Tourism Ltd.	0	0	0
	2,650	736	3,386
Associates			
Alpine Energy Limited	0	0	0
PrimePort Timaru Limited	0	0	0
Total	2,650	736	3,386

Timaru District Holdings Limited (TDHL) and subsidiaries

Timaru District Holdings Limited (TDHL) 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 Ltd. - 47.5% shareholding and PrimePort Timaru Ltd - 50.0% shareholding. TDHL also owns a portfolio of investment properties located in the vicinity of PrimePort Timaru.

Performance Measures and Targets:

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

Performance targets (Parent)	2017/18 Target	2017/18 Actual
Net profit after tax to shareholders funds	10.25%	17.29%
Net assets per fully paid share	\$57.19	\$65.32
Earnings per fully paid share	\$5.87	\$11.29
Dividend per fully paid share	\$2.65	\$2.65
Shareholders funds to total assets	65.84%	62.83%

Statement of Financial Involvement in Council Controlled Organisations



**Aoraki Development
and Promotions**
(trading as Aoraki
Development)

Aoraki Development is a Council Controlled Organisation focused on regional economic development. It is 100% controlled by the Timaru District Council.

Vision:

Timaru District - THE place to live and do business.

Key Objectives

- to actively attract and assist the establishment of new business
- to assist business to maintain & attract a skilled workforce
- encouraging new opportunities and facilitating growth of existing business.

Major Achievements

Several new initiatives were launched during the year including:

- Formation of a Young Professionals Group (YoPro's) with the aim of connecting the districts younger workforce by making social connections.

- Initial work on developing a locally focused digital platform aimed at the districts youth. Titled "MyNextMove". This initiative is aimed at enhancing connections between schools, training providers and industry.
- Facilitating collaboration with key industry sectors via Business Connection groups, with the aim of addressing workforce issues and improving connections between businesses.
- Introduction of local products to potential partners in Sister City markets in both China and Japan.

Full details can be found in the Aoraki Development Statement of Service Performance 2017/2018.

Aorangi Stadium Trust

Aorangi Stadium Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council and is a council-controlled organisation as defined in Section 6 of the Local Government Act 2002.

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 4 Trustees who oversee the governance of the Trust. The facility is leased to Timaru District Council who manage the facility. Timaru District Council also undertake the administration associated with the Trust.

Performance:

- **Target:** Significant maintenance projects are completed on time and on budget
- **Result:** Significant projects, including renewing the roof and floor were completed during the year.
- **Target:** Regular liaison occurs with the tenant (Timaru District Council) on at least a six monthly basis to ensure the facility is operating to the satisfaction of both parties.
- **Result:** Regular discussions occur between the Council staff, trustees and the Council Recreation Facilities staff.

Notes To The Financial Statements

for the year ended 30 June 2018

1. Statement of Accounting Policies for the year ended 30 June 2018

REPORTING ENTITY

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

The group consists of the ultimate parent, Timaru District Council, and its subsidiaries Timaru District Holdings Ltd (100% owned), Aoraki Development and Promotions Ltd (100% owned), Aorangi Stadium Trust (100% owned) and Downlands Water Supply (82% owned). Timaru District Holdings Ltd owns associate companies PrimePort Timaru Ltd (50% owned) and Alpine Energy Ltd (47.5% owned). Council also has an interest in Canterbury Economic Development Ltd. 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 2018. The financial statements were authorised for issue by the Council on 27 November 2018.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

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

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

PRESENTATION CURRENCY AND ROUNDING

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

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

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

Interests in other entities

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

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

yet assessed the effects of these new standards.

Financial instruments

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

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

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

BASIS OF CONSOLIDATION

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

Subsidiaries

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

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

Associates

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

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

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

Notes To The Financial Statements

for the year ended 30 June 2018

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

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

Joint Venture

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

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

REVENUE

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.

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 income, in which case the deferred tax is also dealt with in equity or other comprehensive revenue 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.

Notes To The Financial Statements

for the year ended 30 June 2018

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

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.

DERIVATIVE 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.

Term Deposits

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

Investments in debt and quoted equity securities

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

Investment in Subsidiaries

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

Community loans

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

Other – Investments (Unquoted equity investments)

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

NON CURRENT ASSETS HELD FOR SALE

Non current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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

PROPERTY, PLANT & EQUIPMENT-VALUATION

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

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

Infrastructure assets are the fixed utility systems owned by the

Notes To The Financial Statements

for the year ended 30 June 2018

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

Council Land

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

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

Acquisitions subsequent to 1 July 2005 are at cost.

Council Buildings and Building improvements

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

Acquisitions subsequent to 1 July 2005 are at cost.

Airport improvements

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

Acquisitions subsequent to 1 July 2005 are at cost.

Parks and Pools plant and equipment

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

Acquisitions subsequent to 1 July 2005 are at cost.

Plant and Equipment (including motor vehicles)

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

Furniture and Office Equipment

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

Acquisitions subsequent to 1 July 2005 are at cost.

Library books

The Timaru District Library, Temuka Library and Geraldine Library collections have been revalued as at 30 June 2017 at depreciated replacement cost calculated by the District Librarian in accordance with the library collection valuation guidelines prepared by the New Zealand Library Association in May 1992.

The Library collections are revalued on an annual basis.

Art Works

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

Acquisitions subsequent to 1 July 2005 are at cost.

Sewer, Stormwater, Water

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

Acquisitions subsequent to 1 July 2005 are at cost.

Roads, Bridges and Lighting

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

Acquisitions subsequent to 1 July 2005 are at cost.

Land under Roads

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

Acquisitions subsequent to 1 July 2005 are at cost.

Heritage Assets

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

Acquisitions subsequent to 1 July 2005 are at cost.

PROPERTY, PLANT & EQUIPMENT - DEPRECIATION

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

Depreciation has been provided at the following rates.

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

CAPITAL WORK IN PROGRESS

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

INTANGIBLE ASSETS

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

Notes To The Financial Statements

for the year ended 30 June 2018

These costs are amortised over their estimated useful lives. The useful lives and associated amortisation rates of software has been estimated at 3 - 5 years (20% - 33%).

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

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

IMPAIRMENT

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

FORESTRY ASSETS

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

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

LANDFILL ASSETS

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the 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 arises.

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

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

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

EQUITY & RESERVES

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

- Retained Earnings
- Restricted reserves
 - Special funds

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

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

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

GOODS & SERVICES TAX

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

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

Notes To The Financial Statements

for the year ended 30 June 2018

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.

COST ALLOCATION

Timaru District Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

- Direct costs are those costs directly attributable to a significant activity and these costs are charged directly to the significant activity.
- Indirect costs are those costs which can not be identified in an economically feasible manner, with a significant activity. Indirect costs are allocated to significant activities 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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

Notes To The Financial Statements

for the year ended 30 June 2018

2. Summary Revenue and Expenditure for Group of Activities

	Council		
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
Revenue			
Rates	47,527	47,096	46,405
Corporate Support	6,330	6,457	8,479
Democracy	(2)	2	0
Community Support	2,047	2,097	1,698
District Planning and Regulatory Services	3,474	3,343	3,383
Recreation and Leisure	3,911	3,306	4,208
Roading and Footpaths	11,735	8,778	8,358
Waste Minimisation	3,685	3,355	3,424
Sewer	3,338	2,661	2,969
Stormwater	514	50	126
Water Supply	2,014	1,699	2,124
Total Revenue	84,572	78,844	81,173
Expenditure			
Corporate Support	3,177	2,870	2,326
Democracy	3,477	3,568	3,298
Community Support	4,840	4,868	4,628
District Planning and Regulatory Services	4,911	5,049	4,724
Recreation and Leisure	14,546	14,987	14,019
Roading and Footpaths	15,098	14,580	13,494
Waste Minimisation	6,898	8,690	7,337
Sewer	8,440	9,945	8,887
Stormwater	1,478	1,561	1,427
Water Supply	7,325	7,769	6,869
Total Expenditure	70,190	73,887	67,010

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 2018 \$000	Actual 2017 \$000
General rates	24,642	23,839
Targeted rates attributable to activities		
Water, excluding targeted water supply rates	7,045	6,716
Sewerage	7,130	7,063
Solid Waste	5,243	5,166
Community Works and Services	2,926	3,080
Rates Penalties	541	541
Total revenue from rates, excluding targeted water supply rates	47,527	46,405

Notes To The Financial Statements

for the year ended 30 June 2018

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 2018 for the purpose of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2018 \$000	Actual 2017 \$000
Rates, excluding targeted water supply rates	47,527	46,405
Targeted water supply rates	1,653	1,623
	49,180	48,028

Rating base

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

	Council	
	Actual 2018	Actual 2017
Number of rating units at end of preceding year	22,659	22,722

	Council	
	Actual 2018 \$000	Actual 2017 \$000
Total capital value of rating units at end of preceding year	12,245,535	12,099,011
Total land value of rating units at end of preceding year	6,092,385	6,085,501

4. Fees, Charges and Targeted Rates for Water Supply

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Targeted Rates for Water Supply	1,653	1,623	1,653	1,623
Trade Waste	2,445	2,397	2,445	2,397
Landfill Use	3,407	2,892	3,407	2,892
Consent Fees	2,508	2,414	2,508	2,414
Social Housing Rent	1,173	1,187	1,173	1,187
Parking Fees	1,217	1,047	1,217	1,047
Swimming Pool Admission Fees	880	844	880	844
Other Fees and Charges	5,516	5,215	5,549	5,244
Total Fees, Charges and Targeted Rates for Water Supply	18,799	17,619	18,832	17,648

5. Subsidies and Grants

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
New Zealand Transport Rooding subsidies	9,174	6,918	9,174	6,918
Other subsidies and grants	670	879	670	879
Total Subsidies and Grants	9,844	7,797	9,844	7,797

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

Notes To The Financial Statements

for the year ended 30 June 2018

6. Finance Revenue and Finance Costs

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Finance revenue				
Interest Revenue				
Term deposits	1,444	1,342	1,572	1,491
Related party loans	736	785	0	0
Community loans	17	10	17	10
Investments in debt securities	205	270	205	270
Total Finance Revenue	2,402	2,407	1,794	1,771
Finance Costs				
Interest expense				
Interest expense on borrowings	3,931	4,423	4,760	5,193
Total Finance Costs	3,931	4,423	4,760	5,193

7. Other Revenue

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Rental revenue from investment properties	185	176	2,239	2,045
Petrol tax	507	411	507	411
Dividend Revenue	2,685	2,639	5,446	5,134
Vested assets	1,573	500	1,573	500
Other	1,003	1,825	855	1,354
Total Other Revenue	5,953	5,551	10,620	9,444

8. Other gains/(losses)

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Gain/(loss) on changes in fair value of forestry assets (note 19)	182	100	182	100
Gain/(loss) on disposal of property, plant & equipment	93	(533)	92	(569)
Gain on changes in fair value of investment property (note 20)	40	33	5,727	2,267
Gain/(Loss) on changes in fair value of derivative financial instruments	(312)	1,763	(165)	2,127
Total gains/(losses)	3	1,363	5,836	3,925

9. Personnel costs

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Salaries and wages	16,182	15,290	16,467	15,661
Defined contribution plan employer contributions	493	468	493	468
Increase/(decrease) in employee benefit liabilities	66	(132)	60	(99)
Total personnel costs	16,741	15,626	17,020	16,030

Employer contributions to defined contributions plans include contributions to Kiwisaver.

Notes To The Financial Statements

for the year ended 30 June 2018

10. Other expenses

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Expenses include:				
<i>Fees to principal auditor</i>				
Audit fees for financial statement audit	118	128	132	142
Audit fees for Long-Term Plan audit	81	0	81	0
Fees to other auditors	0	0	3	2
Donations	0	0	0	0
Impairment of receivables (note 13)	3	6	3	6
Bad debts written off	5	6	5	12
Rates Remissions	177	170	177	170
Minimum lease payments under operating leases	299	284	299	284
Direct expenses from investment property generating revenue	35	34	667	754
Other operating expenses	33,319	31,258	32,410	29,680
Total other expenses	34,037	31,886	33,777	31,050

11. Tax

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Surplus/(deficit) before tax	14,278	14,015	22,982	19,275
Tax at 28% (2017: 28%)	3,998	3,924	6,435	5,397
Adjustments to current tax	(3,998)	(3,924)	(6,311)	(5,316)
Tax expense/(benefit)	0	0	124	81
Comprising of:				
Current tax	0	0	0	0
Deferred tax	0	0	124	81
Prior period adjustment	0	0	0	0
	0	0	124	81
Deferred tax benefit/(liability)				
Opening balance	0	0	(2)	79
Temporary differences				
Long Term assets	0	0	0	0
Prior period adjustment - Long Term assets	0	0	0	0
Employee entitlements	0	0	0	0
Others	0	0	(98)	(81)
Closing balance	0	0	(100)	(2)
Future tax benefit/(deferred taxation) is represented by:				
Long term assets	0	0	0	0
Employee entitlements	0	0	0	0
Tax losses	0	0	(100)	(2)
Others	0	0	0	0
	0	0	(100)	(2)

During the year, Timaru District Council made subvention payments to Timaru District Holdings Limited of \$784,877 (2017: \$927,763). As at 30 June 2018, subvention payments of \$735,940 (2017: \$784,877) to Timaru District Holdings Limited, are payable by Timaru District Council.

The Council's subsidiaries have imputation credits of \$12,620,000 (2017: \$11,556,000) which can be used to impute dividend payments to the Council.

Notes To The Financial Statements

for the year ended 30 June 2018

12. Cash and cash equivalents

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Cash at bank and in hand	2,949	31	3,233	494
Short term deposits maturing 3 months or less from date of acquisition	9,288	22,003	9,793	22,965
Total cash and cash equivalents	12,237	22,034	13,026	23,459

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 \$4,400,000 (2017: \$5,600,000).

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

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Cash at bank and in hand	2,949	31	3,233	494
Short term deposits maturing 3 months or less from date of acquisition	9,288	22,003	9,793	22,965
	12,237	22,034	13,026	23,459

13. Debtors and other receivables

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Rates receivables	1,106	1,214	1,106	1,214
Other receivables	3,906	4,547	6,039	6,544
Related party receivables (note 31)	736	785	0	0
less provision for impairment of receivables	(97)	(94)	(97)	(94)
	5,651	6,452	7,048	7,664
Prepayments	202	230	261	247
Total receivables	5,853	6,682	7,309	7,911
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,316	4,848	3,580	4,063
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,335	1,604	3,468	3,601
	5,651	6,452	7,048	7,664

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 2018 and 2017, 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 \$27,515 (2017: \$20,463).

Notes To The Financial Statements

for the year ended 30 June 2018

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

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	4,142	0	4,142	4,743	0	4,743
Past due 1 - 60 days	338	(10)	328	446	(7)	439
Past due 61 - 120 days	72	(5)	67	47	(3)	44
Past due > 120 days	90	(34)	56	96	(37)	59
Total	4,642	(49)	4,593	5,332	(47)	5,285
Group						
Not past due	5,501	0	5,501	5,926	0	5,926
Past due 1 - 60 days	364	(10)	354	461	(7)	454
Past due 61 - 120 days	84	(5)	79	59	(3)	56
Past due > 120 days	90	(34)	56	98	(37)	61
Total	6,039	(49)	5,990	6,544	(47)	6,497

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

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	961	0	961	1,061	0	1,061
Past due 1 year	69	0	69	76	0	76
Past due 2 years	22	0	22	24	0	24
Past due 3 years	7	(5)	2	8	(6)	2
Past due > 3 years	47	(43)	4	45	(41)	4
Total	1,106	(48)	1,058	1,214	(47)	1,167

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

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

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
As at 1 July	94	88	94	88
Additional provisions made/(released) during the year	(2)	0	(2)	0
Receivables written off during year	5	6	5	6
At 30 June	97	94	97	94

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

14. Inventories

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Pool shop inventories	59	43	59	43
Other	31	27	31	27
Total Inventories	90	70	90	70

The carrying amount of inventories pledged as security for liabilities is \$nil (2017: \$nil).

Notes To The Financial Statements

for the year ended 30 June 2018

15. Other financial assets

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Current portion				
Short term deposits	45,280	32,960	47,040	35,176
Community loans	172	76	172	76
Investments in debt securities	764	1,530	764	1,530
Total Current Portion	46,216	34,566	47,976	36,782
Non-current portion				
<i>Investments in CCOs and similar entities</i>				
Unlisted shares in NZ Local Government Insurance Corp. Limited	218	218	218	218
Investment in TDHL Ltd	1,000	1,000	0	0
Investment in ADAP Ltd	260	260	0	0
Loans to related parties (note 31)	22,180	22,180	0	0
Total investments in CCOs and similar entities	23,658	23,658	218	218
<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
Investment in Hunter Downs Irrigation	0	0	0	250
Community loans	392	221	392	221
Future tax benefits	0	0	0	0
Investments in LGFA	1,072	1,072	1,072	1,072
Investments in debt securities	3,023	3,078	3,023	3,078
Total investment in other entities	4,538	4,422	4,538	4,672
Total Non-Current Portion	28,196	28,080	4,756	4,890

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 \$564,000 (2017: \$297,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2017: 10.0%).

The face value of community loans is \$753,085 (2017: \$376,304).

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

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
At 1 July	297	398	297	398
Amount of new loans granted during the year	500	0	500	0
Fair value adjustment on initial recognition	(118)	21	(118)	21
Loans repaid during the year (principal and interest)	(130)	(130)	(130)	(130)
Impairment loss recognised during the year	0	0	0	0
Unwind of discount and interest charged	15	8	15	8
At 30 June	564	297	564	297

Investments in debt securities

The fair value of investments in debt securities is \$3,786,889 (2017: \$4,608,085). Fair value has been determined based on current market values using yields of between 2.34% and 4.02% (2017: 2.26% and 4.65%).

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.

Notes To The Financial Statements

for the year ended 30 June 2018

16. Derivative Financial Instruments

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Current liability portion				
Interest rate swaps	663	535	958	784
	663	535	958	784
Non -current liability portion				
Interest rate swaps	1,996	1,812	2,325	2,334
	1,996	1,812	2,325	2,334

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2018 were \$57,900,000 (2017: \$37,900,000). Maturity dates range from June 2020 to April 2025.

At 30 June 2018, the interest rates for interest rate swaps vary from 0.97% to 6.82% (2017: 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.

17. Property, plant and equipment

Insurance on Assets

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, Councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Water, Waste Water and Storm Water

These activities have a total asset value for insurance purposes of \$601,836,543 (LAPP) plus \$99,004,232 (above ground assets). The Council insures 40% of this direct with LAPP, with the remaining 60% being funded by Central Government.

Roading, Bridges and Footpath Assets

These activities have a total book value of \$419,329,000.

Council would receive a minimum of 53% subsidy from the NZTA, with the remaining portion of the loss likely to be loan funded. The NZTA financial assistance rate is currently under review and may change.

Art Works

The Council has a total asset value for insurance purposes of \$11,850,000, which is made up as follows: \$11,000,000 for gallery collection, \$350,000 for Council owned art, \$500,000 for temporary loaned works and artworks in transit. The insured value is above carrying value for these assets.

Land, Buildings, Plant & Equipment

These assets have a total value for insurance purposes of \$238,888,570 which is made up of buildings & improvements, runways & other airport improvements, furniture & equipment, heritage and library collections and plant & equipment. The insured value is above carrying value for these assets.

Vehicles

This activity has a total asset value for insurance purposes of \$2,035,305. All vehicles are insured for replacement value.

Disaster Recovery Fund

The council has a disaster recovery fund which provides for some self insurance of approximately \$2,900,000 and also holds depreciation funds which may be used in the event of a disaster.

Impairment of Buildings

Council are currently assessing a small number of buildings and are in the process of obtaining repair estimates. No decision has been made as to any remediation/strengthening, therefore no impairment has been recognised in the financial statements.

Notes To The Financial Statements

for the year ended 30 June 2018

Work in progress

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

	Council and Group	
	Actual 2018 \$000	Actual 2017 \$000
Roading network	48	278
Water system	2,004	1,779
Drainage system	388	124
Sewerage system	1,847	855
Buildings and improvements	826	1,506
Plant and Equipment	426	418
	5,539	4,960

Notes To The Financial Statements

for the year ended 30 June 2018

2018	Cost/ Revaluation 1 July 2017	Accum depn and impairment charges 1 July 2017	Carrying amount 1 July 2017	Current year additions	Current year transfers	Current year disposals	Current year impairment charges	Current year depn	Revaluation's	Cost/ Revaluation 30 June 18	Accum depn and impairment charges 30 June 18	Carrying amount 30 June 18
Council restricted assets												
Land	24,344	0	24,344	0	0	0	0	0	0	24,344	0	24,344
Buildings and improvements	7934	(3,422)	4,512	3	0	(45)	0	(181)	0	7762	(3,473)	4,289
Total restricted assets	32,278	(3,422)	28,856	3	0	(45)	0	(181)	0	32,106	(3,473)	28,633
Council operational assets												
Land	12,721	0	12,721	636	0	0	0	0	0	13,357	0	13,357
Buildings and improvements	87,877	(16,610)	71,267	4,961	0	0	0	(1,664)	0	92,838	(18,274)	74,564
Runways & other airport impts	3,334	(1,153)	2,181	0	0	0	0	(162)	0	3,334	(1,315)	2,019
Furniture and equipment	8,642	(5,360)	3,282	877	0	(4)	0	(464)	0	9,515	(5,824)	3,691
Art Works	2,464	0	2,464	15	0	0	0	0	0	2,479	0	2,479
Heritage assets	1,541	(282)	1,259	0	0	0	0	(28)	0	1,541	(310)	1,231
Library collections	3,876	(1,949)	1,927	325	0	0	0	(235)	(104)	4,097	(2,184)	1,913
Plant and equipment	35,431	(14,217)	21,214	1,875	0	(34)	0	(1,658)	0	37,114	(15,717)	21,397
Work in progress	1,924	0	1,924	(671)	0	0	0	0	0	1,253	0	1,253
Total operational assets	157,810	(39,571)	118,239	8,018	0	(38)	0	(4,211)	(104)	165,528	(43,624)	121,904
Council infrastructural assets												
Land and buildings	42,739	(4,840)	37,899	61	0	0	0	(441)	0	42,800	(5,281)	37,519
Sewerage system treatment	19,168	(3,731)	15,437	0	0	0	0	(501)	0	19,168	(4,232)	14,936
Sewerage system reticulation	76,338	(18,562)	57,776	522	299	0	0	(1,828)	0	77,159	(20,390)	56,769
Water system treatment	10,502	(2,880)	7,622	0	0	0	0	(256)	0	10,502	(3,136)	7,366
Water system reticulation	74,242	(19,564)	54,678	7113	187	0	0	(1,787)	0	81,542	(21,351)	60,191
Stormwater network	43,554	(9,649)	33,905	111	345	0	0	(858)	0	44,010	(10,507)	33,503
Roads and footpaths	256,243	(56,922)	199,321	10,524	742	0	0	(3,982)	0	267,509	(60,904)	206,605
Bridges	59,641	(9,237)	50,404	833	0	0	0	(859)	0	60,474	(10,096)	50,378
Land under roads	171,807	0	171,807	44	0	0	0	0	0	171,851	0	171,851
Lighting	3,300	(1,479)	1,821	1,156	0	0	0	(185)	0	4,456	(1,664)	2,792
Landfill - post closure costs	590	(332)	258	0	0	0	0	(31)	0	590	(363)	227
Work in progress	3,036	0	3,036	1,250	0	0	0	0	0	4,286	0	4,286
Total infrastructural assets	761,160	(127,196)	633,964	21,614	1,573	0	0	(10,728)	0	784,347	(137,924)	646,423
Total Timaru District Council property, plant and equipment	951,247	(170,189)	781,058	29,635	1,573	(83)	0	(15,120)	(104)	981,981	(185,021)	796,960
Subsidiaries property, plant and equipment												
Buildings	4,143	(3,069)	1,074	108	0	0	0	(169)	0	4,251	(3,238)	1,013
Furniture and equipment	163	(105)	58	8	0	(1)	0	(18)	0	141	(94)	47
Total subsidiaries	4,306	(3,174)	1,132	8	0	(1)	0	(187)	0	4,392	(3,332)	1,060
Total group property, plant and equipment	955,554	(173,363)	782,191	29,643	1,573	(84)	0	(15,307)	(104)	986,373	(188,353)	798,020

Notes To The Financial Statements

for the year ended 30 June 2018

2017	Cost/ Revaluation 1 July 2016	Accum depn and impairment charges 1 July 2016	Carrying amount 1 July 2016	Current year additions	Current year transfers	Current year disposals	Current year impairment charges	Current year depn	Revaluation's	Cost/ Revaluation 30 June 17	Accum depn and impairment charges 30 June 17	Carrying amount 30 June 17
Council restricted assets												
Land	24,344	0	24,344	0	0	0	0	0	0	24,344	0	24,344
Buildings and improvements	8,064	(3,364)	4,700	0	0	0	0	(188)	0	7,934	(3,422)	4,512
Total restricted assets	32,408	(3,364)	29,044	0	0	0	0	(188)	0	32,278	(3,422)	28,856
Council operational assets												
Land	12,696	0	12,696	25	0	0	0	0	0	12,721	0	12,721
Buildings and improvements	86,009	(14,827)	71,182	1,690	0	0	0	(1,605)	0	87,877	(16,610)	71,267
Runways & other airport impts	3,334	(1,056)	2,278	0	0	0	0	(97)	0	3,334	(1,153)	2,181
Furniture and equipment	8,496	(5,330)	3,166	563	0	(20)	0	(427)	0	8,642	(5,360)	3,282
Art Works	2,456	0	2,456	8	0	0	0	0	0	2,464	0	2,464
Heritage assets	1,541	(254)	1,287	0	0	0	0	(28)	0	1,541	(282)	1,259
Library collections	3,629	(1,750)	1,879	395	0	0	0	(199)	(148)	3,876	(1,949)	1,927
Plant and equipment	35,135	(13,063)	22,072	1,388	0	(543)	0	(1,703)	0	35,431	(14,217)	21,214
Work in progress	645	0	645	1,278	0	0	0	0	0	1,924	0	1,924
Total operational assets	153,941	(36,280)	117,661	5,347	0	(563)	0	(4,059)	(148)	157,810	(39,571)	118,239
Council infrastructural assets												
Land and buildings	42,644	(4,375)	38,269	95	0	0	0	(465)	0	42,739	(4,840)	37,899
Sewerage system treatment	19,168	(3,230)	15,938	0	0	0	0	(501)	0	19,168	(3,731)	15,437
Sewerage system reticulation	74,840	(16,742)	58,098	1,411	87	0	0	(1,820)	0	76,338	(18,562)	57,776
Water system treatment	10,502	(2,624)	7,878	0	0	0	0	(256)	0	10,502	(2,880)	7,622
Water system reticulation	71,622	(17,801)	53,821	2,294	326	0	0	(1,763)	0	74,242	(19,564)	54,678
Stormwater network	43,249	(8,794)	34,455	287	18	0	0	(855)	0	43,554	(9,649)	33,905
Roads and footpaths	247,977	(53,108)	194,869	8,225	69	0	0	(3,842)	0	256,243	(56,922)	199,321
Bridges	59,319	(8,382)	50,937	322	0	0	0	(855)	0	59,641	(9,237)	50,404
Land under roads	171,807	0	171,807	0	0	0	0	0	0	171,807	0	171,807
Lighting	3,027	(1,311)	1,716	273	0	0	0	(168)	0	3,300	(1,479)	1,821
Landfill - post closure costs	590	(301)	289	0	0	0	0	(31)	0	590	(332)	258
Work in progress	1,963	0	1,963	1,073	0	0	0	0	0	3,036	0	3,036
Total infrastructural assets	746,708	(116,668)	630,040	13,980	500	0	0	(10,556)	0	761,160	(127,196)	633,964
Total Timaru District Council property, plant and equipment	933,057	(156,312)	776,745	19,327	500	(563)	0	(14,803)	(148)	951,247	(170,189)	781,058
Subsidiaries property, plant and equipment												
Buildings	4,143	(2,902)	1,241	0	0	0	0	(167)	0	4,143	(3,069)	1,074
Furniture and equipment	163	(111)	52	66	0	(37)	0	(23)	0	163	(105)	58
Work in progress	0	0	0	0	0	0	0	0	0	0	0	0
Total subsidiaries	4,306	(3,013)	1,293	66	0	(37)	0	(190)	0	4,306	(3,174)	1,132
Total group property, plant and equipment	937,363	(159,325)	778,038	19,393	500	(600)	0	(14,993)	(148)	955,554	(173,363)	782,191

Notes To The Financial Statements

for the year ended 30 June 2018

17a. Depreciation and amortisation expense by group of activity

	Council	
	Actual 2018 \$000	Actual 2017 \$000
Corporate Support	1,032	910
Democracy	1	2
Community Support	443	397
District Planning and Regulatory Services	6	7
Recreation and Leisure	2,010	1,961
Roading and Footpaths	5,172	5,009
Waste Minimisation	517	496
Sewer	3,129	3,138
Stormwater	860	857
Water Supply	2,311	2,298
	15,481	15,075

18. Intangible assets

	Council and Group		Council and Group Total \$000
	Computer Software \$000	Carbon Credits \$000	
Balance as at 1 July 2016			
Cost	4,189	242	4,431
Accumulated amortisation and impairment	(2,549)	0	(2,549)
Opening carrying amount	1,640	242	1,882
Year ended 30 June 2017			
Additions	400	362	762
Disposals	0	0	0
Amortisation charge	(361)	0	(361)
Amortisation reversed on disposals	0	0	0
Movement for the year	39	362	401
Balance as at 30 June 2017			
Cost	4,589	604	5,193
Accumulated amortisation and impairment	(2,910)	0	(2,910)
Closing carrying amount	1,679	604	2,283
Balance as at 1 July 2015			
Cost	3,592	242	3,834
Accumulated amortisation and impairment	(2,277)	0	(2,277)
Opening carrying amount	1,315	242	1,557
Year ended 30 June 2016			
Additions	597	0	597
Disposals	0	0	0
Amortisation charge	(272)	0	(272)
Amortisation reversed on disposals	0	0	0
Movement for the year	325	0	325
Balance as at 30 June 2016			
Cost	4,189	242	4,431
Accumulated amortisation and impairment	(2,549)	0	(2,549)
Closing carrying amount	1,640	242	1,882

Notes To The Financial Statements

for the year ended 30 June 2018

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.

19. Forestry assets

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Balance as at 1 July	863	876	863	876
Increases due to purchases	0	0	0	0
Gains/(losses) arising from changes in fair value	182	100	182	100
Decreases due to harvest	0	(113)	0	(113)
Balance as at 30 June	1,045	863	1,045	863

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

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2018. A pre-tax discount rate of 7.5% has been used in discounting the present value of expected cash flows.

Financial risk management strategies

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

20. Investment property

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Balance as at 1 July	1,690	1,762	32,394	23,936
Additions from acquisitions	0	0	3,040	6,296
Write offs - demolitions	0	0	0	0
Disposals	0	(105)	0	(105)
Fair value gains/(losses) on valuation (note 8)	40	33	5,727	2,267
Balance as at 30 June	1,730	1,690	41,161	32,394

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2018 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 2018 financial year by Ian Fairbrother VP (Urban) FNZIV, FPINZ, a registered valuer with Telfer Young (Canterbury) Limited. The valuation is based on fair value.

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

There are no contractual obligations in relation to investment properties at balance date but not recognised in the financial statements (2017: Nil)

Notes To The Financial Statements

for the year ended 30 June 2018

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 2018 \$000	Actual 2017 \$000
Movements in the carrying amount of investments in associates		
Balance as at 1 July	25,573	23,792
Disposal of investments during the year	0	0
Share of total recognised revenue and expenses	1,782	2,459
Share of dividend	(700)	(678)
Balance as at 30 June	26,655	25,573

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

	Actual 2018 \$000	Actual 2017 \$000
Assets	81,459	80,769
Liabilities	27,391	28,905
Revenue	22,218	18,826
Total Comprehensive Revenue	3,564	4,917
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 2018.

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

An independent valuation of the Shares in Alpine Energy Limited was undertaken by Ernst and Young as at 31 March 2018. This valuation assessed the value of 100% of the shares in Alpine Energy Limited to be in the range of \$182.4 million to \$206.1 million as at 31 March 2018. Based on this valuation, Ernst and Young also provided a Fair Value of a 47.5% shareholding in Alpine Energy Limited as at 31 March 2018 to Timaru District Holdings Limited which was \$92.2 million.

	Group	
	Actual 2018 \$000	Actual 2017 \$000
Movements in the carrying amount of investments in associates		
Balance as at 1 July	66,558	64,032
Share of total recognised revenue and expenses	6,574	6,943
Share of dividend	(4,711)	(4,417)
Balance as at 30 June	68,421	66,558

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

	Group	
	Actual March 2018 \$000	Actual March 2017 \$000
Assets	285,532	254,848
Liabilities	145,241	118,479
Revenue	93,338	63,655
Total Comprehensive Revenue	13,840	14,617
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 2018

22. Joint Venture

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

	Council and Group	
	Actual 2018 \$000	Actual 2017 \$000
Current assets	5,195	4,549
Non-current assets	11,308	11,338
Current liabilities	107	98
Non-current liabilities	0	0
Revenue	1,520	1,373
Expenses	914	834

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

23. Trade and other payables

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Trade creditors and accruals	6,928	5,818	7,229	5,976
Amounts due to related parties (note 31)	736	785	0	0
Contract retentions	354	289	354	289
Deposits and bonds	501	557	501	557
Revenue in advance	224	214	273	336
Accrued interest expense	619	583	631	594
Total trade and other payables	9,361	8,246	8,987	7,751

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

24. Employee benefit liabilities

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Accrued salaries and wages	(2)	140	3	145
Annual leave	1,263	1,032	1,276	1,050
Long service leave	160	177	160	177
Retiring gratuities	749	754	749	754
Total employee benefits	2,170	2,104	2,188	2,127
Comprising:				
Current	1,823	1,776	1,841	1,799
Non-current	347	328	347	328
Total employee benefits	2,170	2,104	2,188	2,127

Notes To The Financial Statements

for the year ended 30 June 2018

25. Landfill aftercare provision

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Opening balance	6,717	6,939	6,717	6,939
Increase/(decrease) due to discount rate changes and assessment of liability	(708)	(343)	(708)	(343)
Discount unwinding	118	121	118	121
Closing balance	6,127	6,717	6,127	6,717

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 671,105 tonnes (refuse, clean fill and cover).

The estimated remaining useful life is 24.9 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 thirty years time (or between 2018 and 2047).

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 2.47% (2017: 2.47%).

26. Borrowings

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Current				
Bonds Issued	5,000	0	5,000	0
LGFA Debt	27,500	15,000	27,500	15,000
Total current borrowings	32,500	15,000	32,500	15,000
Non-current				
Secured loans	0	0	14,900	15,900
Bonds Issued	10,000	15,000	10,000	15,000
LGFA Debt	52,028	62,028	52,028	62,028
Total non-current borrowings	62,028	77,028	76,928	92,928

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

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

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

Security

The overdraft is unsecured. The maximum amount that can be drawn against the overdraft facility is \$nil (2017: \$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 on pages 31 to 76 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Notes To The Financial Statements

for the year ended 30 June 2018

Fair values of non-current borrowings

Council	Carrying Amount		Fair Value	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Bonds	10,000	15,000	10,000	15,000
LGFA Debt	52,028	62,028	52,028	62,028
	62,028	77,028	62,028	77,028

Group	Carrying Amount		Fair Value	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Secured loans	14,900	15,900	14,900	15,900
Bonds	10,000	15,000	10,000	15,000
LGFA Debt	52,028	62,028	52,028	62,028
	76,928	92,928	76,928	92,928

The fair values are based on borrowing rates ranging from 2.05% to 6.00% (2017: 2.10% 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.

27. Equity

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Retained earnings				
As at 1 July	726,925	715,181	816,142	795,079
Surplus/(deficit) for the year	14,278	14,015	25,699	23,353
Prior Year Adjustment	0	0	0	0
Transfers to:				
Special Funds	(19,537)	(19,501)	(19,596)	(19,555)
Transfers from:				
Special Funds	22,315	17,230	22,510	17,265
As at 30 June	743,981	726,925	844,755	816,142
Special funds				
As at 1 July	38,560	36,289	38,788	36,498
Interest	761	605	761	605
Transfers from:				
Retained earnings	18,776	18,896	18,835	18,950
Transfers to:				
Retained earnings	(22,315)	(17,230)	(22,510)	(17,265)
As at 30 June	35,782	38,560	35,874	38,788
Asset revaluation reserves				
As at 1 July	0	0	0	0
Revaluation gains/(losses)	(104)	(148)	(104)	(148)
Revaluation reserve written off	104	148	104	148
As at 30 June	0	0	0	0
Asset revaluation reserves consist of:				
Library books	0	0	0	0
Total	0	0	0	0
Total Other Reserves	35,782	38,560	35,874	38,788

Information about reserve funds held for a specific purpose is provided below:

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for the year ended 30 June 2018

Name of Fund	Activity	Purpose	2018				2017			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Aquatic Centre contributions	Parks, Recreation and Swimming Pools	Funds donated towards to Aquatic centre facility to be used for its construction and funding of interest payments.	8		8	0	64	2	58	8
Cemetery Future (Tu) Fund	Community Facilities	Development of future cemetery for Timaru.	91	2	6	87	100	2	11	91
Collett Bequest (Museum)	Cultural and Learning Facilities	For museum items.	530	15	0	545	519	11	0	530
Community Development Interest Fund	Community Funding	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.	414	0	59	355	410	27	23	414
Community Development Loan Fund	Community Funding	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.	241	45	0	286	189	52	0	241
Contingency Fund	All of Council	For emergency purposes as determined by Council.	861	349	0	1,210	556	316	11	861
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.	7,634	8,048	9,436	6,246	7,482	8,619	8,467	7,634
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.	68	5	0	73	64	4	0	68
Depreciation Fund – Geraldine	Roading and Footpaths and 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).	148	162	36	274	96	63	11	148
Depreciation Fund – Orari / Waihi Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	1	0	0	1	1	0	0	1

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for the year ended 30 June 2018

Name of Fund	Activity	Purpose	2018				2017			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Depreciation Fund – Orari Township Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	233	14	10	237	227	6	0	233
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	15	2	39	13	15	2	26
Depreciation Fund – Rural	Roading and Footpaths and 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).	140	69	30	179	103	62	25	140
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.	635	92	8	719	623	88	76	635
Depreciation Fund – Sewer	Sewer	For the renewal and/or replacement of Sewer depreciable assets and for the repayment of loans associated with such assets.	2,236	3,209	3,760	1,685	3,515	3,191	4,470	2,236
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.	364	235	22	577	246	184	66	364
Depreciation Fund – Temuka	Roading and Footpaths and 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).	132	234	45	321	85	138	91	132
Depreciation Fund – Timaru	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Timaru funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	2,766	1,161	1,532	2,395	2,709	1,096	1,039	2,766
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.	5,333	2,490	4,260	3,563	4,849	2,289	1,805	5,333
Depreciation Fund (Housing)	Social Housing	For the renewal and/or replacement of Housing depreciable assets and for the repayment of loans associated with such assets.	398	257	224	431	334	251	187	398

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for the year ended 30 June 2018

Name of Fund	Activity	Purpose	2018				2017			
			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
Development (Tu) Fund	All of Council	Funding of major developments within Timaru. Interest on this fund to be credited to the Community Development Interest Fund.	265	0	0	265	265	0	0	265
Disaster Relief Fund	All of Council	For the replacement of infrastructural assets excluding roading in the event of a natural disaster.	2,974	278	622	2,630	2,562	412	0	2,974
District Recreation Facilities Fund	All of Council	To be used for the development of significant recreation facilities in the district.	667	18	0	685	652	15	0	667
Dowling Bequest	Cultural and Learning Facilities	For the purchase of Christian fiction literature for the library.	25	0	2	23	26	1	2	25
Downlands Asset Replacement Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	4,293	1,111	343	5,061	3,541	914	162	4,293
Downlands Capital Contribution Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	114	9	0	123	108	6	0	114
Economic Development Fund	Economic Development and District Promotions, Community Funding and Governance and Leadership	For economic development support.	268	8	0	276	262	6	0	268
Election Expenses Fund	Governance and Leadership	To provide for meeting election expenses.	26	50	63	13	80	46	100	26
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	455	20	0	475	438	17	0	455
Forestry Development Fund	Parks, Recreation and Swimming Pools	To provide funding for the development of forests within the District.	481	12	69	424	442	39	0	481
George Barclay Bequest	Cultural and Learning Facilities	Original bequest was \$600. Interest to be used for the purchase of reference books for the Timaru Children's Library.	2	0	0	2	2	0	0	2
Grants & Donations Fund	Community Funding	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	66	215	134	147	47	115	96	66

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for the year ended 30 June 2018

Name of Fund	Activity	Purpose	2018				2017			
			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
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.	1,236	667	643	1,260	673	723	160	1,236
Joan & Percy Davis Library Trust (Ger)	Cultural and Learning Facilities	Interest to be used to purchase books for the Geraldine Library. (8/7/82)	1	0	0	1	1	0	0	1
Lattimore W A (Tu) Bequest	Cultural and Learning Facilities	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	18	1	2	17	18	0	0	18
Mackay Bequest (Art Gallery)	Cultural and Learning Facilities	For the purchase of paintings.	233	3	0	236	228	5	0	233
Mackay Bequest (Library)	Cultural and Learning Facilities	For the purchase of books relating to art for the Timaru Library.	150	2	2	150	159	3	12	150
Main Creative Communities NZ Fund	Community Funding	Carried forward balance of Creative Communities NZ fund – main committee.	3	6	0	9	15	0	12	3
Main Drains Cost Sharing Fund	Sewer, Stormwater and Water Supply	Extension of main drains on a cost sharing basis.	1,123	219	0	1,342	1,170	53	100	1,123
Mayor's Welfare Fund	Governance and Leadership	Help out the needy as determined by the Mayor.	14	1	0	15	15	0	1	14
McCarthy Bequest - Library	Cultural and Learning Facilities	For general purposes at the Timaru Public Library	27	1	15	13	27	0	0	27
McCarthy Bequest - Parks	Parks, Recreation and Swimming Pools	For general purposes at the Timaru gardens	46	2	0	48	45	1	0	46
Museum Acquisition Fund/ Alan Ward Fund	Cultural and Learning Facilities	For the purchase of articles for the Museum.	9	1	0	10	9	0	0	9
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.	559	16	34	541	574	12	27	559

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Name of Fund	Activity	Purpose	2018				2017			
			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
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.	265	124	0	389	160	105	0	265
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	855	197	385	667	630	361	136	855
R C Hervey Fund	Cultural and Learning Facilities	For providing improved services to the Timaru Library.	75	2	0	77	73	2	0	75
Reserves Development (Tu) Fund	Parks, Recreation and Swimming Pools	For the planting of trees and general development of reserves owned by the District Council within Timaru.	11	1	0	12	11	0	0	11
Reserves from Subdivisions/ Development Levy	Parks, Recreation and Swimming Pools	Development of reserves within the District as set out in the Local Government Act 1974 Section 288.	87	44	12	119	86	32	31	87
Safer Community Funds	Safer Communities	For Safer Communities projects.	427	12	46	393	362	109	44	427
Social Housing Fund (TDC)	Social Housing	Funding of new social housing units and major maintenance.	0	0	0	0	0	0	0	0
Sport and Recreation Loan Fund	Community Funding	Sport and Recreation loans for facilities and/or major plant items in excess of \$2,000 total value.	1,089	99	500	688	991	98	0	1,089
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	327	13	0	340	320	7	0	327
Timaru Ward Capital Asset and Loan Repayment Fund	All of Council	For the purpose of repayment of Timaru Ward separate rate loans and/or Timaru Ward Capital Projects.	20	0	0	20	19	1	0	20
Winchester Domain Fund	Parks, Recreation and Swimming Pools	For maintenance and development of the Winchester Domain area	90	3	5	88	93	2	5	90
Total Restricted Reserves			38,560	19,537	22,315	35,782	36,289	19,501	17,230	38,560

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for the year ended 30 June 2018

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

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Surplus/(deficit) after tax	14,278	14,015	25,699	23,353
Add/(less) non-cash items:				
Share of associate surplus/(deficit)	0	0	(2,945)	(4,307)
Depreciation and amortisation	15,481	15,075	15,668	15,265
Impairment Charges	0	0	250	0
Vested assets	(1,573)	(500)	(1,573)	(500)
(Gains)/losses in fair value of biological assets	(182)	(100)	(182)	(100)
(Gains)/losses in fair value of investment property	(40)	(33)	(5,727)	(2,267)
Increase/(decrease) in deferred taxation	0	0	115	81
(Gains)/losses in fair value of derivatives	312	(1,763)	165	(2,127)
(Gains)/losses in fair value of debt instruments	(13)	50	(13)	50
Movement in provision	(590)	(222)	(590)	(222)
Other	236	94	236	89
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	93	533	92	569
Add/(less) movements in working capital items:				
Accounts receivable	829	(465)	837	(569)
Inventories	(20)	2	(20)	2
Accounts payable	984	554	844	319
Net cash inflow/(outflow) from operating activities	29,795	27,240	32,856	29,636

29. Capital commitments and operating leases

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Capital commitments				
Roading network	3,826	1,913	3,826	1,913
Water system	1,309	1,070	1,309	1,070
Sewerage system	465	882	465	882
Buildings and improvements	0	0	0	0
	5,600	3,865	5,600	3,865

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 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Not later than one year	254	249	254	249
Later than one year and not later than five years	80	299	80	299
Later than five years	0	0	0	0
Total non-cancellable operating leases	334	548	334	548

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2017: \$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

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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 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Not later than one year	176	113	2,197	1,490
Later than one year and not later than five years	622	430	5,608	3,375
Later than five years	523	397	24,380	6,640
Total non-cancellable operating leases	1,321	940	32,185	11,505

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

30. Contingencies

Contingent Liabilities

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Building Act Claims	0	0	0	0
Housing NZ social housing advance	1,100	1,100	1,100	1,100
Other legal proceedings	0	0	0	0
	1,100	1,100	1,100	1,100

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect of the issuing of building consents and inspection work done. At the date of this report, matters that have been brought to the Council's attention, indicate potential liabilities of \$nil (2017: \$nil).

RiskPool provides public liability and professional indemnity insurance to its members. The Council was a member of RiskPool until 30/6/2017. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the fund year. The Council received a notice during 2009 for a call for additional contributions in respect of the 2002/03 and 2003/04 Fund years as those funds are exhibiting deficits due to the "leaky buildings" issue. No further notices have been received by Council.

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2018 (2017: \$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 has 18,550,000 shares in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2017: \$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 2018, NZLGFA had borrowings totalling \$8.3 billion (2017: \$7.8 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 (2017: \$nil).

Associates contingent liabilities

Timaru District Council's share of contingent liabilities of PrimePort Timaru Limited and Alpine Energy Limited, incurred jointly with other investors, is \$nil (2017: \$nil).

Notes To The Financial Statements

for the year ended 30 June 2018

PrimePort Timaru Limited has a contingent liability of \$1.85 million (2017: \$1.85 million) relating to the Seabourn Encore cruise liner, which broke its mooring and collided with the Milburn Carrier II at PrimePort on 12 February 2017. Any reimbursement is fully insured.

Alpine Energy Limited group has contingent liabilities as at 31 March 2018 of \$9,106,474 in the form of performance and import guarantees to cover ongoing project work (2017: \$8,627,480)

Contingent assets

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

31. Related party transactions

During the year to 30 June 2018, the Council entered into various transactions with its associate companies (PrimePort Timaru Limited and Alpine Energy Limited), subsidiaries (Timaru District Holdings Limited, Aorangi Stadium Trust and Aoraki Development and Promotions Limited) and joint venture (Downlands Water Supply).

The following transactions were carried out with related parties:

	Actual 2018 \$000	Actual 2017 \$000
Timaru District Holdings Limited		
Rates paid to Timaru District Council	290	208
Interest paid to Timaru District Council	736	785
Services provided by Timaru District Council	179	164
Services provided to Timaru District Council	736	786
Loans payable to Timaru District Council	22,180	22,180
Accounts payable to Timaru District Council	805	815
Accounts receivable from Timaru District Council	736	785
Dividends paid to Timaru District Council	2,650	2,600
The loan payable to Timaru District Council is secured by a debenture over the company's assets.		
PrimePort Timaru Limited		
Services provided by Timaru District Council	43	20
Services provided to Timaru District Council	0	0
Aoraki Development and Promotions Limited		
Services provided by Timaru District Council	0	2
Services provided to Timaru District Council	530	530
Downlands Water Supply		
Services provided by Timaru District Council	231	219
Services provided to Timaru District Council	0	0
Rates collected by Timaru District Council	1,386	1,276
Accounts payable to Timaru District Council	32	56
Accounts receivable from Timaru District Council	338	312
Alpine Energy Limited		
Services provided by Timaru District Council	29	20
Services provided to Timaru District Council	1,323	571
Accounts payable to Timaru District Council	1	1
Accounts receivable from Timaru District Council	32	20

Key Management Personnel

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

During the year, Timaru District Council purchased goods and services from Parr & Co Limited, an organisation in which the Mayor is a Director. The transactions amounted to \$19,621 (2017: \$19,051). The balance outstanding as at 30 June 2018 is \$441 (2017: \$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 (2017: \$nil).

Notes To The Financial Statements

for the year ended 30 June 2018

Key management personnel compensation

	Actual 2018 \$000	Actual 2017 \$000
Salaries and other short term employment benefits	1,758	1,529
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0
Total key management personnel compensation	1,758	1,529

Key management personnel include Mayor, Councillors, Chief Executive and other senior management personnel.

32. Remuneration

Elected representatives

	Total remuneration			
	Council		Group	
	2018	2017	2018	2017
Mayor Odey	112,632	106,687	144,046	138,101
Councillor Lyon	48,509	45,556	66,509	63,532
Councillor Mulvey	0	11,446	0	11,446
Councillor Earnshaw	0	9,611	5,522	15,133
Councillor Stevens	43,751	41,280	61,751	50,972
Councillor Tierney	0	39,001	0	39,001
Councillor Brien	0	9,611	0	9,611
Councillor Burt	43,285	38,846	48,285	43,846
Councillor Jack	43,030	34,350	43,030	34,350
Councillor Wills	43,285	40,633	43,285	40,633
Councillor O'Reilly	36,718	26,501	36,718	26,501
Councillor Leslie	36,723	25,323	36,723	25,323
Councillor Parker	36,532	24,739	36,532	24,739
Councillor Bowen	28,559	0	28,559	0
Chief Executive	291,123	279,303	291,123	279,303

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

	Council 2018
<\$60,000	239
\$60,000 - \$79,999	62
\$80,000 - \$99,999	18
\$100,000 - \$119,999	10
\$120,000 - \$179,999	6
\$180,000 - \$299,999	5
	340

	Council 2017
<\$60,000	223
\$60,000 - \$79,999	66
\$80,000 - \$99,999	19
\$100,000 - \$119,999	9
\$120,000 - \$159,999	6
\$160,000 - \$299,999	5
	328

Notes To The Financial Statements

for the year ended 30 June 2018

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 185 full-time employees (2017: 184), with the balance of staff representing 55 full-time equivalent employees (2017: 56). 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

In November 2018 Council commenced consultation with the community regarding a proposal from TDHL to sell its shareholding in Alpine Energy Ltd. If this proceeds this will be an amendment to the Long Term Plan 2018-28.

35. Financial instruments

Financial Instrument Categories

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
FINANCIAL ASSETS				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument assets	0	0	0	0
Other financial assets:				
- Investments in debt securities	3,787	4,608	3,787	4,608
<i>Total fair value through surplus or deficit</i>	<i>3,787</i>	<i>4,608</i>	<i>3,787</i>	<i>4,608</i>
Loans and receivables				
Cash and cash equivalents	12,237	22,034	13,026	23,459
Trade and other receivables	5,853	6,682	7,309	7,911
Other financial assets:				
- Term deposits	45,280	32,960	47,040	35,176
- Community loans	564	297	564	297
- Loans to related parties	22,180	22,180	0	0
<i>Total loans and receivables</i>	<i>86,113</i>	<i>84,153</i>	<i>67,938</i>	<i>66,843</i>
Fair value through other comprehensive revenue				
Other financial assets:				
- Unlisted shares	269	269	269	269

Notes To The Financial Statements

for the year ended 30 June 2018

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	2,659	2,347	3,283	3,118
Financial liabilities at amortised cost				
Trade and other payables	9,361	8,246	8,987	7,751
Borrowings:				
- Bank overdraft	0	0	0	0
- Lease liabilities	0	0	0	0
- Secured loans	0	0	14,900	15,900
- Bonds	94,528	92,028	94,528	92,028
- Redeemable Preference Shares	0	0	0	0
<i>Total financial liabilities at amortised cost</i>	103,890	100,274	118,416	115,680

Fair value

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

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

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

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

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
30 June 2018 - Council				
Financial assets				
Investments in debt securities	3,787	0	3,787	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	2,659	0	2,659	0
30 June 2018 - Group				
Financial assets				
Investments in debt securities	3,787	0	3,787	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	3,283	0	3,283	0
30 June 2017 - Council				
Financial assets				
Investments in debt securities	4,608	0	4,608	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	2,347	0	2,347	0

Notes To The Financial Statements

for the year ended 30 June 2018

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
30 June 2017 - Group				
Financial assets				
Investments in debt securities	4,608	0	4,608	0
Shares	269	0	0	269
Financial liabilities				
Derivatives	3,118	0	3,118	0

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

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

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

	2018 \$000	2017 \$000
Balance as at 1 July	270	270
Gain and losses recognised in the surplus or deficit	0	0
Gain and losses recognised in other comprehensive revenue	0	0
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance as at 30 June	270	270

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

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 2018

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Cash at bank and term deposits	57,517	54,994	60,066	58,635
Trade and other receivables	5,853	6,682	7,309	7,911
Community loans	564	297	564	297
Related party loans	22,180	22,180	0	0
Investments in debt securities	3,787	4,608	3,787	4,608
Derivative financial instrument assets	0	0	0	0
Total credit risk	89,900	88,761	71,725	71,451

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
Council 2018					
Trade and other payables	9,361	9,361	0	0	0
Bonds	94,528	32,500	10,000	47,000	5,028
Total	103,890	41,861	10,000	47,000	5,028
Group 2018					
Trade and other payables	8,987	8,987	0	0	0
Secured loans	14,900	3,000	11,900	0	0
Bonds	94,528	32,500	10,000	47,000	5,028
Total	118,416	44,487	21,900	47,000	5,028
Council 2017					
Trade and other payables	8,246	8,246	0	0	0
Bonds	92,028	15,000	20,000	36,000	21,028
Total	100,274	23,246	20,000	36,000	21,028
Group 2017					
Trade and other payables	7,751	7,751	0	0	0
Secured loans	15,900	0	15,900	0	0
Bonds	92,028	27,700	5,000	50,000	9,328
Total	115,680	35,451	20,900	50,000	9,328

Notes To The Financial Statements

for the year ended 30 June 2018

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 2018	0	4,000	27,900	26,000
Council 2017	0	0	21,900	16,000
Group 2018	0	7,000	36,400	26,000
Group 2017	0	3,000	30,400	16,000

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
Council 2018				
Cash and cash equivalents	12,237	12,237	0	0
Trade and other receivables	5,853	5,853	0	0
Loans to related parties	22,180	0	0	22,180
Unlisted shares	269	0	0	269
Other financial assets:				
- term deposits	45,280	45,280	0	0
- community loans	564	172	354	38
- investment in debt securities	3,787	764	2,335	688
Total	90,169	64,305	2,689	23,175
Group 2018				
Cash and cash equivalents	13,026	13,026	0	0
Trade and other receivables	7,309	7,309	0	0
Unlisted shares	270	0	0	270
Other financial assets:				
- term deposits	47,040	47,040	0	0
- community loans	564	76	446	42
- investment in debt securities	3,787	1,530	732	1,525
Total	71,995	68,980	1,178	1,837
Council 2017				
Cash and cash equivalents	22,034	22,034	0	0
Trade and other receivables	6,682	6,682	0	0
Loans to related parties	22,180	0	0	22,180
Unlisted shares	269	0	0	269
Other financial assets:				
- term deposits	32,960	32,960	0	0
- community loans	297	76	179	42
- investment in debt securities	4,608	1,530	1,553	1,525
Total	89,030	63,282	1,732	24,016

Notes To The Financial Statements

for the year ended 30 June 2018

	Carrying Amount	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000
Group 2017				
Cash and cash equivalents	23,459	23,459	0	0
Trade and other receivables	7,911	7,911	0	0
Unlisted shares	270	0	0	270
Other financial assets:				
- term deposits	35,176	35,176	0	0
- community loans	297	76	179	42
- investment in debt securities	4,608	1,530	1,553	1,525
Total	71,721	68,152	1,732	1,837

36. Severance payments

During the year, there were no severance payment made to employees (2017: \$nil).

37. Explanation of major variances against budget

Timaru District Council made a net surplus of \$14,278 million (budgeted surplus of \$4.957 million)

Revenue and expenditure	\$000
2017/18 Annual Plan surplus	4,957
Increases/(Reductions)	
Other gains (on fair value of derivatives)	(312)
Vested Assets	1,573
Other increases in revenue	4,467
Landfill aftercare provision decrease	590
Depreciation	994
Finance costs	1,907
Other decreases in expenditure	102
	9,574
2017/18 Annual Report surplus	14,278

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

- Unrealised loss on interest rate swaps of \$312,000, which is not budgeted due to inherent difficulties in forecasting market conditions.
- A large volume of residential developments occurred during the year, a result of which is that \$1,573,000 worth of infrastructure assets were vested in Council, which is shown as revenue for the year.
- Volumes of waste processed by the landfill increased, mainly due to the full-year effect of a contractor reverting to using the Redruth facility after several years of taking waste out of the district. This resulted in waste minimisation revenue exceeding budget by \$327,000.
- There has been a reduction in the landfill aftercare provision of \$590,000 due to interest rate changes and increased usage as above resulting in reduction of estimated remaining useful life.
- Actual costs for depreciation were lower than forecast by \$994,000, mainly due to delays in significant capital projects.
- Finance costs were lower than budget by \$1,907,000 due to timing of expenditure on projects meaning that loans were not needed until later than expected, as well as ongoing reduced interest rates.

Statement of financial position

Due to delays in the timing of capital expenditure projects, partially offset by reduced depreciation, fixed assets are below budgeted level. As a result of the delays in capital expenditure, borrowings are also slightly 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.

38. Statutory Deadline

Section 98 of the Local Government Act 2002 requires that Council adopts its Annual Report within four months after the end of the financial year. Council was not able to comply with this requirement for the year ended 30 June 2018. The Annual Report was adopted on 27 November 2018.

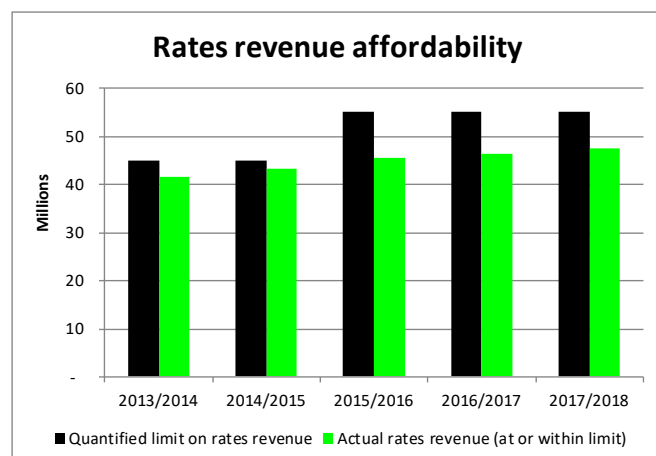
Disclosure Statement

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

1. Rates (revenue) affordability benchmark

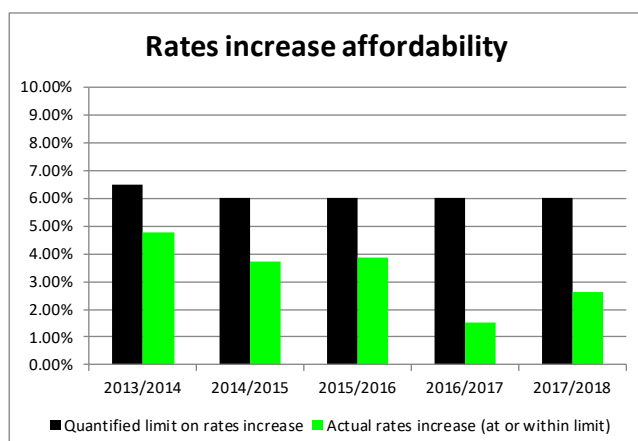
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

The quantified limit is \$45m (from 2013/14 to 2014/15) and \$55m (from 2015/16).



2. Rates (increase) affordability benchmark

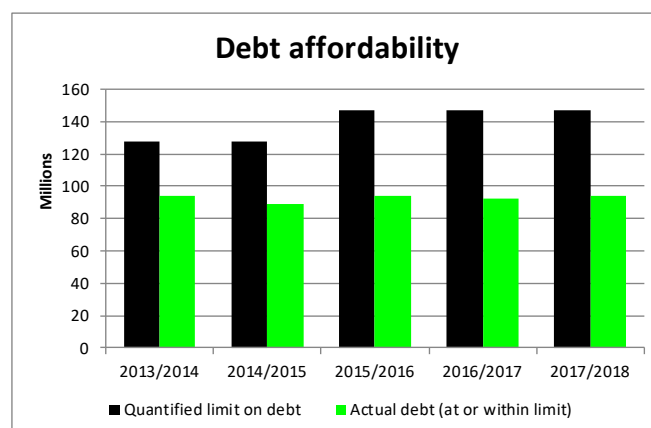
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% (from 2013/2014), except for the 2013/2014 year, where the limit is 6.50%.



3. Debt affordability benchmark

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

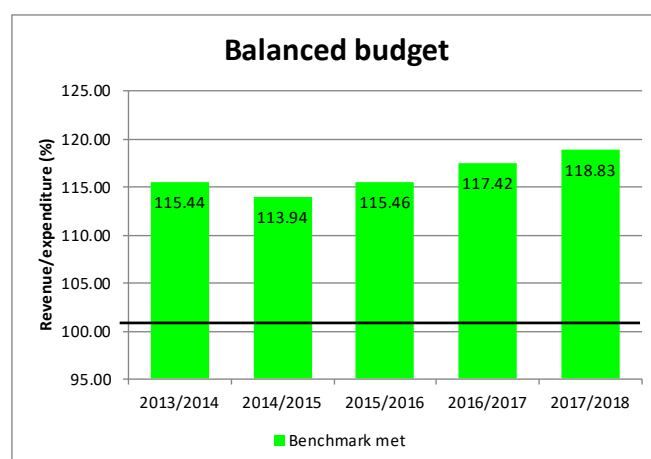
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



4. Balanced budget benchmark

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

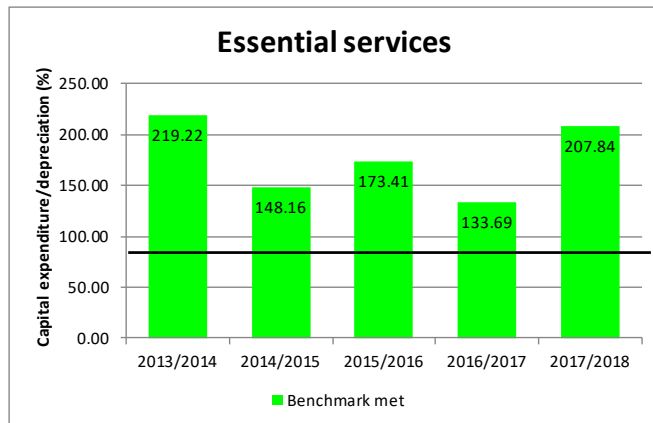
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Disclosure Statement

5. Essential services benchmark

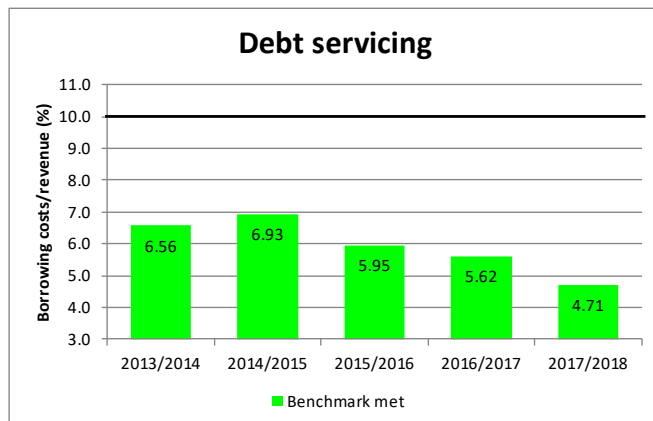
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



6. Debt servicing benchmark

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

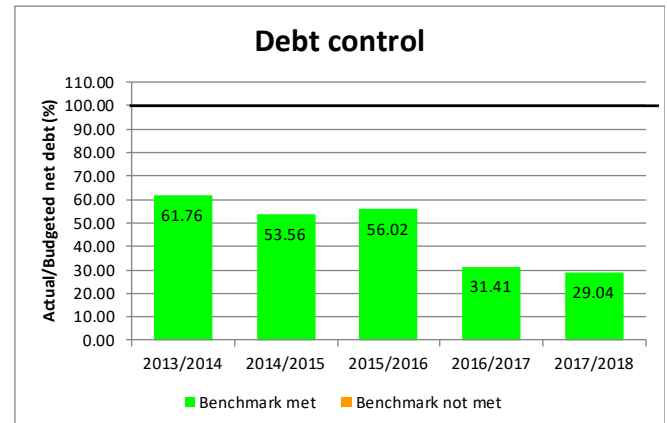
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



7. Debt control benchmark

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

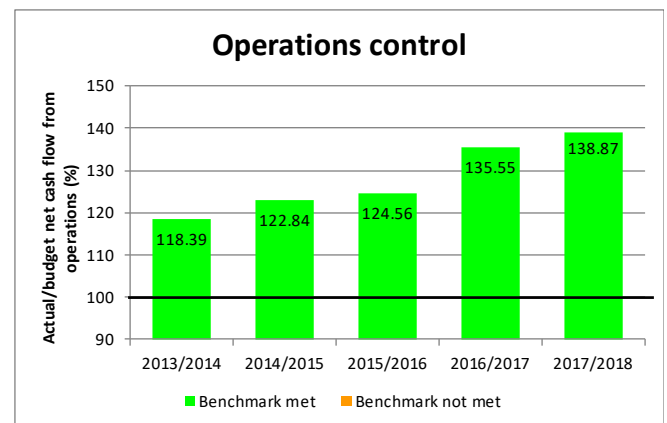
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



8. Operations control benchmark

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

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





Other Information

Directory

Postal Address:

Timaru District Council
PO Box 522
Timaru 7940

Location

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

Temuka Service Centre:

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

Geraldine Service Centre:

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

Bankers:

Bank of New Zealand
247 Stafford Street
Timaru 7910

Auditors:

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

Solicitors:

Gresson Dorman and Co
24 The Terrace
PO Box 244
Timaru 7940

Coat of Arms

Coat of Arms

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

The Timaru District Council Coat of Arms is used to accentuate the civic responsibilities of Council or to denote Mayoral authority. Examples include Mayoral stationery, Mayoral messages in official documents, Citizenship Ceremony documentation and the like.

The description of the Arms reads:

"Per Chevron Azure and Argent in Chief two golden fleeces proper in base a Plough Azure, on a Chief Wavy, Or, two Lymphads sails furling and pennants flying from each main mast all Gules;

And for the Crest - Upon a helm standing on the battlements of a Mural Crown Argent, in front of a Sun, Or, rising there from a Kiwi Proper, mantled Azure, doubled Argent;"

With the supports being: "Two Sea Horses each gorged with a chain pendent there from a Tau Cross, Azure, the Compartment comprising Water Barry, Wavy, Azure and Argent."

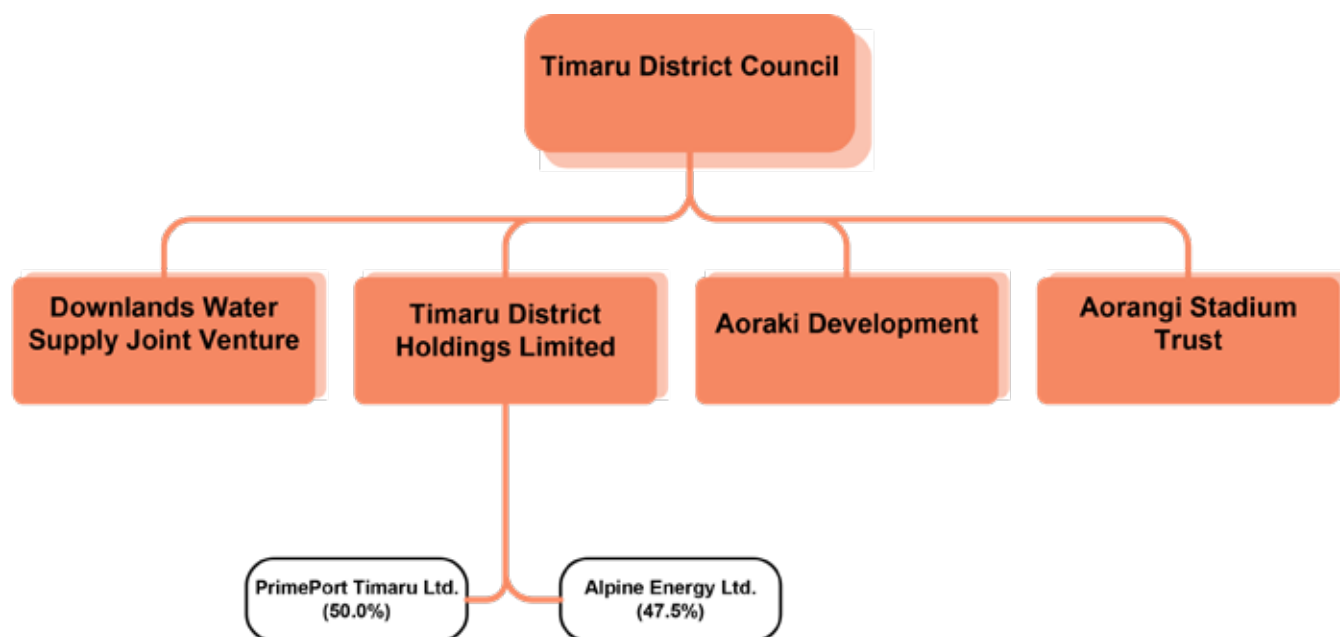
"The whole standing on a scroll, Azure, with the words 'Palma Non Sine Pulvere'"

The significance of the main features in the Coat of Arms are as follows:

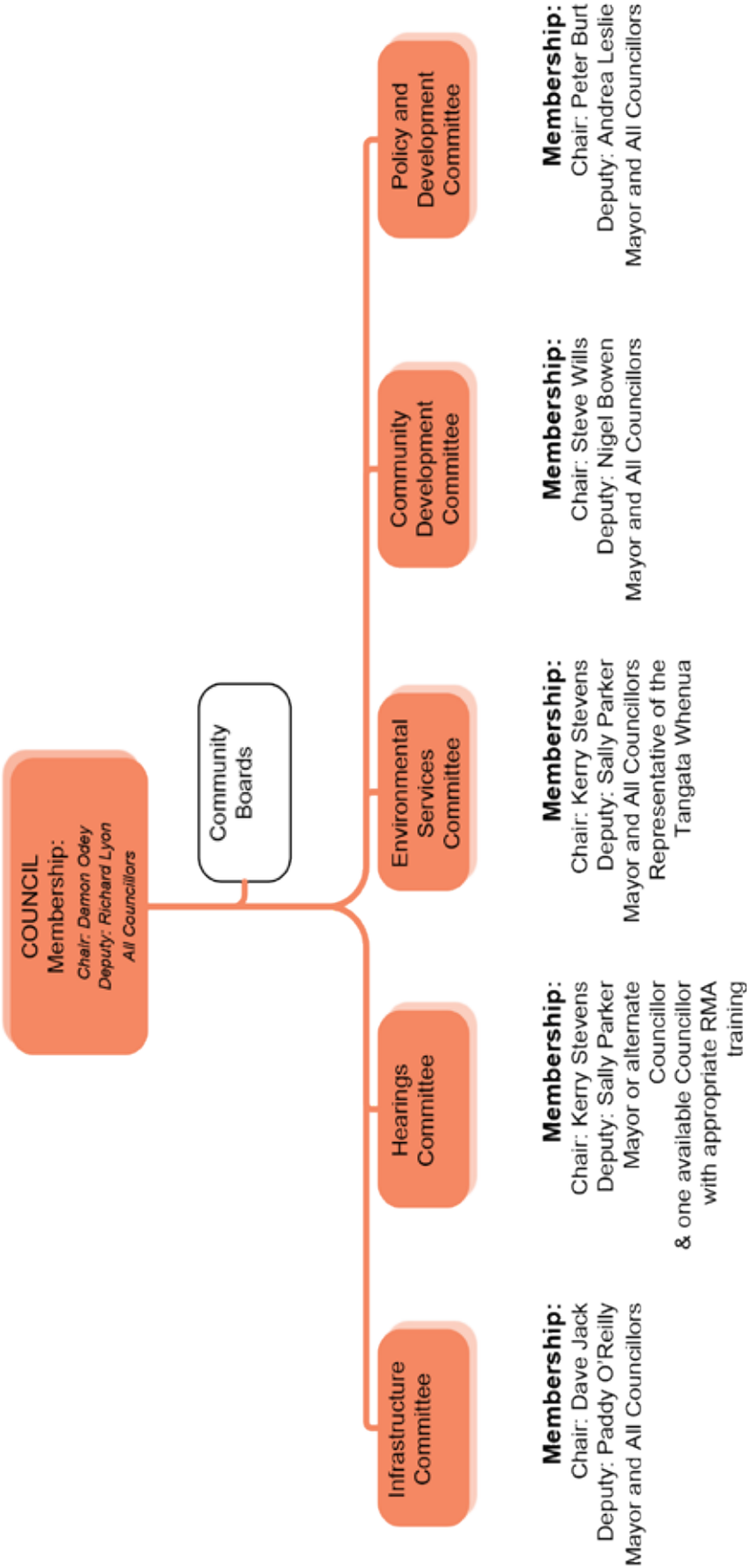


CHEVRON	(Inverted 'V') symbolises the proximity to Mount Cook
FLEECES AND PLOUGH	Denotes the importance of agriculture and pastoral activities in the District
LYMPHADS (Sailing Ships), SEAHORSES AND WATER BARRY WAVY (The Sea)	Show the City's dependence upon the sea and the importance of maritime based on commerce
HELM (Armoured Helmet) and MURAL WALLED CROWN	Are symbolic of civic authority
SUN	Indicating the District's sunny climate
KIWI	The flightless native bird used as New Zealand's national emblem and indicating that Timaru is situated in New Zealand
THE MOTTO	Latin for "No Reward Without Effort"
COLOURS	Or means gold, Argent means silver, Gules means red, Proper means in natural colours, Azure means blue

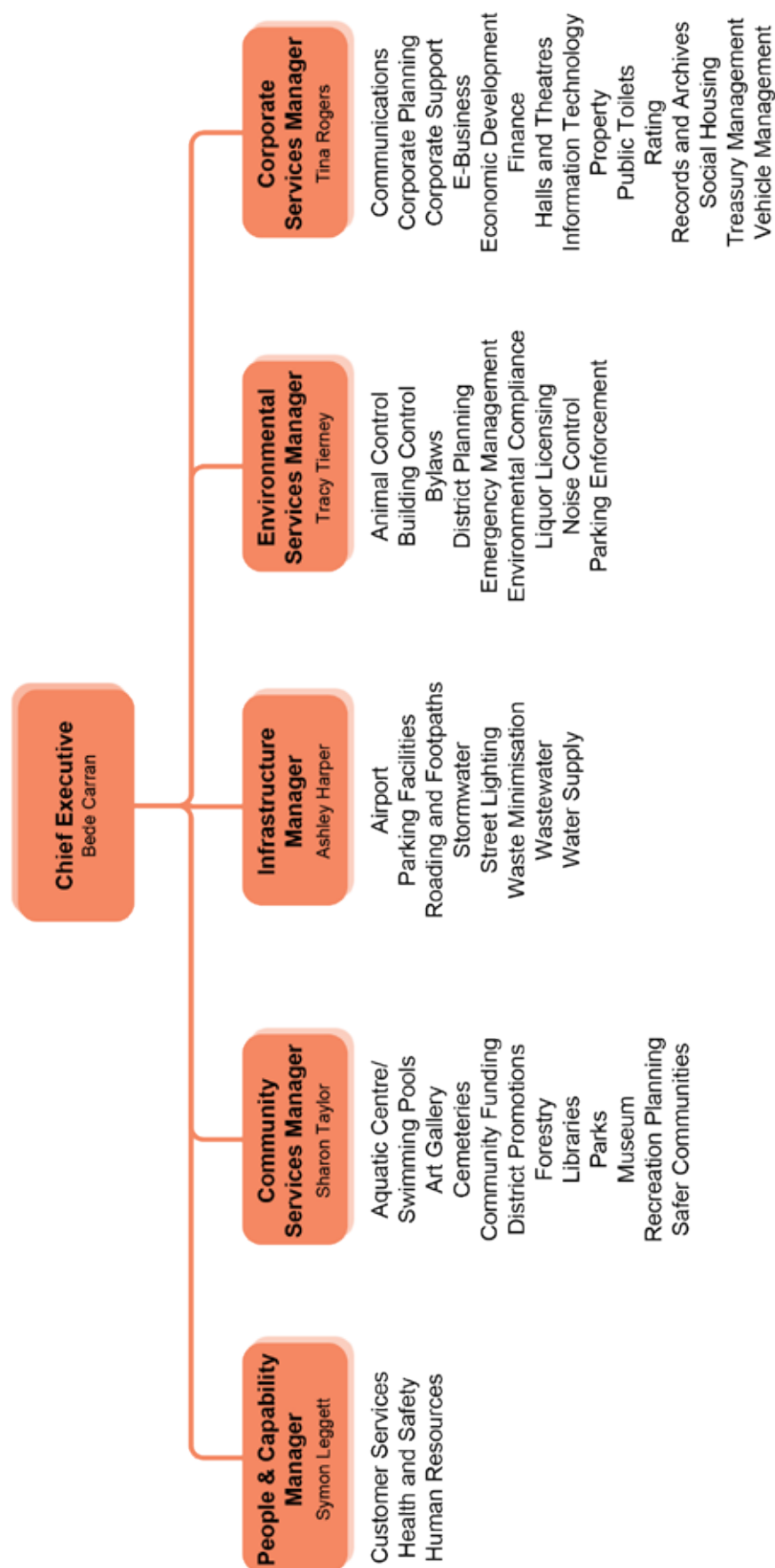
Group Organisation Structure



Council Committees (as at September 2018)



Council Management



Timaru District Council employs a total of 242 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.

Health and Safety Objectives

- 1 To maintain a comprehensive Health and Safety induction programme for new employees.

Result: Achieved.

- 2 Provide all staff with at least three education or training opportunities throughout the period.

Result: Achieved.

During the year all staff have been provided with access to the new SafetyHub training modules which cover a wide range of topics relevant to Health and Safety in our organisation. In addition Worksafe week also provided opportunities for involvement in a range of training topics including Mental Health awareness, Health and Wellness and Workplace Support. During the annual appraisal process staff are offered the opportunity to identify and participate in Health and Safety training relevant to their roles.

- 3 To achieve zero serious harm events and improve the level of recording of incidents or near misses in the 2017/2018 year compared to 2016/2017.

Result: Achieved.

There were zero serious harm events. Incident and near miss data is captured for staff and also for users of Council facilities and services. While the total number of incidents and near misses has increased, this is a reflection of an improved reporting culture.

- 4 Refine a checklist for staff with audit or verification roles in Health and Safety.

Result: Achieved.

- 5 Provide increased opportunities for elected members to be involved with Health and safety processes.

Result: Achieved.

Elected members (and the Senior Leadership Team) are provided with the opportunity to participate in Health and Safety Committee site visits to external facilities and work sites to better understand the specific Health and Safety requirements associated with these. During 2017/2018 visits were undertaken to the Timaru Airport terminal upgrade, Domain Avenue Temuka sewer main renewal project, and the Upper Pareora Gorge water intake.

- 6 Further develop the organisation wide library of Standard Operating Procedures

Result: In progress

- 7 To ensure a relevant Health and Safety article is included in the staff newsletter every month and to otherwise promote Health and Safety through the recognition of excellence, posters and awareness campaigns.

Result: Achieved.

Regular articles on Health and Safety are produced by People and Capability Unit and posted on the Council intranet.

- 8 Review Health and Safety committee membership, roles and responsibilities to ensure membership is relevant to the needs of the organisation, and clear outcomes for members (roles / responsibilities) are developed that will provide accountability and enhance the culture of Health and Safety across all of Council.

Result: Achieved.

A complete review of the Health and Safety Committee structure, roles and responsibilities has been implemented by the People and Capability Unit. The new committee has clearly defined guidelines and roles and has a staff membership of 20 – significantly increasing representation over that of the previous committee. A number of projects have been identified by the new committee for investigation / implementation which will improve the way in which health and safety matters are communicated and achieved.

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.

Glossary

Revenue and Financing Policy

This describes how the Council's work will be paid for and the mechanisms used for gathering funds (e.g. general rate, targeted rates, fees, user charges, grants).

Significance

In relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision or matter, as assessed by the local authority.

Significance and Engagement Policy

The Significance and Engagement Policy (SEP) enables the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities. It also provides clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters.

Statement of Cash Flows

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

Statement of Comprehensive Revenue and Expense

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

Statement of Financial Position

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

Subsidies

Amounts received from other agencies for the provision of services.

Targeted Rates

Any rate levied other than the general rate, which is targeted at users of a service such as water supply, sewer and waste minimisation.

Transfer to/from Reserves

Transfers of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.

User Charges

Charges levied for use of Timaru District Council services (e.g. building consent fees, swimming pool entry fees).

Working Capital

The Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of the Council's ability to meet its obligations as they become due.



Timaru District Council

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PO Box 522, Timaru 7940

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