



ANNUAL REPORT

2020/2021
SUMMARY

From the Mayor and Chief Executive

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

On behalf of your elected Council members we are pleased to be sharing the Timaru District Council Annual Report 2020/2021 with our community, as we reflect on how the Council has performed during the year.

With the global COVID-19 pandemic continuing to impact the district – both our economy and our community well-being, and another region-wide flooding event, 2020/21 has been another challenging year.

We acknowledge the remarkable resilience of our community and the valued contribution so many residents have made, particularly our essential workers, from supermarket staff to nurses and healthcare workers to truck drivers and emergency service workers.

Throughout these disruptions Council has prioritised keeping services operating 24-7 to serve our communities needs. Our sincere thanks to all our staff who continue to work tirelessly through these challenges.

Focus on community wellbeing

We were privileged to talk with so many residents as we developed our Long Term Plan 2021 – 31. Thank you for your interest and input into the future of our district.

Through conversations at Farmers Markets, community events, community group gatherings, and submissions to Council we heard from residents of all ages, ethnicities and many other service providers in the district.

Collectively these discussions confirmed that residents want Council to focus on community wellbeing outcomes that enable connected citizens, an enhanced lifestyle, a sustainable environment, a diverse economy, and resilient infrastructure.

These focus areas drive our services, and priorities going forward.

Progress on Significant Projects

During the year we have successfully progressed some significant projects that collectively enhance the wellbeing of our community. Delivering the 2020/2021 work programme was a huge challenge in a disrupted year. Despite this we

have successfully delivered over \$59M of projects across our activities, with highlights including:

- Te Ana Wai (Downlands) Water Supply Scheme - starting work on the Treated Water Reservoir and construction of the Water Treatment Plant building.
- Upgrading the Pareora water supply pipeline – progressing work on several sections of the pipeline, with completion expected by July 2022.
- Theatre Royal and Heritage Facility – further progress was made on this key CBD regeneration project. The \$29.8M project is forecast for completion in 2023. A \$11.6M cash injection from the central government 'Shovel Ready' stimulus funding was a welcome boost to the project.
- Waste Minimisation – As we continue efforts to reduce the volume of waste going to landfill, a separate glass collection bin was introduced in late June 2021. An extensive local campaign was launched to reduce contamination in recycling bins, with the contract for waste minimisation awarded to the new provider.
- Geraldine-Winchester Road roundabout - this significant road safety project was the first "Road to Zero" project approved by Waka Kotahi (NZTA). The new roundabout qualified for this funding assistance because of the potential it has to reduce accidents, potential deaths and serious injuries on this stretch of road.

You can read more about all of our projects throughout this report.

Timaru District Council Covid-19 Stimulus funding

The \$2M stimulus fund agreed in the 2020/21 Annual Plan was shared by 10 local projects. The successful projects were selected by Council because of their potential to boost recovery in response to Covid-19, and to contributing to community wellbeing and stimulating economic activity.

Change on the horizon

Predicting the future is difficult at the best of times. The spectre of Covid-19 and issues like climate change and natural disasters have made these predictions even more challenging. Local Government is in a period of

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

unprecedented change. Proposals to change the delivery of the three waters (sewer, stormwater and water supply), changes to resource management and what local government should look like in the future, will change the shape of local government as we know it. We will continue to listen to residents views, and advocate for the best solutions for the Timaru District community as these reforms progress.

Three Waters Reform

Council continues to advocate strongly for preserving community control and influence over its 3 Waters assets and decisions. Since 30 June 2021 Council has joined and supported Communities 4 Local Democracy, now a group of over 30 councils, advocating for communities to remain involved as a better way to achieve the government's objectives of lifting performance across the 3 waters. In addition Council, along with Whangarei and Waimakariri District Councils, is seeking a judgment from the High Court declaring the existence of ordinary property and associated rights to its 3 Waters assets including fair value compensation for expropriated assets. At present the government's proposal is for your 3 Waters assets to be transferred to a South Island wide entity with no compensation paid. By joining with other councils we are compelling the government to revisit its proposals, and we believe collective action by the councils will lead to better 3 waters reform outcomes while still preserving your control and influence over the assets and decisions.

Balancing the books

We remain in a financially strong position, both in terms of debt and overall financial performance. Covid-19 has not had a major impact on our service delivery or income. Overall we had a surplus of \$10.7M against a budgeted surplus of \$8.6M.

Thank you Timaru District

On behalf of the Council, thank you for your contributions to your community during the year. Your ongoing support is essential in shaping a Timaru District that continues to thrive together.



Nigel Bowen
Mayor
Koromatu

Bede Carran
Chief Executive
Kaiwhakahaere



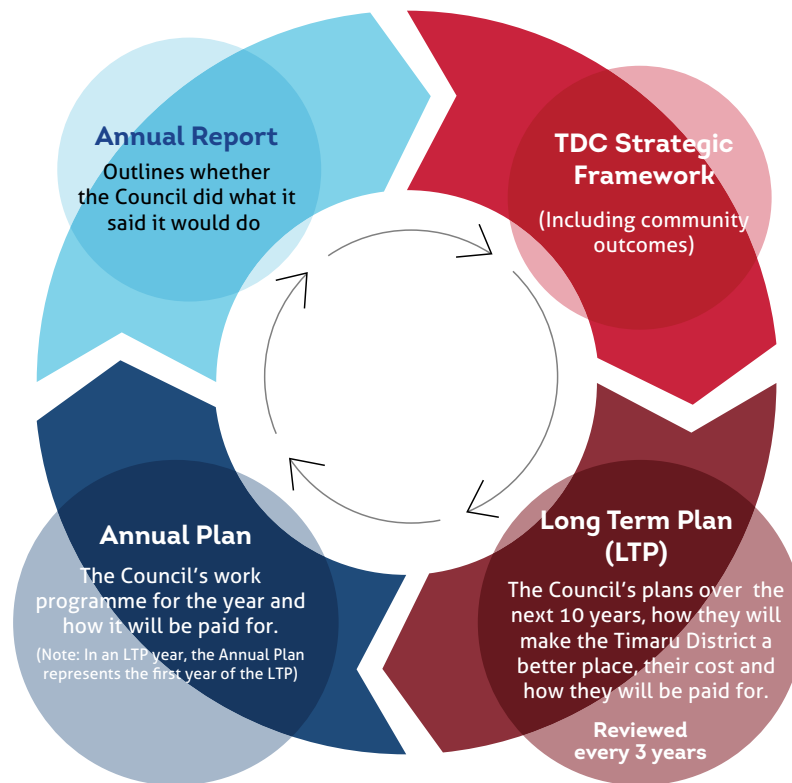
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About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2020/21 Annual Plan (Year Three of the 2018-28 Long Term Plan).

The diagram below shows our planning and reporting cycle:



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

DEMOCRACY

COMMUNITY SUPPORT

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

DISTRICT PLANNING AND ENVIRONMENTAL SERVICES

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

RECREATION AND LEISURE

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

ROADING AND FOOTPATHS

Cycleways and Walkways
Roading and Footpaths (includes parking facilities)

SEWER

STORMWATER

WASTE MINIMISATION

WATER SUPPLY

CORPORATE ACTIVITIES

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.

Community Wellbeing Outcome 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. Open to Ideas**
We will actively support the contribution of citizens in activities to foster inclusion and democracy.
- 2. Sharing Stories**
We will support the growth of local identity, and community pride through sharing stories, learning and documenting local history.
- 3. Enabling Community**
We will enable community ownership of projects, by supporting community groups and initiatives.
- 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.

Community Wellbeing Outcome 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. Accessible and Active**
We will enable an active lifestyle for everyone across the accessibility spectrum.
- 2. Shared Spaces**
We will develop and maintain shared spaces that support community activity, diversity and foster pride.
- 3. Facilities and Services**
We will provide future proofed services and facilities to enhance the community.
- 4. Affordability**
We will strive to ensure affordability and equity 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. Kaitiakitanga

We will foster a strong connection between our people and the environment.

2. Low Carbon and Energy

We will promote and support low-carbon, low-energy practices.

3. Minimise Waste

We will lead and promote waste minimisation.

4. Clean Environment

We will prioritise sustainable land and water use to help regenerate our environment.

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 opportunities for a thriving community.

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

FOCUS AREAS

1. Sustainable growth

We will support sustainable growth in the right place.

2. New and Niche

We will encourage innovation and new opportunities to further diversify our economy.

3. Leverage Local Strength

We will leverage local strengths to retain and grow local talent.

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 face to create 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

\$94M

TOTAL EXPENDITURE
(Compared with budget of \$83M)

\$55M

RATES REVENUE LEVIED
(Compared with budget of \$54M)

**Financial
Overview**

\$1,357M

**TOTAL COUNCIL
NET ASSETS**
(2019/20: \$1,055M)

\$36M

RESERVE FUNDS
(2019/20: \$37M)



Expenditure and Revenue

Overall operating expenditure was \$11,580,000 higher than budget. The major items in this unfavourable variance were:

- Reduction in provision of \$2,434,000. for aftercare expenditure on Timaru's Redruth landfill due to interest rate changes and reassessment of the costs to provide aftercare and the Peel Forest closed landfill.
- Roothing maintenance costs were \$1,564,000 above budget attributable to emergency works response and increased sealed pavement maintenance required as a result of the flooding event.
- Urban water supply costs attributable to reticulation and overhead costs were \$634,000 above budget as a result of additional maintenance.
- Depreciation and amortisation was \$6,997,000 larger than budget due to the 2019/20 revaluation of assets within three waters infrastructure assets (water, sewer, stormwater) and the 2020/21 revaluation of roading assets. The budget was based on pre-revaluation values.
- Finance costs were \$196,000 under budget due to the actual timing of capital works being different from the budgeted timing. In many cases this is due to the planning, design and consenting processes taking longer than initial forecast. There was also lower than budgeted interest rates achieved.

Overall actual revenue was \$13,692,000 better than the budget. The major items in this favourable variance were:

- Subsidies and grants was \$3,255,000 more than budget.

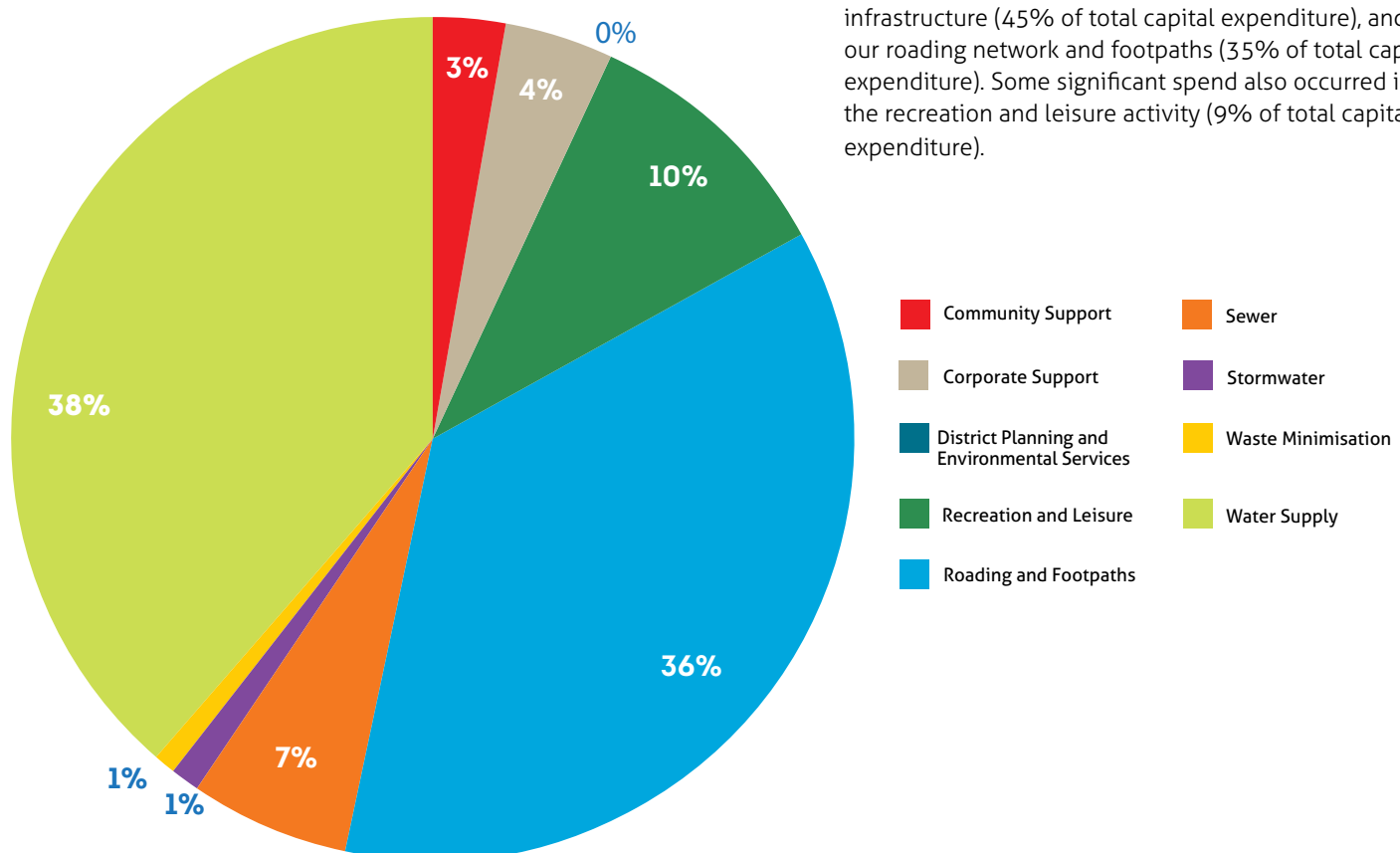
This was largely attributable to the following:

- The Department of Internal Affairs provided an unbudgeted grant for water stimulus projects. \$3,430,000 was received during the 2020/21 year.
- The Ministry for Business, Innovation and Employment provided an unbudgeted grant for development of the Theatre Royal. \$2,320,000 was received during the 2020/21 year, of which \$565,000 was recognised as revenue.
- Other revenue was \$8,084,000 more than budget. Assets of \$5,961,000 from residential developments were vested in Council during the year. The budget only includes minimal service connections vesting (approximately \$40,000). In addition, residential developments contributed to an increase in consenting fees of \$500,000 above budget.
- Other gains/(losses) of \$1,594,000 related to the following:
 - Unrealised gains on interest rate swaps of \$2,413,000 were not budgeted for due to difficulties in forecasting market conditions
 - Loss on disposal of property, plant and equipment of \$943,000.

Capital Expenditure programme

- During 2020/21 capital expenditure on Council's infrastructure, facilities and services totalled \$59M. This provided numerous employment opportunities for our local workforce while keeping our facilities and infrastructure well maintained and fit-for-purpose.
- Most of the expenditure happened on three waters infrastructure (45% of total capital expenditure), and on our roading network and footpaths (35% of total capital expenditure). Some significant spend also occurred in the recreation and leisure activity (9% of total capital expenditure).

Capital Expenditure by Group of Activity



Contributing to the wellbeing of our community

Council's role in the community is much broader than simply providing services. Our role also encompasses promoting the wellbeing of residents through shaping places and services to meet the needs of our community. We are able to do this more effectively when we work in

partnership with the community and draw on the wealth of talent, understanding and enthusiasm we have in the Timaru District.

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

**HEALTHY
HOMES
UPGRADING
UNDERWAY**

1,800+
library materials
delivered, and significant
increases in material
available via e books and
audio books digital apps

93.5%
SOCIAL HOUSING
UNIT OCCUPANCY

15

DOG CONTROL
EDUCATION
INITIATIVES
DELIVERED

Social wellbeing

278

PEOPLE ATTENDED
COMMUNITY BASED
ART GALLERY
TALKS

Art Gallery

Five visits
to local
rest homes

Traffic disruption due
to road maintenance
and renewal works
kept to a minimum

No formal complaints
received by Council

99.46%

Resource consents
processed within
statutory timeframes

7%

OF ROADING NETWORK
RESURFACED -
EXCEEDING TARGET
OF 4%

12.92

AVERAGE DAYS
BUILDING CONSENT
PROCESSING TIME

Economic wellbeing

Working with Plant & Food
Research on opportunities
for new horticulture and
energy cropping opportunities
through a regional land
mapping exercise

100

new apprentices employed in Mid
and South Canterbury and North
Otago in a 5 month period through
the Regional Apprenticeship
Initiative coordinated by Venture
Timaru, 90 of these in the
construction industry

Cultural wellbeing

16

art gallery exhibitions hosted, with aspects of these uploaded digitally for national and international viewing

Fostering our young learners through innovative cultural and learning programmes, including

- Museum Young Explorers Club 2,000+ primary school age members
- Over 400 sessions hosted at the libraries during school holiday and after school
- School holiday programmes hosted at the Art Gallery, including Anzac themed activities, Matariki workbooks and flax weaving sessions

MATARIKI
-THE MĀORI
NEW YEAR, 24
JUNE

A time for celebration, growth and renewal, with numerous events held across the district

70+

NEW CITIZENS
WELCOMED TO THE
DISTRICT

Museum
172

CULTURALLY AND
HISTORICALLY
SIGNIFICANT
ACQUISITIONS

"Blue bin" glass
collection
introduced to
boost recycling

Environmental wellbeing

31,378

transactions at the
"Crow's Nest" reuse
shop

100%

COMPLIANCE WITH
SEWER, STORMWATER
AND WATER RESOURCE
CONSENTS

Sustainable is Attainable

Venture Timaru initiative with 20+ local industries exploring opportunities including:

- Bio-fuel and bio digesters
- Plastic shredders
- Protein extraction plants
- Blue lab – cleantech facilities

14,500

TONNES OF GREEN WASTE
DIVERTED FROM THE
LANDFILL

How we measure our service performance

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

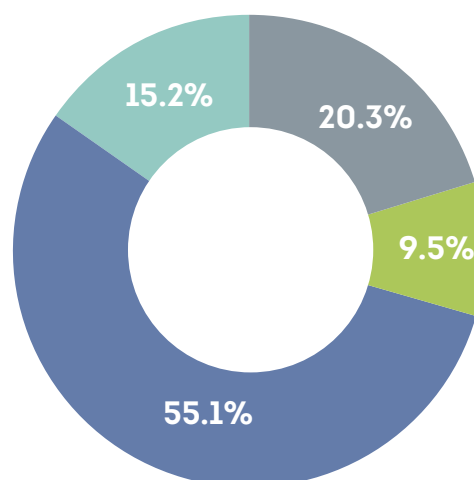
We have 158 performance measures with targets that we report on across 10 groups of activities.

We achieved 55% of targets (87 measures) and nearly achieved 9% (15 measures). 20% were not achieved (32 measures) and 15% not measured (24 measures).

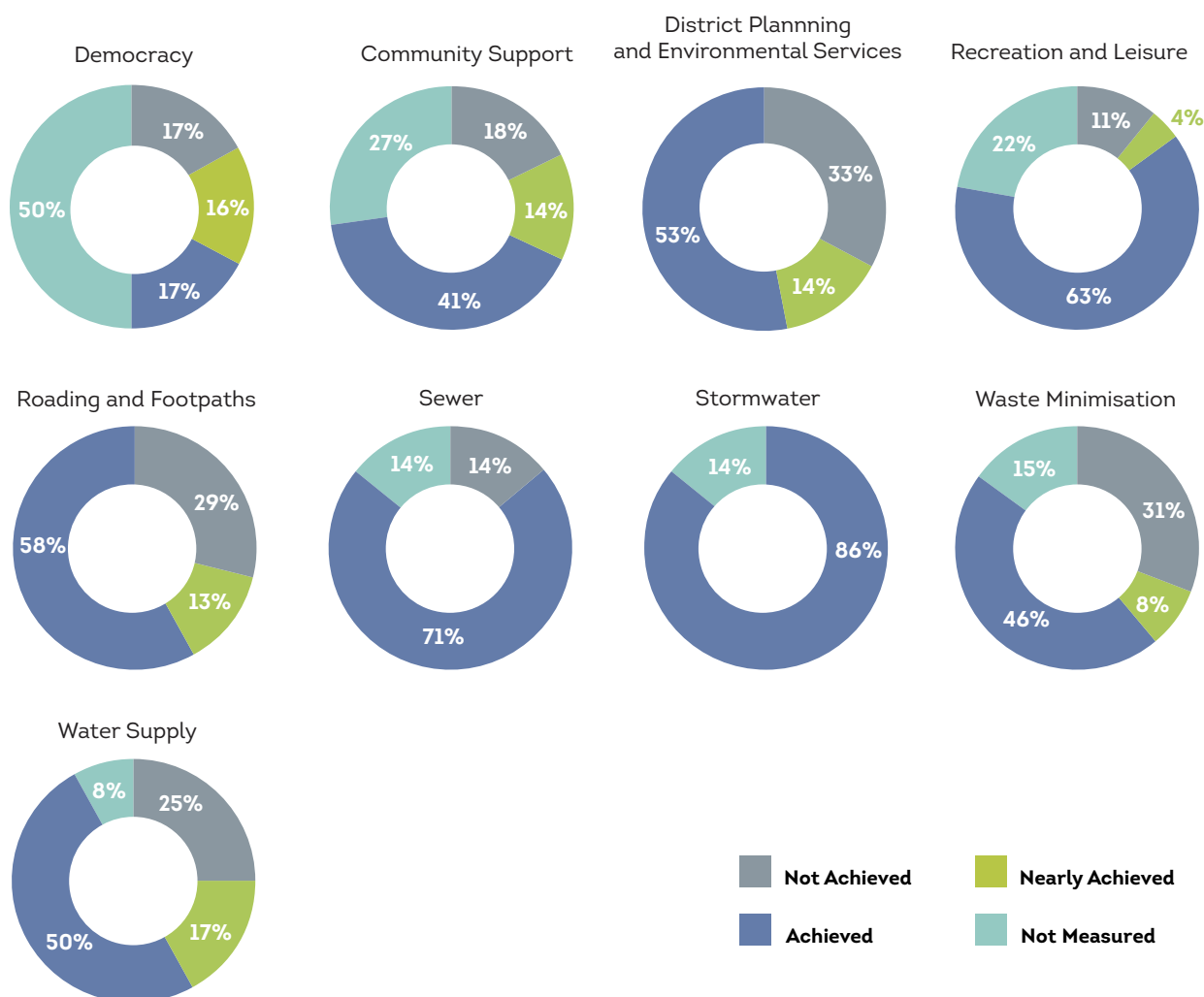
Of the 24 measures that were not measured this year, the majority are biennial measures relating to the community survey, which will be conducted in 2021/22.

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

Overall Performance Summary



Performance Summary by Group of Activities





Highlights and challenges

Timaru District Council Stimulus Fund \$2M

The fund, which was agreed in the 2020/21 Annual Plan, was aimed at supporting initiatives that would boost recovery in response to Covid-19, and contribute to community wellbeing and stimulating economic activity.

Ten local projects were selected by Council to share \$1.85 million of the Covid-19 stimulus fund. As a separate part of the overall \$2 million fund, \$150,000 has been allocated to district development agency Venture Timaru to support local events.

The successful applicants were

Levels Raceway Resealing Project

Tennis South Canterbury Court Resurfacing Project at the Trust Aoraki Centre

Redevelopment of Alpine Energy Stadium

Temuka Projects

Geraldine Domain Redevelopment

Re-roofing of the main building at the Winchester domain/Showgrounds

South Canterbury Bike Skills Park

Cycle Trail - Stage 1: Timaru to Pleasant Point

New Classic Truck & Vintage Tractor Building

C-Play Timaru



Retro Rock

The fourth annual Retro Rock at the Museum event was held in February – an evening of music and dance enjoyed by a crowd of over 600 “retro rockers”

May 2021 Flood Event – recovery is ongoing

In late May the district experienced a 1-100 year flood event, with a state of emergency declared on 30 May.

Serious flows occurred in northern district rivers – the Orari, Waihi and Temuka, with reasonable flows in Te Moana and Kakahu Rivers and lesser flows in Te Ana Wai, Opihi and Pareora Rivers. Flood breakouts were experienced from Kowhai Stream into Peel Forest. The Orari River suffered a large flood below State Highway One with flood breakouts into Coopers Creek channel.

This resulted in serious on-farm damage, some house flooding and isolation, with transport links severed and significant damage to the roading network.

While the impact was significant, it would have been worse had it not been for the previous dry period, the low level of Lake Opuha, less rainfall in the southern tributaries of the Opihi and key rivers remaining within their banks.

The flood event has left the district vulnerable to further flood damage, particularly in the Orari and Waihi Rivers, with significant gravel distribution and vegetation loss. Other recent events such as the 2019 Rangitata River flood and an ocean swell event in June 2021 meant significant repair work and restoration has been required across the district which may take years to complete.



Swimming Pool Facilities

338,317

Visitors to the CBay pool complex

467

Aqua Fitness classes – well above previous years

3,460

Swim for life participants

3,086

Learn to Swim students

114

Participants in our competitive squad per term



Shakespeare comes to town

The Aigantighe gallery gardens was the venue for the Aidan Theatre's play Shakespeare's Romeo and Juliet.

The performance was in the art gallery sculpture garden and held two performances, with a total audience of 225.

Entry was by koha and Cafe Cherie was on site for both performances, providing refreshments and high tea treats from their pop-up cafe.

Significant infrastructure projects making progress

Winchester – Geraldine roundabout nearing completion

The significant road safety project between Winchester and Geraldine is practically complete. The new rural roundabout was the first Road to Zero project approved under an enhanced financial assistance rate by Waka Kotahi (NZTA).

Sewer Main renewals and upgrading

Good progress was made during the year upgrading and renewing sewer infrastructure in priority areas across the district.

Te Ana Wai (Downlands) Water Supply Scheme upgrade

Construction of the Water Treatment Plant building, and site works for the Treated Water Reservoir have commenced.

Timaru – Pareora Pipeline upgrade

Further progress was made on this multi year project, with Section 1 nearing completion and contracts let for Sections 2 and 3.

Temuka Water Supply

Construction of the new treated water reservoir was completed.



Highlights and challenges

Significant reforms for Local Government

The local government operating environment is set for significant change in the coming years. Council is engaging in these processes, keeping the community informed of options and implications, and advocating on behalf of the community.

Three Waters Reform

In July 2020, the Government announced its Three Waters Reform, a three-year programme to change the way drinking water, sewer and stormwater are delivered, to improve public health, environmental and economic outcomes.

Council signed a Memorandum of Understanding (MoU) with the Government and received \$6.8M of stimulus funding to maintain and improve three waters infrastructure. By signing this MoU we agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform. This process will continue to unfold over several years.

Future for Local Government Review

The Government review into the future of local government was launched in April 2021. The review is to consider, report and make recommendations on:

- roles, functions and partnerships
- representation and governance and
- funding and financing.

The Review final report is due by 30 April 2023 to the Minister of Local Government and Local Government New Zealand.

Repeal of the Resource Management Act 1991

The repeal of the Resource Management Act and replacement with three new pieces of legislation, the Natural and Built Environments Act and a Strategic Planning Act, and Managed Retreat and Climate Change Adaptation Act has been signalled by the Government. Participating in, and representing the district's interests in this significant reform process has commenced, and will continue over the next few years.

Long Term Plan 2021-31

Together we can thrive

Following meetings with nearly 40 community groups, and consideration of 560 submissions on a wide range of matters that are important to our community, Council adopted the Long Term Plan 2021-31.

As well as an ambitious capital work programme of \$557 million (including inflation) over the next ten years, Council is committed to progressing a number of strategies focussed on connecting our communities and enhancing wellbeing.

Through the Long Term Plan consultation, decisions were made to progress the four big issues discussed with the community.

Preparing for climate change

Redeveloping Aigantighe Art Gallery

Regenerating the Timaru City Hub

Developing Aorangi Park and Stadium







Summary Financial Statements

Summary Financial Statements

This financial overview is for the year 1 July 2020 to 30 June 2021. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries.

Overall Result

The Timaru District Council (parent) made a surplus before tax of \$10.7M compared to a budget surplus of \$8.6M. The group surplus was \$24.6M (after tax).

Expenditure was above budget mainly due to increased depreciation due to the 2019/20 revaluation of assets with three waters infrastructure and the 2020/21 revaluation of roading assets. In addition, roading maintenance costs were over budget attributable to emergency works response required as a result of the flooding event.

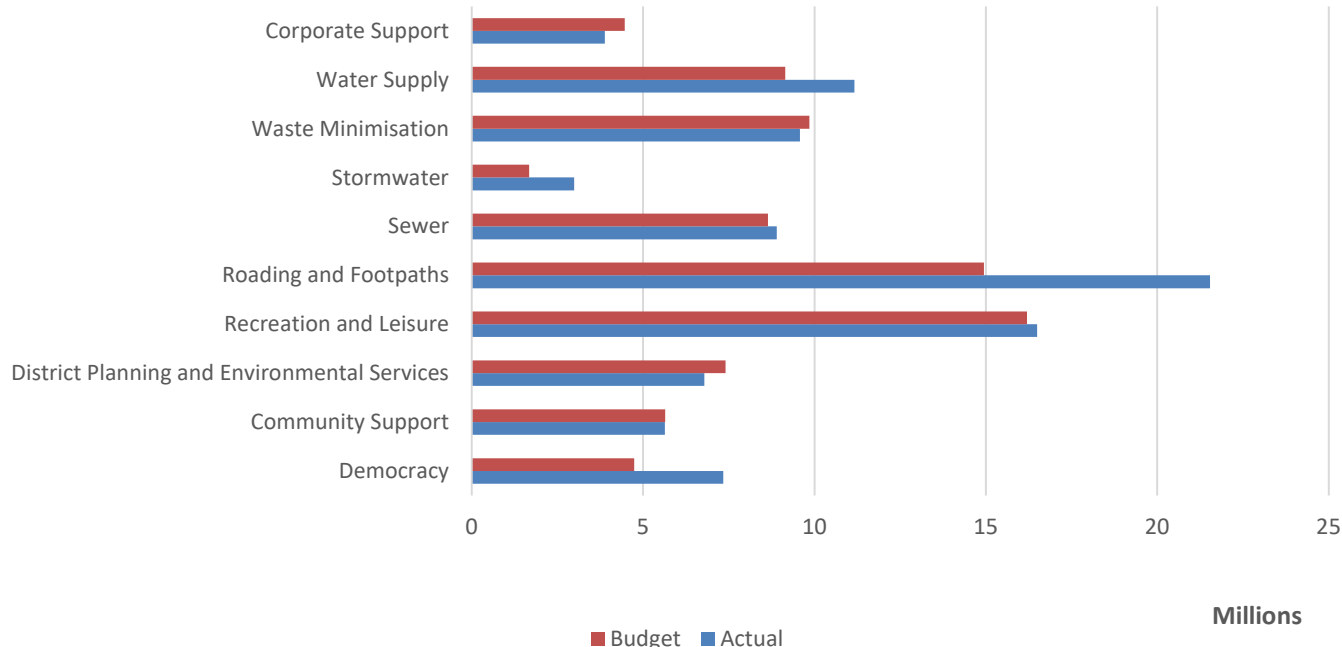
Revenue was above budget due to increases in vested assets and from unrealised gains on interest rate swaps.

Reserve funds significantly increased due to the revaluation of the Roothing assets.

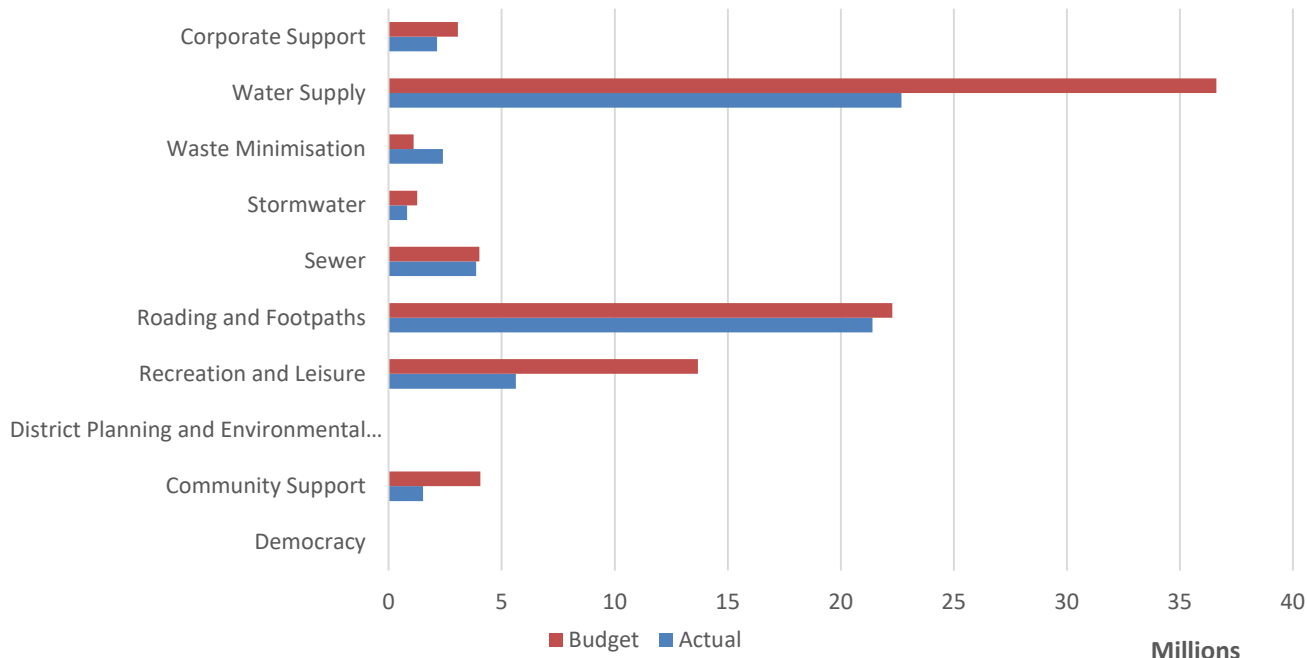
Council's debt remains below projected values with \$99.5M of debt at the end of June 2021 (budget \$127.1M).

Council is looking after \$1,357M of assets located throughout the district (budget \$843M).

Operating Expenditure by Activity 2020-2021



Capital Expenditure by Activity 2020-2021



Revenue and Expenditure 2020-2021

	Actual (\$M)	Budget (\$M)
Rates Revenue	55.4	53.6
Other Revenue	49.6	37.8
Operating Expenditure	94.3	82.7
Capital Expenditure	59.0	86.1
Investments	80.0	82.1
Borrowings	99.5	127.1
Reserve Funds	556.4	36.2

Comprehensive Revenue and Expense for the year ended 30 June 2021

	Parent			Group ¹	
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual (Restated) 2020 \$000
Revenue	104,998	91,306	89,317	112,594	95,809
Operating Expenditure	(91,372)	(79,596)	(81,972)	(94,893)	(82,560)
Finance Costs	(2,937)	(3,133)	(3,516)	(3,358)	(4,204)
Share of surplus of associates	0	0	0	10,724	6,360
Library collection debit revaluation reserve balance (expensed)	0	0	0	0	0
Net surplus / (deficit) before taxation	10,689	8,577	3,829	25,067	15,405
Taxation	0	0	0	(635)	(16)
Net surplus / (deficit) after taxation	10,689	8,577	3,829	24,432	15,389
Attributable to:					
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
Gains on revaluation of assets	291,888	0	228,859	291,888	228,859
Total Other Comprehensive Revenue	291,888	0	228,859	291,888	228,859
Total Comprehensive Revenue	302,577	8,577	232,688	316,320	244,248

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

Changes in Equity

for the year ended 30 June 2021

	Parent			Group ¹	
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual Restated 2020 \$000
Total comprehensive revenue	302,577	8,577	232,688	316,320	244,248
Prior year adjustment	0	0	0	0	(13,569)
Dividends paid	0	0	0	0	0
Equity at beginning of year	1,054,539	834,938	821,851	1,133,896	903,217
Equity at end of year	1,357,116	843,515	1,054,539	1,450,216	1,133,896

Financial Position

as at 30 June 2021

	Parent			Group ¹	
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual (Restated) 2020 \$000
Equity	1,357,116	843,515	1,054,539	1,450,216	1,133,896
Total Equity	1,357,116	843,515	1,054,539	1,450,216	1,133,896
Current assets	40,558	37,870	57,550	44,792	62,257
Non-current assets	1,448,855	952,772	1,116,471	1,543,702	1,203,295
Current liabilities	(63,422)	(19,548)	(61,652)	(65,486)	(62,427)
Non-current liabilities	(68,875)	(127,579)	(57,830)	(72,792)	(69,230)

Cash Movements

for the year ended 30 June 2021

	Parent			Group ¹	
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Cash Balance - 1 July	19,238	21,131	11,496	21,392	13,325
Net cash from operating	26,860	25,294	28,846	29,705	35,071
Net cash from investing	(51,991)	(79,247)	(16,104)	(47,194)	(19,504)
Net cash from financing	10,000	37,569	(5,000)	2,096	(7,500)
Cash Balance - 30 June	4,107	4,747	19,238	5,999	21,392

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

Restatement of the Group share of associate surplus/(deficit) and investment in associates

The Group is required to prepare its financial statements using uniform accounting policies for like transactions and events in similar circumstances.

The Group identified that certain equity accounted investees' financial statements had not been prepared in line with the Group's property, plant and equipment accounting policies (refer to Note 1 for the Group's policies).

In particular, land owned by Prime Port Timaru Limited and land and property owned by Alpine Energy Limited had been measured at fair value rather than at cost in accordance with the Group's policy, consequently the Group's retained earnings and investment in associates had been overstated.

To rectify this error adjustments of \$12.4 million have been made to opening retained earnings and the investment in associate balance as at 1 July 2019 to reverse the historical valuation movements which were incorrectly recognised in periods prior to 1 July 2019. In addition, an adjustment of \$0.2 million has been made to the prior year financial statements to reverse the valuation movements that were incorrectly recognised in the prior year period.

In reviewing our historical accounting treatment of associates an additional issue was identified. In 2019 Alpine Energy Limited transitioned to NZ IFRS 15 Revenue from Contracts with Customers. As part of this transition Alpine Energy Limited changed its accounting policy on accounting for upfront customer contributions. The impact on transition was to reverse revenue previously recognised upfront for these contributions and instead recognise a contract liability on receipt and recognise the revenue subsequently as the related services are provided. On accounting for the associate, this retrospective restatement was not accounted for and TDC had accounted for the change prospectively. This means Investments in associates and retained earnings were overstated by \$1.2 million as at the opening balance of 1 July 2019.

Affected financial statements have been restated for prior periods and are summarised in the following tables:

Year ended 30 June 2019 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for valuations \$000	Year ended 1 July 2019 (Restated) \$000
--------------------------------------------------	--------------------------------------------------------------------------------------	---------------------------------------	--------------------------------------------------

Consolidated statement of financial position (extract)

Total Assets	1,033,458	(1,160)	(12,408)	1,019,890
Investment in Associates	99,249	(1,160)	(12,408)	85,681
Retained earnings	862,267	(1,160)	(12,408)	848,699
Total equity	903,216	(1,160)	(12,408)	889,648

Year ended 30 June 2020 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for valuations \$000	Year ended 30 June 2020 (Restated) \$000
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Consolidated statement of comprehensive revenue and expenses (extract)

Share of associate surplus	6,156	-	204	6,360
Surplus/(deficit) after tax	15,185	-	204	15,389
Total comprehensive revenue	244,044	-	204	244,248

Year ended 30 June 2020 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for valuations \$000	Year ended 30 June 2020 (Restated) \$000
--------------------------------------------------	--------------------------------------------------------------------------------------	---------------------------------------	---------------------------------------------------

Consolidated statement of financial position (extract)

Total Assets	1,278,917	(1,160)	(12,205)	1,265,552
Investment in Associates	105,405	(1,160)	(12,205)	92,040
Retained earnings	877,660	(1,160)	(12,205)	864,295
Total equity	1,147,261	(1,160)	(12,205)	1,133,896

Accounting Policies

1. Accounting Policies Basis of Preparation

The summary financial statements of the Timaru District Council (the Council) have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These summary financial statements have been extracted from the full financial statements, which were authorised for issue on 22 March 2022. The Statement of Comprehensive Revenue and Expense, the Statement of Changes in Equity and the Statement of Financial Position have all had the Group comparatives restated for 2020.

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

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

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

The full financial report and this summary received an unqualified audit opinion. The full financial report was authorised by the Council on 22 March 2022. The audit opinion includes an Emphasis of Matter statement in relation to the three waters reforms which is referred to below in Section 3. Events after balance sheet date.

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

Timaru District Holdings Limited (TDHL) has a loan outstanding from the Council of \$22.2M (2020: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$2.00M (2020: \$2.85M) were paid by TDHL to the Council during the year.

The Council has contingent liabilities including:

- Housing NZ has provided \$1.1M as at 30 June 2021 (2020: \$1.1M) towards the construction of social housing units. This advance is repayable with interest, if the Council withdraws its investment in joint funded social housing.
- Timaru District Council has 18,550,000 shares (2020: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2020: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$19m with ANZ Bank for the credit facilities with Timaru District Holdings Limited.

Timaru District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating of AA+. Together with shareholders of LGFA and other guarantors, the Council is a guarantor of all LGFA's borrowings. As at 30 June 2021, LGFA had borrowings totalling \$13.6 billion (2020: \$11.9 billion).

Financial reporting standards require Timaru District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

2. Changes in Accounting Policy

There have been no changes in accounting policies.

3. Events after balance sheet date

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three waters services from 1 July 2024.

4. Covid-19 Disclosure

New Zealand returned to Alert Level 4 in August 2021 with a number of community cases from the "Delta" variant of COVID-19 introduced from New South Wales.

Due to the unique circumstances that have faced New Zealand (and the world) over the past 18 months, the Council Group has continued to recover from COVID-19 and contribute to Timaru's economic and social recovery. As Council provides a wide range of services and facilities to residents, due to the nature of these services, there have been no noticeable impacts to service delivery results due to COVID-19 lockdown.

The financial statements presented in this report include the direct and indirect impact from the changes in alert levels due to the global coronavirus pandemic (COVID-19). The Council and its subsidiaries continued to be impacted to varying degrees both financially and non-financially due to on-going supply chain constraints, increased costs and border closures.

There has been no change to the Council's short and long term credit rating.

4. Group Contingencies

PrimePort Timaru Limited has no contingent liabilities at balance date (2020: \$Nil).

Alpine Energy Limited group has contingent liabilities as at 31 March 2021 of \$7.11 million in the form of performance and import guarantees to cover ongoing project work (2020: \$11.55 million).



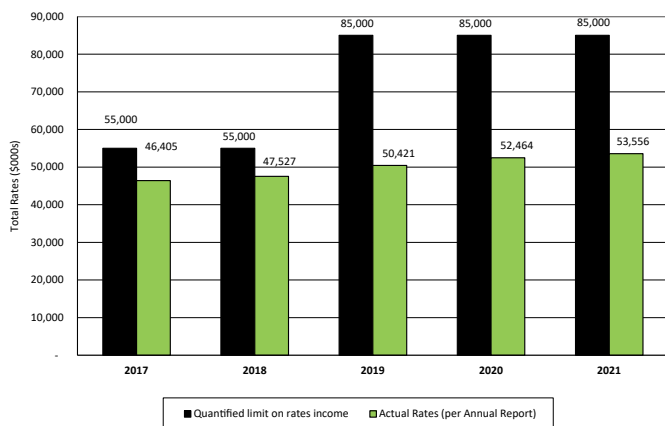
Disclosure Statement

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

1. Rates (income) affordability benchmark

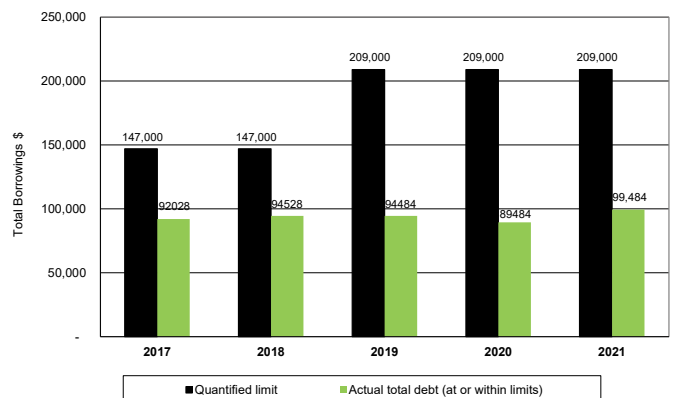
The following graph compares the Council's planned rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

The quantified limit is \$55m (from 2016/17 to 2017/18) and \$85m (from 2018/19 to 2020/21).



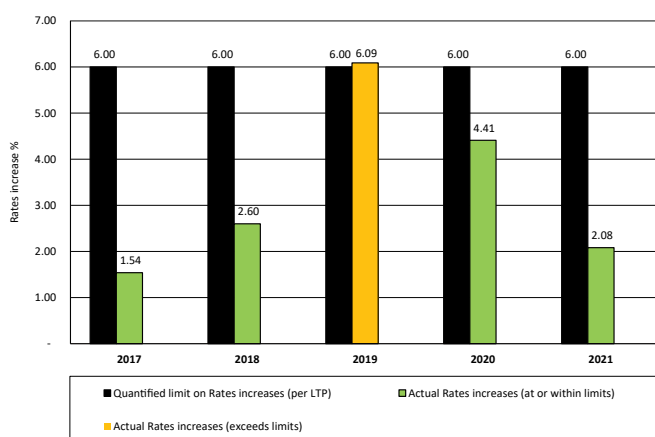
3. Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is \$147m (from 2016/2017 to 2017/2018) and \$209m (from 2018/2019 to 2020/21). The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



2. Rates (increase) affordability benchmark

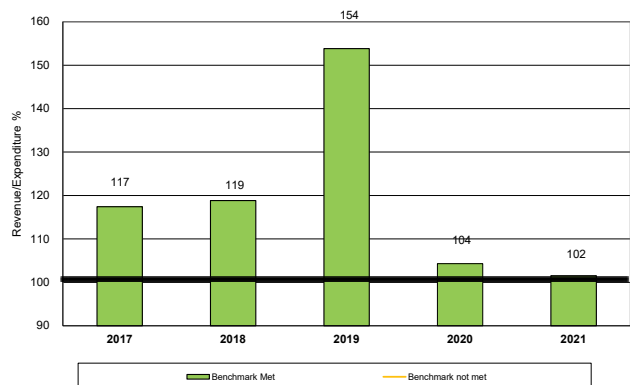
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% plus inflation.



4. Balanced budget benchmark

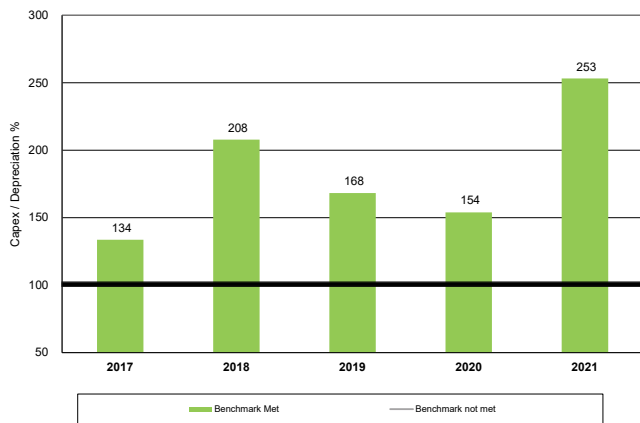
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

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



5. Essential services benchmark

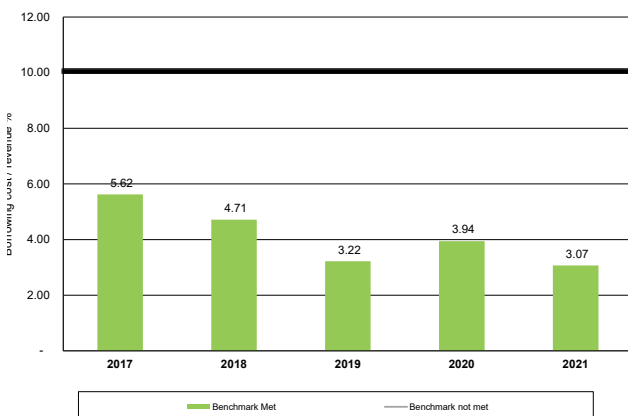
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

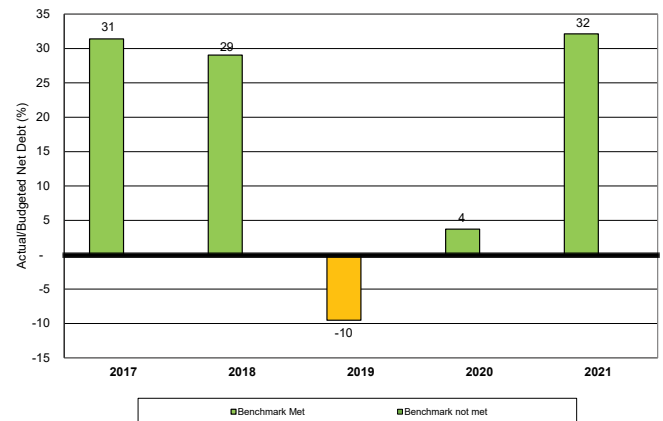
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

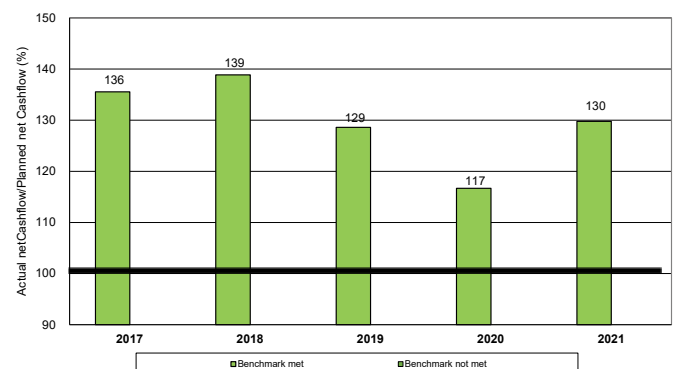
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



Independent Auditor's Report

To the readers of Timaru District Council's and group summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Timaru District Council (the District Council) and group (the Group) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 12 to 33:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary activities statement.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 22 March 2022. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report in note 34 to the financial statements. The Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services. These matters are addressed in note 3 of the summary financial statements.

Our auditor's report, on the full annual report, also includes a paragraph acknowledging that our audit was completed later than required by section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council and its subsidiaries and controlled entities.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
31 March 2022



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