

# ANNUAL REPORT SUMMARY

2021/2022



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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

We are pleased to share the Timaru District Council Annual Report 2021/2022 with our community, as we reflect on how the Council has performed during the year.

While the challenges have continued, there are also exciting opportunities being progressed across the district.

## Community resilience and wellbeing

District wide we continue to see a whole of community response to the disruptions caused by extreme weather events, the ongoing impacts of the COVID – 19 pandemic, and global unrest. This extends from neighbours helping neighbours during flooding events, the voluntary sector supporting vulnerable families, local contractors working to repair and upgrade roads, Council staff finding urgent solutions to issues with water supplies, and the Council supporting the district's economic recovery and advocating for the district at a national level.

## Health and Safety

The increasingly complex environment Council is operating in has increased our focus on the safety and wellbeing of our staff and contractors, and our legal requirements. In particular new processes, increasing training and support for both staff and contractors have been introduced during the year.

## Major Milestones

During the Long Term Plan 2021-31 conversations with our community, we reached decisions together on four key projects. Progress on these has been steady in the early stages of these multi-year projects.

**Climate Change:** We now have dedicated staff who are gathering expert data and talking with local communities as we develop a district wide strategy for adapting to and mitigating the effects of climate change in the district.

**Aigantighe Art Gallery Redevelopment:** Preliminary planning for the construction of a new purpose built gallery and earthquake strengthening and redeveloping the Heritage House Gallery is progressing and we are on track to start work in 2023/24 as planned.

**Developing Aorangi Park and the Stadium:** While the on site development is scheduled for 2024-26, preliminary planning has started. We appreciate the input we have had so far from many of the groups who use this facility.

**Timaru City Hub:** The Timaru city/town regeneration project is progressing well. In its "enabling" role Council is facilitating the complex planning and gathering input from multiple groups, including business owners, community groups and residents. A series of trials are planned to see what works best before decisions are made on permanent physical works.

## Levels of Service

Council, like many other businesses and organisations, continued to face challenges during the year. Despite this the level of service we were able to deliver to the community remained high.

Our infrastructure operational work programmes, including roading and water services, achieved high work programme completion and community views reported through the resident survey confirmed a high level of satisfaction. Similar levels of satisfaction were recorded for the regulatory and community facilities. This is an achievement to be proud of, particularly given the staffing challenges due to the tight labour market.

## Progress on Significant Projects

The \$73.9m capital work programme, consisting of 105 different projects, was ambitious compared with previous years. This was made even more challenging given international supply chain issues, and many local and specialist contractors working with Council on these projects experiencing a labour shortage.

Despite these challenges the majority of the projects progressed as planned.

Some of the most significant infrastructure projects included:

- Water Supply Scheme upgrades – Downlands and Te Moana
- Redruth Landfill – construction of a new landfill cell
- Road Improvements – district wide, including significant work repairing flood damaged roads and bridges.



While resilient infrastructure is critical for the district, our community facilities and events play an equally important part in growing our community wellbeing.

The programme to improve and extend cycleways and walkways across the district is progressing. The Geraldine Sculpture Trail is taking shape and is a great example of community groups working together with Council to develop an amenity that can be enjoyed by residents and visitors to the district. Other improvements to playgrounds and parks that were completed during the year all contribute to building wellbeing in our communities.

Our innovative Library, Museum and Art Gallery staff, with the support and energy of their respective community based "friends" groups, are establishing popular community events in the district like the Matariki celebration in the Art Gallery gardens and the summer sensational challenge for our younger residents and visitors.

### Financial Position

Timaru District Council remains in a healthy financial position. Our revenue and debt levels are stable and are tracking as planned. We finished the year with a \$5.434m operating surplus, compared with budgeted surplus of \$6.4m.

### Preparing our district for change

The wide ranging reforms affecting local government are progressing. The most advanced is the change in structure and delivery of the three waters (sewer, stormwater and water supply). Equally significant are the changes to the Resource Management Act which will change the way planning for land use and management is undertaken.

With these major changes on the horizon Council is part of the 'Future for Local Government' review process, which is looking at how local government can be reshaped. On behalf of the district Council's views on how to deliver services to local communities have been shared with the "Future for Local Government" panel.

We will continue to listen to residents views, and advocate for the best solutions for the Timaru District community as these reforms unfold.

### Thank you Timaru District

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

Nō reira e ngā iwi o tēnei rohe

Tēnā koutou, tēnā koutou, tēnā tātou  
katoa



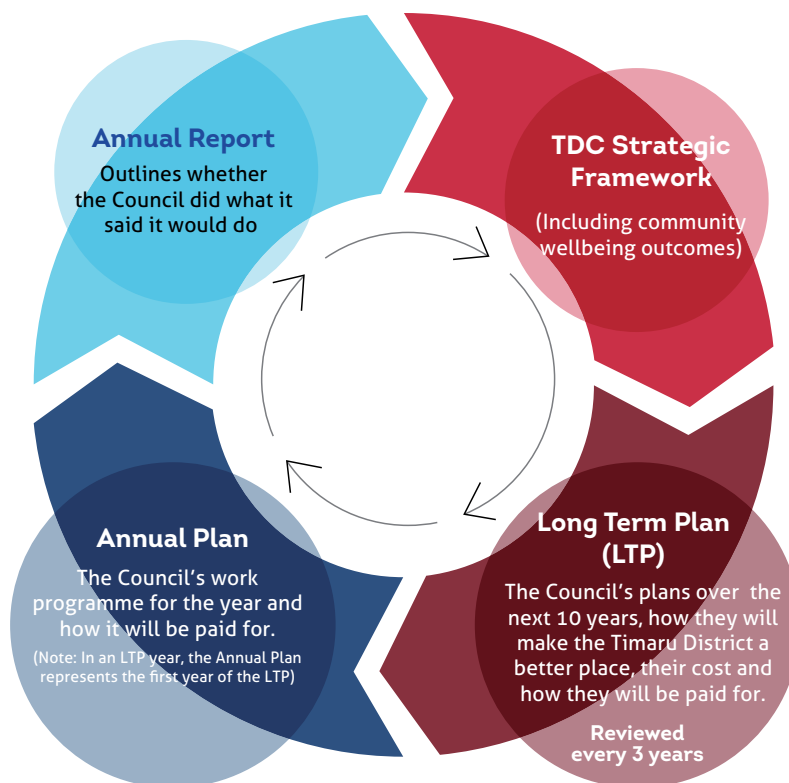
**Nigel Bowen**  
Mayor  
Koromātua

**Bede Carran**  
Chief Executive  
Kaiwhakahaere

# About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2021/22 Annual Plan (Year Two of the 2021-31 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:

## GOVERNANCE AND STRATEGY

### COMMUNITY SUPPORT

Airport  
Climate change and sustainability  
Community Funding  
Community Facilities (includes public toilets, cemeteries)  
Economic Development and District promotions  
Emergency Management  
Safer Communities  
Social Housing

## 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, Aorangi Parks Stadium)

## ROADING AND FOOTPATHS

Cycleways and Walkways  
Roding 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 and 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 equability 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 fostering 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 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



# Financial Overview

**\$110M**

**TOTAL EXPENDITURE**

(Compared with budget of \$96M)

**\$62M**

**RATES REVENUE LEVIED**

(Compared with budget of \$61M)

**\$1734M**

**TOTAL COUNCIL  
NET ASSETS**

(2020/21: \$1357M)

**\$933M**

**RESERVE FUNDS**

(2020/21: \$836M)



## Expenditure and Revenue

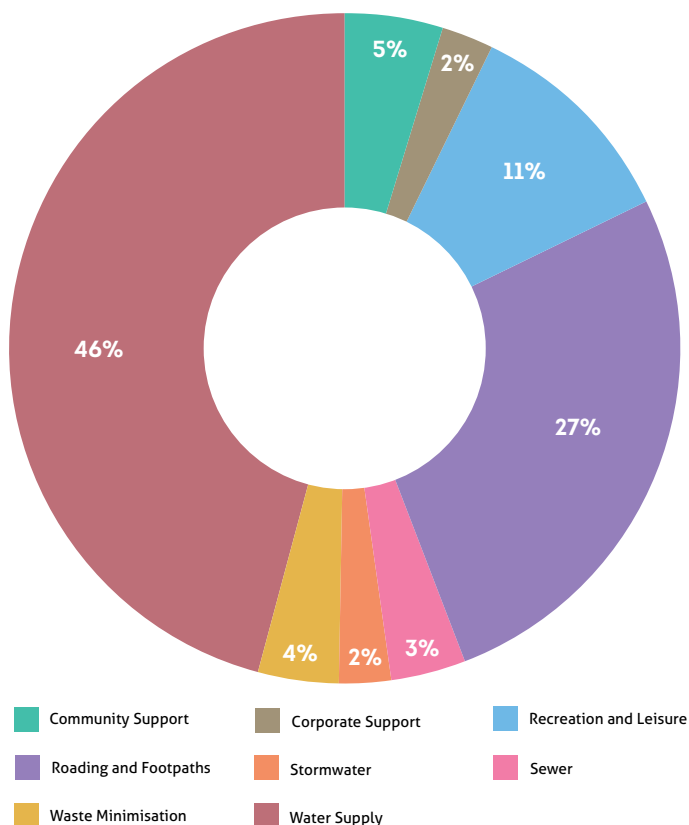
Overall operating expenditure was \$13.566m higher than budget. The major items in this unfavourable variance were:

- Depreciation was \$5.218m larger than budget mainly due to fixed assets previously accounted for on a diminishing value depreciation method being transferred to the straight line method which has resulted in an additional once off adjustment of \$4.524m.
- Increases in the landfill post-closure provision have caused operating expenditure to increase by \$6.339m, mainly relating to assessment of remediation work required at the closed Peel Forest landfill site. Offsetting this increase is a \$2.469m decrease in expenditure as a result of reassessment of the Timaru Redruth post-closure asset.
- Roothing maintenance costs were \$1.821m above budget attributable to emergency works response and increased sealed pavement maintenance required as a result of the May 2021 flooding event.
- Waste minimisation and kerbside collection contractor costs were \$1.599m above budget, partially attributable to initial set up costs relating to changing suppliers.
- Economic development grants paid were \$0.755m above budget, which included an unbudgeted \$0.500m grant provided to PrimePort Timaru.
- Corporate activities professional and consultancy fees were \$0.988m above budget, largely attributable to providing support for vacant positions within the council, in addition to providing specialist advice.
- Finance costs were \$0.754m under budget due to the budget being based on the closing 2021 financial position which had a \$65.000m lower debt position.

Overall actual revenue was \$12.604m better than the budget. The major items in this favourable variance were:

- Subsidies and grants were \$0.952m lower than budget. This was largely attributable to the following:
  - \$3.800m of Ministry for Business, Innovation, and Employment grants received for the development of the Theatre Royal have been recognised as revenue received in advance as at 30 June 2022, coupled with timing delays due to community consultation on the project resulting in \$6.348m lower than budgeted revenue recognised.
  - The Department of Internal Affairs provided an unbudgeted grant for water stimulus projects. \$3.785m was recognised as revenue during the 2021/22 year.
  - Waka Kotahi subsidies for roading activities were \$1.521m above budget overall, largely a result of subsidies received for emergency works as a result of the May 2021 flood event.
- Other revenue was \$5.542m more than budget. This was largely attributable to the following:
  - Assets of \$4.529m from residential developments were vested in Council during the year.
  - Local capital contributions of \$0.754m were received towards three water assets for property developments.
  - Cost recovery of \$0.649m from other Councils for their share of unbudgeted consultancy costs paid for by Timaru District Council.
  - Envirowaste Services Limited funding of \$0.550m was received towards construction of the South Canterbury Eco-Centre.
- Other gains/(losses) of \$6.393m more than budget related to the following:
  - Unrealised gains on interest rate swaps of \$5.754m were not budgeted for due to significant uncertainty in forecasting market conditions.
  - Gain in fair value of forestry of \$1.304m, and a gain in fair value of forestry carbon credits of \$1.552m
  - Loss on disposal of property, plant, and equipment of \$2.624m.

### Capital Expenditure by Group of Activity



### Capital Expenditure programme

During 2021/22 capital expenditure on Council's infrastructure, facilities and services totalled \$74m. 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 (51% of total capital expenditure), and on our roading network and footpaths (27% of total capital expenditure). Some significant spend also occurred in the recreation and leisure activity (11% of total capital expenditure).

## 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.

**Some samples of how Council services and work contributes to community wellbeing include:**

### Social wellbeing

**92.1%**



social housing unit occupancy

**88%**

of residents consider the district as a safe place to live



Community Funding for Creative Communities, Youth Initiatives, Grants and loans distributed to wide range of community groups

### Cultural wellbeing

“Explore beyond the distant horizon and draw it near”

South Canterbury Museum selected to deliver a Ministry of Education programme to provide hands-on/minds-on learning experiences for the district's tamariki



**Museum** – over 21,000 collection items are now available online for public viewing

### Art Gallery

18 exhibitions hosted

### Safer Communities

Council was able to support the great work community groups and agencies are doing to make the district a safe, connected and welcoming community, through

- Working with Age Concern and Venture Timaru to survey older residents about what matters to them, so we can create an Age Friendly Strategy to support our older residents
- Working on a South Canterbury support directory, which will help connect people with key services throughout the region.



## Economic Wellbeing

**12.14  
days**

Average building consent processing time (statutory requirement 20 days)

**61%**

resident satisfaction that sealed roads are fit for purpose – exceeding 60% target

**7.67%**

of the local roading network resurfaced – exceeding 6% target

## Environmental Wellbeing

**18,576 tonnes**

of green waste diverted from the landfill

**91%**

User Satisfaction with Waste Minimisation services

**100%**

Compliance with stormwater and wastewater resource consents



## Venture Timaru Initiatives

### ★ Scott Base Antarctica redevelopment

Partnering with Council and Primeport to secure the Scott Base redevelopment project for the district

### ★ Education to Employment

In partnership with the Ministry of Education and local industry, with a focus on retaining young people in the district

### ★ Regional Energy Transition

Working with industry, iwi, and key stakeholders to reduce the carbon footprint of industrial processes.





## Hearing from our community

Every second year the Council conducts a survey of residents to ask their views on how the Council is performing. Information from this survey is used in setting performance targets which measure the level of service provided by the Council, and to monitor trends over time.

### How the survey works

A telephone survey of 402 residents (79% landline, 21% mobile) is carried out by an independent research company over the period July 2021 – June 2022. Those surveyed are selected to provide a statistically representative sample of the district population.

Feedback from our community helps us to develop, plan and improve the services we provide.

## Key Results

In this year's survey 69% of residents rated the Council's overall performance as good or very good, compared with 73% in 2019/20. This is a great result given the impact of Covid-19 on residents, Council services, and the district as a whole.

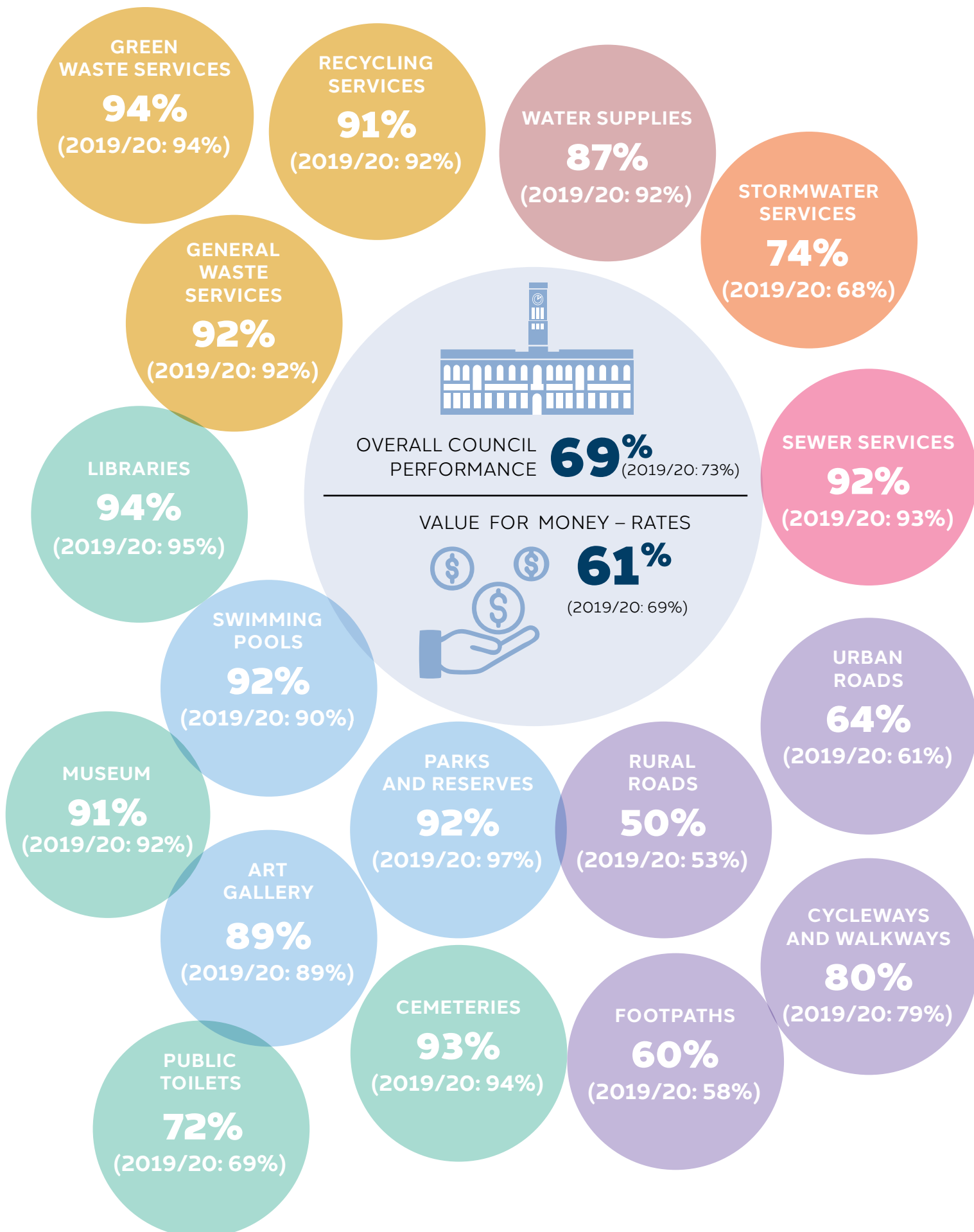
### Infrastructure Services

Residents remain very satisfied with the services provided by Council, including water supplies (87%, down 5%), stormwater services (74%, up 6%), sewage services (92%, down 1%), roading, including roads, footpaths and cycleways (67%, down 4%), recycling services (91%, down 1%).

### Community Facilities

The survey indicates that community facilities continue to be well used by residents, and user satisfaction with the services remains high – parks and open spaces (92% down 5%), libraries (94%, down 1%), swimming pools (92%, up 2%), public toilets (72% up 3%), museum (91% down 1%) and the art gallery (89%, no change).

## Resident satisfaction survey results with Infrastructure Services and Community Facilities



# How we measure our service performance

Key Performance Measures (KPIs) for the year 1 July 2021 – 30 June 2022 were set in the Long Term Plan 2021-31.

As the KPIs are for Year 1 of the 2021-31 Long Term Plan, the results are not directly comparable to previous years because some measures have changed from the previous LTP.

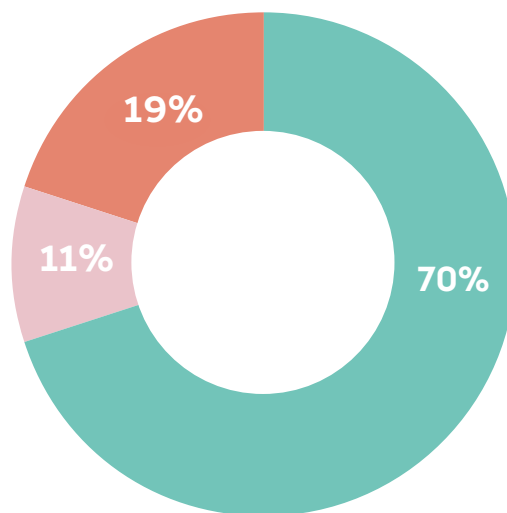
The impact of Covid-19 on some services, such as visitor attendance to cultural and recreation facilities is still apparent, and has impacted on some of these KPIs not being achieved.

The biennial resident survey results are included in this year's data. Of the 13 biennial measures, 10 were achieved, 2 were nearly achieved and 1 was not achieved.

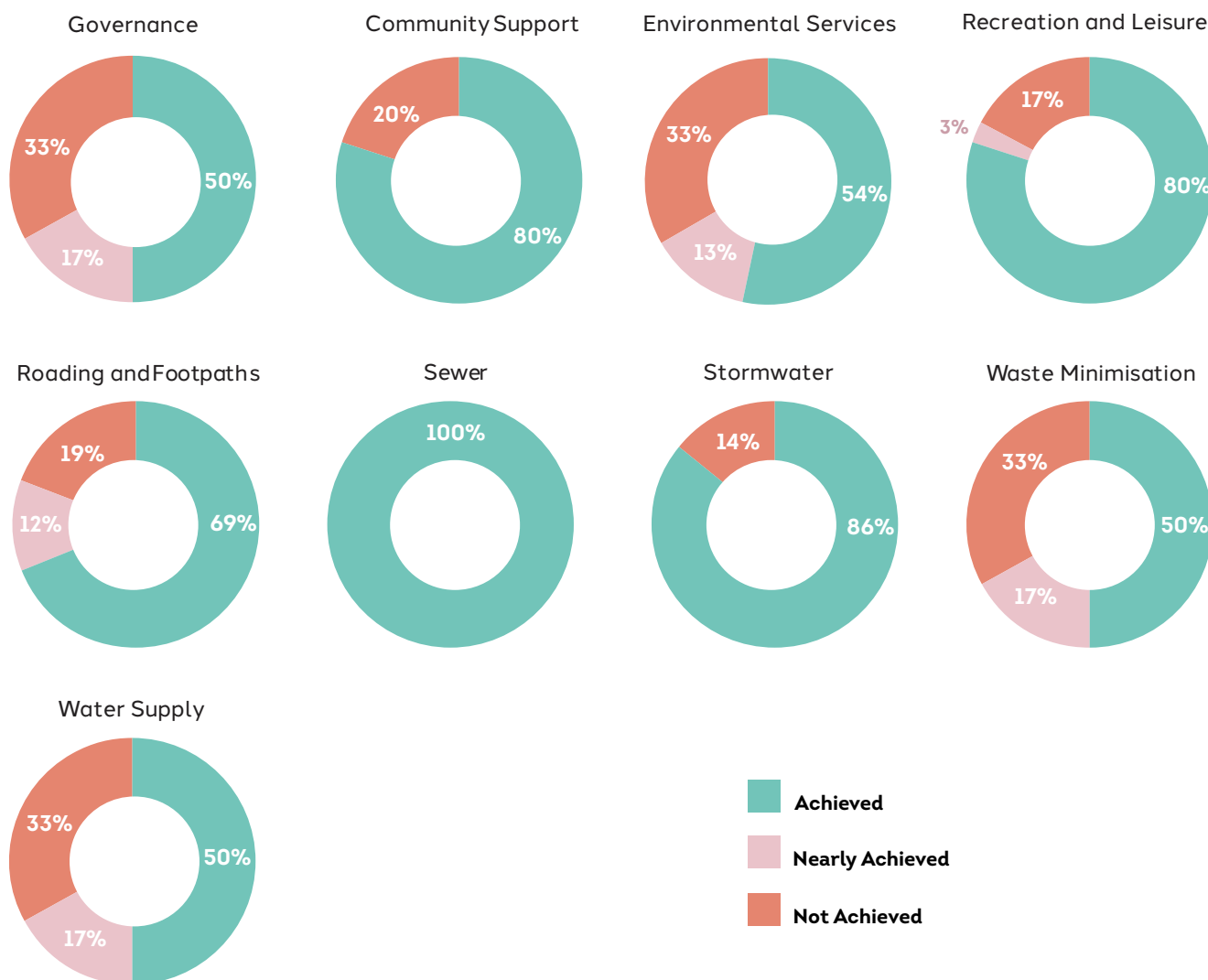
We have 111 performance measures with targets that we report on across 10 groups of activities. We achieved 77 measures (70%), nearly achieved 10% (11 measures) and 20% (23 measures) were not achieved.

*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

## Capital Work Programme – \$74m spend

Achieving almost all of the \$75.7m budget spend for the year is a great result, particularly given the pressures due to COVID-19 lockdowns and staff and material shortages.

### Major projects in the construction phase include:

Downlands Water Supply Scheme upgrade

Te Moana Water Supply Scheme upgrade

Road Improvements Programme – 72km of roading was resurfaced, 2.2km of kerb and channel was renewed, 484m of new kerb and channel was installed, and just over 2km of new footpaths were completed.

Redruth Landfill – construction of a new landfill cell.

### Major Projects in the planning phase include:

Aorangi Park and the Stadium redevelopment

Theatre Royal and Heritage Facility redevelopment

Washdyke Roading planning for improvements focused on safety and the interaction of State Highway One with local roads and walking and cycling transport options. Options are currently under review with Waka Kotahi New Zealand Transport Agency.

### Sound Shell Seating (Bleachers) replacement

The Soundshell Bleachers hit a major milestone in September as the last substructure panel was craned into place.

The seating was completed in time to welcome our community back to the soundshell in December 2022 for Christmas festivities and the Caroline Bay Carnival.





## Keep calm and knit on

The Timaru District Libraries initiative for a Guinness World record was aimed at fostering wellbeing through bringing knitters together across the community as well as being able to distribute the blankets to those in need.



## Timaru Airport

The resurfacing of the airport runway and extension of the apron was successfully completed – finished on time and under budget. And to top it off Timaru District Council and Downer NZ were a winner at the NZ Airport Association Awards.



**Small Airport Infrastructure WINNER**  
Timaru Airport and Downer New Zealand  
Partial Runway Reseal

## Sunsational Summer Challenge

Around a thousand of our younger residents and their families joined the challenge, and got out and about in the district.

The “challenge” of completing activities then collecting a prize proved very popular. Activities included quiz sheets and work books at the Museum and Art Gallery, looking for clues on walkways and in parks, a “book hunt” in the Timaru Library and holiday activities in Geraldine and Temuka Libraries and museums.





## Significant changes on the horizon for local government

The legislative changes planned for local government over the next few years are on a scale not seen for decades.

Council has been working with central government, and other local councils to understand what these changes mean for our community, and advocating for the best possible outcomes for our district.

**In a nutshell the most significant changes are:**



### Three Waters Reform

Drinking water, stormwater  
and wastewater

Changes to the way these services are delivered to improve public health, environmental and economic outcomes.

**Replacing the Resource Management Act** with three new pieces of legislation – Natural and Built Environments Act, Spatial Planning Act, and a Climate Change Adaptation Act. This change is designed to improve systems for development and land use, and to meet the challenges of climate change.



**Te Arotake i te Anamata  
mō Ngā Kaunihera**  
Review into the Future for  
Local Government

### Future for Local Government Review

A central government review of local government roles, functions and partnerships; representation and governance and funding and financing. The Review final report is due in June 2023 to the Minister of Local Government.









# Summary Financial Statements

# Summary Financial Statements

This financial overview is for the year 1 July 2021 to 30 June 2022. 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 \$5.4M compared to a budget surplus of \$6.4M. The group surplus was \$16.6M (after tax).

Expenditure was above budget mainly due to increased depreciation due to a change in methodology from diminishing value to straight line. Increases in the landfill post closure provision has caused operating expenditure to increase by \$6.3M. In addition roading maintenance costs were over budget attributable to emergency works response and increased sealed payment maintenance.

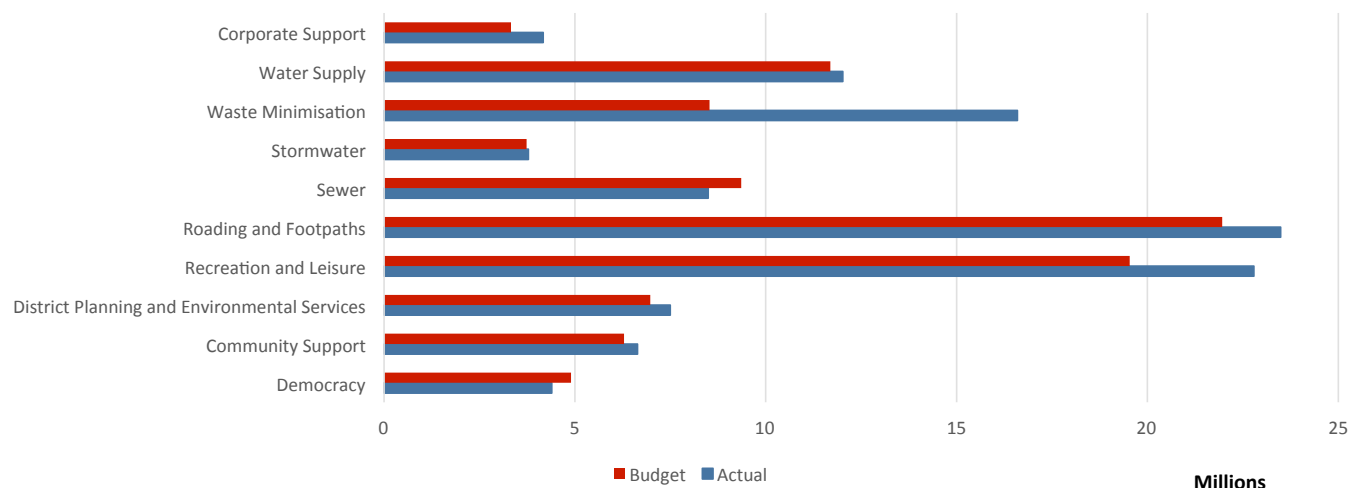
Revenue was above budget due to increases in vested assets and from unrealised gains on interest rate swaps.

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

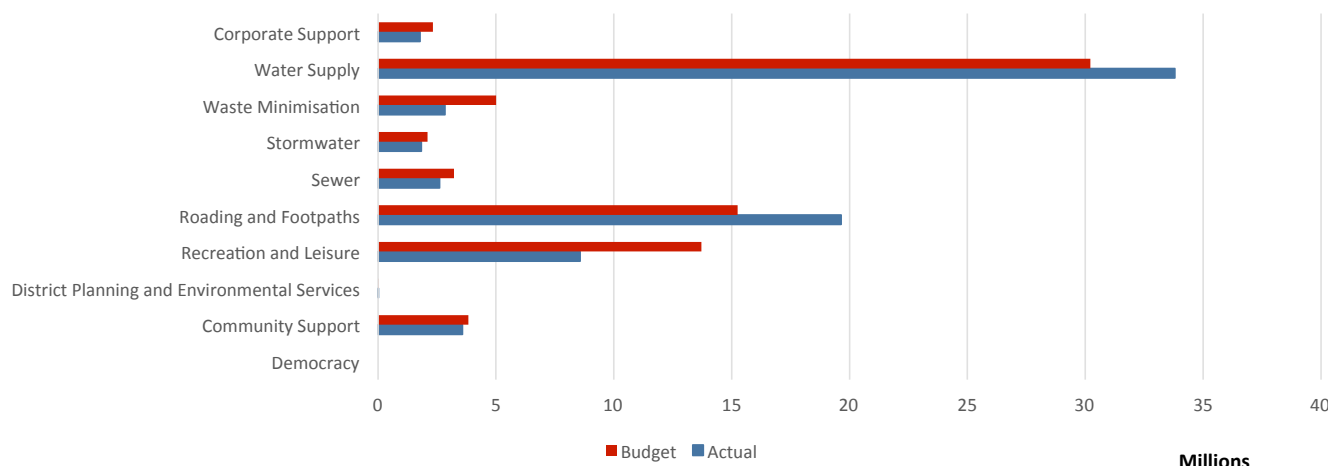
Council's debt is \$2.0M above it's projected values with \$164.8M of debt at the end of June 2022 (budget \$162.8M).

Council is looking after \$1,805M of assets located throughout the district (budget \$1,435M).

Operating Expenditure by Activity 2021-2022



Capital Expenditure by Activity 2021-2022



## Revenue and Expenditure 2021-2022

	Actual (\$M)	Budget (\$M)
Rates Revenue	62.0	61.5
Other Revenue	53.3	41.2
Operating Expenditure	109.9	96.3
Capital Expenditure	74.7	75.7
Investments	83.7	86.8
Borrowings	164.8	162.8
Reserve Funds	932.6	547.9

## Comprehensive Revenue and Expenses for the year ended 30 June 2022

	Council			Group	
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Revenue	115,290	102,686	104,997	119,910	112,593
Operating Expenditure	(105,720)	(92,909)	(91,372)	(108,982)	(94,893)
Finance Costs	(4,135)	(3,381)	(2,937)	(4,280)	(3,358)
Share of surplus of associates	-	-	-	10,097	10,724
Net surplus / (deficit) before taxation	5,434	6,396	10,688	16,745	25,066
Taxation	-	-	-	(160)	(635)
Net surplus / (deficit) after taxation	5,434	6,396	10,688	16,585	24,431
Gains on revaluation of assets	371,642	-	291,888	371,642	291,888
Total Other Comprehensive Revenue	371,642	-	291,888	371,642	291,888
<b>Total Comprehensive Revenue</b>	<b>377,076</b>	<b>6,396</b>	<b>302,576</b>	<b>388,227</b>	<b>316,319</b>

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).



## Summary Financial Statements

### Changes in Equity for the year ended 30 June 2022

	Council			Group	
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Total Comprehensive Revenue	377,076	6,396	302,576	388,227	316,319
Equity at beginning of year	1,357,116	1,358,467	1,054,540	1,450,216	1,133,897
Equity at end of year	1,734,193	1,364,863	1,357,116	1,838,443	1,450,216

### Financial Position for the year ended 30 June 2022

	Council			Group	
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Equity	1,734,193	1,364,863	1,357,116	1,838,443	1,450,216
<b>Total Equity</b>	<b>1,734,193</b>	<b>1,364,863</b>	<b>1,357,116</b>	<b>1,838,443</b>	<b>1,450,216</b>
Current assets	56,537	58,002	40,559	64,016	44,792
Non-current assets	1,880,322	1,500,074	1,448,855	1,982,702	1,543,702
Current liabilities	(70,504)	(21,809)	(63,422)	(71,469)	(65,486)
Non-current liabilities	(132,162)	(171,404)	(68,876)	(136,807)	(72,792)

### Cash Movements for the year ended 30 June 2022

	Council			Group	
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Cash Balance - 1 July	4,107	19,206	19,238	5,999	21,392
Net cash from operating	20,769	31,099	26,860	23,559	29,705
Net cash from investing	(74,579)	(75,693)	(51,991)	(75,085)	(47,194)
Net cash from financing	65,351	44,782	10,000	63,851	2,096
Cash Balance - 30 June	15,648	19,394	4,107	18,324	5,999

The accompanying accounting policies, notes and audit report should be read in conjunction with the financial statements.

# 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 25 July 2023.

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, 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. 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 were audited and received an unqualified audit opinion.

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.

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](http://www.timaru.govt.nz)

Timaru District Holdings Limited (TDHL) has a loan outstanding from the Council of \$21.7M (2021: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$1.00M (2021: \$2.02M) 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 2022 (2021: \$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 (2021: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2021: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25.0M (2021: \$19.0M) 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 2022, LGFA had borrowings totalling \$16.8B (2021: \$13.6B).

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

The following changes in accounting policy have been made in the year.

### PBE IPSAS 41 Financial Instruments

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments which supersedes both PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments. The main changes under PBE IPSAS 41 are:

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

Information about the transition to PBE IPSAS 41 is disclosed in Note 35A.

### Other changes in accounting policies

There have been no other changes in accounting policy.

## Accounting Policies

### 3. Events after balance sheet date

Investigations into the Sophia Street carpark have identified structural issues and consequently the top story of the carpark has been closed. The remainder of the carpark has been assessed as safe for use, but further investigations are underway to determine remedial work required, including against earthquake standards.

On 13 April 2023, the Government announced proposed amendments to the restructuring of the "3 Waters" regime to increase the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is uncertain until amendments to existing legislation are passed. Refer to the full financial report in the Statement of Accounting Policies relating to Note 17: Property, Plant and Equipment for additional information regarding the proposed changes and the current treatment of "3 Waters".

### 4. Group Contingencies

PrimePort Timaru Limited has no contingent liabilities at balance date (2021: \$Nil).

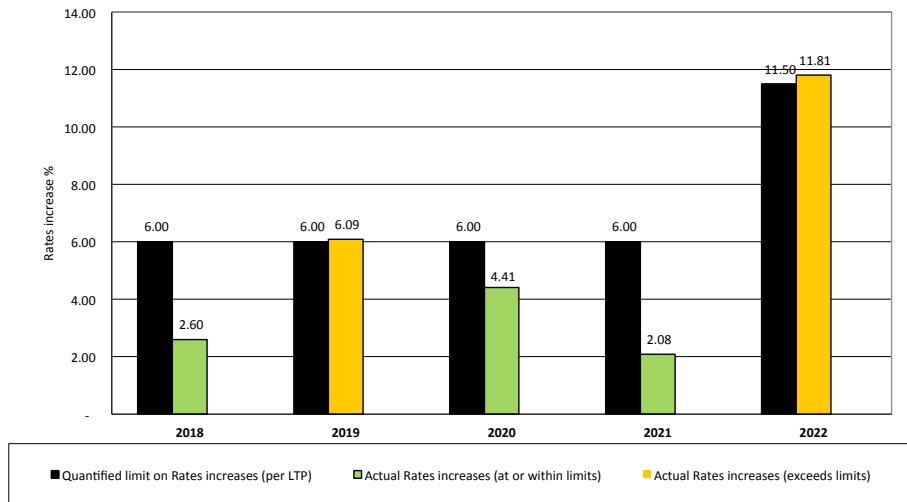
Alpine Energy Limited group has contingent liabilities as at 31 March 2022 of \$4.09M in the form of performance and import guarantees to cover ongoing project work (2021: \$7.11M).

## Disclosure Statement

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

### 1. Rates (increase) affordability benchmark

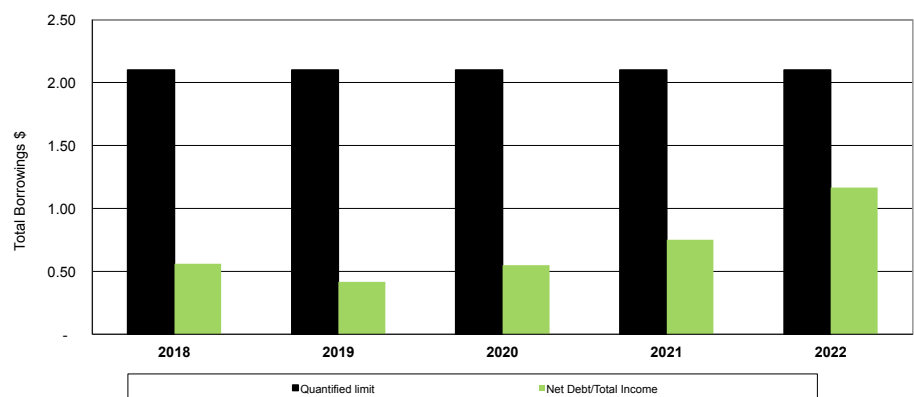
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's long-term plan. The quantified limit is 12% plus inflation. Benchmark not met.



### 2. 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 below a ratio of 210% net debt to total income. Benchmark met.

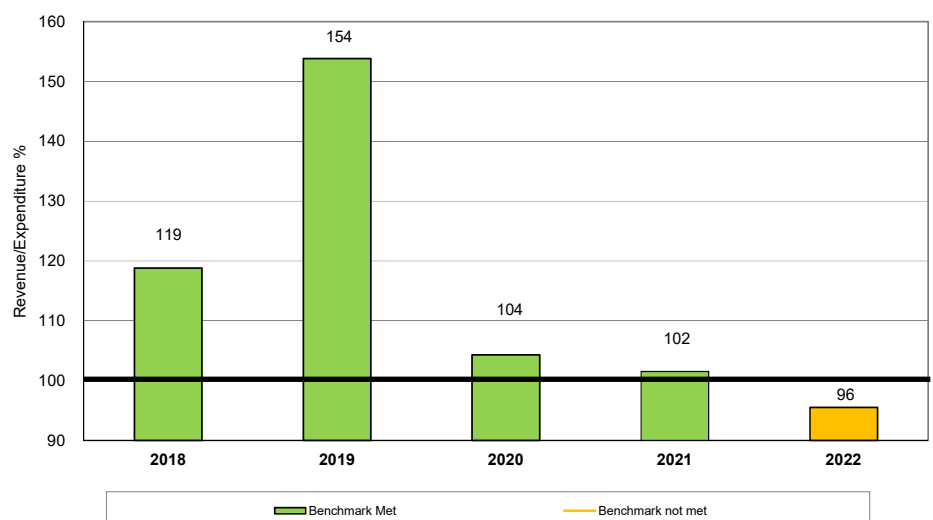
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Benchmark met.



### 3. Balanced budget benchmark

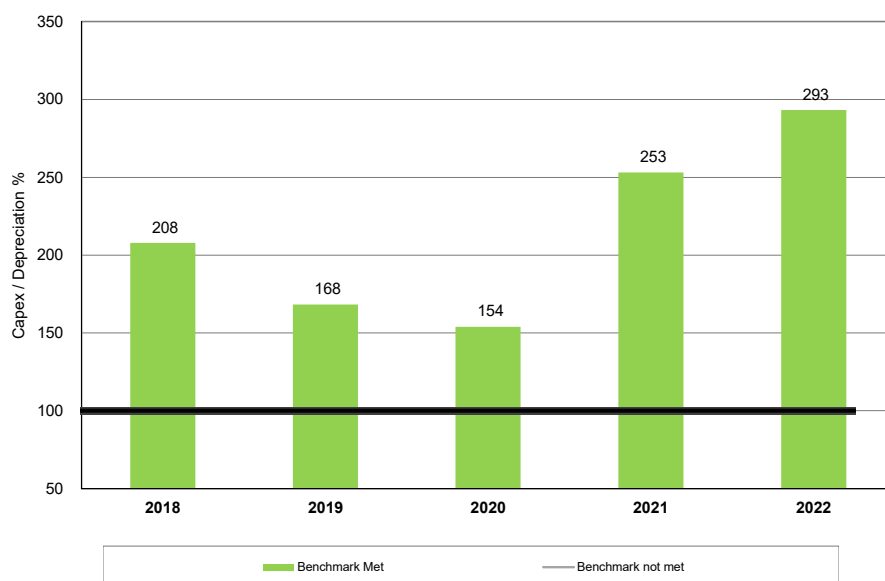
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Benchmark not met.



## 4. Essential services benchmark

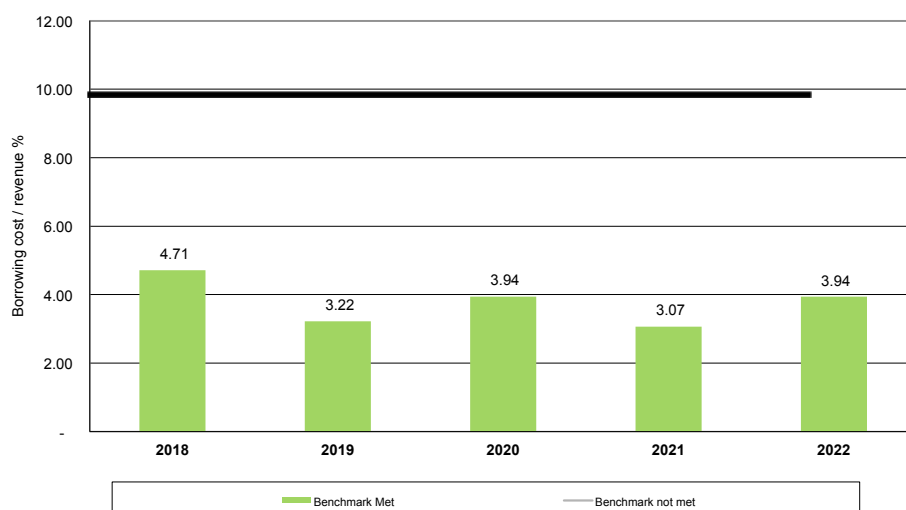
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Benchmark met.



## 5. Debt servicing benchmark

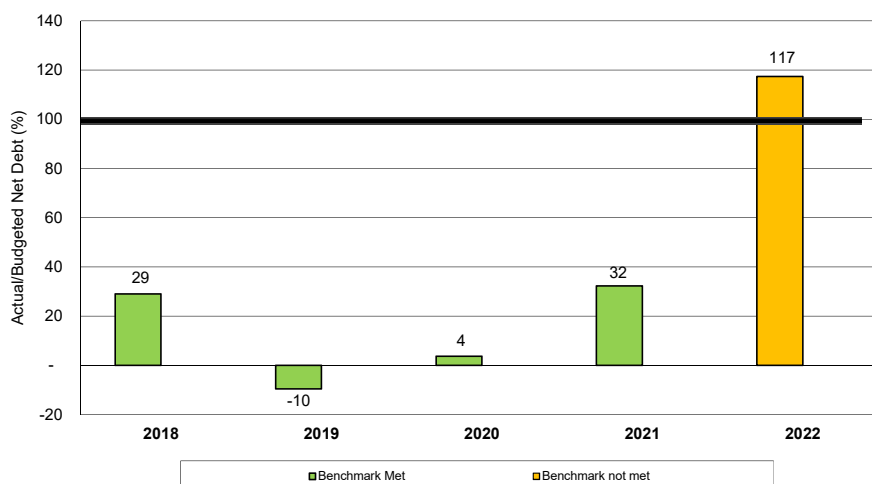
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

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 are equal or less than 10% of its revenue. Benchmark met.



## 6. 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. Benchmark not met.

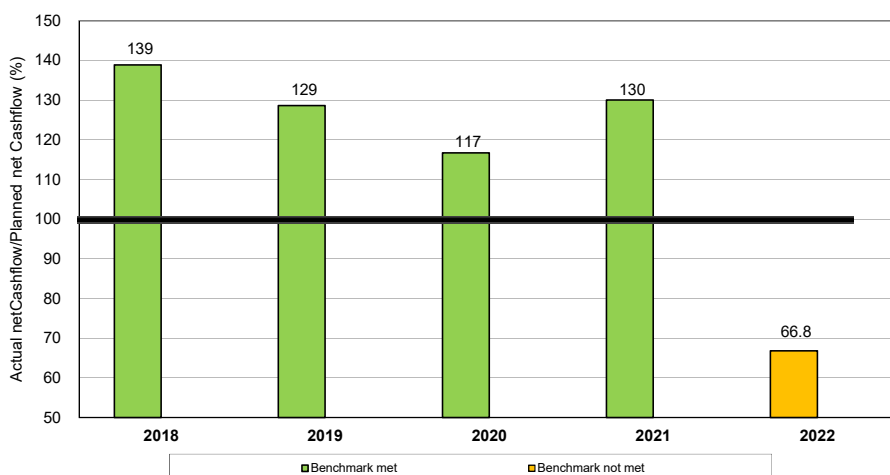




## 7. Operations control benchmark

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. Benchmark not met.



# Independent Auditor's Report

## To the readers of Timaru District Council's annual report for the year ended 30 June 2022

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 2022.

The summary of the annual report comprises the following information on pages 11 to 29:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service performance.

### 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 2022 in our auditor's report dated 25 July 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to development in the Government's water services reform programme which will affect the District Council in future years. Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed. This matter is disclosed in note 3 of the summary financial statements.

## 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

22 August 2023



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