Summary
Annual Report

For the year 2025/2026



Timaru
District Council
Te Kaunihera ā-Rohe
O Te Tihi o Maru

timaru.govt.nz

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What you can find inside….

From the Mayor and Chief Executive	4
About the Summary Annual Report	6
Our Strategic Direction	6
The Year in Review	8
Capital Expenditure & Achievements	10
Operational Achievements	11
Biennial Resident Survey	12
Statement of Council Activities	13
How we measure our service performance	13
Summary Financial Information	17
Notes to Summary Financial Statements	20
Disclosure Statement	26
Independent Auditor's Report	27

From the Mayor and Chief Executive

Nau mai ki tā mātou tirohanga rāpototo o te tau 2025/26.
Welcome to the overview of the year 2025/26.

From the Mayor



This year our district has continued to navigate a rapidly changing landscape. Much of our energy has gone into helping shape that change rather than waiting to see what arrives.

When I introduced the Annual Plan for 2025/26, I said we were preparing to take an active part in the reforms coming and to advocate for the best outcome for our district. That is a fair description of the year we have had.

The most significant piece of that work is the Head Start proposal developed alongside Mackenzie, Waimate and Waitaki. Rather than wait for a reorganisation to be designed for us elsewhere, four councils have put forward a proposal of our own.

It is grounded in how services are actually delivered across our districts, and in what our communities and our infrastructure need. Engaging with our communities and forming the proposal based on joint aspirations with our neighbours means we are in the conversation early with a considered position of our own, rather than reacting to someone else's.

We also progressed decisions about how water services will be delivered to our communities, and possibly to neighbouring ones, under the Local Government (Water Services) Act 2025. Central South Island Water has been established with our neighbours Mackenzie District Council and both Councils have collaborated over the year to ensure we set the new entity up for success.

We made submissions on the changes that will shape how every council operates. From Resource Management to Local Government System Improvements, and all the proposed changes that connect in between. Each of those decisions will affect what we are able to do here in the near future and long term, and we have argued our district's case on all of them.

Advocacy that happens over the heads of the people it affects is worth very little. Through the year we talked with residents, ratepayer groups, rural communities and business about what reform means for services on the ground, through drop in sessions, public meetings, on our socials and via print.

Through all of it, the everyday work of the district carried on. Essential service delivery of our water supply, rubbish collection, and wastewater disposal continued alongside maintenance of our open spaces and roads, and continued access for our communities of all our cultural, learning and recreation facilities.

My thanks to our staff, to my fellow elected members, and to the residents who took the time to tell us what mattered to them. The decisions ahead of this district are of a kind we have not faced in nearly forty years. We meet them in better shape, and with more say in the outcome.

Nigel Bowen.
Mayor of Timaru District.

From the Chief Executive

If 2024/25 was a year of taking stock and re-focusing, 2025/26 has been about getting match-fit: making sure the organisation is financially sustainable, well run, and still delivering the services our communities depend on while the sector around us changes.

Cost discipline has remained at the heart of our approach. We set out to deliver the year with a rates increase of 9% rather than the 12% signalled in the Long Term Plan 2024–34, through a mixture of operational savings, a lower drawdown of debt and a more favourable interest environment.

That was not a one-off exercise. It built on the organisational restructure completed the year before, and on continued scrutiny of the day-to-day operating costs that make up the largest share of rates each year.

We finished the year with an operating surplus of $11.3m against the budgeted deficit of $1.2m and delivered $65.5m of the $80.4m capital programme. The programme included continued work on the Aorangi Stadium upgrade and the Theatre Royal and Museum projects, alongside the less visible renewals in water, roading and waste that keep the district running.

Work has been progressing on the establishment and completing the transfer agreement relating to the water and wastewater assets and liabilities. In addition, we developed a proposal for the possibility of a wider reorganisation as part of the Crown reforms. This also involves reviewing the Councils cost structures, workflows and service levels based on evidence. Improving that information has been a priority through the year, to ensure that Council is position for changes such as rates caping and resource management changes.

I want to acknowledge the professionalism of our staff. Delivering a full work programme while also preparing the organisation for structural change asks a great deal of people. My thanks also to the Mayor and elected members for their support and direction through a demanding year.

The year ahead will require continued discipline, adaptability and collaboration. I am confident that we are well positioned to meet it.

Nigel Trainor,
Chief Executive, Timaru District Council.

About the Summary Annual Report

The full Annual Report explained how we delivered on the 2025/26 Annual Plan (Year Two of the 2024-34 Long Term Plan). This document is a summary of the full annual report, showing at a glance what we worked on in the 2025/26 financial year and outlining whether the Council did what it said it would do. The Council adopted the full Annual Report on 27 October 2026.

Our Strategic Direction

Vision

Where people, place and business prosper within a healthy, adaptable and regenerative environment.

Our Values and Role

Inclusive Leadership

Through inclusive leadership, citizens play an active role in the District, creating shared responsibility and a connected vision for the future.

Cultural Caretakers

Protecting and regenerating our unique cultural and environmental heritage so that we can retain a strong sense of identity for current and future generations.

Transition Navigators

Being adaptable to change by embedding the principles of agility and resilience into our approach towards enhancing our community wellbeing outcomes.

Connected citizens

GOALS:

Connected Citizens embrace social connection and learning through sharing stories and ideas, and civic engagement. This Community Wellbeing Outcome seeks to actively support the contribution of citizens in activities that foster inclusion, agency and democracy.

FOCUS AREAS:

1. Enabling Community: We will enable community ownership of projects, by supporting community groups and initiatives.
2. Open to Ideas: We will actively support the contribution of citizens in activities to foster inclusion and democracy.
3. Sharing Stories: We will support the growth of local identity, and community pride through sharing stories, learning and documenting local history.
4. Foster Iwi Relationships: We will develop collaborative relationships with papatipu runanga.
5. Advocacy and Leadership: We will advocate and encourage citizens to contribute ideas and perspectives in an easily accessible way.

Enhanced Lifestyle

GOALS:

Enhanced Lifestyle focuses on providing a healthy community environment, that enables affordable access to the range of facilities, opportunities and resources we need to thrive.

This Community Wellbeing Outcome seeks to enhance lifestyle and strengthen equity within our community.

FOCUS AREAS:

1. Facilities and Services: We will provide future proofed services and facilities to enhance the community.
2. Accessible and Active: We will enable an active lifestyle for everyone across the accessibility spectrum.
3. Shared Spaces: We will develop and maintain shared spaces that support community activity, diversity and foster pride.
4. Affordability: We will strive to ensure affordability and equitability are at the heart of our planning.
5. Health & Wellness: We will create opportunities for all citizens to live within a safe, healthy community, where wellness needs are embraced.

Sustainable Environment

GOALS:

At the heart of our sustainable environment is the practice of kaitiakitanga. It is our role to be guardians of our natural environment.

This Community Wellbeing Outcome seeks to encourage the regeneration of our environment and foster a culture of sustainability.

FOCUS AREAS:

1. Clean Environment: We will prioritise sustainable land and water use to help regenerate our environment.
2. Kaitiakitanga: We will foster a strong connection between our people and the environment.
3. Low Carbon and Energy: We will promote and support low-carbon, low-energy practices.
4. Minimise Waste: We will lead and promote waste minimisation.
5. Encourage Biodiversity: We will support practices, partnerships and policies to protect and regenerate our native flora and fauna.

Diverse Economy

GOALS:

Enabling the conditions for a diverse and prosperous economy that creates local, national and international opportunity for a thriving community.

This Community Wellbeing Outcome seeks to build on our unique local strengths to create prosperity now and for future generations.

FOCUS AREAS:

1. Leverage Local Strength: We will leverage local strengths to retain and grow local talent.
2. Sustainable growth: We will support sustainable growth in the right place.
3. New and Niche: We will encourage innovation and new opportunities to further diversify our economy.
4. Thriving Business: We will create opportunities for local businesses to thrive through networks & support.

Resilient Infrastructure

GOALS:

Investing in the future through well-conceived and planned projects that support the growth and wellbeing of the community and the environment.

This Community Wellbeing Outcome considers the critical transitions we are facing creating a sustainable platform for future generations.

FOCUS AREAS:

1. Invest for Future: We will invest in high quality infrastructure to meet the needs of our community.
2. Apply Good Practice: We will use quality data and good practice to enable high quality infrastructure decision-making.
3. Responsive Planning: We will prioritise resilience in our planning for future infrastructure.
4. Engage with People: Council will engage with our community to develop solutions to future infrastructure challenges.



The year in review



Financial Overview



Total Expenditure

$149.6M

(Compared with budget of $146.5M)

Rates Revenue Levied

$91.8M

(Compared with budget of $91.9M)

Total Council Net Assets

$1.857B

(2024/25: $1.812B)

Reserve Funds

$1.090B

(2024/25: $1.048B)

Capital expenditure

During 2025/26 capital expenditure on Council's infrastructure, facilities and services totalled $65.5M.

Most of the expenditure was spent on our recreation & leisure (49.4%); roading network and footpaths (28.3%); and water supply (11.1%) activity groups, with the balance across wastewater (2.5%); stormwater infrastructure (3.6%); community support (1.7%); waste management (0.6%); and corporate activities (2.9%).

Capital achievements

2025/26 was another challenging year, however the council saw some progression of the three largest capital projects (Claremont Water Treatment Plant, Theatre Royal and Museum, and Aorangi Stadium).

Infrastructure projects in roading, waste, and stormwater all achieved at least 100% of their planned programme, and wastewater and water supply progressing 98% and 64% respectively of their planned programme.

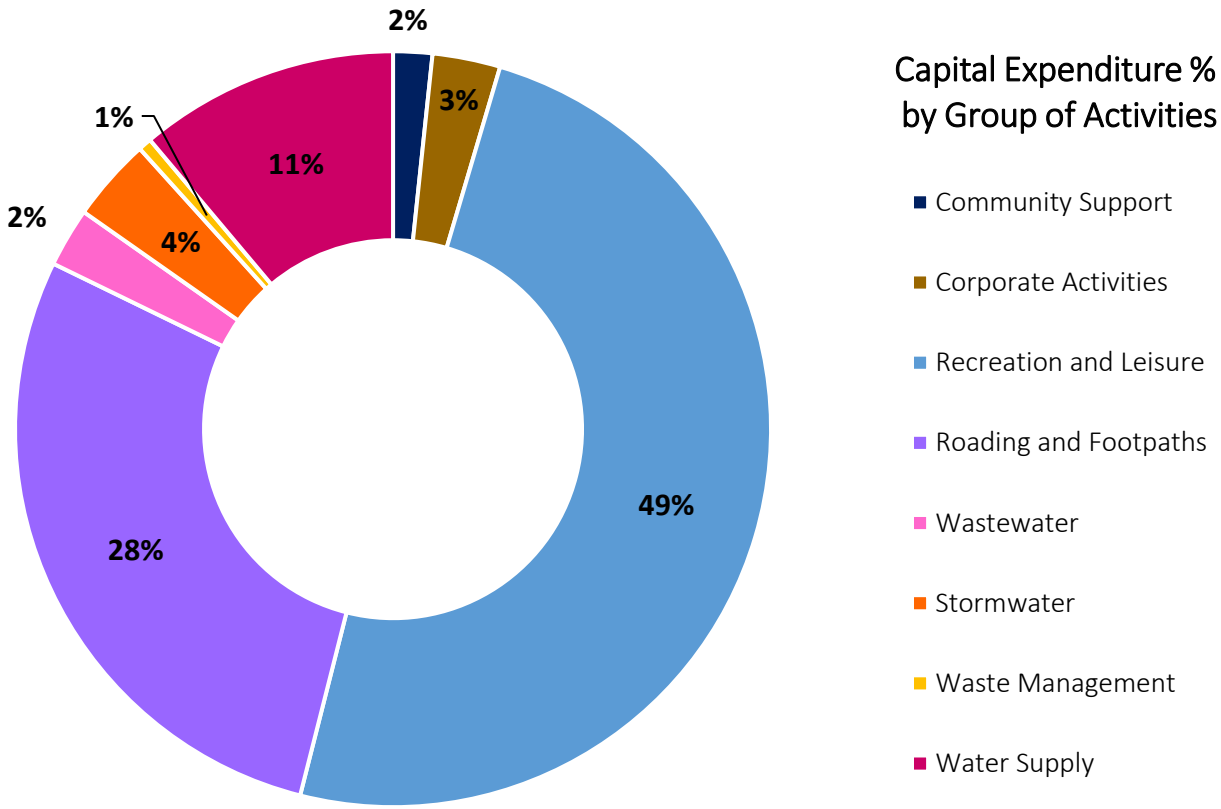
Major capital projects progressed include:

- Theatre Royal and Museum
- Aorangi Stadium
- Claremont Water Treatment Plant

Major projects in the infrastructure services include:

- Shared urban tracks
- Road improvement works
- Sealed Road Resurfacing
- Timaru stormwater Renewals and upgrade
- Reticulation Renewals and upgrade
- Wastewater Plant Renews and upgrade

Capital expenditure by group of activities



Operational achievements

2025/26 also posed some challenges to our operational work, however, despite this we achieved some positive outcomes for our community across a number of Council activities.

Major operational achievements include:

District Plan Review

Decisions on the Proposed Timaru District Plan were issued in March. This was the culmination of a lengthy hearing process that followed public notification of the proposed plan in September 2022.

Reaching this point of the process was a major milestone for a project that officially commenced over a decade ago. Receiving decisions and only 12 appeals has meant the majority of the proposed plan is now treated as operative creating a framework to assess development against.

With Resource Management reform once again on the horizon the Proposed Timaru District Plan creates a strong starting point, allowing Council to respond as the detail of the new planning system becomes clearer.

Establishment of our new water entity

In February 2026 the Council decided to set up a joint water organisation with Mackenzie District Council, giving effect to its Water Services Delivery Plan. The two councils were assessed as a good fit — they already share a water scheme and other services, and a two-council entity carried less financial risk than the larger groupings considered. In March the councils signed a commitment agreement setting out how they will work together, and formed a Joint Shareholders Committee to oversee the establishment. The new company will take over water supply and wastewater services, including the assets and the debt that goes with them, while stormwater stays with each council. Under the Local Government (Water Services) Act 2025 the company must be registered by 31 October 2026 and be delivering services from 1 July 2027.

Work through the remainder of the financial year focused on the practical steps needed to meet those dates. The committee began meeting regularly from April, and officers from both councils progressed the constitution and shareholders agreement that will govern the company, along with the transfer arrangements. Recruitment started for the establishment board, and two questions with implications beyond the two districts were worked through: the future of the Downlands Water Scheme, which is shared with Waimate District Council, and the options for delivering Stormwater services across both districts.

Planning for Theatre Royal reopening

During 2025/26, work focused on preparing the operational framework for the Theatre Royal's reopening in 2027. The draft operating model was developed, covering staffing structures, service delivery, operational responsibilities and financial planning, supported by the manuals, policies and procedures needed for safe and consistent venue operations.

Engagement with promoters, performing arts organisations, community groups and potential hirers began, building the forward programme and securing bookings from reopening onwards, alongside planning for the Grand Opening and community programme. Revenue planning covered venue hire, ticketing, food and beverage services, sponsorship, memberships and functions, with revenue expected to increase from 2028/29 once the venue moves beyond its establishment period. Work continued alongside the redevelopment project to ensure operational requirements are built in ahead of practical completion.

Youth Impact Awards 2026

The Youth Impact Awards demonstrated the power of collaboration, bringing together The Y, Timaru District Council, Tongan Society South Canterbury and Refugee Settlement Services to celebrate the diverse achievements and contributions of local rangatahi as part of Youth Week.

The awards recognised young people who strengthen their communities through leadership, service, personal growth, cultural contribution and commitment to others, highlighting the many ways young people make a positive impact.

The initiative also showcased the value of organisations working together to create meaningful opportunities to recognise, encourage and celebrate the young people who help shape our district.

Biennial Resident Survey

Overview of results

Eighteen of the Council's level of service performance measures are drawn from resident satisfaction surveys. In 2025/26, seven measures were achieved, three were nearly achieved and eight were not achieved.

What we do well: Satisfaction met or exceeded target across all three waters services, the libraries, the Art Gallery, emergency preparedness and road safety awareness. Targets were not met for information provided by Council, the resource consent process, parks, waste management and four of the five roading measures.

The wider survey results show satisfaction improving across most services and infrastructure while overall perceptions of the Council declined slightly. Overall satisfaction with the Council's performance sits at 51 per cent, down two percentage points on 2023/24, and overall reputation — the strongest single driver of overall performance — fell from 53 to 46 per cent.

Group of activities	Performance measure	Target	Result	Achievement
Democracy	Resident satisfaction with information provided by Council	70%	54%	Not achieved
Emergency management	Residents who feel well prepared for a disaster	≥50%	51%	Achieved
Regulatory services	Resident satisfaction with the resource consent process	≥80%	40%	Not achieved
Leisure and cultural facilities	Satisfaction with the Art Gallery	≥90%	90%	Achieved
	Satisfaction with the libraries	≥90%	95%	Achieved
	Satisfaction with the museum	≥90%	88%	Nearly achieved
	Satisfaction with parks	≥90%	85%	Not achieved
	Satisfaction with the swimming pools	≥90%	87%	Nearly achieved
	Satisfaction with Aorangi Stadium	≥90%	89%	Nearly achieved
Roading	Satisfaction with maintenance and condition of sealed roads	≥50%	41.5%	Not achieved
	Satisfaction with maintenance and condition of unsealed roads	≥40%	36%	Not achieved
	Residents aware of road safety programmes or advertisements	60%	76.5%	Achieved
	Satisfaction with the safety of the road network	≥80%	61%	Not achieved
	Satisfaction that carparking provision meets residents' needs	≥70%	66%	Not achieved
Three waters	Satisfaction with condition and maintenance of stormwater services	≥60%	70%	Achieved
	Satisfaction with condition and maintenance of wastewater services	≥80%	95%	Achieved
	Satisfaction with condition and maintenance of water supply services	≥80%	89%	Achieved
Waste management	Resident satisfaction with waste management services and facilities	≥90%	84%	Not achieved

What we can improve: The survey also tracks broader perception measures that are not reported as levels of service. These recorded the lowest satisfaction in 2025/26 and point to where improvement would be most valued. Reputation is the strongest single driver of overall performance (52 per cent impact), with financial management, trust and quality of services the key reputation priorities.

Measure	Satisfied	Measure	Satisfied
Overall influence on and involvement in decision making	26%	Confidence the district is going in the right direction	44%
Overall financial management	28%	Overall reputation	46%
Rates being fair and reasonable	37%	Leadership	46%
Trust in Council	41%	How rates are spent on services and facilities	47%
Overall value for money	43%	Quality of services and facilities	55%

Statement of Council Activities

This section describes the work and performance of the Council's Groups of Activities for the 2025/26 year.

- What we do – Activities included within each group and their key functions.
- Contributions to Community Wellbeing Outcomes – Which community wellbeing outcomes these activities contribute to.
- Highlights and Challenges – Some of the highlights and challenges for each activity.
- Service Performance – Summary of how Council performed against performance measures for each activity.
- Financial Information – Funding impact statement that shows how each group of activities has been paid for.

Council has 10 groups of activities as outlined below including the Corporate Activities group that provides support across the organisation. All groups of activities, except for Corporate, have achievement targets.

- **Democracy**
  - Democracy services
  - Engagement and consultation
  - Corporate planning and performance monitoring

- **Community Support**
  - Airport
  - Climate Change and Sustainability
  - Community Development
  - Community Facilities (includes public toilets, cemeteries)
  - Economic Development
  - Emergency Management
  - Social Housing

- **Corporate Activities**
  - Chief Executive
  - People and Capability
  - Information Technology
  - Financial services
  - Risk and Legal Services
  - Communications and Engagement
  - Customer Services
  - Management
    - Infrastructure
    - Planning and Regulatory
    - Land Transport Unit
    - Drainage and Water
    - Parks and Recreation

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

- **Recreation & Leisure**
  - Cultural and Learning Facilities (includes art gallery, halls, Theatre Royal, libraries, museum)
  - Parks (includes parks, fishing huts, motor camps, forestry)
  - Recreational Facilities (includes Caroline Bay Trust Aoraki Centre, swimming pools, Aorangi Stadium)
  - Rangitata Huts Water Supply

- **Roading and Footpaths**
  - Roading and footpaths includes street lighting.
  - Parking
  - Cycleways and walkways

- **Stormwater**
  - Stormwater treatment and management

- **Wastewater**
  - Domestic and commercial wastewater collection and treatment
  - Trade waste collection and treatment

- **Water Supply**
  - Urban water treatment, supply and maintenance
  - Rural water treatment, supply and maintenance

- **Waste Management**
  - Landfill and Recycling
  - Kerbside collection

How we measure our service performance

Key Performance Indicators (KPIs) for the year 1 July 2025 – 30 June 2026 were set in the Long Term Plan 2024-34.

They provide an overview of Council's performance on key projects and initiatives, and progress towards our outcomes.
We have 101 performance measures with targets that we report on across 9 groups of activities, although we have 10 groups of activities, we do not have any performance targets for Corporate Activities set out in LTP 2024-34. Overall

Council achieved 65 measures, nearly achieved 15 measures, did not achieve 19 measures, and did not measure 2. The 2 measures that are not reported this financial year relate to 2 Building Control measures which will be measured in 2026/27.

Under the Local Government Act 2002 for the 2025/26 financial year we are required to provide standard performance measures so that the community may compare the level of service provided in relation to the following groups of activities:

- Water Supply
- Wastewater
- Stormwater
- Roading and Footpaths

Department of Internal Affairs Te Tari Taiwhenua guidance has been followed in measuring performance against all mandatory measures.

Material judgements of service performance have been applied using resident surveys.

To measure the quality of our outputs we use a number of residents surveys to gain insight on community perceptions of our services. For activities other than Roading and Footpaths, results are based on survey data undertaken on a biennial basis by Key Research Limited. FY 2025/26 is a survey year.
The statistical validity of the survey is determined by using the following methodology:

- **Approach:** Email invites were sent by Council to residents who had registered interest in taking part in the survey. Reminder emails were sent periodically to maximise responses. The survey was run in three waves, each with a target sample of 133 responses. In wave 1, 12 responses received through a public link were used to reach the target.
- **Fieldwork dates:** 10 November to 9 December 2025, 3 February to 11 March 2026, and 5 May to 10 June 2026.
- **Invitations and responses:** 662 email invitations were sent. A total of 404 responses were received, comprising 392 from email invitations and 12 from the public link.
- **Statistical confidence:** Weighted to Census 2023 demographics, 95% confidence level, ±4.88% margin of error
- **Treatment of results:** 'Don't know' responses are excluded unless otherwise specified. Results are reported in whole numbers, which may result in a rounding difference of one percentage point in some instances.

Land Transport results are based on a Key Research survey of residents over 2025/2026.
The methodology involves a postal to online survey, with additional responses obtained via email invitation from the 2024/25 survey panel. Invitation letters containing an embedded link to an online survey were sent to a random selection of 3,600 residents aged 18 years or older across the Timaru District sourced from the Electoral Roll.
An additional 262 invitation emails, which included a link to the survey, were sent throughout the fieldwork period.
Hard copy surveys with a freepost return option and phone interviews were made available upon request.

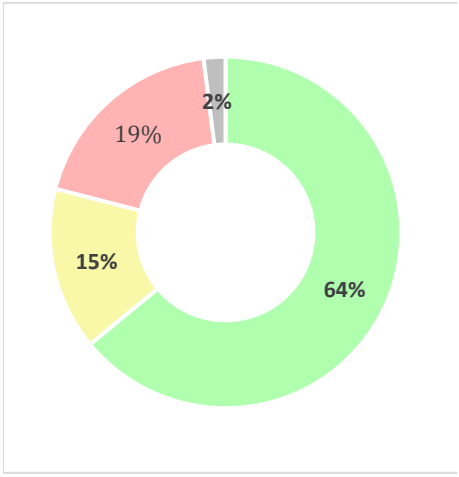
- A total of 404 survey responses were received throughout the year from residents of Timaru District
- Data collection is managed to quota targets by age, location and gender, and post data collection, the sample is weighted so it is aligned with population distributions.
- When satisfaction is mentioned, it refers to the percentage of residents who provided a rating of 6 to 10 out of 10 on the satisfaction rating scale.
- Due to rounding, percentages may add to plus or minus 1% over or under totals.
- Significant differences across sub-groups were tested by comparing the percentage 'satisfied' (i.e., provided a rating of 6 to 10; excluding 'don't know' responses) across the groups.
- Significant differences were tested across the following groups: age, ward, gender and rural/urban

External implications for statements about performance

There are conditions that affect the service performance results and may result in a variation from the anticipated or forecasted results. These are ones which are outside our control. Examples of this are, but are not limited to, changes in government policy in New Zealand, global and domestic economic conditions and international policy that may impact areas such as recruitment, availability of materials and supplies (for example materials required for critical infrastructure), volatility in international financial markets and other unforeseen circumstances

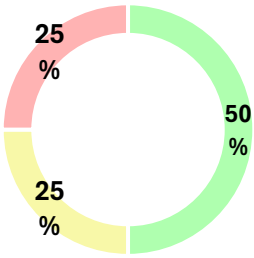
Performance Summary by Group of Activities 2025-2026

Overall Performance Summary

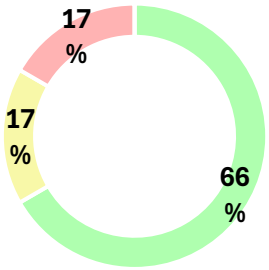




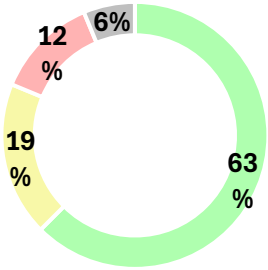
Democracy



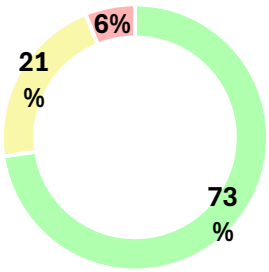
Community Support



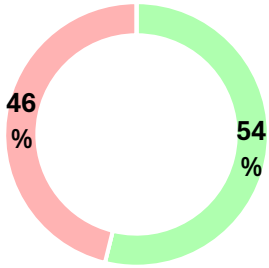
District Planning & Environmental Services



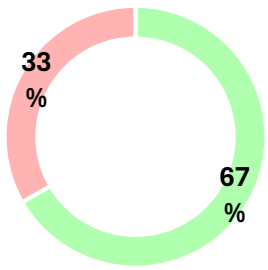
Recreation & Leisure



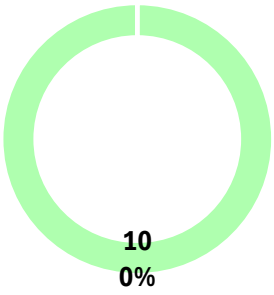
Roading & Transport



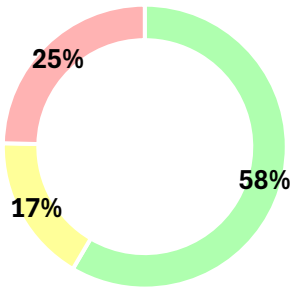
Stormwater



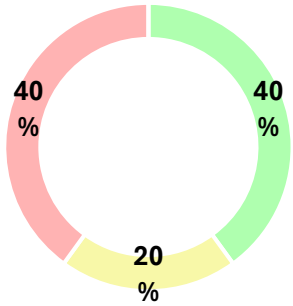
Wastewater



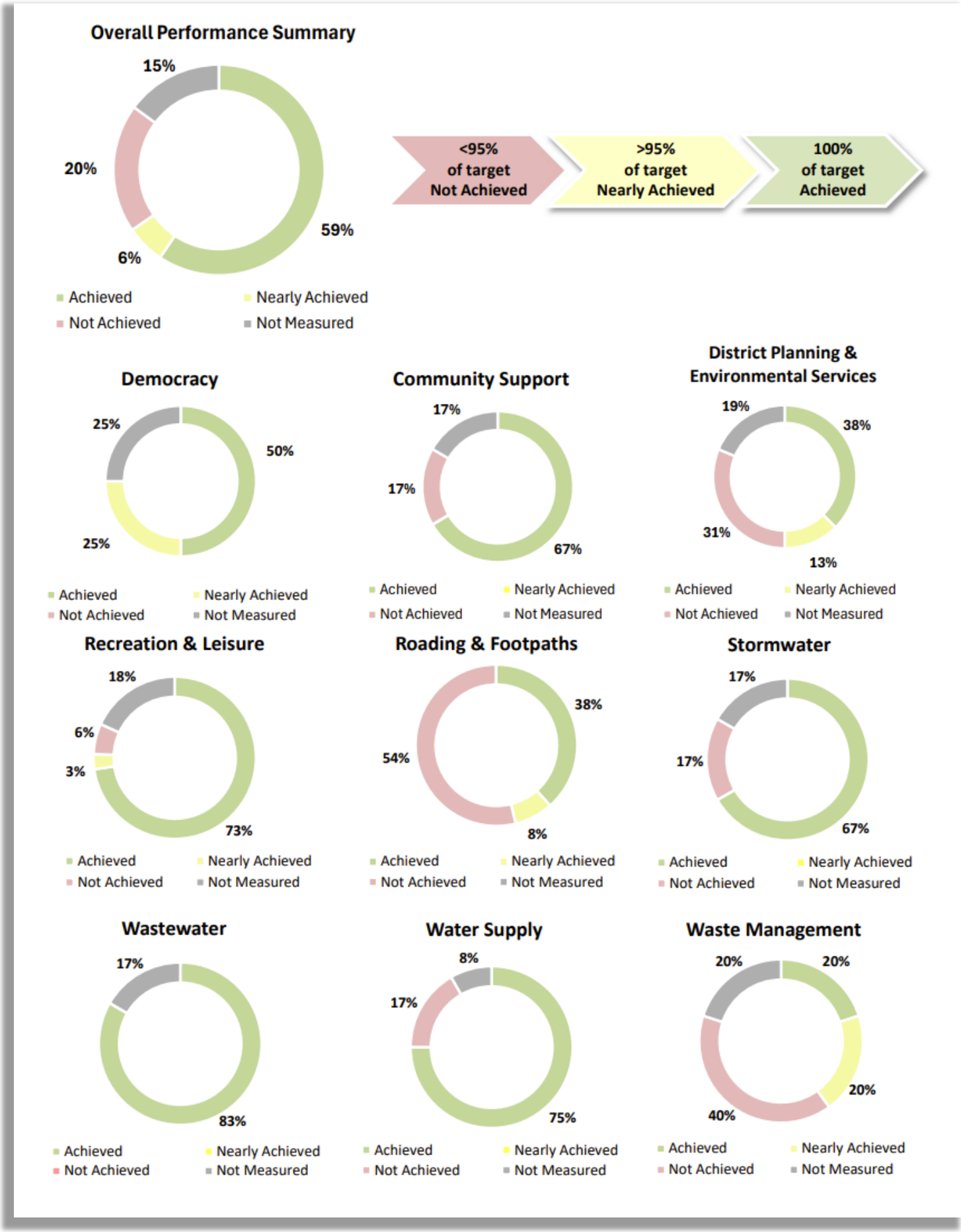
Water Supply



Waste Management



Achieved | Nearly Achieved >95% | Not Achieved <95% | Not Measured


Overall Performance Summary
15%
20%
59%
6%
Achieved
Nearly Achieved
Not Achieved
Not Measured
<95% of target Not Achieved
>95% of target Nearly Achieved
100% of target Achieved
Democracy
25%
50%
25%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Community Support
17%
17%
67%
Achieved
Nearly Achieved
Not Achieved
Not Measured
District Planning & Environmental Services
19%
38%
31%
13%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Recreation & Leisure
18%
6%
3%
73%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Roading & Footpaths
38%
54%
8%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Stormwater
17%
17%
67%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Wastewater
17%
83%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Water Supply
8%
17%
75%
Achieved
Nearly Achieved
Not Achieved
Not Measured
Waste Management
20%
20%
20%
40%
Achieved
Nearly Achieved
Not Achieved
Not Measured



Summary **Financial Information**

Summary Financial Statements

This financial overview is for the year 1 July 2025 to 30 June 2026. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries and associates.

Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2026

	Council			Group	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Revenue	161,025	145,306	135,833	162,743	141,405
Operating Expenditure	(140,999)	(134,558)	(131,442)	(142,749)	(133,767)
Finance Costs	(8,640)	(11,968)	(10,066)	(9,164)	(10,518)
Share of surplus / (deficit) of associates	-	-	-	9,801	(4,434)
Net surplus / (deficit) before taxation	11,386	(1,220)	(5,675)	20,631	(7,314)
Taxation				198	(45)
Net surplus / (deficit) after taxation	11,386	(1,220)	(5,675)	20,829	(7,359)
Gains on revaluation of property, plant and equipment	33,654	70,063	45,428	33,271	45,428
Total Other Comprehensive Revenue and Expense	33,654	70,063	45,428	33,271	45,428
Total Comprehensive Revenue and Expense	**45,040**	**68,843**	**39,753**	**54,100**	**38,069**

Summary Statement of Changes in Equity for the year ended 30 June 2026

	Council			Group	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Equity at beginning of year	1,811,561	1,866,033	1,771,808	1,938,904	1,900,835
Total Comprehensive Revenue and Expense	45,040	68,843	39,753	54,100	38,069
Equity at end of year	**1,856,601**	**1,934,876**	**1,811,561**	**1,994,005**	**1,938,904**

Summary Statement of Financial Position as at 30 June 2026

	Council			Group	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Retained earnings	766,510	837,594	763,546	902,916	887,841
Reserves	1,090,091	1,097,282	1,048,014	1,090,091	1,051,063
Total Equity	**1,856,601**	**1,934,876**	**1,811,561**	**1,993,006**	**1,938,904**
Current assets	57,996	60,195	63,320	61,493	66,559
Non-current assets	2,090,164	2,197,010	2,041,798	2,240,212	2,176,940
Current liabilities	(90,949)	(26,437)	(99,237)	(105,089)	(110,210)
Non-current liabilities	(200,610)	(295,892)	(194,320)	(203,610)	(194,385)

Summary Statement of cashflows for the year ended 30 June 2026

	Council			Group	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Net cash inflow from operating activities	54,726	37,068	37,382	54,414	36,136
Net cash outflow from investing activities	(66,417)	(80,148)	(46,676)	(71,034)	(48,530)
Net cash inflow from financing activities	5,149	35,588	30,258	11,199	32,344
Net increase/(decrease) in cash held	(6,541)	(7,492)	20,964	(5,421)	19,950
Opening Cash Balance - 1 July	43,123	16,723	22,159	43,492	23,542
Closing Cash Balance - 30 June	**36,582**	**9,231**	**43,123**	**38,072**	**43,492**

Notes to the summary financial statements for the year ended 30 June 2026

Overview

The summary financial statements of the Timaru District Council (the Council) and group have been prepared in accordance with the requirements of the Local Government Act 2002; which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), which are primarily based on reporting standards as promulgated by the External Reporting Board (XRB) and the NZ Accounting Standards Board (NZASB). These summary financial statements have been extracted from the full financial statements, which were authorised for issue on 27 October 2026 and have been audited, receiving an unqualified opinion.

Accounting Policies

The full financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Council Reporting and Prudence) Regulations 2014 (LG(FRP)R), which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand. The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity Accounting (PBE) Standards. The Council make an explicit and unreserved statement of compliance with PBE Standards in its full financial statements for each period presented in the summary. This summary has been prepared in accordance with PBE FRS43: Summary Financial Statements.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars ($000). The functional currency of the Council is New Zealand dollars. The full financial report and this summary were audited and received an unmodified audit opinion.

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

Financial Statements Reclassifications

The Council and Group have made certain prior period reclassifications within the Financial Statements, including Comprehensive Revenue and Expense, Changes in Equity, Financial Position, and Cashflows, together with the relevant accompanying notes, to ensure consistency with the current period presentation. As a result of printing errors in the Long Term Plan 2024-34 and Annual Report 2024/25, certain comparative figures have also been corrected in the Annual Report 2025/26.

Budget figures

The budget amounts shown in the summary financial statements are derived from the 2025/26 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these summary financial statements.

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:

- Assumptions regarding investments in other financial assets, subsidiaries and other entities
- Estimating the fair value of investment property
- Estimating the fair value of property, plant and equipment
- Estimating the landfill aftercare provision
- Estimating the fair values of financial instruments

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Valuation methodology for property, plant and equipment, cultural and heritage assets and intangible assets
- Donated or vested land and buildings with use or return conditions
- Valuation methodology of landfill aftercare provision

Changes in Accounting Policy

Changes in Accounting Estimate

During the year, the Council reassessed the assumptions used in estimating its landfill aftercare provision based on a more detailed information becoming available to estimate the provision on individual-cell level. As a result of the reassessment, the estimated provision increased by $1.62m. The revision represents a change in accounting estimate and has been recognised prospectively in the current financial year.

Explanations of major variances to budget

Statement of comprehensive revenue and expenditure

Timaru District Council made a net surplus of $11.386M (budgeted deficit of $1.22M)
The major reasons for the variance between actual and budgeted net surplus were:
Subsidies and grants received were over budget as a result of significant projects budgeted in the prior year commencing the current year. This included:
Aorangi Stadium - $2.7m
Theatre Royal - $8.9m
Grant received for Peel Forrest remediation recognised in 2026: $3.4m

Finance revenue was $2.0m below budget, primarily due to interest rates being lower than anticipated.

Other revenue was $2.1m above budget, primarily due to $5.1m of weighbridge charges associated with Peel Forest remediation work, which were offset by corresponding expenditure. This was partially offset by a $2.0m correction relating to historical infringement revenue.

Personnel costs were $3.7m below budget, primarily due to savings arising from organisation restructuring vacant positions.

Finance costs were $3.3m below budget as a result of lower than anticipated and delays in borrowing to fund capital projects.

Depreciation was $5.4m below budget, primarily due to delays in the completion of capital projects, together with adjustments arising from the prior year roading revaluation.

Other losses were above budget, primarily due to losses recognised as a result of the reviews undertaken of property, plant and equipment.

Statement of financial position

Cash and cash equivalents over budget, offsets with budgeted short term deposits in other financial assets

Total borrowing under budget as a result of other revenue being higher than budget from grants received, and investment in property plant and equipment being under budget due to timing of projects.

Property Plant and Equipment were under budget as a result of lower capitalisation than budget due to the review of PPE for disposal, and project timing.

Provisions under budget as a result of Peel Forest remediation provision being utilised during the year. Timing of recognition was uncertain when the budget was set.

Other comprehensive revenue under budget as a result of the 3 waters external asset revaluation. Result unknown until completed.

Contingencies

The Council and group have contingent liabilities including:

- Following the significant flooding event in 2019 which endangered the integrity of the closed Peel Forest landfill, a risk assessment of the 40 identified historic landfills which are considered the responsibility of Timaru District Council has been completed, evaluating the risk related to these and potential future remediation and work and cost associated with the management of identified risks. No immediate or urgent risk has been ascertained however some work is likely to be desirable within the next 10 years. The potential cost of this has not been assessed as at 30 June 2026 however a provision has been raised for the costs of further assessment. Additional historic landfills exist within the District which are not the responsibility of Council however the consideration of risks related to these will be in conjunction with the respective landowners and Environment Canterbury Regional Council (ECan). It is not anticipated that Council will have any financial obligations relating to these.
- Timaru District Council has $18,550,000 uncalled shares, (2025: 18,550,000) in Timaru District Holdings Limited. This uncalled capital is a requirement of TDHL's funding arrangement with the NZ Local Government Funding

Agency for the Letter of Credit facility of $19m (2025: $19m) with the NZ Local Government Funding Agency (2025: LGFA) for the credit facilities with Timaru District Holdings Limited.

- Council is reviewing buildings owned or controlled by it to assess their seismic rating under the new building standards (NBS). Council's buildings are categorised as either 'priority' or 'non-priority' buildings under the NBS and Council has identified all priority and non-priority buildings as required. Seismic assessments on all priority buildings have been commenced although not completed in all cases and remediation work is being undertaken when appropriate. Council is also developing a strategy and prioritisation methodology to inform its future decisions on earthquake prone buildings. There is currently no estimate of the potential cost of work required.
- Sophia Street car park building has been assessed as earthquake prone and is subject to an earthquake-prone building notice. Council intends to strengthen the building and has provided funding in the Long Term Plan. Design and timing depend on further geotechnical and engineering assessment. The car park is structurally connected to an adjoining privately owned building. The owner of that building previously indicated it may seek to recover the cost of obtaining its own seismic assessment. No claim has been made as of 30 June 2026, and Council considers the likelihood of a material claim to be remote. Strengthening work at the connection between the two buildings may require agreement with the adjoining owner on how costs are shared. Any such amount arising from these potential agreements cannot be reliably estimated at this time.
- The Council is exposed to various legal claims on an ongoing basis. The maximum financial exposure under those additional claims is likely to be less than $100,000
- Timaru District Holdings Limited, and Venture Timaru Ltd do not have any contingent liabilities.

Mutual Liability Riskpool insurance scheme

Timaru District Council previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme until 30 June 2017. Riskpool operated as a mutual fund where each member made an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. The scheme is in wind-down. Timaru District Council has an on-going obligation to contribute to the scheme should a funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the on-going operations of the scheme. Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of the council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters

Local Government Funding Agency

As at 30 June 2026, the Council is one of 74 local authority guarantors of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30 June 2026, the LGFA has a local currency credit rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Together with other guarantors, the Council is a guarantor of all of the LGFA's guaranteed borrowings. Any call on the guarantee will be made on a pro-rata basis according to each guarantor's prior year annual rates revenue. If a guarantor fails to pay its pro-rata share, the other guarantors will be called on for payment on a pro-rata basis. At 30 June 2026, the LGFA had guaranteed borrowings totalling $26.6 billion (2025: $25.5 billion).

PBE Accounting Standards require the council to measure the LGFA guarantee liability at the higher of, the loss allowance at balance date determined by the ECL model, and the amount initially recognised. At the end of the financial year, the Council has assessed the 12-month expected credit losses of the guarantee liability, based on market information on the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Council and Group has borrowed $225.9m and $271.4m respectively (2025: $250.8m and $260.1m respectively) from the LGFA which is recognised as a liability in the Council and group financial statements.

Joint operation contingent liabilities

- There are no contingent liabilities associated with Downlands Water Supply joint operation (2025: Nil)

Share of associates' contingent liabilities

Alpine Energy Limited has contingent liabilities as at 31 March 2026 of Nil in the form of performance and import guarantees to cover ongoing project work (2025: 0.73m)

No contingent liabilities exist at balance date for PrimePort Timaru Limited (2025: Nil)

Related Party contingent liabilities

No contingent liabilities exist at balance date for Timaru District Holdings Limited (2025: Nil)

Contingent assets

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

Capital Commitments

The capital commitments of the Council were $68.55m (2025: $25.93m) and of the group were $68.89m (2025: $27.69m).

Related Party Transactions

During the year to 30 June 2026, the Council entered into various transactions with its associate companies (PrimePort Timaru Limited and Alpine Energy Limited) and subsidiaries (Timaru District Holdings Limited, Aorangi Stadium Trust and Venture Timaru Limited).
Related party disclosures have not been made for transactions with related parties that are within normal supplier or client/recipient relationships and on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Local Water Done Well

Timaru District Council has elected to establish a joint Council Controlled Water Services Organisation with Mackenzie District Council. Each council will hold an equal share, with oversight provided by a joint shareholder's committee.
From 1 July 2027 (FY27/28), all water assets, including the two councils' proportional share of the Downlands rural water scheme as well as any debt accrued as part of the development of those services, will transfer to Central South Island Water Limited (CSIW). From this day CSIW will provide drinking and wastewater services to customers connected to its urban and rural networks. Stormwater will continue to be provided by each council, but decisions on council direction may be managed by the company.
The company's Chair as well as an interim Chief Executive Officer has been appointed, and work is continuing to establish the new entity's governance and operating arrangements, including shareholder agreements, transfer planning, and regulatory compliance activities. Work is also ongoing on negotiating appropriate corporate services arrangements, which could be provided by shareholding councils on an ongoing basis. These may include customer services, finance and billing arrangements.
Since the agreement to transfer water services, related assets and liabilities is yet to be finalised, there is uncertainty over the financial impact on future financial statements. The Council is still working through the financial implications of the transfer however; the more significant impacts are expected to include:

- derecognition of water assets and liabilities (including any associated debt) in the 2027/28 reporting period;
- while the final assets and liabilities to be transferred have not yet been determined, assets reported within the Council's water supply and wastewater asset classes have a carrying value of approximately $630.4 million at 30 June 2026. In addition, water-related assets under construction totalled approximately $13.3 million at balance date. Refer to Note 16 Property, Plant and Equipment (page 142 of the full Annual Report 2025/26) for further information on the values of PPE associated with these activities. Certain land, building and other supporting assets associated with water services may also transfer to CSIW; however, the extent of these transfers remains subject to further assessment and agreement;
- a transfer between revaluation reserves and retained earnings resulting from the derecognition of water assets;
- recognition of Council's investment in CSIW;
- appropriate disclosure of the guarantee arrangement between Shareholder Councils and CSIW;
- disclosure of discounted water operations in the 2027/28 reporting period. Due to the nature of the transfer, water infrastructure assets are not classified as non-current assets held for sale since their carrying value will not be principally recovered through a sale transaction;
- transfer of certain water-related capital commitments to CSIW. The final treatment of these commitments remains subject to completion of the transfer arrangements. At the reporting date, no material lease commitments are expected to transfer to CSIW;

- a reduction in rates revenue and a similar level of cost savings. The revenue will then be charged by CSIW, who will also incur the expenditure relating to water services. While the final financial impacts of the transfer remain uncertain, the scale of the activities affected can be seen in the Council's water services Funding Impact Statements. During the year ended 30 June 2026, water supply and wastewater activities generated revenue of approximately $33.8 million and incurred operating expenditure of approximately $34.4 million and capital expenditure of $8.9 million. Refer to the Funding Impact Statements (page 73 and 85 of the full Annual Report 2025/26) for further information on these activities. The Council has also considered the impact of the expected transfer on the going concern basis of preparation.

- The Council is not currently aware of any material contingent assets or contingent liabilities specifically attributable to water services that are expected to transfer to CSIW; and

- The Council has also considered the impact of the expected transfer on the going concern basis of preparation. While there will be a significant decrease in the future revenue stream of the Council (since approximately 28% of current rates revenue relates to water services which will form part of CSIW after the transfer), this will be offset by an approximately equivalent saving in the associated costs of providing water services. The Council therefore considers the going concern basis of preparation to still be appropriate.

No further key decisions or events have occurred between 30 June 2026 and the date of adoption of this report that require disclosure.

Events after balance date

Proposed disposal of Alpine Energy by Timaru District Holdings Limited
Subsequent to balance date, the Timaru District Council approved a proposal to commence a process for the disposal of Timaru District Holdings Limited's shareholding in Alpine Energy Limited.

As at the date of authorisation of these financial statements, the proposed sale remains subject to the completion of the relevant sale process, including negotiation of transaction terms and satisfaction of any required conditions and approvals. As the transaction was not committed to at balance date no adjustment has been made to the carrying value of the investment at 30 June 2026.

Management will continue to monitor developments and assess the financial reporting implications of the transaction as further information becomes available.

Council has given instruction to Timaru District Holdings Limited that it should divest its shares in Alpine Energy Limited to be reinvested into a managed investment portfolio. Work by TDHL is ongoing on this matter, with the company aiming to start market engagement in early 2027

Uncertainty on Local Government Reform
As part of the Government's Head Start Programme, Timaru District Council collaborated with Waitaki District Council, Waimate District Council and Mackenzie District Council to propose a unitary authority that stretched from the Rakaia River in the North to the southern boundary of Waitaki District. As the government has postponed decision-making on this until early 2027, there is significant uncertainty around the timelines or overall direction of local government reform.

As a result, no assets, liabilities, revenues, expenses, commitments, or contingent liabilities have been recognised in these financial statements in relation to the proposal.

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 revenue, 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.

Council has met 5 of these benchmarks in 2025/26. The ratios are as follows:

Rates (increase) affordability	**Not met**
Debt affordability benchmark	**Met**
Balanced budget benchmark	**Met**
Essential services benchmark	**Not met**
Debt servicing benchmark	**Met**
Debt control benchmark	**Met**
Operations control benchmark	**Met**

Independent Auditor’s Report