

Annual Report Summary

2018/2019



Timaru District Council Summary Annual Report 2018/19

This summary provides an overview of the Timaru District Council's activities and services for the year ended 30 June 2019. The information has been extracted from the full annual report for the year ended 30 June 2019 that was adopted by Council on 8 October 2019.

The full Timaru District Council Annual Report 2018/19 is available from Council offices and service centres, or online at timaru.govt.nz

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From the Mayor and Chief Executive

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

Welcome to Timaru District Council's Annual Report for the year ended 30 June 2019. We are pleased to present the results of our performance over the past year and celebrate some of the highlights that have been achieved.

The Annual Report presents our financial results as measured against the financial strategy set out in Year One of our 2018-28 Long Term Plan and shows how we performed in terms of the targets we set for our service delivery.

The year that was

It has been a good year in terms of financial management and service performance. We have kept within our financial measures set for 2018/19 where we delivered a strong operating surplus and achieved good results for most of our targets.

There is more detail on our progress later in this report.

Capital projects remain an area of challenge for Council. We made good progress on a number of our capital projects which included both infrastructure and enhancing recreational facilities. Some capital projects have fallen behind the original targets – due to working through design complexities to obtain an optimal outcome for the community, such as the replacement of the Timaru Library roof and the Timaru – Pareora gravity fed water pipeline renewal project where new technology is giving us a greater range of options to deliver more resilient infrastructure now and into the future.

Community Wellbeing

All of Council's work – be it providing services; advocating for our district; or facilitating connections within our communities, is focused on promoting the social, economic, environmental, and cultural wellbeing of the district. We know that we can be more effective when we are working with our community, and we appreciate the many people and organisations who contribute in this way.

Positive Partnerships

During the year we again saw the benefit of partnering with groups in our community.

- Timaru District Visitor Strategy – Recognising the importance of working in partnership with key community groups, Council formulated a new Visitor Strategy after valuable consultation with, and input from, key tourism and allied stakeholders across the district. The strategy has been established to guide the development of the tourism sector in the district over the next 10 years.
- City Hub – The City Hub Strategy Project Steering Group is tasked with developing a strategy to ensure Timaru city remains a vibrant hub for the community. The Strategy will help identify practical steps Council, in conjunction with all stakeholders, needs to take to ensure the city and our district town centres in Temuka, Geraldine and Pleasant Point are vibrant and fit for purpose.
- District Plan Review – An integral part of the multi-year review of the Timaru District Plan is our collaborative process as we work through drafting the various chapters of the Plan. Steering groups, which includes stakeholders with specialist knowledge, are being used to recommend draft District Plan provisions on three significant topics to date including biodiversity; heritage; and tangata whenua.
- Community Funding – Where Council provides funding in the form of grants or loans to groups, services and events that are working to enhance community social or cultural wellbeing. Some examples of assistance given this year include: Victoria Trust – to assist with the construction of further community housing for some of the districts most vulnerable residents; Timaru Senior Citizens, Aoraki Multicultural Council, The Blind Foundation and Citizens Advice Bureau – providing support for their operating costs; Temuka and Districts Historical Society – towards a seismic assessment of Temuka Courthouse Museum (being Phase 2 of their earthquake strengthening project).

Our People

The safety and wellbeing of our staff is an absolute priority. We employ approximately 240 full time equivalent staff in diverse working environments. We are continually reviewing and improving our processes to ensure their safety and wellbeing. The safety of the facilities we provide is also of paramount importance, and we are pleased to report that the measures we have in place have been met again this year.

Looking Ahead

We have a big capital programme planned over the next few of years. Much of this work involves upgrading core infrastructure to help increase the Community's resilience and enjoyment of civic amenities now and into the future including the work around the Theatre Royal Upgrade and the new Heritage Centre will also be underway. This, along with the City Hub Strategy will see a new vibrancy in the Timaru city centre.

Finally

This is my last message as Mayor of this fabulous district. Only a very few people have the absolute privilege to serve as Mayor, and to serve a community as wonderfully diverse and engaged as the Timaru Whānui is an honour I will forever treasure wherever my future journeys takes me.

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

Nō reira e ngā iwi o tēnei rohe

Tēnā koutou, tēnā koutou, tēnā tātou katoa



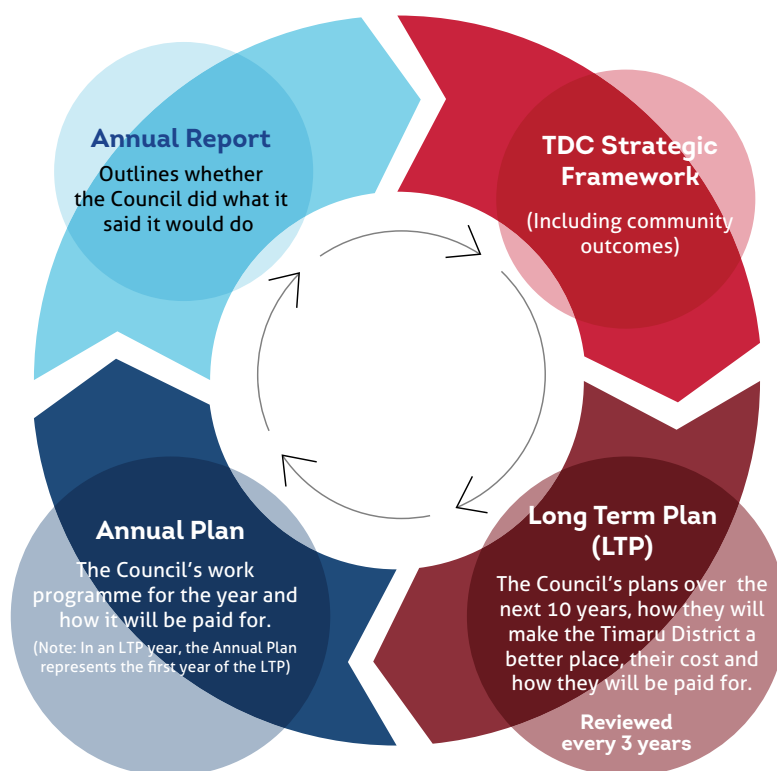
Damon Odey
Mayor
Koromatua

Bede Carran
Chief Executive
Kaiwhakahaere

About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2018/19 Annual Plan (or Year One of the 2018-28 Long Term Plan).

The diagram below shows our planning and reporting cycle:



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

DEMOCRACY

COMMUNITY SUPPORT

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

DISTRICT PLANNING AND REGULATORY SERVICES

- Building Control
- District Planning
- Environmental Compliance (includes 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 street lighting and parking facilities)

SEWER

STORMWATER

WASTE MINIMISATION

WATER SUPPLY

Our Strategic Direction

The Timaru District Strategic Direction includes a Vision and Community Outcomes. Strategic Priorities have also been identified with Council's contribution towards these outlined in Section Two of the Long Term Plan through the services we provide.

The Council will continue to work with numerous organisations (e.g. health, business, environmental, community, government departments) who also contribute towards achieving the Strategic Direction through the activities and services they provide.



Our Vision

Inspiring Leadership

Inspiring, people-focused leadership

We build on our strengths, minimise our weaknesses, challenge our threats and grasp our opportunities. This takes leadership.

This means:

We lead to inspire and enable our people and our future leaders

We proactively reduce barriers. Our leaders help create the environment for the future to happen

We plan for the future to take advantage of its opportunities and recognise and address its challenges

Our leaders make decisions that enable our community and economy to prosper

We serve our customers and community well

Strong Identity

Strong and enviable reputation and identity

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

This means:

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

We build and own our identity

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

We respect and honour our heritage and individuality

We value, encourage and celebrate ethnic diversity

We celebrate and sell our story

New residents are welcomed, and feel welcome

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

Our communities preserve and grow their own individual identities

We celebrate our success

Thriving Economy

Thriving and innovative economy where opportunities abound

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

This means:

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

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

Our businesses are well supported and enabled to grow

Our district has a variety of training and employment opportunities available

Our standard of living grows continuously

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

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

New businesses choose Timaru District

Our businesses and other agencies work together for maximum district benefit

High quality infrastructure underpins the delivery of economic opportunity and prosperity

We put out the red carpet, not the red tape

Fantastic Lifestyle

Fantastic, sustainable lifestyle second to none

We live in a pretty special place. We want to keep it that way.

We want to make it even better for ourselves, our children, their children.

This means:

Our communities are well serviced with essential services

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

We feel safe walking the streets and crime rates remain low

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

We care for and respect our elderly

We have abundant leisure, cultural, and sporting opportunities

We care for, enhance and respect the natural environment

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

Council has identified the following community outcomes



Smart, diversified economic success and growth supported and enabled

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



High quality infrastructure to meet community and business needs

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



A valued, healthy and accessible environment

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



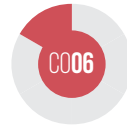
People enjoying a high quality of life

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



A strong identity forged and promoted

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



Communities that are safe, vibrant and growing

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

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



The Year in Review

Financial Performance

\$77

MILLION

Total expenditure

(Compared with budget
of \$79M)

\$50

MILLION

**Rates revenue
levied**

(Compared with budget
of \$50M)

\$822

MILLION

**Total Council
net assets**

(2017/18: \$780 million)

\$41

MILLION

Reserve funds

(2017/18: \$35 million)

Expenditure and Revenue

Overall operating expenditure was \$1,590,000 less than budget. The major items in this favourable variance were:

- A change in timing, added complexity, and delays experienced with some projects within the capital works programme has meant finance costs were \$1,539,000 less than budget and depreciation costs were \$521,000 less than budget.
- While operating costs were \$368,000 above budget, \$1,570,000 was attributable to negative movements in the value of interest rate swaps which were unbudgeted. Adjusting for this unbudgeted expenditure, operating costs would be under budget by \$1,100,000 due to lower maintenance costs and re-phasing of operational projects.

Overall actual revenue was \$36,171,000 better than budget. The major items in this favourable variance were:

- Other Revenue was \$33,174,000 more than budget due to:
 - Timaru District Holding Ltd declaring a taxable share bonus of \$30,000,000. This is a non-cash transaction. The transaction is shown as revenue and increases Council's share capital in its CCO; and
 - Vested assets of \$1,930,000 which were not budgeted
- All other classes of revenue are better than budget by small amounts:
 - Rates up \$87,000, due to new subdivisions
 - Fees and charges up \$1,368,000 with the biggest increase (\$481,000) in waste management and recycling revenue at the landfill.
 - Subsidies and grants up \$642,000 largely due to additional footpath funding from the NZ Transport Agency (NZTA) as a result of a NZTA policy change.
- Finance up \$642,000 due to higher than budgeted investment funds and term deposits increasing interest income.

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.

Social wellbeing

94%

SOCIAL
HOUSING UNIT
OCCUPANCY

8

SUCCESSFUL
COMMUNITY
FUNDING
ROUNDS

3,036

LEARN TO SWIM
ENROLMENTS

SEVEN

DOG CONTROL
EDUCATION
INITIATIVES
DELIVERED

79%

OF RESIDENTS
CONSIDER THE
ROAD NETWORK
IS SAFE



TIMARU

welovetimaru.nz

**AORAKI
DEVELOPMENT**

Launch of WeloveTimaru
workforce attraction
campaign to bring new
employees to the District

Economic wellbeing

1,113

BUILDING
CONSENTS
PROCESSED

**PROGRESSING
STORMWATER
PLANNING**

Washdyke Industrial
Expansion Zone

66%

OF BRIDGES
UPGRADED TO
CARRY HEAVY
TRUCKS

Cultural wellbeing

Art gallery
and museum

24

EXHIBITIONS
HELD

**District Plan
review**

IWI
STAKEHOLDER
COLLABORATION

7

CITIZENSHIP
CEREMONIES

6,424

STUDENTS
ATTENDED MUSEUM
LEARNING OUTSIDE
CLASSROOM
PROGRAMME

140

NEW
ACQUISITIONS
TO THE MUSEUM
COLLECTION

150

NEW CITIZENS
WELCOMED TO
THE DISTRICT

Environmental wellbeing

59 KM

OF OFF ROAD
WALKING AND
CYCLING
TRACKS

100%

COMPLIANCE
WATER RESOURCE
CONSENTS

14.45

PARK HECTARES
PER 1000
RESIDENTS

100%

OF FOOD
CONTROL PLANS
AUDITED

16,500

TONNES OF
MATERIAL
DIVERTED FROM
LANDFILL

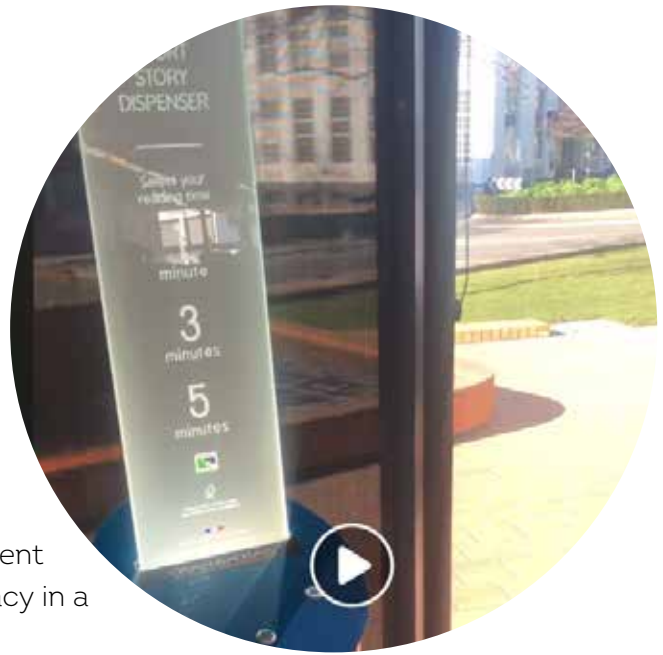
Projects and Service Highlights

\$335k

new library books and resources

This is not just printed material – there is also a huge range of e-books, movies, audio books and reference materials. Plans are also underway for a portable short story dispenser – a creative vending machine that offers a random, printed short story for free at the push of a button.

There's now so many more ways that people can access reading material. The Library staff are confident these options will help support and encourage literacy in a new way.



\$422k

new walking and cycle suspension bridge in Centennial Park Timaru

The new bridge is now open for traffic – foot and cycle traffic only! With many more people using the park, the capacity of the old bridge was no longer meeting demand. The new bridge is a lighter construction and has meant the unsightly concrete piles in the stream bed have been removed.

\$5.27M

Sealed road resurfacing and reconstruction

Keeping the roading network up to scratch is an ongoing job – and it's expensive. Roads around the district benefited from resurfacing and reconstruction, including Badham Road, Te Moana Road, Coach Road and Arowhenua Road in our rural areas and Beaconsfield Road and Marine Parade in Timaru.

77km

OF ROADS
RESURFACED

5.1km

OF ROADS
RECONSTRUCTED

\$1.6M

Sewer infrastructure replacements and upgrades

With all the pipes underground it is harder to see what's been achieved but it has been very busy. Council has a prioritised renewal programme to ensure robust sewer infrastructure into the future. Work this year focused on Talbot Street in Geraldine and Grey Road/Dee Street in Timaru.



Over
500

aqua fit classes held
– well over the 350 target.

These, along with the very popular Age Fit classes, are regularly oversubscribed.

We are looking at adding more classes to the timetable next year.

Many attendees make use of the CBay café after class – this is becoming a very busy social space.



Projects and service highlights

Our History Illuminated: Timaru District Community 150

While the date officially marked the 150th anniversary of the first meeting of the Timaru Borough Council, the event was organised to celebrate what the whole district has achieved. The streets around the Council building in King George Place were closed to traffic for the night, and hundreds of people turned out to witness an amazing light display and a performance by the Alpine Energy Timaru Brass Band, also in its 150th year. There were food stalls as well as many family friendly activities organised by the various council departments.



\$2.4M

water supply infrastructure
replacements and renewals

A number of renewal and upgrade projects were completed as part of the ongoing upgrading of our water supply infrastructure. Of note were the Washdyke Flat Road, Timaru watermain upgrade, and Forth Street and Dawson Street, Timaru watermain renewals.

The Pleasant Point Water supply infrastructure has had some major upgrading. Construction of the new water reservoir was completed, and treatment plant and pump station have been upgraded.

\$1.2M

development of facilities to help
divert waste from the landfill

Our waste minimisation team are continually working on ways to divert waste from our landfill. This year we completed a waste sort trial, and work is now underway designing an improved waste sort facility at the Redruth Resource Recovery Park. This will mean better recycling facilities, and more effective sorting of waste – both commercial waste deliveries and other waste dropped off at the transfer station.



26,500

transactions at the Crown
Nest re-use shop at the
Redruth Resource Recovery
Park – 1,000 transactions
more than previous year,
and growing!



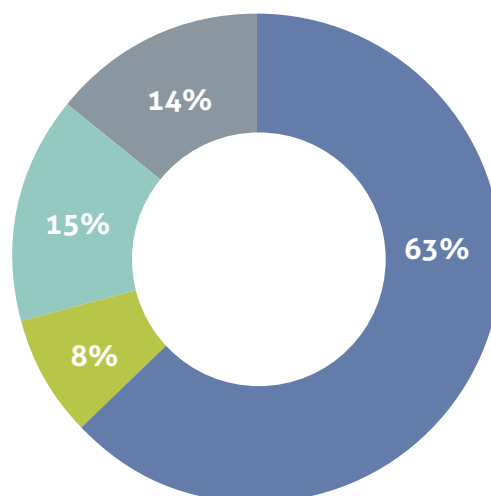
How we measure our service performance

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

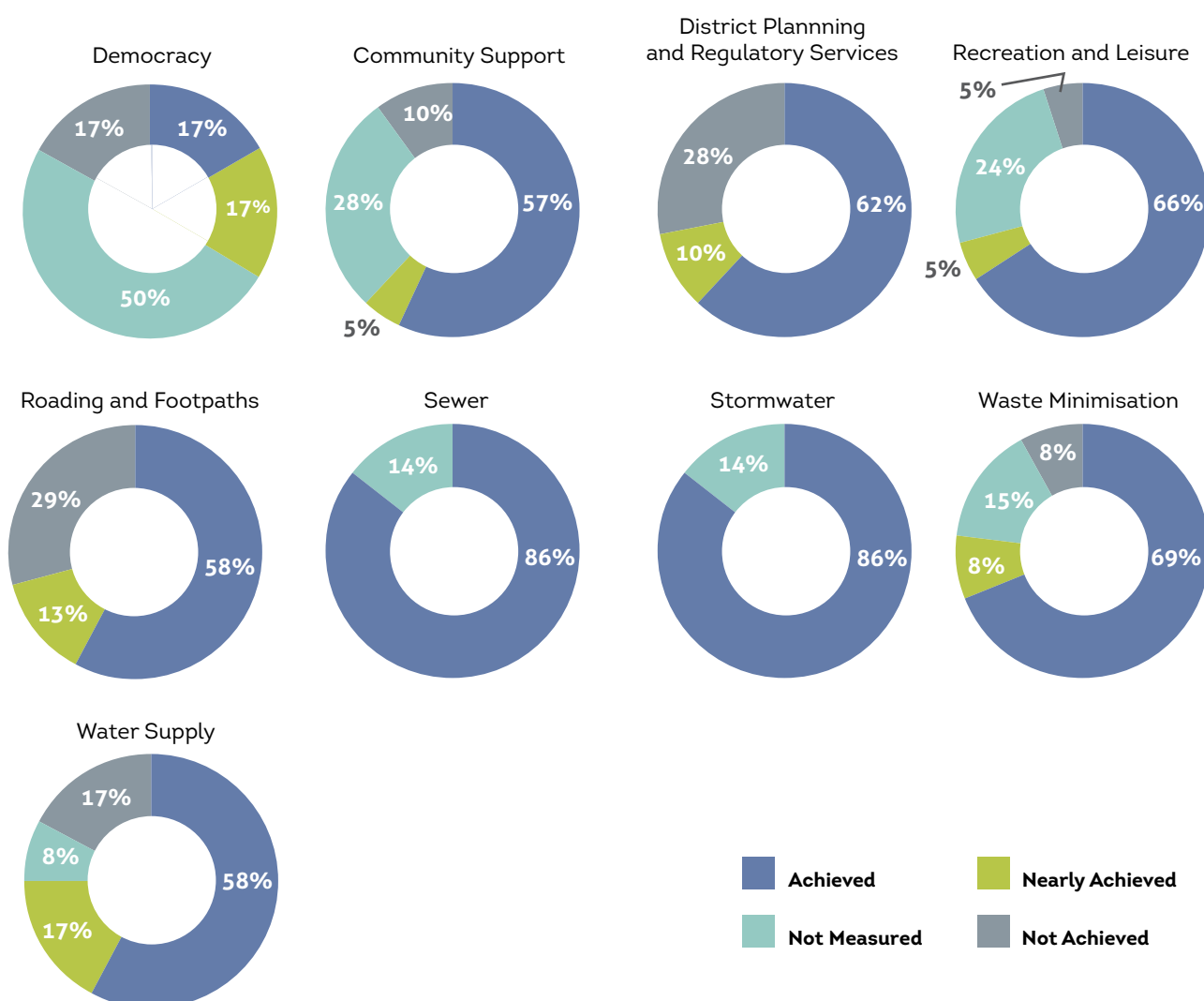
We have 157 performance measures that we report on across 9 groups of activities.

We achieved 100 of these, nearly achieved 14, and 21 were not achieved. 22 were not measured this year as they are measured every second year.

Overall Performance Summary



Performance Summary by Group of Activities





Summary Financial Statements

Summary Financial Statements

This financial overview is for the year 1 July 2018 to 30 June 2019. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries.

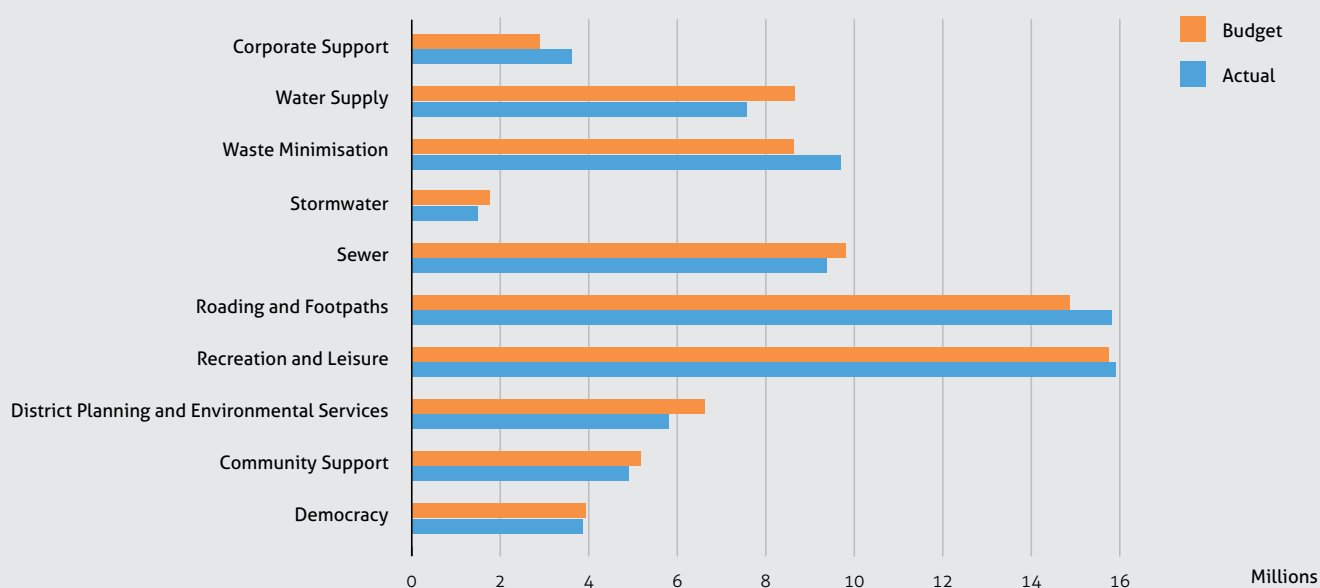
Overall Result

The Timaru District Council (parent) made a surplus of \$42.086M compared to a budget surplus of \$4.233M. The group surplus was \$22.588M (after tax). Expenditure was below budget mainly due to reduced depreciation and interest expense required. Revenue was above budget due to Timaru District Holdings declaring a taxable bonus share issue of \$30.0M, additional NZTA funding and vested assets.

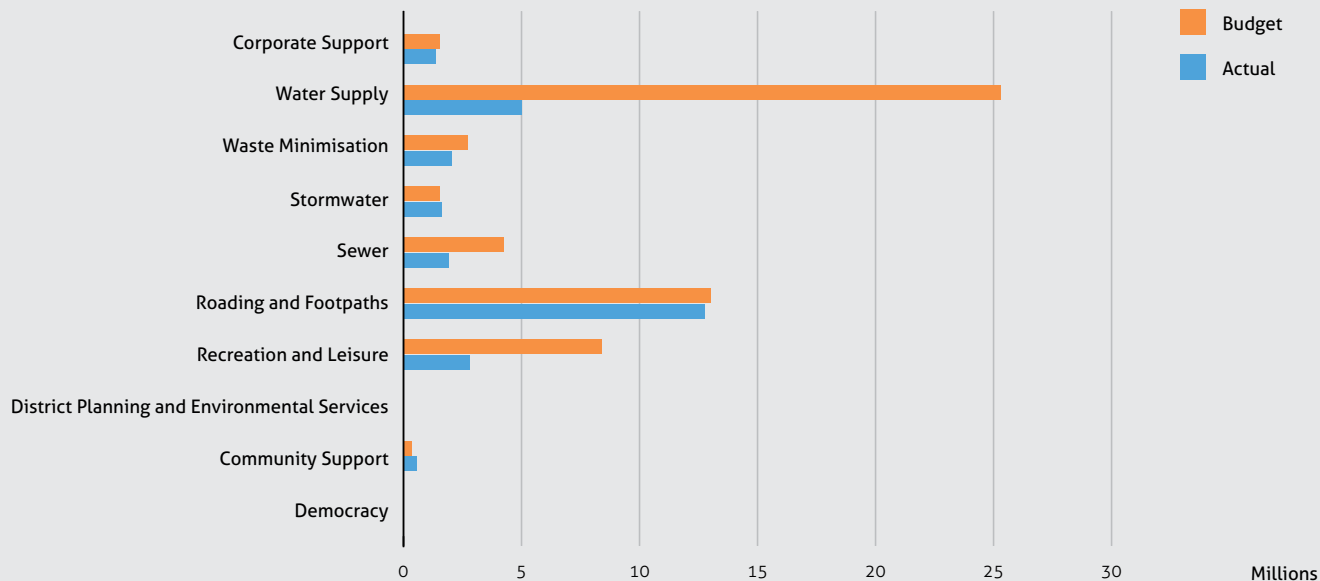
The group result was similar to 2018.

Council's debt remains below projected values with \$94.5M of debt at the end of June 2019 (budget \$119.1M). Council is looking after \$816M of assets located throughout the district (budget \$844M). Ratepayer's equity in the district increased by 5.39% to \$821.8M for the Council and by 2.56% to \$903.2M for the Group.

Operating Expenditure by Activity 2018-2019



Capital Expenditure by Activity 2018-2019



Comprehensive Revenue and Expense

for the year ended 30 June 2019

	Parent			Group ¹	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Revenue	119,411	83,240	84,883	97,434	94,518
Operating Expenditure	(73,584)	(73,635)	(66,571)	(74,548)	(66,777)
Finance Costs	(3,833)	(5,372)	(3,931)	(4,693)	(4,760)
Share of surplus of associates	0	0	0	4,173	2,945
Library collection debit revaluation reserve balance (expensed)	92	0	(104)	92	(104)
Net surplus / (deficit) before taxation	42,086	4,233	14,277	22,458	25,822
Taxation	0	0	0	130	(124)
Net surplus / (deficit) after taxation	42,086	4,233	14,277	22,588	25,698
Attributable to:					
Timaru District Council	42,086	4,233	14,277	22,588	25,698
Non-controlling interest	0	0	0	0	0
Operating land revaluations	0	0	0	0	0
Financial instrument hedging	0	0	0	0	0
Income tax relating to financial instrument hedging	0	0	0	0	0
Total Other Comprehensive Revenue	0	0	0	0	0
Total Comprehensive Revenue	42,086	4,233	14,277	22,588	25,698
Attributable to:					
Timaru District Council	42,086	4,233	14,277	22,588	25,698
Non-controlling interest	0	0	0	0	0

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

Changes in Equity

for the year ended 30 June 2019

	Parent			Group ¹	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Total comprehensive revenue	42,086	4,233	14,277	22,588	25,698
Prior year adjustment	0	0	0	0	0
Dividends paid	0	0	0	0	0
Equity at beginning of year	779,763	759,450	765,485	880,629	854,930
Equity at end of year	821,849	763,683	779,762	903,217	880,628

Financial Position

as at 30 June 2019

	Parent			Group ¹	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Equity	821,849	763,683	779,762	903,217	880,628
Total Equity	821,849	763,683	779,762	903,217	880,628
Current assets	63,220	39,508	64,396	67,019	68,401
Non-current assets	874,224	864,330	830,213	966,439	942,340
Current liabilities	(39,143)	(16,201)	(44,348)	(39,743)	(44,286)
Non-current liabilities	(76,451)	(123,954)	(70,498)	(90,498)	(85,827)

Cash Movements

for the year ended 30 June 2019

	Parent			Group ¹	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash Balance - 1 July	12,237	48,035	22,034	13,026	23,459
Net cash from operating	26,717	20,775	29,795	30,012	32,856
Net cash from investing	(25,959)	(55,587)	(42,092)	(27,214)	(44,789)
Net cash from financing	(1,499)	19,995	2,500	(2,499)	1,500
Cash Balance - 30 June	11,496	33,218	12,237	13,325	13,026

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

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 8 October 2019.

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

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

The full financial report and this summary received an unqualified audit opinion. The full financial report was authorised by the Council on 8 October 2019. This summary was authorised by the Timaru District Council Chief Executive on 29 October 2019.

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

Timaru District Holdings Limited (TDHL) has a loan outstanding from the Council of \$22.2M (2018: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$32.75M (2018: \$2.65M) 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 2019 (2018: \$1.1M) towards the construction of social housing units. This advance is repayable with interest, if the Council withdraws its investment in joint funded social housing.
- Timaru District Council was vested ownership of the site at 2 North Street Timaru on 16 September 2016 by a ruling of the High Court of New Zealand, following the property becoming disclaimed property. Timaru District Council has been involved in a multi-agency response, that has included government agencies and local government, to address contamination issues caused by the prior use of the site.

The cost of the clean up to date has been met with funding from the Ministry for the Environment. The agencies involved will continue to seek external funding for any remaining remedial work.

Timaru District Council has 18,550,000 shares (2018: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2018: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25m with ANZ Bank for the credit facilities with Timaru District Holdings Limited.

Timaru District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating of AA+. Together with shareholders of LGFA and other guarantors, the Council is a guarantor of all LGFA's borrowings. As at 30 June 2019, LGFA had borrowings totalling \$9.5 billion (2019: \$8.3 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 are no changes in accounting policies in the year.

3. Group Contingencies

PrimePort Timaru Limited has no contingent liabilities at balance date (2018: \$1.85 million).

Alpine Energy Limited group has contingent liabilities as at 31 March 2019 of \$5.677 million in the form of performance and import guarantees to cover ongoing project work (2018: \$9.106 million).

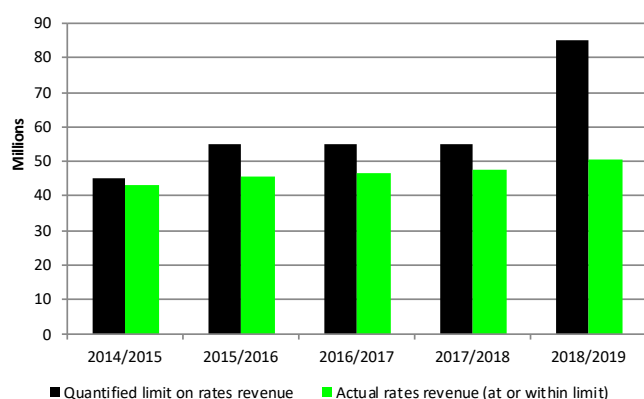
Disclosure Statement

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

1. Rates (revenue) affordability benchmark

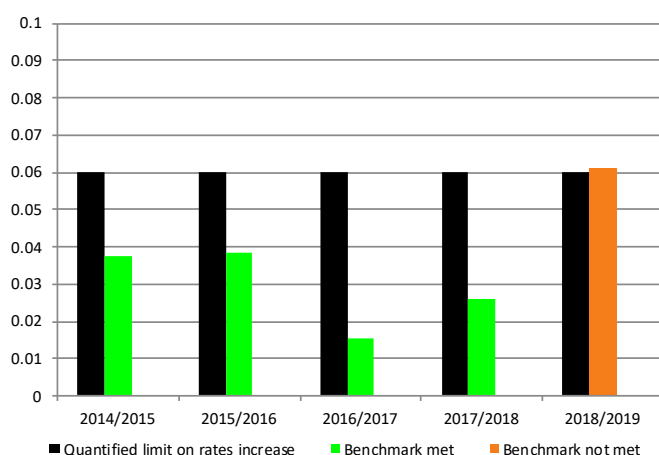
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

The quantified limit is \$45m (2014/2015), \$55m (from 2015/2016 to 2017/2018), and \$85m (from 2018/2019).



2. Rates (increase) affordability benchmark

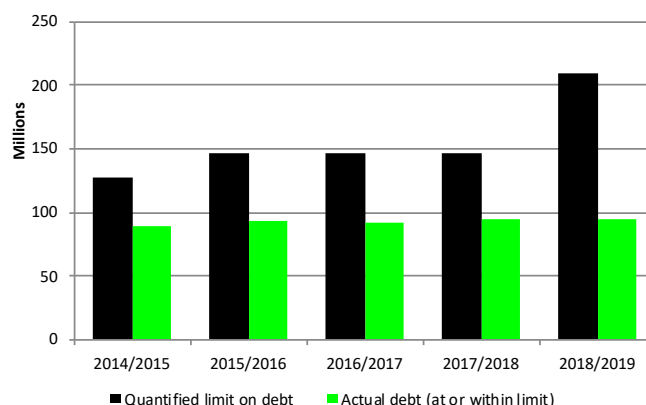
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6%. The quantified limit was exceeded during the 2018/19 year due to additional rating units being added to the rating database between the adoption of the annual plan and the striking of rates for the year. Council adopted a 5.8% increase for the 2018/19 year.



3. Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is \$128 million (2014/2015) and \$147m (from 2015/2016 to 2017/2018) and \$209m (from 2018/2019).

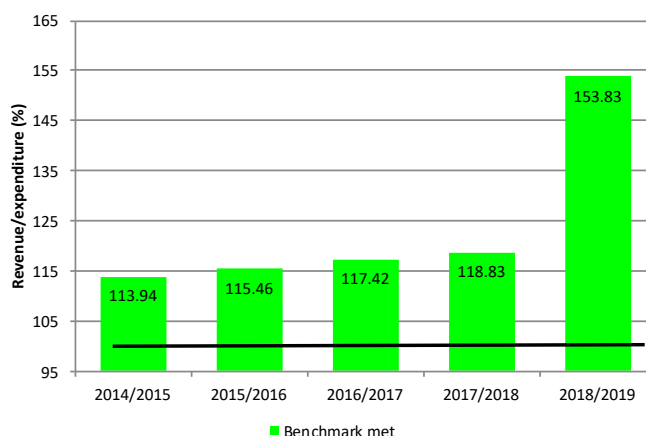
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



4. Balanced budget benchmark

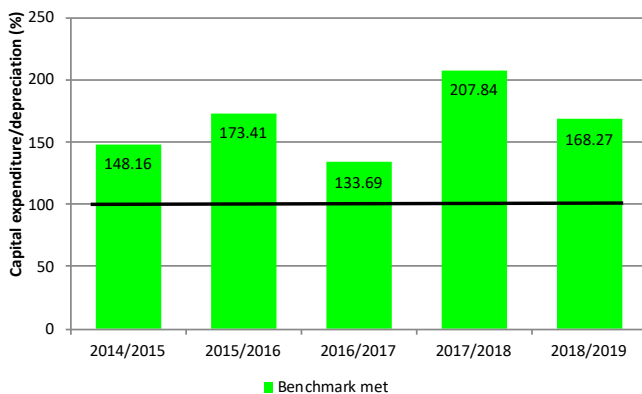
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses. The 2018/19 balanced budget figure is impacted by the one off non-cash bonus share issue from TDHL showing as dividend income. Adjusting for this, the balanced budget measure would be 117.33%.



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.

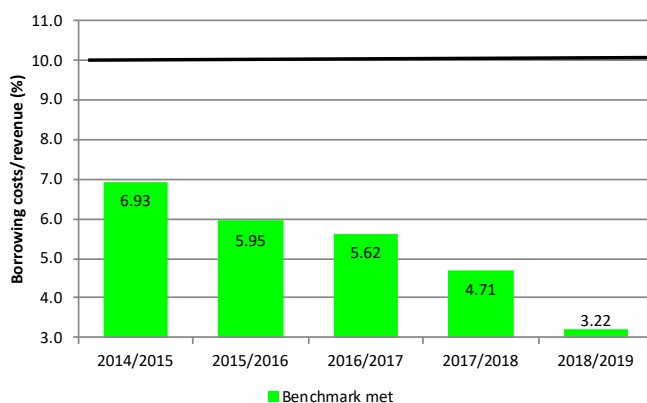


6. Debt servicing benchmark

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.

The 2018/19 debt servicing benchmark is impacted by the one off non-cash bonus share issue from TDHL showing as dividend income. Adjusting for this the debt servicing measure would be 4.31%.

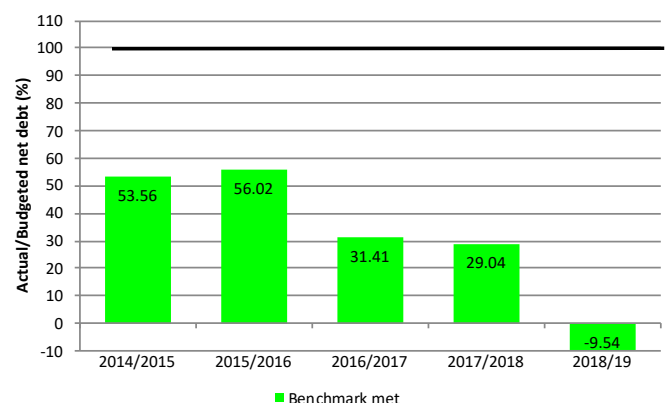


7. Debt control benchmark

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.

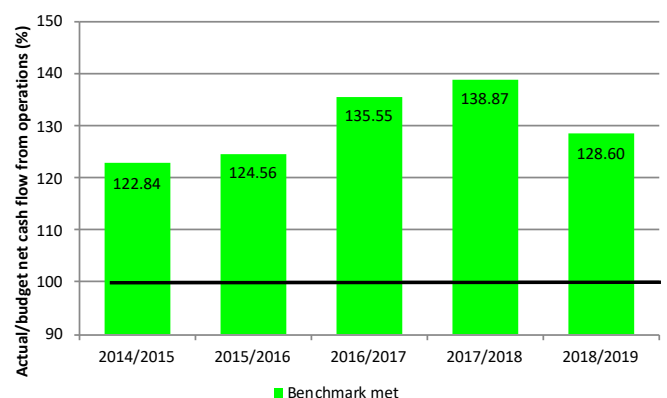
The 2018/19 debt control benchmark is impacted by the one off non-cash bonus share issue from TDHL increasing the Council's investment in CCOs. Adjusting for this, the debt control measure would be 31.18%.



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 and group's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Timaru District Council and group (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 10 to 25

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary activity statements.

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 2019 in our auditor's report dated 8 October 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

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



John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
29 October 2019

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