

Timaru District Council

Annual Report 2013/14



Timaru District Council Annual Report

for the year ended 30 June 2014

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Mayor/Chief Executive's Welcome

Welcome to the 2013/14 Timaru District Council Annual Report.

A year of progress

This year was marked by a number of significant events and achievements. A few of the major highlights were:

Historic Port Deal

A major highlight was an historic 50/50 joint venture partnership agreed between Timaru District Holdings Limited (TDHL) and the Port of Tauranga for Prime Port Timaru. TDHL is a wholly owned subsidiary of Timaru District Council.

The partnership involved the Port of Tauranga taking a 50% stake in Prime Port Timaru, including leasing and now operating the North Mole container area from PrimePort. The port deal has opened up huge opportunities for revitalisation at PrimePort along with confirmation of a Holcim decision to construct and operate a cement distribution plant at PrimePort.

2013 local government elections

The three yearly opportunity to elect local representatives saw a new Mayor and four new Councillors elected to the Council. Seven new community board members were also elected to boards in Geraldine and Temuka.

Wastewater Treatment Plant progresses

Work continued on the upgrade to the Timaru Wastewater Treatment Plant, which will improve the quality of effluent discharged via the ocean outfall. Ponds have been completed and filled and equipment installed. Due to weather and ground conditions the project's completion has been delayed.

Elginshire Link completed

The Elginshire Street extension was completed, linking Meadows Road in Washdyke to Seadown Road and enabling a safer and more efficient route for traffic in the area.

New Liquor Licensing Regime implemented

A revamp of the liquor licensing regime occurred due to the enactment of the Sale and Supply of Alcohol Act 2012. This involved the establishment of a Joint District Licensing Committee and development of a joint Local Alcohol Policy between the Mackenzie, Timaru and Waimate Districts.

Other highlights

Other significant highlights and projects completed or progressed during the year have included:

- Development of a South Canterbury Rooding Collaboration Initiative
- Launch of a new Timaru District Council website, and two sub-sites for the South Canterbury Museum and Timaru District Libraries
- Completion of a successful first year of operation at the Caroline Bay Trust Aoraki Centre
- Completion of the Temuka Cemetery extension
- Hugely successful exhibitions, including *Journey Through Time – Showcasing 150 years of the Timaru Herald* at the Aigantighe Art Gallery and *Shaping South Canterbury* at the South Canterbury Museum
- Progressing significant infrastructure upgrades, such as the Queen Street sewer pump station, road reconstruction and other roading and watermain upgrades

Further detail on these and other projects is outlined on the next few pages and throughout Section Two of this report.

Financial performance

Financially, the Council has achieved a net surplus of \$11.2M compared to a forecast surplus of \$4.4M. The main reasons for this surplus are:

- Increased revenue from interest rate swaps
- Increases in revenue from unexpected donations (e.g. for Temuka Domain development) and higher income for building services, solid waste, water sales and trade waste
- Gain in sale of properties sold
- Lower finance costs due to timing of expenditure and reduced interest rates
- An increase in the expected remaining life of the Redruth landfill, meaning a reduction in the required aftercare provision
- Lower costs for depreciation due to fully depreciated assets and delays in capital projects

Expenditure was below budget mainly due to reduced interest costs and depreciation expense required. Revenue was above budget mainly due to a gain on derivatives, profit on sale of assets and additional fees. Many of these financial items are not cash transactions and therefore do not affect the amount of rates required to provide the Council's services. It is not expected that there will be a significant reduction in the amount of rates in future years as a result of the reported surplus in the current year.

The Council's total liabilities are \$110.6M compared to forecast \$118.6M, while looking after \$765.8M of assets located throughout the district (Forecast: \$778.8M).

Final comments

It's fair to say the district is buzzing. There is huge potential for continued and sustained growth as we continue to work together and make things happen.

Once again, we sincerely thank those who have contributed to this report's achievements - elected members, Council staff, agencies, contractors, volunteers and the community. We look forward to continuing to work with you.

A stylized, handwritten signature in black ink.A stylized, handwritten signature in black ink.

Damon Odey
Mayor

Peter Nixon
Chief Executive

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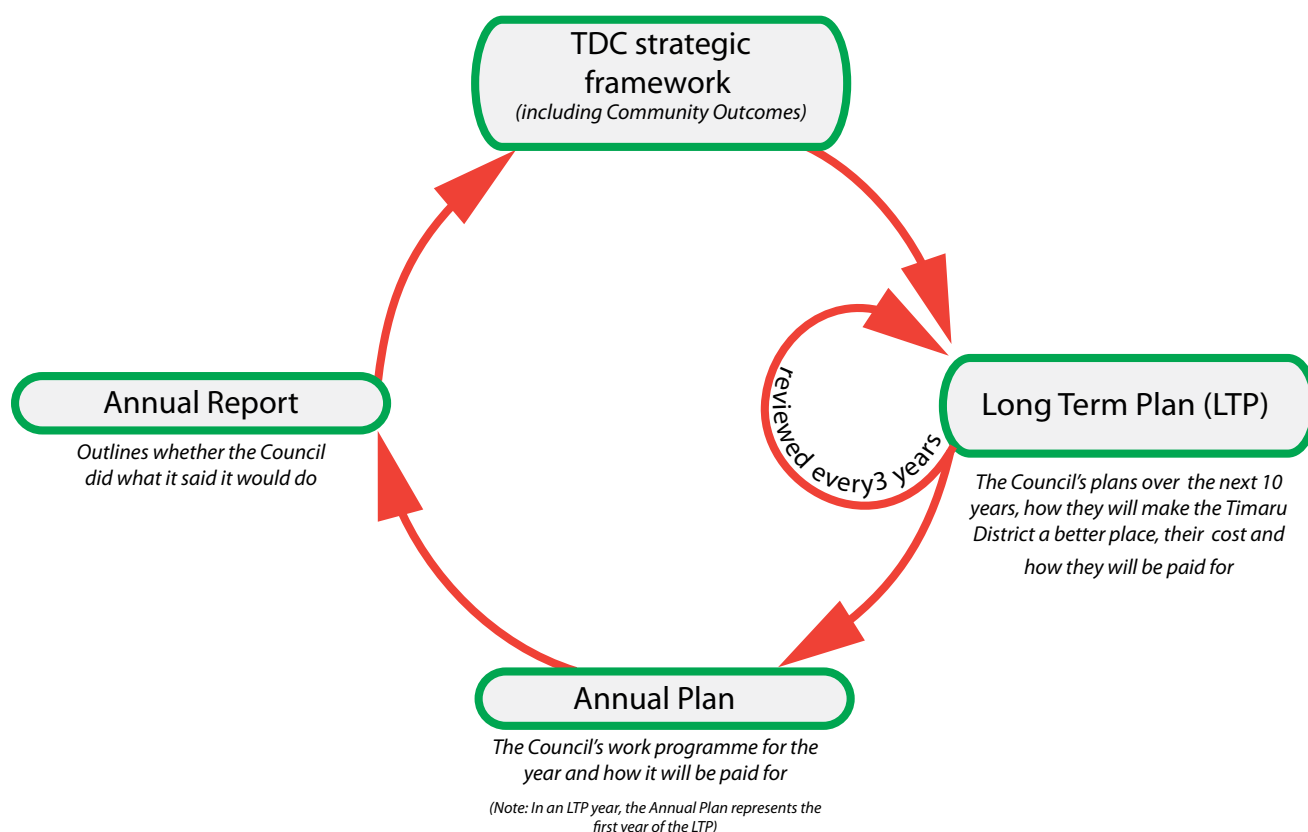


Overview

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About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2013/14 Annual Plan (or Year two of the 2012-22 Long Term Council Community Plan) as required by Section 98 of the Local Government Act 2002.



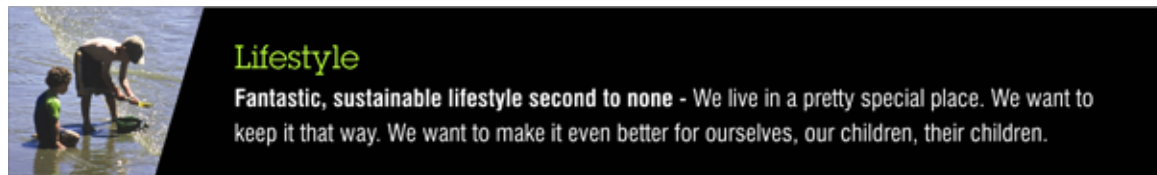
The report details our achievements and progress for our nine Groups of Activities:

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

Strategic Direction

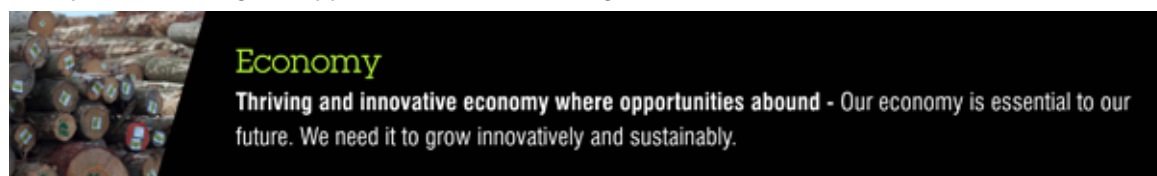
As part of the 2012-22 Long Term Plan, the Council developed a new strategic direction and vision for Timaru District. Our four pronged vision for the district is explained below.

Vision



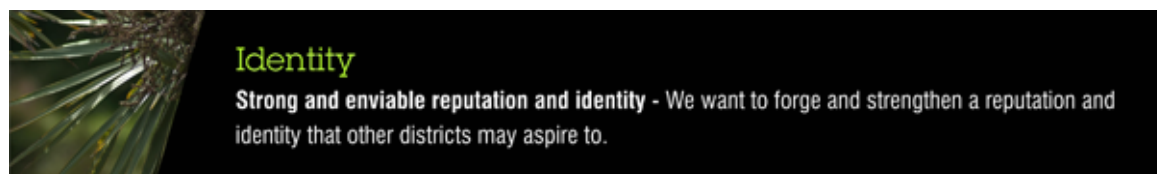
This means:

- We want to ensure our communities are well serviced with essential services
- We want to maintain a humming, vibrant mix of places to go 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
- Our communities are thriving, exciting places to set down roots
- We have abundant recreational, sporting and leisure opportunities
- We care for, enhance and respect the natural environment.



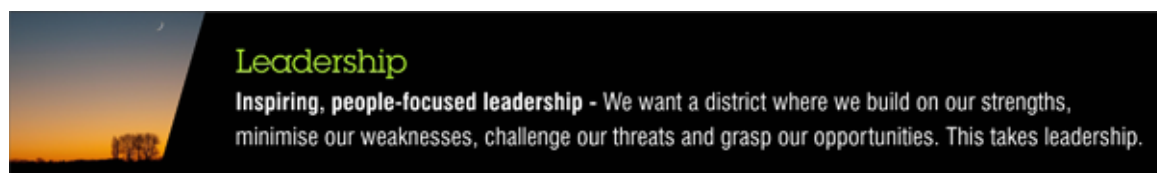
This means:

- We build on our economy's agricultural roots and support innovative, future focused industries
- Our industries and businesses produce high quality goods and services and value 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 balanced growth that keeps our businesses, population and youth local.



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.
- We value, encourage and celebrate cultural diversity



This means:

- We lead to inspire and enable, and barriers are proactively reduced
- Our leaders help create the environment for the future to happen
- We inspire our district's future leaders
- We plan for the future to take advantage of its opportunities and recognise and address its challenges.

Community Outcomes

Community Outcomes represent the outcomes that the Council aims in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

The Council will continue to work with numerous organisations (e.g. health, environmental, community, government departments) to contribute to the strategic direction and identify future issues. Other agencies may also contribute to these outcomes through the activities and services they provide.

Outcome:

High quality infrastructure to meet community and business needs

Outcome:

Smart economic success supported and enabled

Outcome:

Communities that are safe, vibrant and growing

Outcome:

People enjoying a high quality of life

Outcome:

A strong identity forged and promoted

Outcome:

A valued, healthy and accessible environment

Strategic Priorities

The Council identified four priority areas it believes are essential to enable it to work towards the Vision and Community Outcomes.

Strategic Priority:

Investing in Community

The Council is an important player in the Timaru District. It provides leadership and advocacy, but also has a role in promoting and encouraging strong partnerships to ensure the most effective solutions are achieved for the betterment of the wider Timaru District.

Strategic Priority:

Promote integrated, highly liveable communities

The Council has an important role in planning for our district's future. It needs to promote integrated planning to meet future challenges and ensure wise investment of resources. Future development of well planned, integrated, attractive and safe communities means smart thinking and taking all relevant information into account, within the legislative framework that guides local government.

Strategic Priority:

Support areas of economic and district strength

The Council has a role to support and enable economic growth in Timaru District to help enable our future to be realised. Areas of economic strength should be encouraged to flourish.

Strategic Priority:

Ensure critical infrastructure meets future needs

One of the Council's core roles is in the provision of infrastructure, both below and above ground that enables communities to survive and prosper. Infrastructure connects our communities together and is critical to our social, economic, cultural and environmental wellbeing. Continuously planning and acting to meet future needs through maintenance and development of infrastructure is a foundation for Timaru District's future.

More information on the Strategic Direction can be found in the Long Term Plan 2012-22.

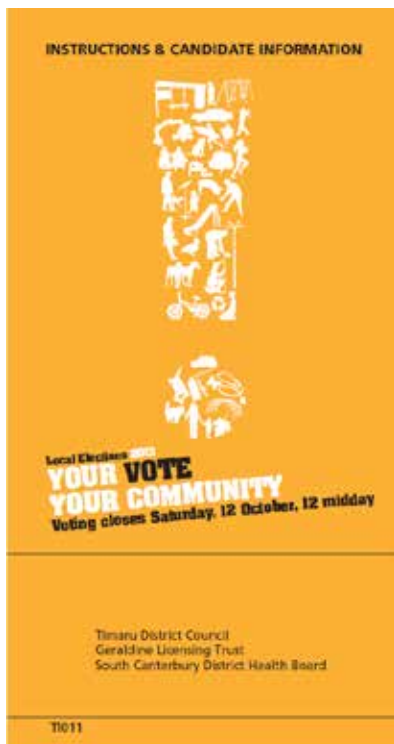
The Year in Review – 2013/14

The purpose of this section is to provide a summary of the Council's key highlights and achievements during the year. Further detail can be found within Section Two of the report.

Democracy

2013 Local Elections held

Local government elections were held in October 2013, resulting in a new Mayor and four new Councillors being elected. Seven new Community Board members were elected to boards in Geraldine and Temuka, with the Pleasant Point Board elected unopposed. The overall nationwide trend saw lower voter turn-out. Timaru District had a return of 52%, 11% higher than the national average. The Council reduced by one elected member position in 2013 from 10 to 9 elected members which increased the average number of people represented by each member.



New liquor licensing regime implemented

In December 2013, the Sale and Supply of Alcohol Act 2012 was fully enacted with the liquor licensing regime revamped. A focus of the new Act is to reduce alcohol related harm through irresponsible consumption of alcohol. It shifts the majority of decision making about local licensing matters from the Wellington based Alcohol Regulatory and Licensing Authority (ARLA) to the Timaru District. The newly formed Joint District Licensing Committee (DLC) for the Timaru, Waimate and Mackenzie Districts now considers all applications for and renewals of liquor licenses and managers certificates. ARLA now exists as a body to hear appeals against DLC decisions. This shift in decision-making from the national to the local level streamlines the process and allows local solutions to be found for local problems.



Local Alcohol Policy Developed – Local Solutions for Local Problems

A mechanism, by which the new licensing laws give the community a voice in local liquor licensing matters, has been the development of a Local Alcohol Policy. This significant policy will control some conditions imposed on premises including opening and closing times, proximity to sensitive areas such as schools or early education centres, provision for door security and one way door policies for late night premises. The policy has been developed to the Provisional Local Alcohol Policy stage and is currently on hold until four appeals against it have been heard by ARLA or resolved in some other way.



South Canterbury Rooding Collaboration Initiative

The South Canterbury Rooding Collaboration Project is a joint project between the Timaru, Mackenzie and Waimate Districts. It aims to develop standard maintenance and resurfacing contracts, improve asset management and long-term planning for the rooding network. The project was launched in response to the Government push for efficiency through the Road Efficiency Group.

The Collaboration Group was formalised in June 2014 and has technical staff together with leadership staff from the three Districts meeting regularly. The group is assisted by consultants and is developing strategies and combined standard contracts with the broad aim to improve the effectiveness of the budget allocation of the roads in South Canterbury. If successful this type of collaborative approach may in the future provide a model for economies of scale for other Council activities. In August 2014 the Ashburton District Council decided to further investigate joining the collaboration.

Historic port deal agreed

A 50/50 joint venture partnership for PrimePort Timaru was agreed between Timaru District Holdings Limited (TDHL) (a wholly owned subsidiary of Timaru District Council) and the Port of Tauranga (POT). This required a consultation process to be carried out as it represented an amendment to the Long

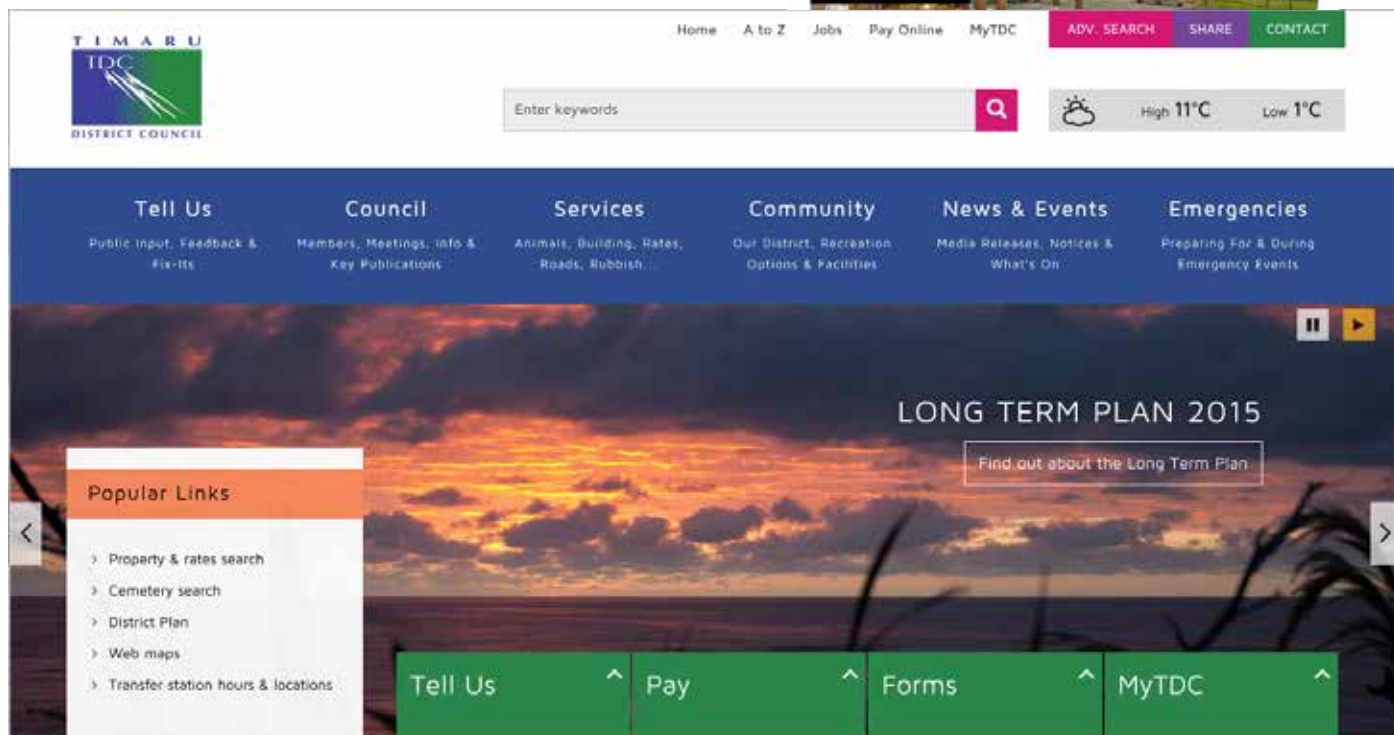


Term Plan. The strategic partnership agreed involved the Port of Tauranga taking a 50% stake in PrimePort Timaru, including leasing and now operating the North Mole container area from PrimePort. TDHL purchased and hold the investment properties previously held by PrimePort. PrimePort still own all operational land and buildings at the port, along with all port infrastructure. It continues to operate the trade (e.g. timber, fishing, fertiliser and fuel) and marine facilities. Along with confirmation of a Holcim decision to construct and operate a cement distribution plant at PrimePort, the POT deal has led to major revitalisation at Primeport.

account information, online ordering of Land Information Memorandums, improved mapping, better information, enhanced search capabilities, online job applications and much more. The site has been designed to be user friendly and intuitive with the capability for many future enhancements. The website was an immediate success upon launch in April 2014 and was the Supreme Runner Up in the annual Association of Local Government (ALGIM) local government website awards. Timaru District Council staff member and website developer Brad Reeve also won the Web and Digital Professional Award at the same event.

New Timaru District Council Website Launched

A new Timaru District Council website was launched, together with the launch of two sub-sites for the South Canterbury Museum and Timaru District Libraries. The website build has been a major project and has opened up numerous opportunities to enhance our website services to the community. The main TDC site includes the ability to make online payments, access your own MyTDC



Community Support

Temuka Cemetery Extension Completed

The Temuka Cemetery extension project was completed, including the extension of the Taumatakahu Stream walking track, fencing, bridging and riparian planting. The new development will potentially accommodate another 3,000 burial sites and add 100 years to the life of the facility.

Social Project Housing Means Warmer Homes

The first year of the Social Housing Shower and Insulation Project was completed and this included the installation of wet area/box showers in 20 flats and replacement ceiling insulation in 36 flats.

Underfloor insulation was also installed in some units and one block of flats was reroofed to enable the better installation of insulation. The project is now 33% complete and is set to continue for another two years.

Planning and Regulatory Services

Busy year for Building Control Unit

The Building Control Unit had a busy year processing 1,364 Building Consents and 1,322 Code of Compliance Certificates. The unit also liaised regularly with building sector stakeholders and members of the community. Tablets were introduced for use by technical staff during inspections. This is part of the Council's move toward achieving an electronic Building Consent process.



Building Overview



The completed Temuka Cemetery Extension. The new area is behind the fence.

Building Unit maintains accreditation

The unit was able to retain its accreditation following the 2014 review, carried out by International Accreditation New Zealand (IANZ). Technical staff were enrolled with Otago Polytechnic and began working toward gaining a Diploma in Building Surveying, with the aim of completing the course within three years.

Resource Consents steady

The District Planning Unit processed 252 Resource Consents during the year, some of which were significant projects such as a 54 lot subdivision in Gleniti which was applied for, processed and granted and the Countdown (Progressive Enterprises) consent for a new supermarket on Showgrounds Hill. The unit is currently developing a strategy for reviewing the District Plan over the next 5 to 7 years, to better reflect the current planning environment.

Environmental Health busy with new legislative requirements

The Health Unit has been very busy with the implementation of the new liquor licensing legislation and research, consultation and development on the new Local Alcohol Policy. New staff members joined the unit to help with the core business of the unit, such as inspections of food premises, beauty premises and licensed premises. Staff hit the road and held workshops on the Sale and Supply of Alcohol Act 2012 for licensees in the Timaru, Waimate and Mackenzie Districts. The workshops provided an opportunity for the Council and stakeholders to share knowledge and better understand how the new Act affects the licensing of premises.

Recreation and Leisure

Recreational facilities a hit with district residents.

The year saw the Aigantighe Art Gallery host 22 popular exhibitions including the popular Journey Through Time – Showcasing 150 years of the Timaru Herald and Artarama! – an exhibition fostering the talents of young artists in our district.

Timaru District Libraries continued to provide quality service to the community by issuing nearly 700,000 books and other materials, while developing and enhancing digital capabilities. A point of difference offered by our libraries over those in other districts is the inclusion on the new website of accessible embedded catalogues (Kotui).



The South Canterbury Museum mounted six popular exhibitions including Water=Life and Shaping South Canterbury. The museum was involved in engaging the community through a variety of means during the year such as having public talks given by experts, assisting local historians and researchers and encouraging participation from our young people in a variety of museum activities.

The Caroline Bay Trust Aoraki Centre welcomed over 300,000 visitors through its doors and provided 25,000 individual Learn to Swim lessons during the year. Other pools in the district received upgrades, such as a replacement water treatment plant at the Geraldine pool and a replacement water heating plant at Temuka.



Parks and Reserves highlights

A highlight was the presentation of a plaque for Garden of Excellence to the Trevor Griffiths Rose Garden on Caroline Bay by the World Federation of Rose Societies. The garden continues to provide a source of inspiration to rose fans from both at home and abroad. A number of developments and projects were completed including the development of the new Mulcahys Reserve in Gleniti, Timaru which involved the installation of a playground, fitness equipment, barbecue and plantings.

Roading and Footpaths

Elginshire Street Link Completed

Completion of the Elginshire Street extension has provided a much needed road link between Meadows Road and Seadown Road, further enhancing the access to the Washdyke industrial area with State Highway 1 by utilising the traffic lights.

Central Business District (CBD) Refresh Project underway

Work has started on the District CBD Refresh project. The project aims to freshen up the look and feel of the district's CBD's. A priority issue identified in Timaru has been the slipperiness of the paving tiles in certain conditions. Trials on various options for remedying this have been conducted, with the preferred option identified as etching in September 2014. Work will commence in 2014/15, with \$1M allocated to the CBD refresh project over the next two years.



Sewer

Major Timaru Waste Water Treatment Plant upgrade at Washdyke Progresses

Progress has continued on the construction of the Timaru Wastewater Treatment Plant, although some delays were caused by weather conditions affecting the ground conditions. The wetland pond is planted and filled, and oxidation pond 1A and maturation pond 2 are filled. Most of the mechanical plant is installed with the electrical and control plant yet to be completed as the project moves toward commissioning at the end of 2014.



Wetland Pond

Queen Street Pump Station Refurbishment

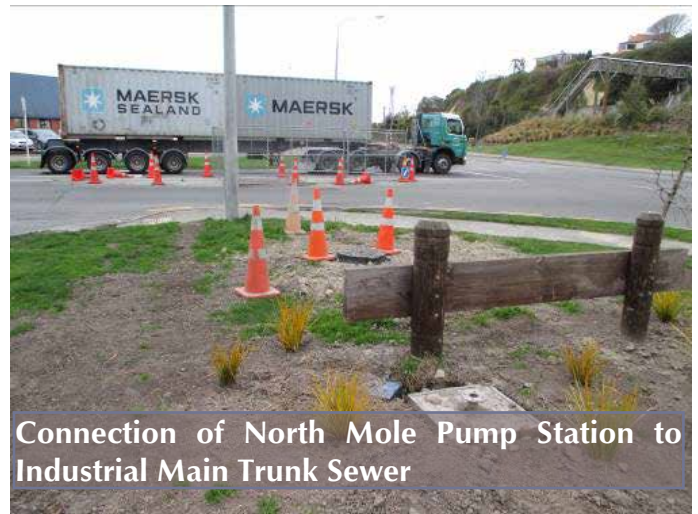
The Queen Street Pump Station refurbishment project is progressing and is close to completion. It has taken longer than was anticipated, with electrical, control and commissioning yet to be completed. The refurbished Queen Street Pump Station will improve the pump capacity, storage and monitoring system to cope with the increased flow from the reticulation during normal and wet weather events.



Queen Street Pump Station Refurbishment

North Mole Pump Station Completed

The connection of the North Mole Pump Station to the Industrial Main Trunk Sewer is now complete, with the exception of two pinch control valves yet to be fitted.



Connection of North Mole Pump Station to Industrial Main Trunk Sewer

Stormwater

Stormwater Management Plans underway

Work continued on the development of Stormwater Management Plans (SMP). The Geraldine SMP is expected to be completed by November 2014, awaiting inputs from the updated hydraulic and water quality models.

The Washdyke Greenfields SMP is currently on hold as it was decided to integrate it into a bigger Washdyke SMP, prompted by the decision of industries to manage their stormwater mostly by using inland discharge points.

The intention of the SMP's is to simplify the management of stormwater discharges within catchments by removing multiple resource consent requirements and by removing consent monitoring costs. SMP's will assist the Timaru District Council to manage stormwater related impacts of particular land-use activities within the catchments.



Constructing a pilot shot for drilling for the Caroline Bay stormwater main.

Waste Minimisation

Less waste going to Landfill

Timaru District residents diverted through composting and recycling 20,445 tonnes of waste material from entering the landfill. This significant amount is slightly under the target for the year; however increased economic activity, weather and other factors influence outcomes.



New Landfill Cell under development for Future

The Council continues to future proof the Districts waste needs with the progression of a new cell construction at the landfill. The drainage and pre-build for cell 3.4 is completed,



New landfill cell development under way

and the capping of cell 3.1 is to be completed as weather conditions permit. In addition the Landfill Gas System was completed.

Zero Waste Support for Local Events

The Solid Waste Unit supported 26 Zero Waste events and assisted 55 businesses with waste minimisation over the reporting period. This is a significant increase over the previous year. The Council continues to support this strategy for assisting our business community, and the wider community through local events, to minimise their waste and associated costs.

Water Supply

Sheffield Street Watermain Extension Completed

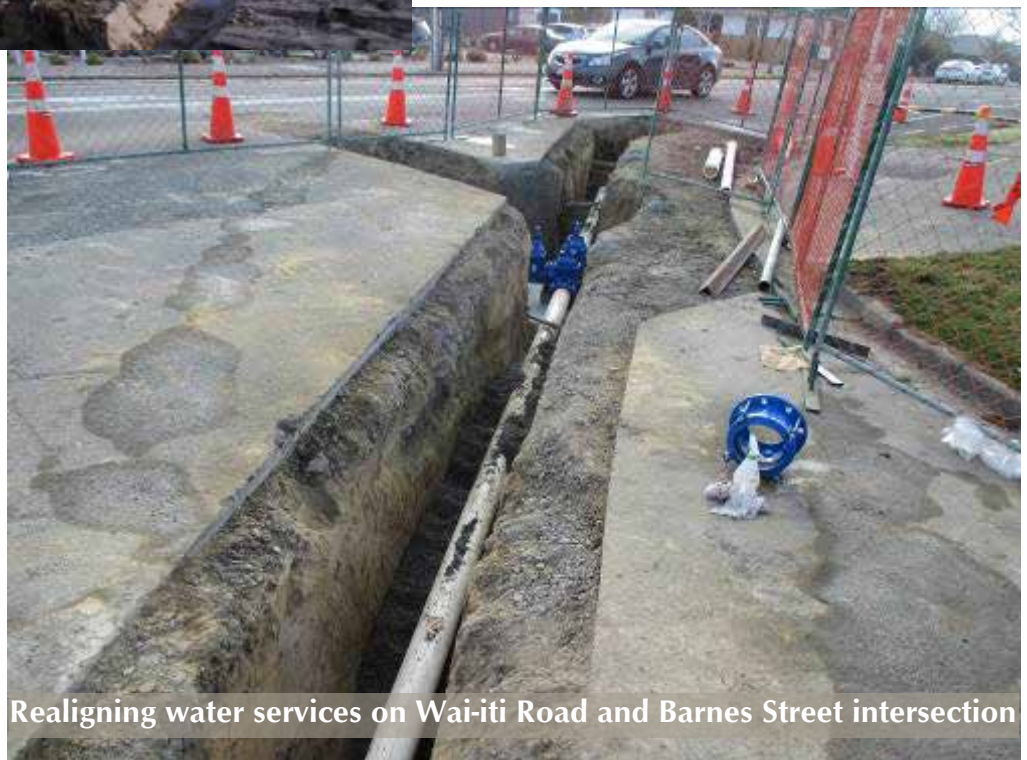
The project to extend the watermain from Sheffield Street to the Wastewater Treatment Plant has been completed. The completion of this project has ensured a potable water supply to the Wastewater Treatment Plant and a water supply to future industries in the area.

Rangitata-Orari Intake Work Completed

A project completed during the year was work on the Rangitata-Orari Intake. The purpose of the project was to construct a fish screen and intake structure to restrict the passage of fish into the water races and more generally to improve the intakes performance and longevity.

Wai-iti Road/Morgans Road Intersection Watermain Re-alignment

The realignment of water services at the intersection of Wai-iti Road, Morgans Road and Barnes Street is in progress. The project enables the realignment of water services at that location prior to the construction of a roundabout.













Realigning water services on Wai-iti Road and Barnes Street intersection

Your Council, Your District

Your Council (as at 30 June 2014)

The Timaru District Council was established on 1 November 1989 following local government reorganisation. It comprises the former Timaru City, Geraldine and Temuka Boroughs and the Strathallan County areas. The current Council, elected in October 2013, is:

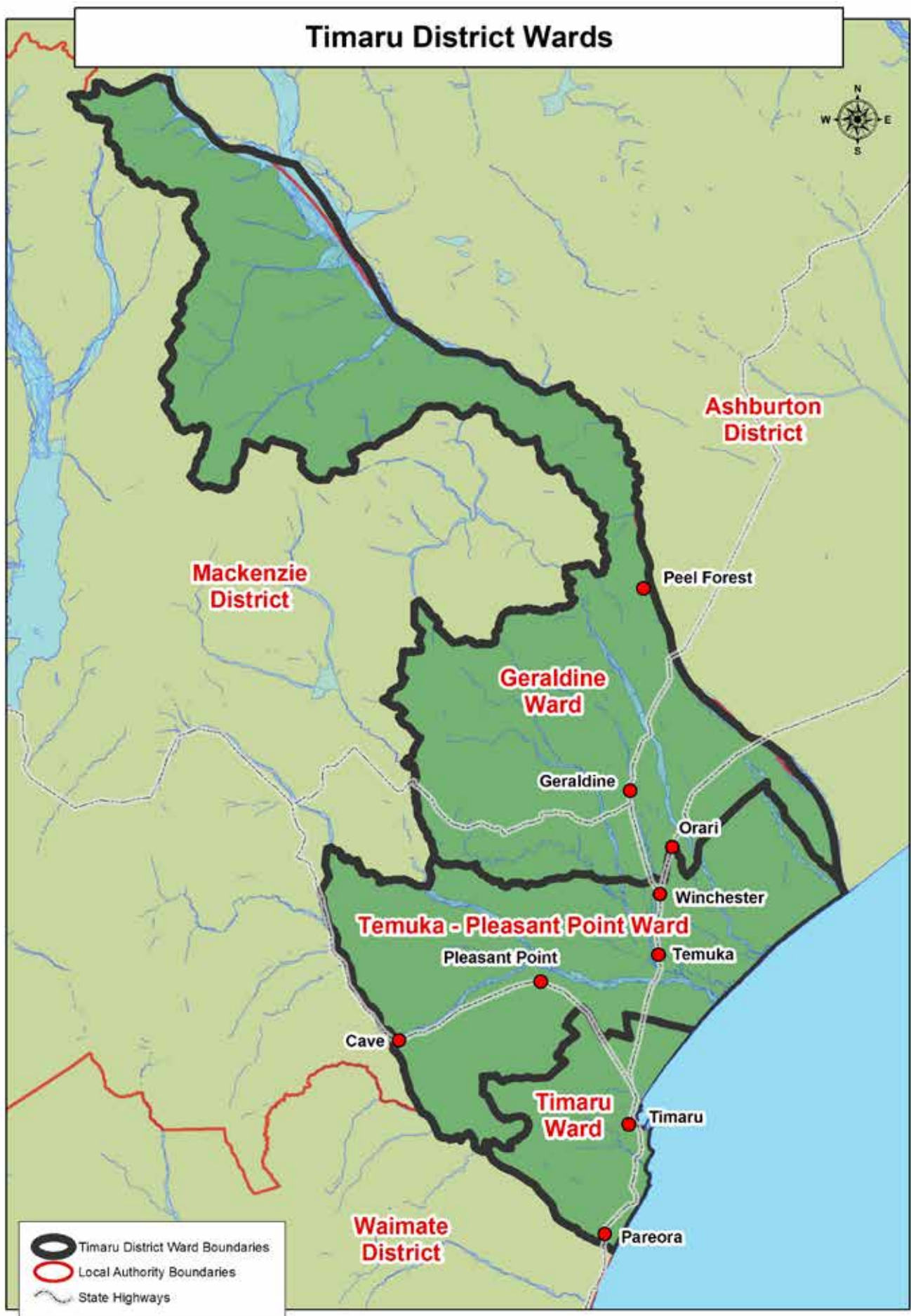
MAYOR			Phone / Fax	Email
	Damon Odey	Timaru	(03) 684 9325 (hm) 027 201 1920 (cell) (03) 688 0052 (fax)	mayorspa@timdc.govt.nz
COUNCILLORS		Ward	Phone / Fax	Email
	Kerry Stevens	Geraldine	(03) 693 7442 021 043 6651	kerry.stevens@timdc.govt.nz
	Richard Lyon (Deputy Mayor)	Pleasant Point - Temuka	(03) 614 7369 (hm) 027 426 9735 (cell) (03) 614 7696 (fax)	richard.lyon@timdc.govt.nz
	Pat Mulvey	Pleasant Point - Temuka	(03) 615 8130 (hm) 027 309 0500 (cell)	pat.mulvey@timdc.govt.nz
	Anthony Brien	Timaru	(03) 686 0275 (hm) 027 623 7158 (cell)	anthony.brien@timdc.govt.nz
	Peter Burt	Timaru	(03) 688 4002 (hm) 027 688 2013 (cell)	peter.burt@timdc.govt.nz
	Steve Earnshaw	Timaru	(03) 686 6884 (hm) 027 433 5862 (cell)	steve.earnshaw@timdc.govt.nz
	David Jack	Timaru	(03) 686 9320 (hm) 021 770 000 (cell)	dave.jack@timdc.govt.nz
	Tracy Tierney	Timaru	(03) 684 7743 (hm) 027 438 0159 (cell) (03) 684 9121 (fax)	tracy.tierney@timdc.govt.nz
	Steve Wills	Timaru	(03) 686 9072 (hm) 027 621 8404 (cell) (03) 688 2416 (fax)	steve.wills@timdc.govt.nz

Community Boards (as at 30 June 2014)

Geraldine	Phone	Email
Wayne O'Donnell (Chairperson)	693 7066	w.d.odonnell@xtra.co.nz
Jarrod Marsden (Deputy Chairperson)	693 7308	marsdeneng@gmail.com
Shaun Cleverley	693 9300	shaun@vlime.co.nz
Jan Finlayson	693 7297	janfinlayson@xtra.co.nz
Chris Fisher	697 4840	rochelle.chris@xtra.co.nz
McGregor Simpson	693 9696	margesimpson@clear.net.nz
Also Geraldine Ward Councillor: Kerry Stevens		

Pleasant Point	Phone	
John McDonald (Deputy Chairperson)	6147619	pleasantpoint@foursquare-si.co.nz
Neville Gould	6147760	tengawai@slingshot.co.nz
Raewyn Hessel	6147356	sturaehessel@xtra.co.nz
Karalyn Reid	6147858	karalynjoyce@xtra.co.nz
Bernie Wilson	6147097	goodstock@xtra.co.nz
Also Pleasant Point - Temuka Ward Councillors: Richard Lyon (Chairperson) and Pat Mulvey		

Temuka	Phone	
Paddy O'Reilly (Deputy Chairperson)	615 7790	oreillys.foodcentre@xtra.co.nz
Noeline Clarke	615 8111	j.n.clarke@xtra.co.nz
Lloyd McMillan	615 8231	mcmillan-clan@xtra.co.nz
Charles Scarsbrook	615 9444	homemade@xtra.co.nz
Alison Talbot	615 9189	steveali@xtra.co.nz
Also Pleasant Point - Temuka Ward Councillors: Richard Lyon and Pat Mulvey (Chairperson)		



About Timaru District

Geography & Climate

Timaru District covers 2,737 square kilometres of South Canterbury. Two rivers naturally define its northern and southern boundaries, the Rangitata and Pareora, with the district stretching along the gentle curve of the South Canterbury coastline. Timaru District is the fourth largest district by population and sixth largest by area in the Canterbury region. It has a population density of 16.5 persons per square kilometre.

The district enjoys a temperate climate, with Timaru enjoying an annual average of 1,826 hours of sunshine and 573mm of rain.

Population

All statistics based on Stats NZ 2013 census or other Stats NZ data.

The estimated resident population of the Timaru District as at 30 June 2013 was 45,200. Population projections¹ indicate that over the next twenty years, Timaru District's population is likely to remain fairly static, with slow growth or decline possible. The most optimistic growth projection is a total increase in population by 2031 of around 20% (around 8,800 people).

The population of Timaru District is expected to age significantly in the future. By 2031, 31.3% of the district's population is projected to be over 65 (2013: 20.5%). The life expectancy of Timaru District residents is expected to increase. For people born in 2026, women are projected to live to around 84.9 years (2006: 81.6 years) and men to around 80.9 years (2006: 77 years).

In 2013, 82.5% of Timaru District residents regarded themselves as European, 7.4% as Maori and 2.3% as Asian.

More females than males inhabit the Timaru District (51.4% - 48.6%).

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

Households are projected to increase in the future to around 19,600 in 2016 from 18,300 in 2006.

In the Timaru District, 67.3% of households are one family households with 28.4% one person households.

Economy

The Timaru economy is strongly influenced by its agricultural heritage. Agriculture is diverse, including dairy, sheep and deer farming and land suitable for all kinds of cropping.

Significant manufacturing operations are located in the district, including Fonterra's Clondeboy dairy factory, McCain's food processing plant, DB Mainland Breweries, NZ Light Leathers, Alliance Group Smithfield plant, Silver Fern Farms Pareora plant and Barkers Fruit Processors. The district is centrally located for distribution and PrimePort provides a gateway for exports and imports.

Employment in the district is strong, with the majority of people employed in manufacturing, health care and social assistance, retail trade, agriculture, forestry and fishing, and

construction industries as at February 2013. The number of businesses in the district has slightly increased in the last few years. As at February 2013, there were approximately 5,328 businesses operating in the district. The Agriculture, Forestry and Fishing industry sector accounts for around 23% of these businesses.

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

Our Communities

Timaru is the largest community, housing nearly two thirds (27,600 people) of the total population of the district. The next largest community is Temuka (4,120), followed by Geraldine (2,310) and Pleasant Point (1,220).

Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. The South Canterbury District Health Board is the major health provider, with the Aoraki Polytechnic providing tertiary educational services throughout the South Island.

Our Environment

The diverse landscapes of the Timaru District include rolling downlands, tussock land, coastal plains and wetlands, forest remnants, river gorges and rugged mountain ranges.

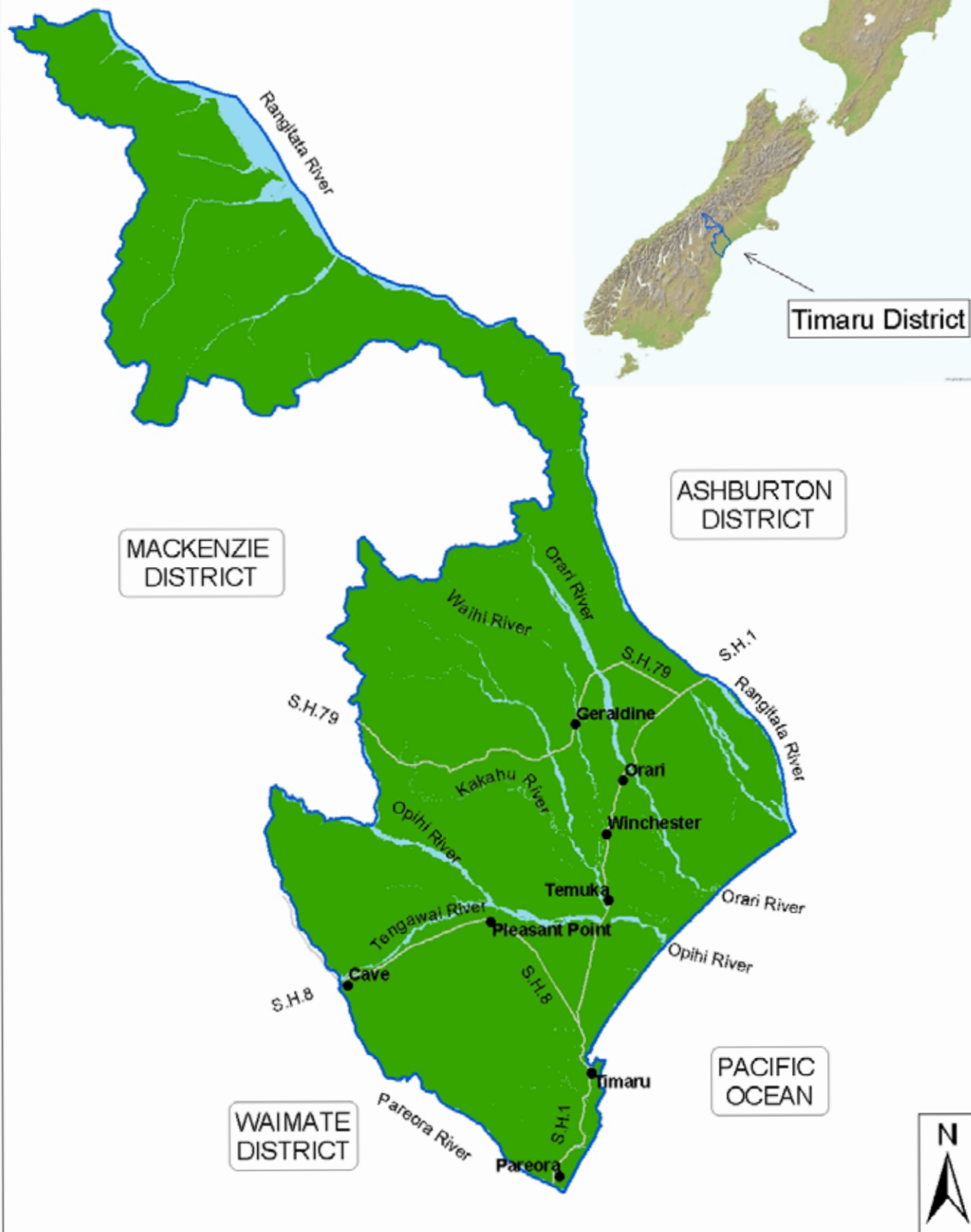
The coastal plains to the north and downlands to the south are highly modified for intensive cropping, meat, wool and dairy production. Pasture and exotic woodlots dominate the modified hills and downs from Peel Forest to Cave, with occasional shrub and forest remnants. Limestone outcrops and volcanic sediment add to the diversity of the landforms.

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

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

¹ Projections based on Statistics NZ October 2012 projections release

Timaru District



Statement of Compliance

Compliance

- 1 Pursuant to Section 98 of the Local Government Act 2002, the Council and management of Timaru District Council confirm that all the statutory requirements of Schedule 10, Part C of the Local Government Act 2002 have been complied with.

Responsibility

- 2 The Council and management of Timaru District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 3 The Council and management of Timaru District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- 4 In the opinion of Council and management of Timaru District Council, the annual Financial Statements for the year ended 30 June 2014 fairly reflect the financial position and operations of Timaru District Council.



Damon Odey

Mayor

28 October 2014



Peter Nixon

Chief Executive

28 October 2014

Independent Auditor's Report

To the readers of Timaru District Council and group's annual report for the year ended 30 June 2014

The Auditor General is the auditor of Timaru District Council (the District Council) and group. The Auditor General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2014 on page 85;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 83, 84 and 86 respectively;
 - the funding impact statement of the District Council on page 87;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 29 to 80; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 90 to 132;
- the statement of service provision (referred to as the Council's Activities Performance) of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 29 to 80; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 105 to 108 and pages 133 and 134.

In addition, the Auditor General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on pages 29 to 80;
 - council controlled organisations on pages 88 and 89;
 - reserve funds on pages 117 to 119;
 - each group of activities carried out by the District Council on pages 29 to 80;
 - remuneration paid to the elected members and certain employees of the District Council on page 125;
 - employee staffing levels and remuneration on page 125;
 - severance payments on page 132;
 - rating base units on page 98; and
 - insurance of assets on page 105.
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 136; and
- a statement of compliance signed by the mayor and chief executive of the District Council on page 23.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 83 to 86 and pages 90 to 132:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2014; and
 - the results of their operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 87 fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 29 to 80, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan.
- the Council Activities Performance statement of the District Council on pages 29 to 80:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:

- the levels of service as measured against the intended levels of service adopted in the long term plan; and
- the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 29 to 80, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan.
- the disclosures on pages 105 to 108 and pages 133 and 134 represent a complete list of required disclosures and accurately reflect the information drawn from District Council's audited information.

Compliance with the *Other Requirements* of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 28 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the Council's Activities Performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Council's Activities Performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result, we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and the Council's Activities performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the *Other Requirements*, we have completed the audit of the District Council's statement of proposal to amend its long-term plan and the assurance engagement to provide a report to the District Council's bond trustees. These engagements are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with or interests in the District Council or any of its subsidiaries.



Julian Tan

Audit New Zealand

On behalf of the Auditor General

Christchurch, New Zealand



Council Activities Performance

2

Council Activities - Summary

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

- *Description* – Activities included within each group, a brief description and how each group contributes to Community Outcomes.
- *Key Achievements and Projects* – A summary of key achievements and projects during the year.
- *Performance* – A summary of how the Council performed against performance measures for each activity.

- *Variations* – A summary of significant variances in the achievement of work projects or tasks planned during the year, including what has affected their achievement.
- *Financial Information* – key financial information for each group of activities, compared to budgets, including the prescribed Funding Impact Statement.

Council has nine groups of activities as outlined below:

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

Democracy

Description

Democracy includes the following activity provided by the Council:

- Governance and Leadership

Governance and Leadership is a key activity, supporting and guiding everything else that the Council does. The elected members of the Council set direction, lead and make decisions. This is focused around progressing towards the Council's vision and community outcomes with the overall goal of improving community wellbeing.

This activity includes all work associated with the elected Council and Community Boards in Geraldine, Pleasant Point and Temuka. The elected members are the community's representatives, making decisions on behalf of and in the interests of the community. The Council and community boards are elected every three years.

Key tasks include:

- Advocacy on issues that affect the district
- Consultation with the community
- Communicating decisions, policy and activities
- Development and implementation of strategy and policy
- Civic functions, such as citizenship ceremonies
- Representation reviews
- Administering statutory governance functions (e.g. Standing Orders, Delegations Registers)
- Partnering with agencies
- Development and adoption of key Council planning and accountability mechanisms (e.g. Long Term Plan, Annual Report, Annual Plan).
- Maintenance of Sister City relationships with Eniwa (Japan), Weihai (China), Orange (Australia) and Orange (United States)

A further key task is monitoring and reviewing performance of the overall Council operation. This includes appointing and reviewing the performance of the Chief Executive who employs all other Council staff and manages the overall Council operation.

This group of activities contributes to the following community outcomes:

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

Primary Contribution
 Secondary Contribution

Key Achievements and Projects

During the year:

- The 2013 local government elections were held, with a new Mayor and four new Councillors in Timaru Ward elected. Seven new Community Board members were elected to boards in Geraldine and Temuka, with the Pleasant Point Board elected unopposed. The overall election turnout was 52%.
- A joint Mackenzie, Timaru and Waimate District Council Local Alcohol Policy was prepared and consulted on. A joint hearing was held with the policy developed to provisional stage. The Provisional policy has been appealed by some submitters, and is now before the Alcohol Regulatory and Licensing Authority (ARLA) who make decisions on the appeals.
- Work started on the South Canterbury Rooding Collaboration project with Mackenzie and Waimate District Councils to develop standard maintenance contracts and improve asset management and long-term planning for the roading network.
- A 50/50 joint venture partnership for PrimePort Timaru was agreed between Timaru District Holdings Limited (TDHL) (a wholly owned subsidiary of Timaru District Council) and the Port of Tauranga (POT). This required a consultation process to be carried out as it represented an amendment to the Long Term Plan. The strategic partnership agreed involved:
 - ♦ POT buying a 21.43% share from TDHL and a further 28.57% share holding from Port Industry Holdings Ltd (a group of private investors). POT paid \$21.6 million for their share of the business and purchase of container assets to own 50% of PrimePort.
 - ♦ POT also bought the container operation plant and now lease the North Mole container area from PrimePort. POT will operate the container area



of the port initially for 15 years with two ten year rights of renewal.

- TDHL purchased and hold the investment properties previously held by PrimePort.
- PrimePort still own all operational land and buildings at the port, along with all port infrastructure. It continues to operate the trade (e.g. timber, fishing, fertiliser and fuel) and marine facilities.

The port deal has opened up huge opportunities for revitalisation at Primeport along with confirmation of a Holcim decision to construct and operate a cement distribution plant at PrimePort.

- A new Timaru District Council website was launched. Two subsites were also launched covering the South Canterbury Museum and Timaru District Libraries. The website build has opened up numerous opportunities to enhance website services to the community, with online payments now available, MyTDC giving access to online TDC account information, online ordering for Land Information Memorandums, improved mapping, better information, enhanced search capabilities, online job applications and many future enhancements possible. The website was immediately successful in coming supreme runner-up in the annual Association of Local Government (ALGIM) local government website awards

and web developer, Brad Reeve, winning the Web and Digital Professional Award.

- The Council responded to numerous proposed changes in legislation, including the Local Government Amendment Bill 2012, Sale and Supply of Alcohol Bill and Food Bill.



- The Council held civic events, including the Community Awards and citizenship ceremonies.
- The Council advocated on numerous district issues, including the New Zealand Transport Agency(NZTA) Financial Assistance Rate review and Canterbury Civil Defence Emergency Management Plan
- The Council supported and in some cases partially funded events such as the South Canterbury Business Awards.
- The Council maintained and promoted sister city relationships.
- The Council communicated with the community on Council decisions, policy and activities through the Council Noticeboard in the Timaru Herald, the TDC website and various Council publications.
- The Council completed the 2012/13 Annual Report with a clear audit opinion.



Performance

Level of Service statement	Measure/Target	Result
Make decisions in an open, transparent manner	≥ 90% main items of Council Business* held in open meetings	92% of main items of Council Business were held in open meetings
	≥ 45% residents feel the public have some or a large influence on Council decision making	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 48% (2011: 40%) residents feel they have some or a large influence on Council decision-making. 38% believed they had a small influence and 12% believed they had no influence. <p>In addition, 54% (2011: 53%) residents are satisfied with the way the Council involves the public in decision making.</p>
Advocate for the community	10 formal TDC submissions on issues made to agencies	<p>We made 12 submissions to various agencies during the year, including Environment Canterbury, Local Government and Environment Select Committee, Local Government New Zealand, Primary Production Select Committee, Canterbury District Health Board, the Ministry of Civil Defence and Emergency Management, Ministry for the Environment and the NZ Transport Agency. Submissions covered areas such as the revised National Civil Defence Emergency Management Plan, the roading Financial Assistance rate (FAR) options, Water Safety Plans, the Sale and Supply of Alcohol Act regulations, priority waste streams and Local Government Act reforms.</p> <p>The Council also jointly submitted with a group of Southern Councils on the Buildings (Earthquake Prone Buildings) Amendment Bill developed in response to the reports of the Royal Commission on the Canterbury earthquakes. The Council jointly submitted with a group of Canterbury Councils on the Local Government Amendment Bill (No. 3) 2014.</p>
Communicate with the community	≥ 73% residents feel there is enough or more than enough published information supplied by Council	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 78% (2011: 70%) of residents believed information provided by Council was more than enough/enough. <p>During 2013/14, the Council has continued to publish a weekly 'Council Noticeboard' in the Timaru Herald including regular information on Council services and consulted widely on topics including the Annual Plan 2014/15 and Local Alcohol Policy using a variety of mediums. The Council also launched a new website, including two subsites for the South Canterbury Museum and Timaru District Libraries.</p>
	≥ 83% residents have seen or read information published by Council	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 72% (2011: 82%) of residents have seen or read information published by Council in the last 12 months.
Monitor the Council organisation	Clear audit opinion for Council Annual Report and audit	A clear (unmodified) audit opinion was received for the 2012/13 Annual Report.
Meet our statutory obligations	Compliance with statutory Local Government Act planning and accountability requirements	Statutory requirements were met including preparation and adoption of the 2014/15 Annual Plan and 2012/13 Annual Report.

Notes:

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

Variations

There were no variances to the planned 2013/14 work programme.

Democracy – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Democracy

	<i>2012/13 Long-term plan (\$000)</i>	<i>2012/13 Actual (\$000)</i>	<i>2013/14 Long-term plan (\$000)</i>	<i>2013/14 Actual (\$000)</i>
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	2,899	2,910	3,025	3,008
Targeted Rates (Other than a targeted rate for water supply)	17	4	17	3
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	6	3	6	2
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	2,922	2,917	3,048	3,013
Applications of operating funding				
Payments to staff and suppliers	955	953	1,165	1,126
Finance costs				
Internal charges and overheads applied	1,943	1,944	1,940	1,929
Other operating funding applications				
Total applications of operating funding (B)	2,898	2,897	3,105	3,055
Surplus (deficit) of operating funding (A - B)	24	20	(57)	(42)
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt				
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	0	0	0	0
Application of capital funding				
Capital expenditure	0	0	0	0
– to meet additional demand				
– to improve the level of service				
– to replace existing assets				
Increase (decrease) in reserves	24	20	(57)	(42)
Increase (decrease) of investments				
Total applications of capital funding (D)	24	20	(57)	(42)
Surplus (deficit) of capital funding (C - D)	(24)	(20)	57	42
Funding balance ((A - B) + (C - D))	0	0	0	0

Community Support

Description

Community Support includes the following activities provided by the Council:

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

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

Some of these activities, such as cemeteries and public toilets are necessary to ensure healthy communities, others provide support in times of adversity (e.g. Emergency Management) while others are provided to assist vulnerable people in our communities (e.g. Social Housing).

This group of activities contributes to the following community outcomes:



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



Primary Contribution



Secondary Contribution

Key Achievements and Projects

During the year:

- The Temuka Cemetery extension was completed, including an extension to the Taumatakahu Stream walking track, fencing, bridging and riparian planting. The development will accommodate potentially another 3000 burial sites and add 100 years to the life of the Temuka cemetery.
- An accessible toilet was added to the Temuka King Street Toilet Block, including installation of new paving, seating, gardens and bollards making this is a more attractive place for people to use.
- The airport maintained Civil Aviation Authority (CAA) accreditation, without an audit reporting no issues or noncompliance.
- Timaru airport successfully hosted a multi-national military exercise known as "Southern Katipo" for twenty days in November 2013.
- Funding was allocated from Council grants schemes to worthy recipients and events across the District.
- The final draft of the Second Generation Canterbury CDEM Group Plan was adopted in June 2014. The plan is a strategic document that provides direction on how comprehensive, risk-based emergency management is carried out in the Canterbury region and will assist in setting Timaru district direction.
- Sirens are being installed in Pareora to provide increased resilience for the Pareora community to reduce the risk from communication delays for some emergency events, such as coastal inundation, flooding, tsunami and chemical leaks.
- The annual CDEM Exercise Pandora was successfully conducted. Based on a large-scale flood scenario across several Canterbury districts, it involved a full activation of the Timaru Emergency Operations Centre (EOC) with the involvement of over 40 TDC staff, plus support staff and other agencies.
- A new CDEM Induction Training session was rolled out to all new staff, regardless of whether or not they will be involved in EOC roles (in event response). This



has enabled two full shifts in our EOC during Exercise Pandora.

- 236 social housing units were managed and maintained during the year. Several units were refurbished as they became vacant during the year, including one unit as a result of fire. Other upgrade work during the year included window replacement, installation of back porches and oven replacement. Along with the Social Housing Shower and Insulation Project (see below), this is resulting in an improvement in the overall standard of the units.
- The first year of the Social Housing Shower and Insulation Project was completed including the installation of wet area/box showers in 20 flats and replacement ceiling insulation in 36 flats. Under floor insulation was also installed in some units and one block of flats was re roofed to enable the installation of better insulation. The shower project continues over the next two years and is 33% complete. The direction of the roofing insulation project is yet to be confirmed as re roofing the tiled skillion roofs is proving to be too expensive. Consideration will be given to installing heat pumps in these units and a decision will be confirmed in the next six months and budgeted accordingly.
- Plans were lodged to modernise the Pye Courts bedsit flats in Temuka. If successful, one flat will be modernised per year.
- The National Rural Fire Authority completed an Audit and Performance Assessment Evaluation of the South Canterbury Rural Fire Authority with the Authority achieving a 9 out of 10 result for the Performance Monitoring and Evaluation Framework.
- Rural fire equipment was updated, including personal protective equipment, hoses and communications equipment. 5,000 litre flexidams were purchased and storage developed on all tanker units (Cave, Clandeboye, Peel Forest, Rangitata).
- A Harvest Remote Automatic Weather Station (RAWS) was purchased for the Timaru Coastal area and sited near the Timaru Airport.
- South Canterbury Rural Fire District (SCRFD) responded to 160 fire incidents (2012/13: 137) across the SCRFD area, with 114 in the Timaru District (2012/13: 75).
- Project Turnaround is one of the highest performing providers of Restorative Justice in New Zealand. This has been acknowledged by the Ministry of Justice.
- The Project Turnaround team facilitated 93 restorative justice conferences, exceeding the 64 required under the Ministry of Justice contract.





Aoraki Development Business and Tourism (ADBT) is a Council Controlled Organisation that is concerned with economic development and district promotions. Some of the work progressed or completed during the year was:

- Managed a range of support tools for local businesses, including Training Courses, Business Resources, and Business Mentoring. There were over 320 attendees for 32 courses run during the year. ADBT supported over 254 businesses during the year with aspects such as start up planning, strategic planning, business structure, taxation and marketing advice.
- Supported initiatives and hosted more than 10 events for industry clusters with ongoing support and promotional material. The South Canterbury Chamber of Commerce and Education South Canterbury Agreement for International Education providers were supported.
- Provided quality information about the district through the www.southcanterbury.org.nz website, newsletters and brochures. The website continues to grow in its functionality and appeal, with increased visits. Some key initiatives during the year included the Business Excellence Awards, free Wi-Fi and the Gigatown promotion.
- Gigatown, a national competition between towns for accessing one gigabit per second internet connection, has captured the attention of the community. It has consequently increased engagement from the community in promoting Timaru through mainstream media but more widely through social media.
- Timaru CBD free Wi-Fi has been operational since July 2013. In December it was extended to Caroline Bay and it is continuing to grow into the next reporting period. Public Wi-Fi is available for visitors and locals and is funded and maintained by Aoraki Development Business & Tourism in partnership with local IT company and internet retail provider Vetta Technologies Ltd.
- Maintained strategic partnerships including the South Canterbury Chamber of Commerce, Young Enterprise Scheme, Regional Business Partnership, Export/Import Cluster, Primary Produce Innovation Cluster and business leadership forums.
- Prepared for and hosted four successful visits of cruise ships during the year.
- Managed and enhanced visitor information services with 65,000 Official Visitor Guides distributed to more than 80 visitor service centres, 60,000 Timaru Street Maps and over 1,000 District Showcasing brochures distributed.
- Sought funding for District initiatives and growth, and assisted district businesses to achieve growth through a variety of means.
- Assisted and supported long term economic development planning, including working with TDC on Gigatown, events strategy and continue to work to support key district agencies such as Aoraki Polytechnic and Primeport.
- Achieved a 73% growth in business partners with a retention rate of 98%.
- Distributed \$65,950 of funding resources to 60 businesses.
- Developed and maintained effective working relationships with a wide range of local organisations.
- Marketed the District via more than 150 press releases and associated media commentary over the reporting period.

Performance

Level of Service statement	Measure/Target	Result
Community facilities are well maintained, clean and safe	≥ 80% satisfaction with the airport	93.2% of airport users surveyed were satisfied with the airport facilities from an internal survey conducted during the year.
	Public Toilets - ≥ 66% overall/user satisfaction	The 2014 survey results were: <ul style="list-style-type: none"> • 58% (2011: 57%) of residents were very/fairly satisfied with public toilets • 69% (2011: 65%) of users were very/fairly satisfied with public toilets During the year, an accessible toilet was added to the Temuka King Street toilet block. Toilets were regularly cleaned and monitored, with additional public toilets provided at some locations during peak summer usage.
	Cemeteries - ≥ 80% overall/visitor satisfaction	The 2014 survey results were: <ul style="list-style-type: none"> • 78% (2011: 78%) of residents were very/fairly satisfied with cemeteries • 91% (2011: 90%) of visitors were very/fairly satisfied with cemeteries During the year, the Temuka Cemetery extension was completed. Cemeteries were regularly mowed and maintained. Additional beams were not required this year.
	Complaints about Public Toilet cleaning standards* ≤ 3 year average	There were 8 complaints about cleaning standards during the year. The rise in complaints was due to issues associated with our contractor which have been resolved. Where required, remedial action is requested from the cleaning contractor.
	Cemeteries contract compliance - ≤ 10 non-complying items with cemeteries contract	There were no non - complying items identified during the year.
	Airport Civil Aviation Authority accreditation maintained	The CAA audit was completed in March 2014. The Civil Aviation Authority (CAA) accreditation was confirmed for a further 12 months with no non-compliance issues identified.
Plan for future provision of community facilities to meet community needs and expectations	Future Development Plans for Main District Cemeteries: <ul style="list-style-type: none"> • Temuka Cemetery development plan progresses 	The Temuka Cemetery extension was completed, including an extension to the Taumatahahu Stream walking track, fencing, bridging and riparian planting. The development will accommodate potentially another 3,000 burial sites and add 100 years to the life of the Temuka cemetery.
	≥ 98% occupancy rate of Social Housing units	97% occupancy maintained. Occupancy levels are stable, with continuing strong demand for units, particularly in Timaru. Levels can fluctuate depending on the nature of tenancies and upgrade works following a vacancy. Nine bedsit units in Temuka are the only units currently vacant. Units are not attractive to prospective tenants, with plans lodged to upgrade these flats over the next few years. This project will commence in 2015 with one flat being modernised. Once this has been completed, a forward programme will be confirmed and timetable agreed to.
Ensure social housing units remains tenanted	≥ 86% Tenant Satisfaction Levels	100% of tenants surveyed were satisfied with the service received as a social housing tenant from an internal survey conducted. The survey this year only focused on new social housing tenants.
Maintain excellent customer service	100% of urgent Social Housing requests responded to within 24 hours	100% of urgent requests were actioned within 24 hours. There were four genuine urgent requests during the year, due to leaking hot water cylinders.
Provide accessible, accurate cemetery records	100% cemetery records updated within one month	100% records updated within one month where feedback was received. A new Timaru District Council website was launched during the year which has provided greatly enhanced access to cemetery records, including direct linkages to cemetery maps.

Level of Service statement	Measure/Target	Result
Communities are educated and informed about emergency management	Canterbury Civil Defence Survey Results (South Canterbury) remain constant or improve	<p>The 2013/14 survey results were:</p> <ul style="list-style-type: none"> Food: 90% (Canterbury average: 88%) Water: 52% (63%) Cooking Facilities: 92% (88%) <p>The survey measures whether people consider they are prepared for a disaster by asking if they have enough food, water and/or cooking facilities for at least 3 days. It is undertaken by the Canterbury CDEM Group Office.</p>
Emergency responders and volunteers are suitably trained, equipped and ready	<p>Civil Defence and Rural Fire training programme</p> <p>Rural Fire volunteers trained to entry level standards</p>	<p>Civil Defence training during the year was carried out with volunteers, including various courses. Some were cancelled due to lack of interest, with the women in welfare course particularly popular. EOC training was held for staff across the various EOC roles. A successful Exercise Pandora was held in May 2014 with 50 staff and other agency personnel involved.</p> <p>Rural Fire volunteers have achieved compliance to national standards in Peel Forest, Cave and Rangitata. Teams at Rangitata Gorge and Clandeboye have been trained but are still to complete assessment. Overall, the Timaru District Rural Fire Team is 60% compliant. The Regional Training Challenge at Castlehill in October was cancelled due to snow.</p>
	Registered and trained volunteers increase	Volunteer numbers are dropping due to resignations, retirements and relocations.
Equipment is maintained and upgraded as required to maintain emergency response	Regular testing of Emergency Management plant and equipment to defined schedules - 100% compliance with equipment testing regimes	A full testing regime of sirens and radios occurred with 95% compliance achieved during the year. One siren at Primeport was temporarily decommissioned due to port redevelopment work. This has been refurbished and will be reinstated when a new site is found.
Develop and maintain critical networks with partner agencies	Emergency Management and Safer Communities partnership	<p>Critical emergency management networks and relationships were developed and maintained with a number of agencies and community groups across the district and regionally. This included agencies such as NZ Police, Fire Service, Rural Fire, St John, South Canterbury DHB, Public Health South, MSD, and many other welfare, health and support agencies. Forums include the Emergency Services Coordinating Committee, Hazardous Substances Technical Liaison Committee, Welfare Management Committee and Neighbourhood Support.</p> <p>Safer Communities partnerships were maintained and built with stakeholders including government and non-government agencies such as NZ Police, Community and Public Health, South Canterbury District Health Board emergency department and Presbyterian Support Services, South Canterbury Violence Intervention, Fale o Pasifika Aoraki, CYF, Womens Refuge, Te Rito, Strengthening Families, Plunket, YMCA, and Bridge Programme Salvation Army, including regular meetings to keep pace with changing trends.</p>

Level of Service statement	Measure/Target	Result
Provide support to individuals and groups	Community funding schemes managed in accordance with Council policy: <ul style="list-style-type: none"> Planned funding rounds held Individual and group accountability forms returned 	Council grants and funding schemes were managed in accordance with Council policy during the year. During the year: <ul style="list-style-type: none"> 4 General Grants funding rounds were held 2 Youth Entertainment funding rounds were held 4 Creative NZ funding rounds held 86% of accountability forms were returned. Of budgeted funding: <ul style="list-style-type: none"> 58% of General Grant funding (grants under \$10,000) was allocated 100% of facility development funding (grants over \$10,000) from the Community Development Fund were allocated to South Canterbury Car Club, South Canterbury Heritage Aviation Centre and South Canterbury Drama League (Annual budget: \$30,000) 100% of Youth Entertainment funding was allocated 92% of Creative NZ funding was allocated
	3 FTE subsidised labour positions provided annually	Three full time equivalent positions (FTEs) were provided through the subsidised labour scheme, Taskforce Green. They were involved in planting and weed control projects.
	Youth workers achieve Ministry of Social Development contract conditions	The Council was unsuccessful in regaining this contract when it came up for renewal. The Council's involvement with this contract has now ceased.
Respond to existing and new crime trends with community sanctioned initiative	Provide Safer Communities and Project Turnaround work programme as per contract requirements	Safer Communities continue to work alongside Neighbourhood Support and monitor existing projects (e.g. TAG, Project Y). Safer Communities also react to emerging trends and incidents within our communities, support and facilitate regular Family Violence Forums and report to the Safer Communities Council every two months. There are no longer any contractual agreements with the government. Project Turnaround has delivered 93 restorative justice conferences during the year. This has exceeded its contractual requirements (64 conferences) with the Ministry of Justice.
Contribute to the economic development of the Timaru District	Aoraki Development Business and Tourism (ADBT) CCO reporting quarterly to Council	Aoraki Development Business and Tourism have provided quarterly reports to Council.

Notes:

* A complaint represents when a cleaning standard is not being met, not when a request for cleaning is made. Vandalism and anti-social use of toilets can occur between cleaning, the effects of which result in a request to clean.

Variations

- Airport - Building Renewals** - Terminal roof replacement contract has been let. Heating installation will be completed once the roof has been replaced.
- Airport - Aviation Park Development** - All planning approvals have been granted for the development to occur. Installation of infrastructure will be done when the first section lease is committed and the services are required.
- Civil Defence - Communication Equipment** - Generators have been purchased but are yet to arrive in the country.
- Civil Defence - Pareora Sirens** - Alpine Energy offered to install and provide poles for two siren arrays in Pareora. Some work has been completed but two storm events affecting Alpine Energy have delayed work.
- Social Housing - Refurbishments** - Around 70% of work completed. The remainder was not completed due to contractor delays.

Financial Variations - Explanation

2013/14 Actual compared to budget (per LTP)

- Additional capital expenditure was incurred in upgrading Social Housing Units, as approved by Council as part of the 2013/14 Annual Plan.

Community Support – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Community Support

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	2,339	2,017	2,424	2,302
Targeted Rates (Other than a targeted rate for water supply)	161	166	164	177
Subsidies and grants for operating purposes	217	440	217	180
Fees, charges and targeted rates for water supply	1,390	1,444	1,448	1,433
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts	24	24	24	19
Total operating funding (A)	4,131	4,091	4,277	4,111
Applications of operating funding				
Payments to staff and suppliers	3,315	3,182	3,331	3,225
Finance costs	163	84	159	86
Internal charges and overheads applied	347	394	347	405
Other operating funding applications				
Total applications of operating funding (B)	3,825	3,660	3,837	3,716
Surplus (deficit) of operating funding (A - B)	306	431	440	395
Sources of capital funding				
Subsidies and grants for capital expenditure	0	57	0	4
Development and financial contributions				
Increase (decrease) in debt	(49)	38	(144)	172
Gross proceeds from sale of assets				(7)
Lump sum contributions				
Total sources of capital funding (C)	(49)	95	(144)	169
Application of capital funding				
Capital expenditure				
– to meet additional demand	82	113	59	87
– to improve the level of service	218	124	113	316
– to replace existing assets	138	156	40	40
Increase (decrease) in reserves	(181)	133	84	121
Increase (decrease) of investments				
Total applications of capital funding (D)	257	526	296	564
Surplus (deficit) of capital funding (C - D)	(306)	(431)	(440)	(395)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		1,614		1,570
Additions		40		293
Repayments		(84)		(84)
Closing Balance		1,570		1,779
Interest		65		64

District Planning and Regulatory Services

Description

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

- Building Control
- District Planning
- Environmental Health

This group is concerned with monitoring and enforcement functions across a wide cross-section of statutes focusing on the protection of community health, safety and amenity.

Building Control

Building Control is responsible for administering and implementing the provisions of the Building Act 2004 (the Act). Under the Act, TDC is accredited as a Building Consent Authority.

District Planning

The District Planning Activity is primarily concerned with managing how land is used and subdivision undertaken in the district.

The key tool for managing this is the Timaru District Plan. This outlines the district's resource management issues and objectives, policies, methods and rules.

Environmental Health

The Environmental Health activity is primarily concerned with improving, preserving and promoting public health and safety in the Timaru District. It deals with a multitude of issues

such as food safety, disease containment, noise control, housing and accommodation, hazardous substances, liquor licensing, environmental nuisance, gambling control, parking enforcement and animal control.

The activity is also responsible for the general administration, review and enforcement of the Timaru District Consolidated Bylaw 2007. The Timaru District Council has two shared service arrangements with Mackenzie District Council and Waimate District Council to provide environmental health and liquor licensing services.

This group of activities contributes to the following community outcomes:

	Building Control	District Planning	Environmental Health
High quality infrastructure to meet community and business needs			
Smart economic success supported and enabled			
Communities that are safe, vibrant and growing			
People enjoying a high quality of life			
A strong identity forged and promoted			
A valued, healthy and accessible environment			
<div> <div></div> Primary Contribution <div></div> Secondary Contribution </div>			



Key Achievements and Projects

During the year the Building Control Unit:

- Retained accreditation following the 2014 review, carried out by International Accreditation New Zealand (IANZ).
- Maintained good performance in processing Building Consents and Code Compliance Certificates. Results were:

	2013/14		2012/13
	Processed	Compliance with legislative timeframes	Result
Building Consents	1,347	96%	1,364 (95%)
Code Compliance Certificates (CCC)	1,411	95%	1,322

- Enabled technical staff to begin working toward gaining a Diploma in Building Surveying through Otago Polytechnic, aiming to complete the course within three years.
- Liaised regularly with the building sector, including monthly meetings with Master Builders, attendance

at BOINZ Southern Branch and Southern Building Controls Cluster Group meetings.

- Moved toward the introduction of an electronic Building Consents process. In May 2014, tablets were introduced for use during inspections.



During the year the District Planning Unit:

- Processed 252 resource consents, 98% within statutory timeframes (2012/13: 190 at 98%).
- Some of the processed or managed plan changes during the year were:
 - A large private plan change was received for Brookfield Road, Timaru.
 - The Geraldine Downs plan change decision was reached and no appeals were received.
 - A 54 lot subdivision in Gleniti was applied for, processed and granted.
 - Countdown (Progressive Enterprises) were granted consent for a new supermarket on Showgrounds Hill.
 - Holcim New Zealand were granted consent for a new cement import terminal to cater for the South Island.
 - Elloughton Gardens Retirement Village granted consent for the extension of their retirement facility on Pages Road, including 54 individual residential units.
- Some challenges during the year were:
 - A hearing on the Washdyke industrial expansion plan change was not completed and postponed. Mediation was unsuccessful.
 - The TDC decision to grant resource consent for a two lot rural subdivision on Gleniti Road was overturned in the Environment Court.
 - An Environment Court decision was made against the Council decision to grant a building consent for accommodation for a dependant relative.

During the year the Animal Control Unit:

- Progressed the development of the District's first Dog Park, to be located in Leckie Street, Timaru.
- Maintained high compliance with dog registration and micro-chipping requirements, with 8,899 (93.2%) of known dogs registered by 30 June 2014 [2012/13: 9,130 (96%)]. Known dogs equates to dogs registered in 2012/13 plus total dogs registered through 2013/14, adjusted where dogs have moved from the district or died.
- Responded to animal control complaints, undertook patrols and impounded wandering dogs. There were 2,213 (2012/13: 2,013) service requests relating to dogs, mostly about lost, found, barking or wandering dogs.
- Received 195 (2012/13: 89) complaints regarding dog attacks on people or animals and 418 dogs were impounded (2012/13: 386). There were no prosecutions (2012/13: 7) resolved by the courts and 110 (2012/13: 414) infringement notices issued.

During the year, the Environmental Health Unit:

- Oversaw the implementation of the Sale and Supply of Alcohol Act 2012 from 18 December 2013 and the development of a combined Mackenzie/Timaru/Waimate Local Alcohol Policy to provisional stage.
- Adopted new strategies and procedures to deal with the enactment of the Food Act 2014.
- Commenced the operation of the District Licensing Committee for Timaru, Waimate and Mackenzie Districts.
- Made submissions to relevant Government Ministry in relation to Sale and Supply of Alcohol Regulations 2013 and supplementary submissions were made on the Food Bill 2014.
- Continued to train and develop the core knowledge of new staff members Sandy Boyd and Paul Cooper.
- Visited and inspected premises registered under the Health Regulations 1966 with 71% of premises visited complying with health licensing regulations (Food Safety, Hairdressers, Camping Grounds, Funeral directors, Offensive Trades) and liquor licensing regulations.
- Assessed 88% of premises licensed under provisions of Sale and Supply of Alcohol Act 2012, with several minor breaches identified during the year.
- Met targets for responding to all service requests (complaints) with 1,197 environmental health service requests. 1,002 service requests were related to noise of which 972 were dealt with by contract staff and 30 were related to commercial noise (e.g. woodchippers, fans, trucks) and dealt with by staff. 195 complaints were related to food premises (12), animals (e.g. insects, rats, cats) (11), housing conditions (7), health premises (e.g. hairdressers, camping grounds, skin piercers, tattooists) (5), general enquiry (4), liquor (2) and bylaw investigations (154). Initial response acknowledges request via telephone/email and arranges relevant appointment for investigation. This figure does not include animal control complaints.
- Made improvements in signage at several local rivers and streams to warn of cyanobacteria contamination.
- Completed several after hours monitoring and controlled purchase operations on licensed premises.
- Carried out several significant investigations including a skin piercing complaint, commercial noise and a food premise closure.

Performance

Level of Service statement	Measure/Target	Result
Perform statutory functions as a regulator under key legislation	Retain accreditation as a Building Consent Authority	Council retained its accreditation following the 2014 review. The next Building Accreditation audit is scheduled for February 2016. IANZ are also scheduled to carry out a special assessment in September this year.
	Retain accreditation as a Food Registration Authority	Accreditation is not currently a requirement of food safety legislation, but is to be implemented through the regulations for the Food Act 2014, when those regulations are released. The Ministry has signalled that the form of accreditation, which will act as a quality assurance measure, is likely to be known in 2015.
Deliver timely, efficient processing of consents and related requirements	100% Building Consent Processing within statutory timeframes of 20 working days and average building consents processing time is reducing	96% of 1,347 building consents were processed (granted) within the statutory 20 day timeframe. Reasons for consents not being processed within statutory timeframes were due to a high number of staff away on medical leave for the last quarter, training of new staff and upskill training to meet Regulation 18. This triggered the need to outsource some work externally. The average processing time was 12 days (2012/13: 11.84 days).
	100% Resource Consent Processing within statutory timeframes of 20 working days (non-notified) or 70 working days (notified) and average resource consents processing time is reducing	97.67% of 252 resource consents processed within 20 working days (non-notified) and 70 working days (notified). This is a significant increase in the 190 consents processed the previous year. The average processing time was 14.75 days (16.47 days for 2012/13).
Provide useful, timely and consistent advice and education on building, planning and regulatory enquiries	≥ 72% Customer Satisfaction levels with building and regulatory services	<ul style="list-style-type: none"> A general survey on the services provided by the council was carried out in March/April 2014 as part of a Community Survey. The survey is conducted every two years. The 2014 survey results were: <ul style="list-style-type: none"> District Planning - 60% of users of district planning services were very/fairly satisfied (base of 68). Environmental Health Unit - 91% of users were very/fairly satisfied relating to control of health of food premises (base of 24). A separate Council survey was conducted by the Health Unit to all registered food premises and liquor licensees in June 2014. It achieved a result of 58% of all respondents being fairly/very satisfied (base of 61). The health unit staff actively educated licensees and stakeholders throughout the year on the implementation of the Sale and Supply of Alcohol Act 2012. This was completed as part of inspections, in newsletters, through the media and in workshops. The Building Unit will conduct a satisfaction survey during the 2014-2015 reporting period.

Level of Service statement	Measure/Target	Result
Maintain an up-to-date and responsive regulatory policy environment	Policy Review Programme	<p>There were no policies targeted for review during 2013/14. However, work was completed on:</p> <ul style="list-style-type: none"> Earthquake-Prone, Dangerous and Insanitary Buildings Policy - Current policy still in place. The review is awaiting the final recommendations from the government. Local Alcohol Policy - developed and adopted a combined Mackenzie/Timaru/Waimate Local Alcohol Policy (LAP) as required by the Sale and Supply of Alcohol Act 2012. The policy has been developed to Provisional Stage and is currently subject to appeal. The Psychoactive Substances Act 2013 commenced in July 2013. A Local Approved Products Policy (LAPP) is in development and will be consulted on using the special consultative procedure, due for adoption by Council towards the end of 2014 or early 2015. The District Plan review is due to commence in 2015.
Register known dogs	≥ 95% known dogs registered	93.2% of known dogs were registered in the registration year 1 July 2013 to 30 June 2014. This figure is 1.8% below the target measure. A factor to consider when viewing this measure is that over the same reporting period, there was a 9% increase in the number of service requests for Animal Control over the previous reporting period.
Ensure public buildings, building work, swimming pools, food and liquor premises inspected are safe and comply with rules	100% Code Compliance Certificates processed within statutory timeframes of 20 working days	95% of 1,411 Code Compliance Certificate were processed (issued) within the statutory 20 day timeframe. The main reason for not achieving the target was due to excessive workloads and the training of new staff.
	Food premises compliance with regulations: <ul style="list-style-type: none"> 90% of premises on food control plans have undergone a food safety site audit. 90% of premises not on food control plans are compliant 	<ul style="list-style-type: none"> 80% of food premises on a Food Control Plan were audited and compliant. This covers Mackenzie, Waimate and Timaru districts. 71% of food premises not on a Food Control Plan were visited and 100% complied with legislative requirements. This is lower than target due to an increase in service requests and prolonged low staff levels due to staff changes.
	Premises selling or supplying liquor comply with the rules: <ul style="list-style-type: none"> 95% of liquor establishments monitored annually are compliant 	95% of liquor establishments monitored annually were compliant.
	Public buildings comply with public building regulations ¹ : <ul style="list-style-type: none"> 100% of non-compliant public buildings identified by the audit have had corrective action taken 	4 out of the targeted 37 public buildings were audited. Of the 4 buildings audited, 50% (2) were found to be compliant. Procedures have begun for audits to take place on final inspections for the relevant commercial building consents. Therefore, it is anticipated that the number of buildings audited will increase significantly in the coming year.
	Swimming Pools comply with swimming pool regulations: <ul style="list-style-type: none"> 100% of non-compliant swimming pools identified by the audit have had corrective action taken 	26 (28.6%) out of the targeted 91 pools were audited. 50% of audited pools were compliant. Follow up inspections to achieve compliance have been the priority rather than achieving 100% of pools inspected.

Level of Service statement	Measure/Target	Result
Investigate and respond to public complaints	<p>Response* time to complaints:</p> <ul style="list-style-type: none"> Routine - 100% within 20 working days Urgent - 100% within 5 working days Emergency - 100% within 2 hours <p>≥ 95% resource consents issued with conditions monitored during the year comply with conditions</p>	<p><i>Routine Complaints</i> All routine complaints received were responded to within 20 working days</p> <p><i>Urgent Complaints</i> Urgent complaints received were responded to within 5 working days</p> <p><i>Emergency Complaints**</i> No emergency complaints were received</p> <p>100% of resource consents monitored complied with the conditions of consent</p>

¹ Measured from an audit of 5% of public buildings conducted during the year. Buildings non-compliant are followed up by the Building Unit to ensure compliance is achieved. Please note this audit percentage was incorrectly included in the Long Term Plan at 10%.

² Measured from an audit of 10% of swimming pools conducted during the year. Swimming Pools non-compliant are followed up by the Building Unit to ensure compliance is achieved. Please note this audit percentage was incorrectly included in the Long Term Plan at 5%.

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

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

District Planning and Regulatory Services – Financial Information

Timaru District Council:

Funding impact statement for 2013/14 for District Planning and Regulatory Services

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	301	256	266	166
Targeted Rates (Other than a targeted rate for water supply)	786	611	795	566
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	2,465	2,730	2,485	3,105
Internal charges and overheads recovered	58	58	58	58
Local authorities fuel tax, fines, infringement fees, and other receipts	31	75	31	59
Total operating funding (A)	3,641	3,730	3,635	3,954
Applications of operating funding				
Payments to staff and suppliers	2,718	2,709	2,713	3,021
Finance costs				
Internal charges and overheads applied	925	917	923	999
Other operating funding applications				
Total applications of operating funding (B)	3,643	3,626	3,636	4,020
Surplus (deficit) of operating funding (A - B)	(2)	104	(1)	(66)
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt				
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	0	0	0	0
Application of capital funding				
Capital expenditure				
– to meet additional demand	0	0	0	0
– to improve the level of service	14	2	3	4
– to replace existing assets	14	2	3	4
Increase (decrease) in reserves	(30)	100	(7)	(74)
Increase (decrease) of investments				
Total applications of capital funding (D)	(2)	104	(1)	(66)
Surplus (deficit) of capital funding (C - D)	2	(104)	1	66
Funding balance ((A - B) + (C - D))	0	0	0	0

Financial Variations - Explanation

2013/14 Actual compared to budget (per LTP) & 2012/13 Actual

- Fees and charges increased from both budget and 2012/13 due to large increases in the number of building consents processed. In addition, fees and charges have increased due to changes in legislation relating to Liquor Licences. This has also contributed to the increase in costs to complete the required work.

Recreation and Leisure

Description

Recreation and Leisure includes the following activities:

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

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

Cultural and Learning Facilities

Aigantighe Art Gallery

The Aigantighe (pronounced egg-and-tie) Art Gallery is a public art museum in Timaru. The Aigantighe is regarded as the regional art museum of South Canterbury. It curates the South Island's third largest permanent art collection.

South Canterbury Museum

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

Timaru District Libraries

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

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

Halls and Theatres

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

- Facilities owned and managed solely by TDC (e.g. Caroline Bay Hall, Temuka Alpine Energy Centre)
- Eleven facilities owned by Council and managed by committees (e.g. Clandeboye, Pleasant Valley, Taiko Halls), and twelve halls owned by committees (e.g. Claremont, Fairview, Seadown Halls). The West End Hall in Timaru is owned by Council but leased and managed by the Masonic Lodge.
- Facilities operated by the Council but not owned - Since 1 February 2012, the Council has leased the Aorangi Stadium from the Aorangi Stadium Trust.

Parks, Recreation and Swimming Pools

Parks and Recreation

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

(e.g. Cornwall Park), Amenity Parks (e.g. Kennedy Park (Geraldine) and Natural Parks (e.g. Claremont Bush).

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

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

Swimming Pools

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

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

This group of activities contributes to the following community outcomes:

	Cultural and Learning Facilities	Parks, Recreation and Swimming Pools
High quality infrastructure to meet community and business needs	Primary Contribution	Primary Contribution
Smart economic success supported and enabled	Primary Contribution	Secondary Contribution
Communities that are safe, vibrant and growing	Primary Contribution	Primary Contribution
People enjoying a high quality of life	Primary Contribution	Primary Contribution
A strong identity forged and promoted	Primary Contribution	Primary Contribution
A valued, healthy and accessible environment	Secondary Contribution	Primary Contribution
<div> <div></div> Primary Contribution <div></div> Secondary Contribution </div>		

Key Achievements and Projects

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

- Mounted 22 popular exhibitions, including:
 - ♦ Mary Macpherson's *Old New World* - a photographic exhibition celebrating regionalism. This was a touring exhibition.
 - ♦ Wayne Seyb's *The Star Below*
 - ♦ *Speed and Colour: British Linocuts from the 1930s* - touring exhibition
 - ♦ Patrick Tyman's *15.15.15* - a vibrant collection from his time spent in India, England and New Zealand
 - ♦ Oscar Keys *Seven Buildings and the Sea*
 - ♦ *A Taste of Aotearoa* - Modern and Contemporary works from the Permanent collection
 - ♦ The extremely successful *Journey Through Time* - showcasing 150 years of *The Timaru Herald*
 - ♦ *RSM Law 37th Annual Plunket Art Show* - a fundraising exhibition with an assortment of art works from around the country
 - ♦ Several exhibitions in the Main House, including *Memorial, Art of War* and *Facade*
 - ♦ Local exhibitions including the annual *Artarama!* (Festival of South Canterbury student art), *Polychrome* (Aoraki Polytechnic Art Department graduation), and *Clay Works* (South Canterbury Pottery Club).
- Restored paintings including - William Gibb's *Timaru Harbour* (1888), Sydney Thompson's *Fishing Boat on the River* (1901) and William Greene's *The Soldier* (circa 1899). The first two of these were funded through the Friends of the Aigantighe.
- Exhibited the works of 105 adult South Canterbury artists and 446 students.
- Exhibited 142 new works from the permanent collection.
- Acquired new works, including commissioning a sculpture for the rear of the main gallery
- Installed new glass entrance doors, improving accessibility and the look of the entranceway.

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

- Mounted 6 popular exhibitions during the year, including:
 - ♦ *In the Post* (August - September 13)
 - ♦ *Schools Science and Technology Fair Highlights* (September 13)
 - ♦ *Te Hikoi* (September - December 13)



- ♦ *William Ferrier revisited* (December 13 - February 14)
- ♦ *Water = Life: Stories from two local rivers* (the Orari and Otipua waterways)
- ♦ *Shaping South Canterbury* (May - July 14)
- Two successful exhibitions (*Water=Life* and *Shaping South Canterbury*) were developed in partnership with community organisations
- Had excellent visitor numbers, with January 40% above target
- Held a number of successful and popular events, including exhibition openings, four school holiday programmes, public talks, museum open days, Museum in the Dark and end of year public party.
- Had continued high uptake of the Museum's Heritage Education Service, both onsite and offsite, with the contract extended to December 2016.
- Launched a new museum website
- Held monthly after school programmes for our 430-strong Museum Explorers Club (primary school aged members)
- Assisted numerous researchers, historians, authors, and members of the public about a variety of topics.
- Continued to add to the Museum's collections of specimens, artefacts, documents and images - over 1,790 items added in financial year.
- Carried out ongoing improvements to the care and organisation of our collections that now contain over 60,000 items.
- Co-operated with the South Canterbury Historical Society to provide a membership base for the Museum - over 150 members.
- Completed major accession projects, including a large collection of fossils from local man Lionel Belcher with over 900 specimens, and progressed cataloguing the Timaru Herald portrait collection with over 15,000 images.
- Worked with the South Canterbury Museum Development Trust to promote the Museum and Timaru, including working with Camerons Clothing in Timaru to produce a range of T shirts, BBQ aprons and bags that feature Timaru themed imagery, under the heading 'T is for Timaru'
- Appointed a new curator following the sad loss of long serving and much loved curator, Davina Davis
- Produced three eight-page illustrated newsletters and supplied 45 newspaper articles to local newspapers.

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

- Issued nearly 700,000 books and other materials.
- Launched a new library website, enabling the digital/online library to have a 21st century face, with cutting edge features such as embedded [Kotui] catalogues accessible from the home page - an innovation not offered by other libraries in NZ.
- Developed facilities and available resources by:
 - ♦ Improving the Kotui library management system through implementing a new catalogue and pre-date-due email reminders
 - ♦ Installing a new self-reservation system for the APNK public access computers
 - ♦ Adding new databases to the Libraries' electronic resources available to library members, notably including the NZ Geographic Archive and new

- children's and teen databases, BusyThings, TumbleBook and Languagenut
- Completing the upgrade of the Timaru library workroom, including ergonomic workstations and improved network connections
- Improving public service points at Timaru library improving customer service
- Improving the teen and magazine collection layout at the Temuka library
- Spending around \$300,000 on new books, DVDs, CDs, talking books, newspapers, magazines and other materials to keep district collections fresh and up to date.
- Promoted services available through the library through:
 - Hosting multiple displays across all three libraries covering topics from cooking to NZ Music Month to promoting national events such as National Volunteer Week.
 - Published 'At the library' columns in the *South Canterbury Herald* covering happenings at the library and book reviews.
 - Frequent news updates on the website homepage and kids and teens blogs
 - Library staff speaking at various events and community organisations
- Hosted:
 - a representative from sister city Eniwa, Japan
 - visiting schools, kindergartens and playcentres from throughout South Canterbury and outreach visited some schools and playcentres in the District.
- Hosted events and authors including:
 - the launch of *Why trout usually win: The guides' book of fishing excuses* by Pleasant Point author Graeme Marshall
 - local author Janet Smith, with stories of her book *Footprints of the Cook family: Pioneering Sawmillers*.
 - Kyle Mewburn, author of many fantastic titles
 - A book tour in association with Paper Plus & Random House promoting Dot Smith's book *Dot: Queen of Riverstone Castle*.
- Held four successful holiday programmes, themed on 'Hairy McLary's Birthday', 'Rainbow', 'Pack a Picnic' and a Jungle theme, following on from a local production of the Jungle Book.
- Supported groups, events, programmes and events like:
 - The *Reading Together Programme* for schools in collaboration with Ministry of Education.
 - The AnyQuestions online reference service
 - The Ursula Moray Williams creative writing competition was held in December.
 - Book discussion clubs and story times, including Xtreme Readers and the new 'Books on the Brain' club in Geraldine.
- Provided 16 Aotearoa Peoples Network Kaharoa (APNK) computers with more than 100,000 individual sessions during the year.

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

- Celebrated the presentation of a plaque for Garden of Excellence to the Trevor Griffiths Rose Garden on Caroline Bay by the World Federation of Rose Societies.

- Completed redevelopments at Sir Basil Arthur Park in Washdyke, with a carpark extension and new sportsfields sown.



- Progressed the Temuka Domain upgrade, including replacement of the water main, resealing, installation of a bus park and new carpark and revamping of the oval area.
- Opened the Dashing Rocks walkway extension to Washdyke Lagoon
- Completed the Taumatakahu Stream walkway extension linking to the Temuka cemetery and two new tracks in Geraldine at Riddells Reserve and Sherratt Road.
- Completed work at district motor camps, including completing the sealing of the accessway around the Geraldine Motor Camp and negotiating a new contract with new managers at the Temuka Holiday Park. Motor camp income overall was 10% above budget.
- Completed the development of Mulcahys Reserve, including installation of a playground, fitness equipment, barbecue and plantings.



- Completed several capital projects at various parks and reserves, including resealing work, replacement of playground equipment and park furniture, and undersurfacing of playgrounds.
- Completed installation of new playground equipment, including:
 - Halstead Road, Pleasant Point - installation of modular equipment, small rocker and a roundabout
 - Mulcahy Park - roundabout, 4 swings, low slide and purchase of a bank slide yet to be installed
 - Lindsay Street - modular equipment
 - Lough Park/Tweedy Park - upgraded flying foxes
- Continued multi-year projects at the Pit Road lizard reserve, planting enhancements at Otipua Beach backdunes and Washdyke Lagoon and the Temuka Domain redevelopment. These were funded in part by ongoing grants.
- Enhanced biodiversity in several areas through:
 - Promotion of core conservation values to several community groups (e.g. Talbot Forest Working

Group, South Canterbury Coastcare group) and the general public through the Council noticeboard.

- ♦ Walks/talks and operation of the Botanic Gardens Information Centre.
- ♦ Planting 40,000 native plants into various areas around the district.
- ♦ Pest plant and animal control over a range of locations.
- The rural sports partnership (led by Sport Canterbury - South Canterbury) in Pleasant Point are finalising the courts layout, including a hockey practice area at the former High School site and planning a new sports pavilion in the Pleasant Point. Kiwi sports coordinators have also been employed.

During the year:

- The **Caroline Bay Trust Aoraki Centre** welcomed over 300,000 visitors through the doors, achieving a slight surplus against budget for the year.
- CBAY provided 25,000 individual Learn To Swim lessons. The schools SwimSafe programme with subsidised lessons for years 3-6 is proving extremely popular.

- Four regional pool parties were held promoting the district outdoor pools.
- Other notable events included Valentine's Day and St Patrick's Day promotions and the Canterbury Junior age groups swimming championships.
- Upgrades at rural pools included a replacement water treatment plant at Geraldine and replacement water heating plant at Temuka.

During the year:

- Upgrades to district facilities (Halls and Theatres) included:
 - ♦ Varnishing the Caroline Bay Hall floor
 - ♦ Upgrading of the Pleasant Point Hall kitchen, including vinyl, a new oven and fridge
 - ♦ Painting of facilities including the Caroline Bay Soundshell, Alpine Energy Stadium and Pleasant Point Hall
- The Theatre Royal Feasibility Study was presented to Council, with the first stage being a seismic assessment report being completed.



Performance

Level of Service statement	Measure/Target	Result
Provide a high quality visitor or user experience at district facilities	<p>Visitor/User satisfaction levels:</p> <ul style="list-style-type: none"> • Art Gallery - $\geq 80\%$ • Libraries - $\geq 95\%$ • Museum - $\geq 95\%$ • Parks and Recreation - $\geq 92\%$ • Swimming Pools - $\geq 75\%$ 	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> • <i>Art Gallery</i>: 96% (2011: 90%) of visitors were very/fairly satisfied with the Art Gallery • <i>Libraries</i>: 97% (2011: 98%) of users were very/fairly satisfied with Libraries • <i>Museum</i>: 98% (2011: 97%) of visitors were very/fairly satisfied with the Museum • <i>Parks and Recreation</i>: 91% (2011: 92%) of users were very/fairly satisfied with Parks • <i>Swimming Pools</i>: 84% (2011: 78%) of users were very/fairly satisfied with Swimming Pools <p>Facilities provided a range of exhibitions and services during the year and specific services as detailed in the Key Achievements and Projects section.</p>
	Theatre Royal Usage \geq three year average	There were 88 show days, compared against a three year average of 86 days.
	<p>Visitors and User levels - on and off-site:</p> <ul style="list-style-type: none"> • Art Gallery: $\geq 36,000$ • Libraries: $\geq 620,000$ • Museum: On: $\geq 24,000$ Off: Funding dependent 	<ul style="list-style-type: none"> • <i>Art Gallery</i>: There were 21,632 visitors to the art gallery (2012/13: 32,467). It appears there was inconsistent recording of numbers previously. This is now being monitored closely. 3,209 students were visited at schools with 48 school visits to the gallery during the year. • <i>Library</i>: There were 540,661 on-site visitors to the library, compared against a three year average of 549,952. However, due to a failure of the main Timaru library door counter, this figure is unreliable. A new door counter was installed in April 2014. • <i>Museum</i>: There were 19,261 visitors to the museum (2012/13: 16,987). There were 4,054 (2012/13: 3,426) off-site users of the museum, mainly school classes for a combined total of 23,315 on and off-site visitors.
	<ul style="list-style-type: none"> • Library issues - \geq three year average • Aotearoa People's Network Kaharoa (APNK) usage - $\geq 86,500$ sessions 	<ul style="list-style-type: none"> • There were 691,661 issues during the year against a three year average of 812,714. Lower issues is a continuing trend and probably due to a combination of the following: <ul style="list-style-type: none"> • Improvements to library services through changes to computer systems such as users being informed on issue whether or not they have borrowed a book previously. • Changing use patterns which shows increasing use of the libraries digital resources <p>Similar patterns are being experienced in other similar libraries.</p> • There were 103,880 APNK sessions (2012/13: 96,936)

Level of Service statement	Measure/Target	Result
Provide regular and varied exhibitions and community programmes	<p>Exhibition schedules and holiday programmes:</p> <ul style="list-style-type: none"> Art Gallery: 23 Museum: 3 <p>4 Holiday programmes at all facilities.</p>	<ul style="list-style-type: none"> <i>Art Gallery</i>: 22 exhibitions were held during the year, including two touring exhibitions. 13 new exhibitions were in the modern wing and 2 new exhibitions in the Aigantighe House Gallery. Existing house exhibitions in the House Gallery permanent theme rooms were also refreshed with new works. <i>Museum</i>: 6 exhibitions were held during the year, as listed under Key Achievements and Projects. There were 10 public programme events ranging from a 'Museum in the Dark' event' to subject talks by experts. <p>4 holiday programmes were held at the art gallery, museum and library during the year. The programmes were highly popular.</p>
	<ul style="list-style-type: none"> 20,000 Learn to Swim lessons 200 Aqua Fitness classes provided annually 	<ul style="list-style-type: none"> 25,000 individual Learn to Swim lessons were provided during the year. Over 300 aqua classes were delivered during the year, and are still very popular with requests for an additional Monday class unable to be met at this time.
Provide high quality, well-presented and maintained facilities and services	<p>Overall Satisfaction Levels:</p> <ul style="list-style-type: none"> Art Gallery - $\geq 75\%$ Libraries - $\geq 90\%$ Museum - $\geq 80\%$ Parks and Recreation - $\geq 92\%$ Swimming Pools - $\geq 70\%$ 	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> <i>Art Gallery</i>: 72% (2011: 74%) of residents were very/fairly satisfied with the Art Gallery <i>Libraries</i>: 91% (2011: 92%) of residents were very/fairly satisfied with Libraries <i>Museum</i>: 78% (2011: 82%) of residents were very/fairly satisfied with the Museum <i>Parks and Recreation</i>: 90% (2011: 92%) of residents were very/fairly satisfied with Parks <i>Swimming Pools</i>: 72% (2011: 61%) of residents were very/fairly satisfied with Swimming Pools. <p>Facilities provided a range of exhibitions and services during the year and specific services as detailed in the Key Achievements and Projects section.</p>
	100% maintenance and capital work programmes achieved within budget and timeframe	<ul style="list-style-type: none"> <i>Art Gallery</i> - Work included installation of new glass entrance doors, repainting and remedial repairs on the front entrance tiling. <i>Libraries</i> - Projects included Geraldine carpark resurfacing, purchase of display cases (funded through the Friends of the Library) and maintenance repairs. Some projects were deferred until the next financial year. <i>Museum</i> - Planned capital work was not completed due to the loss of curator, Davina Davis which meant staff had to be deployed on other projects. <i>Theatre Royal/Halls</i> - Planned work was completed including the Pleasant Point Hall kitchen refurbishment, painting and revarnishing of the Caroline Bay Hall. New health and safety equipment was also installed in the Theatre Royal stage tower. <i>Parks</i> - Majority of planned work was completed. Delays in some projects as summarised under Variations. <i>Swimming Pools</i> - The 25 metre CBay indoor pool was closed for repairs in late March/early April with the 50 metre outdoor pool remaining open two weeks later. Renewals were completed at Geraldine Swimming Pool (new filtration system ['cleaner']), and Temuka Swimming Pool (heating system)
	95% compliance with sportsfields grass lengths contract standards	There was 100% compliance with contract conditions for grass lengths

Level of Service statement	Measure/Target	Result
Expand library, museum and art gallery collections and keep up-to date	≥ 4 library stock turnover	Stock turnover was 3.07 (2012/13: 3.57), below the average for Level 2 Libraries of 4.14. Level 2 libraries are libraries serving populations between 30,000 and 50,000. This figure will be affected by the collection renewal project underway.
	Art gallery acquisitions within budget 150+ new museum acquisitions	<ul style="list-style-type: none"> <i>Art Gallery</i> - Acquisitions have been achieved within budget, and the annual check of both Art Stores and a complete damage assessment was completed. During the year 9 new acquisitions have been catalogued. <i>Museum</i> - There were 183 museum acquisitions recording over 1,790 individual items in the Museum's Collection Management System database
Ensure facilities and programmes are safe and meet legislative and audit standard requirements	Building WOF, fire regulations and licence requirements are current	Building Warrant of Fitness, fire regulations and licence requirements are current for all facilities.
	No closures of playground equipment due to safety risks*	There were no closures of playground equipment due to safety risks. Note when new equipment is installed, it cannot be used until safety matting is installed.
	PoolSafe certification - All pools remain PoolSafe certified at three yearly reviews and annual spot audits are clear	All TDC pools were certified PoolSafe in February 2014.
Preserve historical items and art works to established standards	Cataloguing of collections progressed	<ul style="list-style-type: none"> <i>Art Gallery</i> - 9 new acquisitions have been catalogued. 8 arts works were recatalogued onto PastPerfect software and digitally photographed. 6 art works were professionally conserved with 18 art works were rematted. <i>Museum</i> - 1,790 items have been catalogued to date, representing about 45% of items received within the period. This was due in part to staff focus on public programmes and the loss of curator, Davina Davis during the year.
	95% collections held in acceptable storage conditions	<ul style="list-style-type: none"> <i>Art Gallery</i> - 100% of collections are held in acceptable temperature and humidity conditions. <i>Museum</i> - 100% of collections are held in acceptable temperature and humidity conditions.
Promote South Canterbury art, history and creativity	Annual history and arts exhibitions with a local focus	<ul style="list-style-type: none"> <i>Art Gallery</i> - Local arts exhibitions have included the annual <i>Artarama!</i> (Festival of South Canterbury Student Art), <i>Polychrome</i> (Aoraki Polytechnic Art Department graduation), South Canterbury Arts Society, Plunket and <i>Clay Works</i> (South Canterbury Pottery Club). Two South Canterbury artists had solo exhibitions. In total, 105 local artists' works were exhibited during the year. <i>Museum</i> - There were 6 exhibitions with a local focus covering topics from local rivers to local engineering projects. There were 15 events or programmes that included school holiday activities, open days, exhibition openings and guest lectures.
Develop facilities to meet future community demand	12 parks hectares per 1,000 district residents**	11.6 of publicly available parks hectares per 1,000 population. During the year, Mulcahy Park totalling 2 hectares and 4.4 hectares at Sir Basil Arthur Park was added to the parks assets. There are 509 hectares of publicly available parkland. Significant work has been outlined under the Key Achievements and Projects section.
	5 playgrounds per 1,000 children under 15	5.3 playgrounds per 1,000 children under 15. Significant work has been outlined under the Key Achievements and Projects section.

Level of Service statement	Measure/Target	Result
	Future Development Plans for Cultural and Learning Facilities - Commence investigation of options	Work on the Cultural Hub review was disrupted during the year due to resourcing issues at key facilities. The project is hoped to restart in 2014/15.
* Other than for routine maintenance, vandalism or catastrophic events		
** Target was incorrectly included in the Long Term Plan as 14 hectares per 1,000 district residents. It should have read 12.		

Variations

- **Art Gallery - Building Materials/Lighting upgrade** - Capital works have been delayed this year due to a contractor going out of business and other delays. Work is likely to happen in the next financial year.
- **Museum - Capital Projects** - The loss of curator, Davina Davis meant that capital projects were put on hold, including the exhibition upgrade and heating/dehumidifiers replacement.
- **Libraries - Purchase of Books and Materials** - A collection renewal process is underway which includes withdrawing no longer needed stock (e.g. out-of-date or worn), and replacing with more recently published material. Stock purchase and supply arrangements are also being reviewed. This process will be ongoing for the next two years, with any unspent funds targeted towards the renewal project.
- **Libraries - Security System upgrade** - Funding has been rolled into the 2014/15 year. Currently assessing Requests for Proposal and planning for completion of project.
- **Libraries - Heating System upgrade** - Expenditure delayed until next financial year.
- **Parks and Recreation - Sports courts and cycletracks** - Resurfacing of the Caledonian cycle track is on hold indefinitely until a contribution is received from cycling.
- **Parks and Recreation - Structures** - The Claremont bridge refurbishment in Centennial Park has been engineered and materials are ordered. Work due to start in October/November 2014.
- **Parks and Recreation - Temuka Domain Redevelopment** - The Temuka Domain redevelopment has been delayed because the water main renewal was more extensive and has taken longer than expected.
- **Parks and Recreation - Forestry Fencing** - This was not required.
- **Swimming Pools - Pleasant Point Pool renewals** - Awaiting arrival of shade sails

Financial Variations - Explanation

2013/14 actual compared to budget & 2012/13 actual

- Additional revenue was received from forestry due to plantations being affected by winds.

Recreation and Leisure – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Recreation and Leisure

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	8,620	8,963	8,624	8,516
Targeted Rates (Other than a targeted rate for water supply)	1,880	1,894	1,883	1,894
Subsidies and grants for operating purposes	114	82	6	91
Fees, charges and targeted rates for water supply	2,647	2,983	2,916	3,181
Internal charges and overheads recovered	268	196	268	196
Local authorities fuel tax, fines, infringement fees, and other receipts	214	442	29	43
Total operating funding (A)	13,743	14,560	13,726	13,921
Applications of operating funding				
Payments to staff and suppliers	8,886	9,236	8,965	9,453
Finance costs	1,146	971	1,113	829
Internal charges and overheads applied	1,137	1,210	1,148	1,167
Other operating funding applications				
Total applications of operating funding (B)	11,169	11,417	11,226	11,449
Surplus (deficit) of operating funding (A - B)	2,574	3,143	2,500	2,472
Sources of capital funding				
Subsidies and grants for capital expenditure	1,100	961	500	367
Development and financial contributions	0	121	0	75
Increase (decrease) in debt	(696)	(1,100)	(505)	(109)
Gross proceeds from sale of assets	0	(243)	0	(110)
Lump sum contributions				
Total sources of capital funding (C)	404	(261)	(5)	223
Application of capital funding				
Capital expenditure				
– to meet additional demand	298	471	249	389
– to improve the level of service	452	654	313	211
– to replace existing assets	1,573	994	1,071	1,112
Increase (decrease) in reserves	655	763	862	983
Increase (decrease) of investments				
Total applications of capital funding (D)	2,978	2,882	2,495	2,695
Surplus (deficit) of capital funding (C - D)	(2,574)	(3,143)	(2,500)	(2,472)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		70		68
Additions		0		0
Repayments		(2)		(3)
Closing Balance		68		65
Interest		3		3



Roading and Footpaths

Description

Roading and Footpaths includes the following activities provided by the Council:

- Roding and Footpaths
- Cycleways and Walkways

Roding and Footpaths

Roding and Footpaths is concerned with provision of the roading and footpaths network throughout the district. Roding and Footpaths delivers both assets (such as roads, signs, and infrastructure) and non-asset functions (such as street cleaning, garden/berm maintenance, temporary traffic management and road safety initiatives).

Council currently manages over 1,800km of sealed and unsealed roads, 287 bridges, 335km of footpath, several thousand drainage facilities (e.g. soakpits, culverts), street furniture, signs, bus stops, carparks, traffic signals, kerb and channel, 3,000 street lights, road marking and other minor structures.

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans, and user charges together with financial assistance received from central government through the New Zealand Transport Agency (NZTA). The NZTA is also responsible for the State Highway network, while Councils are responsible for the local roading network.

Overall management of the facilities is provided by the Council, with operational work carried out by contractors.

The activity also includes managing the parking asset (e.g. parking meters, carparks). Monitoring parking compliance in the district is carried out by the Environmental Health unit. The airport is also managed by the land transport unit, with the activity itself included within the Community Support group.

Cycleways and Walkways

The Council provides many walkways and cycleways throughout the district. These range from cycleways in the road corridor to combined walkways and cycleways that are off-street, such as beside urban and rural streams. Off road walkways and cycleways are often managed jointly between the Parks and Land Transport units.

This group of activities contributes to the following community outcomes:

	Roding and Footpaths	Cycleways and Walkways
High quality infrastructure to meet community and business needs	Primary Contribution	Primary Contribution
Smart economic success supported and enabled	Primary Contribution	Secondary Contribution
Communities that are safe, vibrant and growing	Secondary Contribution	Primary Contribution
People enjoying a high quality of life	Primary Contribution	Primary Contribution
A strong identity forged and promoted	Secondary Contribution	Secondary Contribution
A valued, healthy and accessible environment	Secondary Contribution	Secondary Contribution
	Primary Contribution	Secondary Contribution



Key Achievements and Projects

During the year:

- Financial assistance for the construction of the Factory Road bridge two laning project was approved by the NZ Transport Agency, with the \$3.1M contract awarded to Whitestone Contracting and construction commencing. The bridge is a key freight link between Clandeboye Dairy Factory and Temuka.
- Completion of the Elginshire Street extension construction below budget providing a new road link from Meadows Road to Seadown Road improving access to Washdyke and State Highway One.
- The district achieved the lowest total fatal and injury vehicle crashes on Timaru District Council roads in the last five years, with 221 crashes. There was significant reduction in injury crashes compared to 2012/13 (62 compared to 84, a 26% reduction).
- Work commenced on the Central Business District (CBD) 'Refresh' project. In Timaru, slipperiness of the paving tiles is considered a priority with treatment options identified for trial. These trials will start in July 2014.
- An effective response was provided to two significant wind events in August/September 2013. These resulted in nearly \$400,000 damage to the road network from fallen trees.
- Council responded to the NZTA review of Financial Assistance Rates (FAR). These represent subsidies given to Council for roading works. The outcome from the FAR review was Timaru District Council receiving a flat financial assistance rate for all activities of 56% for 2015/16, reducing by 1% per annum to a base rate of 52%.
- Council also responded to the proposed NZTA One Network Road Classification System. The outcome of this is yet to be determined as the performance measures for the road classifications have not been finalised. Both of these will impact on the future provision of the roading network in Timaru District.
- Roading and transport related projects completed included:
 - ♦ Upgrading sections of Seadown Road, Earl Road, Te Moana Road and Sercombe Road. The pavement rehabilitation of Victoria and Browne Streets in Timaru was also completed.
 - ♦ Sealing a number of unsealed rural road intersection approaches and a new walkway in Totara Street, Geraldine. These project were minor improvement and safety related.
 - ♦ New kerb and channel was installed on Seadown Road and Patiti and South Streets leading to Patiti Point in Timaru
 - ♦ Kerb and channel renewals in Guthrie Street (Timaru) and Cass, Godley, Davie Streets and Domain Avenue in Temuka.
 - ♦ 51.1km of road resurfacing in chipseal and hotmix across the district.
 - ♦ Seal widening of a section of Rangitata Island Road was completed to increase the width of sealed traffic lanes improving safety and accessibility of heavy vehicles using this road.
 - ♦ Undergrounding of powerlines was completed in Cameron Street, Timaru including the installation of new streetlights.
 - ♦ 1.62km of new footpaths in Timaru, Pleasant Point and Geraldine was completed.
 - ♦ 8km of footpath resurfacing in Pleasant Point, Geraldine, Temuka and Timaru was completed.
 - ♦ CBD surveillance cameras were installed in the Geraldine town centre.
 - ♦ Other projects completed include replacement of signs, small culverts, streetlighting and parking infrastructure across the district.
- Roading and Footpaths projects underway or nearly completed included:
 - ♦ The installation of new traffic signals at the Church/Otipua intersection in Timaru with completion due in July 2014.
 - ♦ Kerb and channel renewal in Kiwi Drive, Timaru was due to be completed in July 2014.



New kerb and channel South Street leading to Patiti Point in Timaru

Performance

Level of Service statement	Measure/Target	Result
Plan for and provide a cost effective roading network	Actual operating cost of Roothing and Footpaths within budget	The total Roothing and Footpaths operating expenditure to 30 June 2014 is 98.8% of budget.
Roads provide for comfortable and efficient travel	Timaru journey times on key transport routes are maintained at 2005 +10% levels	<ul style="list-style-type: none"> The measured combined morning peak time on key routes in June 2014 was 89.6 minutes (2013: 90.4). In 2005 it was 87.6. The measured combined evening peak time on key routes in June 2014 was 91.8 minutes (2013: 91.9). In 2005 it was 87.8. <p>Both results were less than the previous year and met the target.</p>
	Road Roughness Rating: <ul style="list-style-type: none"> Arterial roads rating: $\leq 80^*$ Other roads* rating: ≤ 95 	<p>The road roughness of sealed roads was measured in May 2014. Results were:</p> <ul style="list-style-type: none"> Arterial Roads - average roughness rating was 60.3 Other Roads - average roughness rating was 83.4
	≤ 10 complaints about renewals and maintenance effect on travel times	No complaints were received.
	<ul style="list-style-type: none"> 75% residents are satisfied with maintenance of sealed roads 75% residents are satisfied with maintenance of unsealed roads 	<ul style="list-style-type: none"> Survey results for period July 2013 to June 2014 show 76% (2012/13: 77%) of sealed road residents users believe the roads are fit for purpose and well maintained. Survey results for period July 2013 to June 2014 show 71% (2012/13: 69%) of unsealed road residents users believe the roads are fit for purpose and well maintained. <p>The principal reason for increased dissatisfaction for unsealed roads was a perceived lack of grading of the road pavements.</p> <p>A summary of the 2013/14 key roading projects is included under the Key Achievements and Projects section, with the long term strategy for road maintenance detailed in the Transport Activity Management Plan.</p>
Bridges are accessible to road users and contribute to efficient travel	50% of bridges are two-way	Of 287 bridges, 47% are two lane. Base data was incorrect and therefore the target is not achievable. The target should be 47% of bridges in the network are two-way.
	95% of bridges are not weight restricted	Of 287 bridges, 5 have weight restrictions. 98% of bridges are not weight restricted.
Footpaths are safe and well maintained	80% residents are satisfied with overall footpath provision	<p>Survey results for period July 2013 to June 2014 show 68% satisfaction (2012/13: 80%) with the maintenance of footpaths.</p> <p>Reasons for dissatisfaction quoted in the survey were related to roughness or unevenness of footpaths, overhanging trees and residents feeling more repairs were needed. Funding constraints do not allow this desired increase in level of service.</p>
	Resurface a minimum of 6km** footpaths annually	8.05km of footpaths were resurfaced. The installation of ultrafast broadband in Timaru streets has continued to impact on resurfacing work as the UFB trenching must be completed prior to resurfacing.
Traffic signals, road signage and marking provide clear guidance	95% residents are satisfied that road signage and marking is helpful and effective	Survey results for period July 2013 to June 2014 show 98% (2012/13: 98%) satisfaction with road signage.

Level of Service statement	Measure/Target	Result
Street and amenity lighting enables safe and efficient movement	95% residents are satisfied that there is sufficient street lighting in urban areas	Survey results for period July 2013 to June 2014 show 93% (2012/13: 97%) of residents are satisfied with street lighting.
Road safety initiatives improve road safety and awareness	85% residents are satisfied with the overall safety level of roads	Survey results for period July 2013 to June 2014 show 86% satisfaction (2012/13: 85%) with the overall safety of roads.
	40% residents are aware of road safety programmes or advertisements	Survey results for period July 2013 to June 2014 show that 36% (2012/13: 33%) of residents were aware of road safety initiatives. The Road Safety activity is focused on driver behaviour. Initiatives involve a significant amount of advertising and promotional material. Reduced funding from NZTA resulted in a reduction in road safety advertising material that had the negative effect of reduced awareness by residents and other advertising mediums such as social media are now being used.
Carparking is available and cost effective	90% residents are satisfied with the availability of carparking provision	Survey results for period July 2013 to June 2014 show 75% satisfaction (2012/13: 87%) with the availability of car parking. The lower result is largely due to dissatisfaction with the upgrade and redesign of the Pak 'n Save, Timaru carpark. This is not a Council provided carpark.
	Timaru Parking activity is self-funding and parking fees reviewed annually	Parking fees were reviewed in conjunction with the 2014/15 Annual Plan and no changes made. Parking remains a self-funding activity.
Deliver and plan for a more sustainable transport network	99% users are satisfied with the quality of public transport services (ECan survey)	91% of bus users were satisfied with the extent to which public passenger transport meets community needs.
	1 school travel plan completed or reviewed annually	Plans are underway for Bluestone (Timaru) and Pleasant Point primary schools.
	Use of Active/Public Transport modes: <ul style="list-style-type: none"> 80% residents regularly walk 30% residents regularly cycle 15% residents use public transport 	Survey results for period July 2013 to June 2014 show: <ul style="list-style-type: none"> 90% of residents regularly walk (2012/13: 84%) 25% of residents regularly cycle (2012/13: 40%) 17% of residents use public transport (2012/13: 15%)

*Data collected from RAMM database. The lower the number, the smoother the road.

** The LTP included a target of 16km per year. This was incorrect and should have read 6km per year.

Variations

- **Structural Bridge Renewals** - Design and contract documents are completed for a number of bridge renewals. These were subject to issues with financial assistance from NZTA. This has now been resolved with work underway.
- **Minor Improvement Works** - The installation of new traffic signals at the Church/Otipua intersection in Timaru is due to be completed in July 2014. Delays were due to additional work required on design.
- **Kerb and Channel renewals** - Renewal in Kiwi Drive was due to be completed in July 2014. Some delays were experienced with utility services and water issues.
- **Seal Extension** - Commitment has been made to the cost share for the seal extension of King Street South in Temuka but work has not yet been completed by the developer.
- **Temuka Roading upgrade** - Design is underway, with issues regarding stormwater treatment extending the design period. Construction will commence in 2014/15.
- **Identity signage replacement** - Work yet to commence due to other priorities.
- **Miscellaneous Roading and Footpaths Projects** - A review of the Timaru security cameras system is underway.

Financial Variations - Explanation

2012/13 actual compared to 2012/13 budget

- Subsidies and grants for operating purposes were above budget due to work completed during the year which had been deferred from the previous year. This also resulted in an increase in payments to staff and suppliers.

Roading and Footpaths – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Roothing and Footpaths

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties	551	342	543	398
Targeted Rates (Other than a targeted rate for water supply)	7,615	6,641	7,654	7,790
Subsidies and grants for operating purposes	2,786	3,566	2,783	3,532
Fees, charges and targeted rates for water supply	1,014	920	1,014	1,031
Internal charges and overheads recovered	1,490	1,493	1,487	1,528
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	13,456	12,962	13,481	14,279
Applications of operating funding				
Payments to staff and suppliers	7,022	7,934	6,897	7,598
Finance costs	689	582	758	541
Internal charges and overheads applied	2,111	2,096	2,107	2,156
Other operating funding applications				
Total applications of operating funding (B)	9,822	10,612	9,762	10,295
Surplus (deficit) of operating funding (A - B)	3,634	2,350	3,719	3,984
Sources of capital funding				
Subsidies and grants for capital expenditure	5,294	3,891	4,816	4,544
Development and financial contributions	0	14	0	91
Increase (decrease) in debt	1,158	1,292	811	888
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions				
Total sources of capital funding (C)	6,452	5,197	5,627	5,523
Application of capital funding				
Capital expenditure				
– to meet additional demand	114	305	4	183
– to improve the level of service	4,706	2,000	3,857	3,311
– to replace existing assets	6,838	6,249	6,340	6,521
Increase (decrease) in reserves	(1,572)	(1,007)	(855)	(508)
Increase (decrease) of investments				
Total applications of capital funding (D)	10,086	7,547	9,346	9,507
Surplus (deficit) of capital funding (C - D)	(3,634)	(2,350)	(3,719)	(3,984)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		105		99
Additions		0		0
Repayments		(6)		(6)
Closing Balance		99		93
Interest		4		4

Sewer

Description

Sewer includes the following activities: This group of activities

- Sewer community outcomes:

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

Individual wastewater schemes are provided for the urban areas of Timaru, Temuka, Geraldine and Pleasant Point. These schemes are linked via pipeline to the main wastewater treatment plant and ocean outfall in Timaru. A small collection scheme also serves the Arowhenua community which feeds into Temuka for treatment. Approximately 80% of the total district residential population receive the sewer service.

Wastewater from the Timaru scheme is currently milliscreeened at the Aorangi Road plant. The scheme includes the industrial areas of Washdyke and the Timaru port, with urban and industrial wastewater streams each contributing about half of the flow to the milliscreeen plant.	People enjoying a quality of life A strong identity for and promoted A valued, healthy a
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Temuka, Geraldine, and Pleasant Point each have their own oxidation pond treatment facility, with treated effluent piped to Timaru where it combines with screened Timaru effluent before being discharged 500m offshore via a submarine ocean outfall.

The sewer activity looks after an asset base including a milliscreen plant, ocean outfall, 3 oxidation ponds, 338km of pipeline, 22 pump stations and over 3,000 manholes.

Key Achievements and Projects

During the year:

- Progress continues on the construction of the Timaru Wastewater Treatment Plant, although there were delays caused by weather conditions affecting the ground conditions. The wetland pond is planted and filled, and oxidation pond 1A and maturation pond 2 are filled. Most mechanical plant is installed with electrical and control plant yet to be completed as the project works toward commissioning.
- A significant cleaning of the Temuka sewer network was completed to mitigate the risk of network overflows.
- The Queen Street pump station refurbishment is progressing and close to completion. The work has taken longer than anticipated, with electrical, control and commissioning to be completed.
- The connection to the North Mole Pump Station to the Industrial Main Trunk Sewer is complete, with the exception of the installation of two pinch valves.
- Other projects which were completed during the year include the:
 - ♦ Washdyke industry zoned domestic extension
 - ♦ Renewal of the Station Street and Wai-iti Road sewer mains renewal of the rising main in the Dawson Street pump station
 - ♦ Installation of an inflow meter in the Temuka scheme.

This group of activities contributes to the following community outcomes:

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



Timaru Wastewater Management Plant Upgrade photos



Wetland planting in one of the treatment ponds



Aerial view of Domestic screening structure and peak flow pump station



Domestic screening structure view



Pond construction during 2013/14



Wetland pond construction during 2013/14



Completed treatment Pond 1A

Performance

Level of Service statement	Measure/Target	Result
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions*	<p>Fully compliant with all consents for the main discharge at the Aorangi Road wastewater treatment plant.</p> <p>Fully compliant with all ECan monitored conditions related to seepage tests of the Temuka Ponds (CRC090768), the Pleasant Point Ponds (CRC090770) and the three Aorangi Road Ponds, the wetland, pond 1A and pond 2, (CRC090771).</p> <p>Non-compliant with the following:</p> <ul style="list-style-type: none"> Pleasant Point Ponds Consent (CRC090769) for pond operation. Geraldine Ponds Consent (CRC122463) to take water for sewer operations. <p>The Pleasant Point pond non-compliance occurred as a result of a wet weather event in June 2014, which raised the groundwater in Pleasant Point. This caused a high inflow and infiltration to the ponds, which subsequently led to treated sewage being discharged to the Opihi River to prevent overtopping of the ponds and scouring of the embankments.</p>
Provide sewer services that meet community demands	<p>Overall/user satisfaction levels:</p> <ul style="list-style-type: none"> ≥ 85% users satisfied with sewer services where service provided ≥ 80% residents satisfied with sewer services 	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 94% (2011: 92%) of users were very/fairly satisfied with sewerage system where a service was provided. 83% (2011: 83%) of residents were very/fairly satisfied with sewerage system, with 14% unable to comment.
Minimise wastewater odour from the sewer services system	≤ 15 complaints related to odour from the sewage treatment plant or sewer network	There were no complaints related to odour in the sewer services reticulation or treatment facilities. Existing operating procedures at the treatment plants and the sewer cleaning and monitoring programme are continuing.
Deliver affordable sewer services	<p>≥ 85% users satisfied with value for money of sewer services:</p> <p>Actual operating cost of combined sewer services within budget</p>	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 87% (2011: 89%) of receivers of a sewerage service provided by Council think it is good value for money. <p>Achieved. Excluding corporate overhead, depreciation and loan expenses, the revised budgeted total operating expenditure for sewer services was \$1,833,000 and the actual expenditure was \$1,446,000.</p>
Maintain excellent customer service	85% of service requests are responded to within required timeframes	93% (2012/13: 88%) of service requests were responded to within the required timeframes during the year.
Minimise unplanned interruption to sewer services	<p>≤ 15 recorded dry weather overflows from the sewer network</p> <p>Recorded wastewater overflow incidents during a rain event from the sewer network - Analyse reported sewer overflows incidents in rain event and report results</p>	<p>Achieved. 13 dry weather overflows were caused by obstructions in the sewer reticulation such as tree roots, stones, rags, waste matter, fat and sludge. One event was caused by a third party incident when a contractor hit the sewer main while carrying out work.</p> <p>Achieved. Analysis shows points of overflow during wet weather events. When the rain event in June 2014 caused overflow, no complaints were received. 2 complaints were received late in the reporting period relating to localised overflow from a blocked drain. A program of investigation and renewals is in place to achieve the desired levels of service.</p>

*Excluding minor non-compliances as reported by Environment Canterbury



Variations

- **Timaru Waste Treatment Plant Domestic Upgrade** – In progress but delayed. Wet weather and ground condition halted earthworks. Minor electrical issues still need to be rectified prior to commissioning the plant. Delays have impacted the completion of other projects.
- **Sewer capital projects** underway include:
 - ♦ **Geraldine sewer inflow meter installation** – In progress but delayed. Onsite constraints requiring further consideration.
 - ♦ **Pleasant Point domestic sewer trunk main manhole and manholes repair** – In progress but delayed. Smoke testing and CCTV is being carried out to identify faults and determine repair required.
 - ♦ **Connection of North Mole Pump Station to Industrial Main Trunk Sewer** – In progress but delayed, due to failure of supplier who did not manage to order and manufacture the pinch valve for this project as programmed.
 - ♦ **Queen Street Pump Station Refurbishment** – In progress but delayed, with work greater than anticipated by the contractor.
 - ♦ **Pleasant Point rising main** - Renewal required as has reached the end of its design life. Further investigation underway and is required to complete the design.

Financial Variations - Explanation

2013/14 actual compared to budget & 2012/13 actual

- Fees and charges increase is due to increased volume of Trade Waste being processed, which is attributable to the improved economic conditions in the Timaru District. Further delays to capital projects have affected capital expenditure and changes in debt and reserves. Operational expenditure is also reduced because of these delays, which has resulted in a lower level of targeted rates being required.



Sewer – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Sewer

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	5,750	5,153	7,100	5,795
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	1,985	2,187	2,200	2,638
Internal charges and overheads recovered	0	3	0	1
Local authorities fuel tax, fines, infringement fees, and other receipts	0	6	0	5
Total operating funding (A)	7,735	7,349	9,300	8,439
Applications of operating funding				
Payments to staff and suppliers	1,467	1,261	1,587	1,336
Finance costs	3,243	2,418	3,891	2,851
Internal charges and overheads applied	1,203	1,213	1,221	1,270
Other operating funding applications				
Total applications of operating funding (B)	5,913	4,892	6,699	5,457
Surplus (deficit) of operating funding (A - B)	1,822	2,457	2,601	2,982
Sources of capital funding				
Subsidies and grants for capital expenditure	30	180	30	54
Development and financial contributions				
Increase (decrease) in debt	14,946	6,549	1,784	6,809
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions				
Total sources of capital funding (C)	14,976	6,729	1,814	6,863
Application of capital funding				
Capital expenditure				
– to meet additional demand	0	0	0	0
– to improve the level of service	15,115	11,168	4,035	8,064
– to replace existing assets	2,808	1,353	1,681	2,199
Increase (decrease) in reserves	(1,125)	(3,335)	(1,301)	(418)
Increase (decrease) of investments				
Total applications of capital funding (D)	16,798	9,186	4,415	9,845
Surplus (deficit) of capital funding (C - D)	(1,822)	(2,457)	(2,601)	(2,982)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		2,790		2,460
Additions		0		0
Repayments		(330)		(329)
Closing Balance		2,460		2,131
Interest		109		96



Stormwater

Description

Stormwater includes the following activities:

- Stormwater

Timaru District Council manages the delivery of stormwater systems to communities in the Timaru District. Communities serviced include Timaru, Temuka, Geraldine, Pleasant Point, Winchester, Cave and Milford-Ohapi. Approximately 83% of the total district resident population is serviced.

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

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

The activity looks after an asset base of around 160km of pipeline, 36km of open channel, 4 retention dams, 2 pump stations and over 3,000 sumps.

Stormwater schemes in residential areas are designed to cope with a 1 in 5-year return rainfall event (i.e. the event has a 20% chance of occurring in any one year). Stormwater schemes in industrial and commercial zones are designed to cope with a 1 in 10 year return rainfall event (i.e. the event has a 10% chance of occurring in any one year).

This group of activities contributes to the following community outcomes:

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

Key Achievements and Projects

During the year:

- Work continued on the development of Stormwater Management Plans (SMP). The Geraldine SMP is expected to be completed by November 2014, awaiting inputs from the updated hydraulic model for Serpentine and water quality model. The Washdyke Greenfields SMP is on hold as it was decided to integrate it into a bigger Washdyke SMP, prompted by the decision of industries to manage their stormwater mostly by using inland discharge points. The Washdyke SMP will commence once the Geraldine SMP is completed. The SMPs will simplify the management of stormwater discharges within catchments by removing the multiple resource consent requirements, and reduce consent monitoring cost. SMPs will assist TDC manage stormwater related impacts of land-use activities within catchments.
- Stormwater renewals were completed in Benvenue Avenue and Arun Street, Timaru improving stormwater management in these areas.
- The Washdyke Creek Stormwater improvements have started. This project is being led by Environment Canterbury and involves construction of stop banks upstream of the State Highway Bridge (Stage 1) and between the State Highway Bridge and the Railway Bridge (Stage 2). Council has contributed \$85,000 towards the improvements.
- Design for the second Gleniti dam bund was completed with construction planned for 2014/15. The bund will allow short term storage of stormwater and is directly related to ongoing development in the Gleniti area.



Performance

Level of Service statement	Measure/Target	Result
Deliver stormwater services according to required environmental standards	Compliance with Resource Consent conditions*	Full compliance achieved. There were no breaches reported by Environment Canterbury.
Provide stormwater services that meet community demands	Overall/User satisfaction levels: <ul style="list-style-type: none"> ≥ 75% overall satisfaction ≥ 80% user satisfaction 	The 2014 survey results were: <ul style="list-style-type: none"> 81% (2011: 78%) of residents were very/fairly satisfied with stormwater services 93% (2011: 87%) of users were very/fairly satisfied with stormwater services where a service was provided During the year renewal projects were completed in Timaru.
Deliver affordable stormwater services	Actual operating cost of combined stormwater services within budget	Achieved. Excluding corporate overhead, depreciation and loan expenses, the budgeted total operating expenditure for stormwater services was \$428,600 and the actual expenditure was \$322,000.
Maintain excellent customer service	85% of service requests are responded to within required timeframe	91% of service request were responded to within the required timeframes during the year.
Minimise network failure of stormwater services	Analyse reported flooding due to insufficient capacity in public stormwater network during a rain event in: <ul style="list-style-type: none"> Residential zone (for <5yr event) Commercial/Industrial zone (for <10yr event) 	Analysis of complaints received over the year included: <ul style="list-style-type: none"> 21 complaints of blocked stormwater mains were received, caused by external factors (e.g. debris, rubbish) 6 minor flooding complaints relating to maintenance issues. These were resolved. 4 complaints of private property flooding. These were resolved and not related to insufficient capacity of the stormwater network. All complaints were residential based with none related to insufficient capacity of the network. A new target is yet to be confirmed. Analysis for target is to be completed by December 2014, because other events are required for a suitable data set.

*Excluding minor non-compliances as reported by Environment Canterbury

Variations

- Geraldine Stormwater upgrades** - Delayed to 2014/15, until the Geraldine Stormwater Management Plan has been completed providing direction on which projects will proceed.
- Temuka Stormwater upgrades** - Delayed to 2014/15 due to further investigation necessary to confirm feasible options. Alternative project work is programmed to mitigate flooding in Hornsbrook/Domain Avenue area.
- Timaru Stormwater upgrades** - Caroline Bay Stormwater has been mutually terminated by TDC and the contractor due to unforeseen ground conditions and utilities impeding the proposed alignment. Other feasible options are being investigated to mitigate surface flooding in Caroline Bay (e.g., sealing the manholes in Caroline Bay). The High/Queen St and Rimu Street stormwater upgrades have been deferred as alternative work priorities were carried out (i.e. Benvenue and Arun Street stormwater improvements, initial project work at Caroline Bay)
- Timaru - Washdyke Creek stormwater improvements** - Project underway with Stage One complete. Expected completion in 2014/15.
- Timaru - Gleniti Dams** - Project underway, with design complete. Expected construction in 2014/15.

Financial Variations - Explanation

2013/14 actual compared to budget & 2012/13 actual

- Operational expenditure is increased, with a corresponding decrease in capital expenditure, due to costs incurred relating to Washdyke Creek being included in the budget as capital. This asset is owned by Environment Canterbury.

Stormwater – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Stormwater

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	1,291	1,686	1,372	1,381
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	1,291	1,686	1,372	1,381
Applications of operating funding				
Payments to staff and suppliers	381	328	376	532
Finance costs	33	13	53	24
Internal charges and overheads applied	131	154	134	160
Other operating funding applications				
Total applications of operating funding (B)	545	495	563	716
Surplus (deficit) of operating funding (A - B)	746	1,191	809	665
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	57
Development and financial contributions	20	102	20	(46)
Increase (decrease) in debt	628	383	71	(40)
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	648	485	91	(29)
Application of capital funding				
Capital expenditure				
– to meet additional demand	100	173	0	0
– to improve the level of service	810	515	255	(85)
– to replace existing assets	547	345	530	407
Increase (decrease) in reserves	(63)	643	115	314
Increase (decrease) of investments				
Total applications of capital funding (D)	1,394	1,676	900	636
Surplus (deficit) of capital funding (C - D)	(746)	(1,191)	(809)	(665)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		290		608
Additions		335		11
Repayments		(17)		(51)
Closing Balance		608		568
Interest		13		24

Waste Minimisation

Description

Waste Minimisation includes the following activities:

- Compost, Recycling and Refuse

Compost, Recycling and Refuse addresses the management of solid waste generated in the Timaru District.

In 2006, the Council implemented the 3-2-1-ZERO waste minimisation system in the District. This highly successful scheme has meant that 82% of the district is provided with kerbside collection services for organic waste, recycling and rubbish. Bins are collected regularly with materials sorted and managed at the Redruth Eco-centre.

Council manages the overall activity including services listed above and owns solid waste sites and facilities where activity occurs. Operational work is carried out by contractors. Transpacific Industries Ltd. (TPI) is contracted until June 2021 to provide kerbside collection, transfer stations, landfill, composting and recycling operations.

Council services provided are a kerbside collection service, transfer station facilities (Geraldine, Pleasant Point, Temuka and Timaru (Redruth)) incorporating various waste drop-off services, facilities at the Redruth Eco-Centre including a landfill, scrap metal recycling site and recycling and composting facilities, a retail shop for reusable materials called "The Crows Nest", information and education resources, a Waste Exchange listing service and 3-2-1-ZERO waste minimisation support for public events.

Key Achievements and Projects

During the year:

- Diversion from landfill via recycling, composting and re-use was 20,445 tonnes, 2.1% under the combined target figure. Net figures are used which exclude contamination sent to landfill as waste.
- The Council supported the Ministry for the Environment TV takeback initiative with collection points at all transfer stations. The Timaru District Council was given a quota of TVs to collect, which they fell just short of. The TV Takeback initiative together with the e-scrap project has collected 2,852 TVs.
- The e-scrap project has continued with computers monitors and TVs collected for a charge, as well as hard drives and miscellaneous electronic equipment collected free of charge. There was a significant increase in the costs to the Council for processing e-scrap.
- The Solid Waste Unit supported 26 zero waste events and assisted 55 businesses with waste minimisation, a significant increase in activity over the previous year.
- Ellis Road closed landfill suffered some coastal erosion damage with a site remediation plan drafted including capping the surface and strengthening the beach perimeter.
- The Waste Minimisation Unit made a number of submissions during the reporting period to the Ministry for the Environment and to WasteMINZ, which is the largest representative body of the waste and resource recovery sector in New Zealand. Submissions were on the Waste Assessment Tool, technical guidelines for landfills, health and safety guidelines, territorial authority waste services and infrastructure and consultation

This group of activities contributes to the following community outcomes:

	Compost, Recycling and Refuse
High quality infrastructure to meet community and business needs	Primary Contribution
Smart economic success supported and enabled	Secondary Contribution
Communities that are safe, vibrant and growing	Secondary Contribution
People enjoying a high quality of life	Primary Contribution
A strong identity forged and promoted	Primary Contribution
A valued, healthy and accessible environment	Secondary Contribution
	<div>Primary Contribution</div> <div>Secondary Contribution</div>

on the priority of waste streams in relation to product stewardship intervention.

- The One Planet ebook project, accessible via the Council website, was further developed with more engagement from other territorial authorities and more information available.
- The pre-build and drainage works for new landfill cell 3.4 at Redruth were completed.
- The Landfill Gas System was completed.
- Transfer station renewals, including improvements to drainage at Redruth, compost site pads and upgrades to roading at various waste minimisation facilities were completed.



Performance

Level of Service statement	Measure/Target	Result
Solid Waste facilities are adequate and available to the community	Satisfaction levels with Waste Services: <ul style="list-style-type: none"> ≥ 80% overall / user satisfaction with solid waste services 	The 2014 survey results were: <ul style="list-style-type: none"> 90% (91% in 2011/12) of residents were very/fairly satisfied with kerbside rubbish and recycling services 89% of transfer station users were very/fairly satisfied with the service.
Provide regular kerbside collection services to enable separation of waste	≤ 546 missed kerbside bins annually	688 bins were missed on collection routes (619 missed in 2012/13), as notified by householders. The major reasons for missed bins include bins being obscured by obstacles and householders failing to have their bins out on time. Some householders are reporting bins as missed before the collection truck has visited the street. There were 3 new drivers who started during the year. The 688 missed bins reported were out of 1,533,693 bin collections for 2013/14, which equates to 0.04%.
No adverse effects from the operation of solid waste facilities	Compliance with resource consent conditions*	There was full compliance with resource consent conditions. There were minor non-compliances during the year, which were resolved.
Solid Waste is diverted from the landfill	<ul style="list-style-type: none"> Recycling - 5,600 gross tonnes processed at Materials Recycling Facility (MRF) Organic - 14,900 gross tonnes processed at composting facility Reuse and other recycling - 386 gross tonnes received with Crow's Nest to comprise ≥40% 	<p>The following tonnages were processed during 2013/14:</p> <ul style="list-style-type: none"> Recycling - 5,316 tonnes (2012/13: 5,210 tonnes) Organic - 14,672 tonnes (2012/13: 14,130 tonnes) Reuse - 457 tonnes (2012/13: 384 tonnes) <p>The figures show gross tonnages received at the respective facility (including kerbside/transfer station and commercial).</p> <p>Diversion from landfill via recycling, composting and re-use is 20,445 tonnes (2012/13: 18,210 tonnes). Net figures are used which exclude contamination sent to landfill as waste.</p>
Promote and educate about waste minimisation	<ul style="list-style-type: none"> 25 events supported 52 businesses supported 	<ul style="list-style-type: none"> 26 zero waste events were supported during the year (2012/13: 22) 55 businesses were supported during the year (2012/13: 38)

Level of Service statement	Measure/Target	Result
Public Information and education ensures waste is sorted appropriately	<ul style="list-style-type: none"> Recorded contamination at Materials Recycling Facility (MRF) 24% of gross tonnes Recorded contamination at compost facility 0.9% of gross tonnes 	<ul style="list-style-type: none"> Recorded contamination at MRF was 30% of gross tonnes (2012/13: 28%). This exceeded the target due to dumping at unmonitored collection bins and transfer stations. Recorded contamination at the compost facility was 0.4% of gross tonnes (2012/13: 0.3%).
	Kerbside waste to landfill per red bin pickup - 11.5kg per red bin pickup	Kerbside waste to landfill per red bin was 11.7kg per red bin (2012/13: 11.7kg).

*Excluding minor non-compliances as reported by Environment Canterbury

Variations

- Stage 3 Development** – In progress with drainage and pre-build for cell 3.4 completed. Capping of cell 3.1 delayed due to the weather.
- Whole of Life Plan** - Data collection completed, as-builts data pending.
- Stage 2 Development** - Moved into 2013/14 budget due to delays in planning.
- Waste Levy Projects** - A comprehensive report on treated timber was completed through the Waste Minimisation Fund, and these five milestone reports are publicly available. This funding was subsequently reallocated with the new expected completion date being set at 30 June 2015.



Waste Minimisation – Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Waste Minimisation

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	5,595	5,065	5,652	4,826
Subsidies and grants for operating purposes	130	130	130	139
Fees, charges and targeted rates for water supply	2,042	1,982	2,042	2,296
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts				
Total operating funding (A)	7,767	7,177	7,824	7,261
Applications of operating funding				
Payments to staff and suppliers	6,157	5,824	6,215	5,975
Finance costs	374	319	373	298
Internal charges and overheads applied	363	359	363	364
Other operating funding applications				
Total applications of operating funding (B)	6,894	6,502	6,951	6,637
Surplus (deficit) of operating funding (A - B)	873	675	873	624
Sources of capital funding				
Subsidies and grants for capital expenditure				7
Development and financial contributions				
Increase (decrease) in debt	46	116	474	392
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	46	116	474	399
Application of capital funding				
Capital expenditure				
– to meet additional demand	114	28	294	28
– to improve the level of service	368	321	849	533
– to replace existing assets	88	31	38	111
Increase (decrease) in reserves	349	411	166	351
Increase (decrease) of investments				
Total applications of capital funding (D)	919	791	1,347	1,023
Surplus (deficit) of capital funding (C - D)	(873)	(675)	(873)	(624)
Funding balance ((A - B) + (C - D))	0	0	0	0

Financial Variations - Explanation

2013/14 actual compared to budget & 2012/13 actual

- Fees and charges have increased due to improved economic conditions in the Timaru District. This, along with reduced costs, resulted in a lower level of targeted rates being utilised. Capital expenditure was below budget due to contractors being fully committed to other projects.

Water Supply

Description

Water Supply includes the following activities:

- Water Supply

Water Supply provides the safe and effective treatment, storage and distribution of water to urban and rural parts of the district. Quality water is delivered for residential, commercial, industrial and stockwater purposes. Water is not supplied for irrigation or horticultural purposes.

Approximately 96% of the total district resident population are served through 12 individual water supplies operated on behalf of the residents of the Timaru District. Schemes are provided (in order of largest to smallest population served) to:

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

The Downlands scheme covers and is operated on behalf of residents of the Timaru, Mackenzie and Waimate Districts. The Downlands Water Supply is managed by the Timaru District Council, who own 82% of the scheme. Policy for this scheme is determined by a Joint Standing Committee.

Key Achievements and Projects

During the year:

- The Pages Road watermain extension project was completed to provide security and capacity to the network.
- The watermain extension project to extend the watermain from Sheffield Street to the Wastewater Treatment Plant was completed. This has ensured a potable water supply to the Wastewater Treatment Plant and provides a water supply to future industries in the area.
- Work was completed on the Rangitata Orari Intake with a fish screen and intake structure constructed to restrict fish passage into the water races, and more generally to improve the intakes performance.
- The Kiwi Drive Ridermain was completed. This was a combined project with the Land Transport Unit's Kerb and Channel project.
- The realignment of water services at the intersection of Wai-iti Road, Morgans Road and Barnes Street is in progress. This project enables the realignment of water services prior to the construction of a roundabout.
- The sampling programme to establish the condition of the small main asbestos cement pipes in the network is underway. This will enable appropriate planning to take place regarding the ongoing maintenance and renewal of the network.

This group of activities contributes to the following community outcomes:

	Water Supply
High quality infrastructure to meet community and business needs	
Smart economic success supported and enabled	
Communities that are safe, vibrant and growing	
People enjoying a high quality of life	
A strong identity forged and promoted	
A valued, healthy and accessible environment	
<div></div> Primary Contribution <div></div> Secondary Contribution	



Performance

Level of Service statement	Measure/Target	Result
Manage and monitor water supplies under the conditions of water resource consents and to achieve positive environmental outcome	Compliance with Resource Consent conditions*	<p>Compliance was achieved for 16 consents to take water, 14 consents to discharge water, and 11 consents to allow work in rivers. Minor non-compliances were reported for two consents, as summarised below:</p> <ul style="list-style-type: none"> Consent CRC011399 - on 10 days more than 5% of the flow recordings exceeded the consented flow rate by 5%. Worst day 22% of the readings exceeded 215l/s by 6%. No action taken. The river levels were high. Consent CRC990476 - on 74 days the flow exceeded the consented rate by more than 5%. The highest exceedance was 12%. A replacement consent for 225l/s was obtained on 30 June. Consent CRC01972 condition there shall be no discharge to land or water where cattle or deer have uncontrolled access to water races. A small number of property owners have uncontrolled access.
Provide water supply services that meet community demand	Water supply pressure provided at service connection - At least 95% urban scheme service connections have a normal minimum operating pressure of $\geq 200\text{KPa}$	Fully compliant. This is measured every 5 years as part of the process of recalibrating the water supply models. The last recalibration shows that 99.9% of connections in Timaru, Temuka, Geraldine, Winchester and Orari are $\geq 200\text{kPa}$.
	Overall/user satisfaction levels: <ul style="list-style-type: none"> $\geq 85\%$ users satisfied with water supply services $\geq 85\%$ residents satisfied with water supply services 	<p>The 2014 survey results were:</p> <ul style="list-style-type: none"> 86% (2011: 89%) of residents were very/fairly satisfied with water supply. 91% (2011: 92%) of users were very/fairly satisfied with water supply where a service was provided.
Provide safe drinking water	Compliance with NZ Drinking Water Standards – Bacterial and chemical compliance - All schemes	<p>All schemes achieved chemical compliance.</p> <p>Bacterial compliance was not fully achieved in the following:</p> <ul style="list-style-type: none"> Downlands reticulation – this is the area within Waimate only Downland's Tengawai treatment plant Te Moana reticulation – the zone fed from the Tripp St Break Pressure Tank
	Compliance with NZ Drinking Water Standards – Protozoal compliance - <ol style="list-style-type: none"> Downlands – Pareora Orari Pleasant Point Seadown Temuka Geraldine Timaru Winchester 	<p>Protozoal compliance was not fully achieved in the following:</p> <ul style="list-style-type: none"> Pleasant Point – Non-compliant with turbidity for 5 hours in August following a well pump changeover. Some water was not treated for 22 hours after 1 UV unit shut down but flow continued through the unit. Seadown – Non-compliant for 8 days in April after heavy rain, which caused UVT to drop. Timaru - there were a number of short term non-compliance periods following start up and for longer periods when the water was very cold. The water requires a higher Ct (contact time) when cold, however the Ct does not account for the ozone in the water after it leaves the treatment plant, which is more significant in cold water.
Provide water with an acceptable taste, odour and appearance	Complaints received about water appearance, taste and smell - <1% of connected properties	25 complaints (2012/13: 45) were received during the year, <1% of connected properties. 4 complaints related to private issues within the boundary of the owners property.

Level of Service statement	Measure/Target	Result
Maintain excellent customer service	≥ 85% of service requests are responded to within required timeframes	94 % (2012/13: 88%) of service requests were responded to within the required timeframes during the year.
Deliver affordable water supply services	≥ 85% user satisfaction with value for money of water supply services:	The 2014 survey results were: <ul style="list-style-type: none"> 86% (2011: 86%) of receivers of a piped water supply provided by Council think it is good value for money.
	Operating cost of combined water supplies within budget	Excluding corporate overhead, depreciation and loan expenses, the budgeted total operating expenditure for water supplies (including Downlands but excluding water races) was \$3,505,700 and the actual expenditure was \$2,909,000.
Minimise unplanned interruption to water supply services	No unplanned outages to urban schemes ≥ than 8 hours	There was 1 unplanned outage ≥ than 8 hours during the year: <ul style="list-style-type: none"> A temporary supply installation was provided to the single affected consumer.

*Excluding minor non-compliances as reported by Environment Canterbury

Variations

- Urban Water Supplies Fixed Plant and Equipment** – Geraldine Booster pump project delayed as part of Geraldine/ Te Moana strategy to be finalised.
- Urban Water Supplies Timaru Reservoir Cover** – The project has not been started and is delayed until 2014/15, as concept detail is yet to be finalised.
- Other Water Supplies – Seadown Leak Detection, Network Analysis and Metering** – This project is in progress as part of reticulation renewals.
- Other Water Supplies – Te Moana Network capacity** – The project is yet to be started because renewals and upgrade concept details are still being finalised. It is anticipated that work will begin during 2014/15.
- Downlands Water Supply – Renewals and Te Ngawai Trunk Main Upgrade** – These projects are in progress because renewals and upgrade concept details are still being finalised.
- Downlands Water Supply – Reservoir Cover** – The project is yet to be started because renewals and upgrade concept details are still being finalised. It is anticipated that work will begin during 2014/15.
- Oxford Street Watermain Renewal** – The project has been deferred to 2014/15 due to insufficient information and ongoing consideration of carrying out a coordinated undergrounding project.

Water Supply - Financial Information

Timaru District Council: Funding impact statement for 2013/14 for Water Supply

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	4,232	4,253	4,269	4,253
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	1,440	1,551	1,505	1,641
Internal charges and overheads recovered	54	51	54	49
Local authorities fuel tax, fines, infringement fees, and other receipts	0	2	0	0
Total operating funding (A)	5,726	5,857	5,828	5,943
Applications of operating funding				
Payments to staff and suppliers	2,845	2,733	2,902	2,657
Finance costs	329	273	376	214
Internal charges and overheads applied	857	858	869	885
Other operating funding applications				
Total applications of operating funding (B)	4,031	3,864	4,147	3,756
Surplus (deficit) of operating funding (A - B)	1,695	1,993	1,681	2,187
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions	9	33	9	31
Increase (decrease) in debt	(304)	(314)	1,654	(153)
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	(295)	(281)	1,663	(122)
Application of capital funding				
Capital expenditure				
— to meet additional demand	0	0	0	0
— to improve the level of service	200	44	1,975	96
— to replace existing assets	2,102	1,439	1,774	1,400
Increase (decrease) in reserves	(902)	229	(405)	569
Increase (decrease) of investments				
Total applications of capital funding (D)	1,400	1,712	3,344	2,065
Surplus (deficit) of capital funding (C - D)	(1,695)	(1,993)	(1,681)	(2,187)
Funding balance ((A - B) + (C - D))	0	0	0	0
Internal Loans				
Opening Balance		2,527		2,372
Additions		0		90
Repayments		(155)		(153)
Closing Balance		2,372		2,309
Interest		101		96

Water Supply Downlands Water Supply - Financial Information

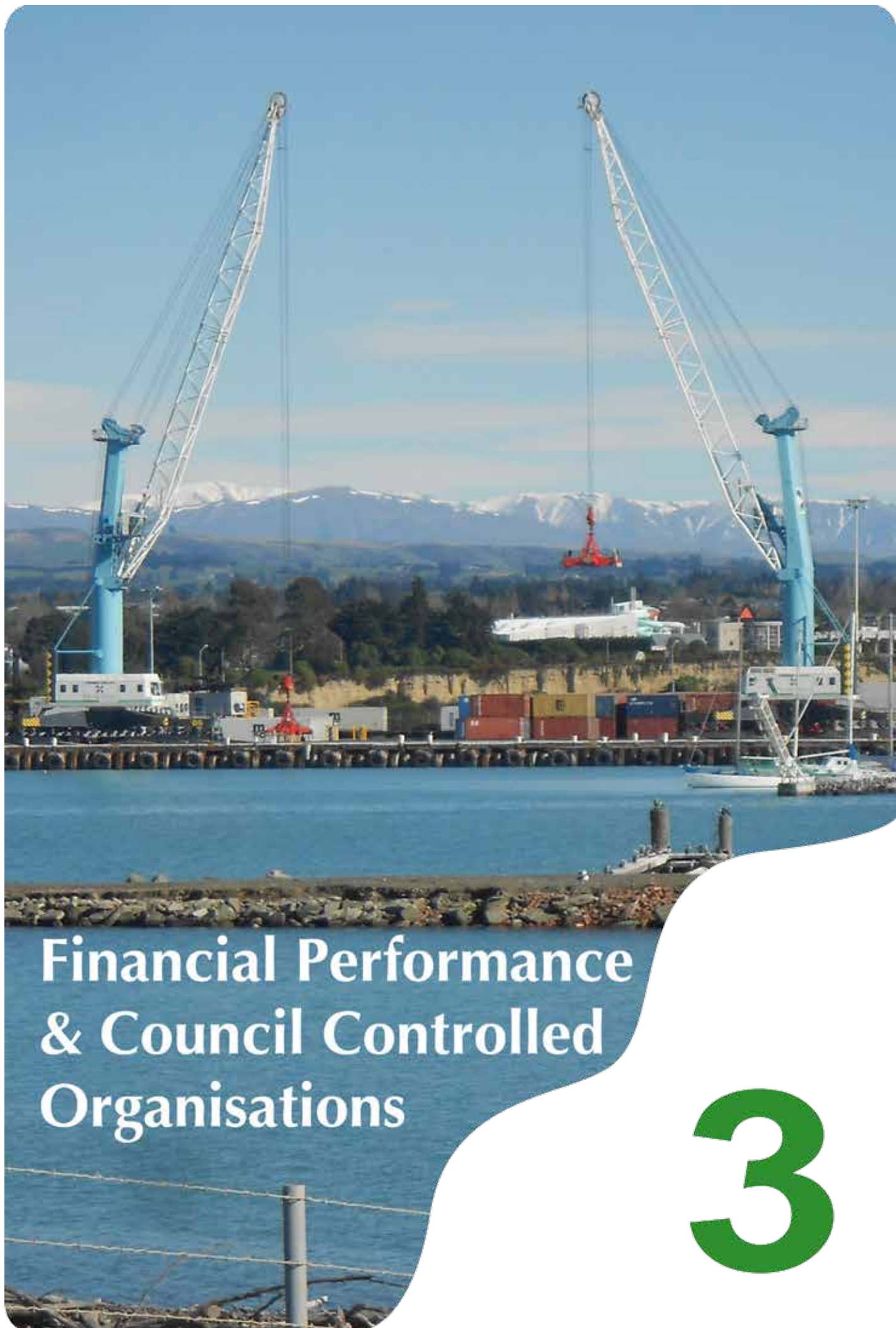
Timaru District Council: Funding impact statement for 2013/14 for Downlands Water Supply

	2012/13 Long-term plan (\$000)	2012/13 Actual (\$000)	2013/14 Long-term plan (\$000)	2013/14 Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, rates penalties				
Targeted Rates (Other than a targeted rate for water supply)	943	930	984	930
Subsidies and grants for operating purposes				
Fees, charges and targeted rates for water supply	0	1	0	0
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts	111	72	80	82
Total operating funding (A)	1,054	1,003	1,064	1,012
Applications of operating funding				
Payments to staff and suppliers	404	336	404	344
Finance costs	0	0	57	0
Internal charges and overheads applied	117	111	118	112
Other operating funding applications				
Total applications of operating funding (B)	521	447	579	456
Surplus (deficit) of operating funding (A - B)	533	556	485	556
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions	8	59	8	(36)
Increase (decrease) in debt	0	0	1,640	0
Gross proceeds from sale of assets				
Lump sum contributions				
Total sources of capital funding (C)	8	59	1,648	(36)
Application of capital funding				
Capital expenditure				
— to meet additional demand	0	0	0	4
— to improve the level of service	0	0	0	0
— to replace existing assets	772	591	3,049	265
Increase (decrease) in reserves	(231)	24	(916)	251
Increase (decrease) of investments				
Total applications of capital funding (D)	541	615	2,133	520
Surplus (deficit) of capital funding (C - D)	(533)	(556)	(485)	(556)
Funding balance ((A - B) + (C - D))	0	0	0	0

Financial Variations - Explanation

2013/14 actual compared to budget & 2012/13 actual

- Delays in the timing of capital projects have caused reduction in the level of expenditure for replacement of current assets and consequently the increase in debt has also been delayed.
- Downlands Water Supply - Delays in the timing of major capital projects have caused variance on capital expenditure and consequently the increase in debt has also been delayed.



Financial Performance & Council Controlled Organisations

3

Section Overview

This section outlines the financial results of Council activities for 2013/14. It includes:

- *Statement of Comprehensive Income* - This can also be referred to as the Profit and Loss Statement, the Income Statement, or the Operating Statement. It shows the financial results of various Timaru District Council activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.
- *Statement of Changes in Equity* - Equity is the residual interest in the assets of Timaru District Council after the deduction of its liabilities. This statement shows movement in that interest.
- *Statement of Financial Position* - This shows the financial state of affairs at a particular time. It can also be referred to as the Balance Sheet.
- *Statement of Cashflows* - This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.
- *Funding Impact Statement* - The Funding Impact Statement sets out the sources of operating and capital funding Council will use to fund its activities.
- *Council Controlled Organisations* - reports against the Council's CCO's policies, objectives, activities and performance targets.
- *Notes to the Financial Statements* - The notes contain additional information to facilitate greater understanding of the main financial statements, outlined above.
- *Disclosure Statement* - The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.
- *Policy Reports* - reports against Council policies.

Statement of Comprehensive Income

for the year ended 30 June 2014

		Council			Group	
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
	Note					
INCOME						
Rates, excluding targeted water supply rates	3	41,556	40,793	39,465	41,209	39,152
Fees, charges and targeted rates for water supply		16,052	14,692	14,551	21,868	27,415
Development and financial contributions		32	20	31	32	31
Subsidies and grants	4	8,356	8,562	7,774	8,356	7,774
Finance Income	5	2,451	2,356	2,241	1,635	1,437
Other Revenue	6	3,711	4,224	5,828	7,136	10,472
Other gains/(losses)	7	2,086	-	1,490	2,480	2,392
TOTAL INCOME	2	74,244	70,647	71,380	82,716	88,673
EXPENDITURE						
Personnel costs	8	13,826	14,300	13,475	16,510	19,550
Operating costs	9	30,022	30,594	28,214	32,940	34,719
Finance costs	5	4,773	6,238	4,617	5,540	5,105
Depreciation and amortisation	16,17,18	14,359	15,108	14,009	14,837	15,775
TOTAL OPERATING EXPENDITURE	2	62,980	66,240	60,315	69,827	75,149
OPERATING SURPLUS / (DEFICIT) BEFORE TAX		11,264	4,407	11,065	12,889	13,524
Share of associate surplus/(deficit)		-	-	-	3,214	1,518
Library collection debit Revaluation Reserve balance (expensed)/written back	27	(107)	-	(53)	(107)	(53)
SURPLUS / (DEFICIT) BEFORE TAX		11,157	4,407	11,012	15,996	14,989
Income Tax expense	10	-	-	-	(292)	(426)
SURPLUS / (DEFICIT) AFTER TAX		11,157	4,407	11,012	15,704	14,563
<i>Surplus/(deficit) attributable to:</i>						
Timaru District Council		11,157	4,407	11,012	15,627	14,081
Non-controlling interest		-	-	-	77	482
OTHER COMPREHENSIVE INCOME						
Operating land revaluations		-	-	-	-	331
Financial instrument hedging		-	-	-	-	40
Income tax relating to financial instrument hedging					-	(11)
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	360
TOTAL COMPREHENSIVE INCOME		11,157	4,407	11,012	15,704	14,923
<i>Total comprehensive income attributable to:</i>						
Timaru District Council		11,157	4,407	11,012	15,627	14,338
Non-controlling interest		-	-	-	77	585

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

Statement of Changes in Equity

for the year ended 30 June 2014

	Group 2014			Group 2013		
	Group 2014 \$000	Minority interests \$000	Total \$000	Group 2013 \$000	Minority interests \$000	Total \$000
Total comprehensive income	15,627	77	15,704	14,338	585	14,923
Total Income and Expense	15,627	77	15,704	14,338	585	14,923
Capital Gain	2	-	2	-	-	-
Dividends paid	-	-	-	-	-	-
Transaction with owners	2	-	2	-	-	-
Derecognition of subsidiary	18	(17,736)	(17,718)			
Equity at the beginning of year	780,755	17,659	798,414	766,417	17,074	783,491
Equity at end of year	796,402	0	796,402	780,755	17,659	798,414

	Council Actual 2014 \$000	Council Budget 2014 \$000	Council Actual 2013 \$000
Total comprehensive income	11,157	4,407	11,012
Total recognised income/(expense) for the year to 30 June	11,157	4,407	11,012
Equity at the beginning of year	720,127	714,295	709,115
Equity at end of year	731,284	718,702	720,127

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

Statement of Financial Position

as at 30 June 2014

		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
ASSETS	Note	\$000	\$000	\$000	\$000	\$000
Current assets						
Cash and cash equivalents	11	16,736	8,820	21,145	19,203	24,192
Trade and other receivables	12	7,261	8,973	7,048	8,089	9,387
Inventories	13	79	58	62	85	585
Other financial assets	14	22,458	12,298	9,319	23,958	10,269
Total current assets		46,534	30,149	37,574	51,335	44,433
Non-current assets						
Property, Plant and equipment	16	761,997	775,272	750,813	762,065	784,568
Intangible assets	17	1,572	1,223	1,718	1,572	1,718
Forestry	19	604	803	930	604	930
Investment Property	20	1,624	1,546	1,490	24,095	26,788
Investments in associates	21	-	-	-	77,633	54,808
Investment in CCOs and other similar entities	14	23,658	23,398	23,658	218	218
Other financial assets	14	5,885	4,947	7,766	5,916	7,766
Deferred tax	10	-	-	-	265	1,513
Total non-current assets		795,340	807,189	786,375	872,368	878,309
Total assets		841,874	837,338	823,949	923,703	922,742
LIABILITIES						
Current liabilities						
Trade and other payables	23	8,971	9,594	8,647	8,599	9,648
Employee benefit liabilities	24	1,614	1,860	1,882	1,614	2,387
Borrowings	26	10,000	11,646	17,855	10,000	36,855
Derivative financial instruments	15	464	940	549	477	549
Total current liabilities		21,049	24,040	28,933	20,690	49,439
Non-current liabilities						
Provisions	25	4,029	6,334	4,525	4,029	4,525
Employee benefit liabilities	24	399	463	449	399	449
Borrowings	26	84,062	84,940	68,076	101,062	68,076
Derivative financial instruments	15	1,051	2,859	1,839	1,121	1,839
Total non-current liabilities		89,541	94,596	74,889	106,611	74,889
Total Liabilities		110,590	118,636	103,822	127,301	124,328
Net assets		731,284	718,702	720,127	796,402	798,414
EQUITY						
Retained earnings	27	699,458	698,697	692,330	764,576	742,960
Other reserves	27	31,826	20,005	27,797	31,826	37,795
Total equity attributable to Timaru District Council		731,284	718,702	720,127	796,402	780,755
Minority interest		-	-	-	-	17,659
Total Equity		731,284	718,702	720,127	796,402	798,414

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

Statement of Cashflows

for the year ended 30 June 2014

		Council			Group	
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from	Note					
Rates		42,020	41,223	39,294	41,718	39,022
Other Revenue		24,598	24,900	25,785	32,941	42,829
Interest		2,411	2,356	2,168	1,597	1,370
Dividends		2,058	2,128	2,320	3,558	3,639
		71,087	70,607	69,567	79,814	86,860
Cash was disbursed to						
Suppliers & Employees		(43,402)	(44,830)	(41,617)	(48,963)	(55,200)
Interest Paid		(4,709)	(6,238)	(4,526)	(5,400)	(4,783)
Redeemable Preference Share dividends		-	-	-	(192)	(490)
Income Tax Expense		-	-	-	(51)	(323)
Net GST Movement		157	-	824	181	640
		(47,954)	(51,068)	(45,319)	(54,425)	(60,156)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	28	23,133	19,539	24,248	25,389	26,704
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from						
Sale of Fixed Assets and intangibles		1,890	49	121	26,044	261
Mortgage/Loan Repayments		115	220	205	110	200
Sale of Investments		6,611	20,619	15,698	15,015	15,698
		8,616	20,888	16,024	41,169	16,159
Cash was disbursed to						
Purchase of Fixed Assets and intangibles		(26,145)	(37,174)	(29,423)	(48,980)	(31,911)
Mortgage/Loan Advances		(18)	(215)	(40)	(18)	(40)
Purchase of Investments		(18,126)	(15,423)	(7,989)	(18,707)	(7,729)
		(44,289)	(52,812)	(37,452)	(67,705)	(39,680)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(35,673)	(31,924)	(21,428)	(26,536)	(23,521)
CASHFLOWS FROM FINANCING ACTIVITIES						
Cash was provided from						
Debt Issues		26,000	25,757	35,000	45,000	35,000
Redeemable Preference Shares Issued		0	0	0	0	0
Shares Issued		0	0	0	0	0
		26,000	25,757	35,000	45,000	35,000
Cash was Disbursed To						
Debt Repayment		(17,869)	(15,044)	(23,624)	(28,869)	(24,624)
Redeemable Preference Shares Repaid		-	-	-	(10,000)	-
Share buy back		-	-	-	(2,715)	-
Dividend Paid		-	-	-	(3,595)	-
		(17,869)	(15,044)	(23,624)	(45,179)	(24,624)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		8,131	10,713	11,376	(179)	10,376
NET INCREASE/(DECREASE) IN CASH HELD		(4,409)	(1,672)	14,196	(1,326)	13,559
Opening Cash Balance 01 July		21,145	22,790	6,949	24,192	10,633
Less cash removed on partial sale of subsidiary		-	-	-	(3,663)	-
		16,736	21,118	21,145	19,203	24,192
REPRESENTED BY						
Cash & Cash Equivalents	11	16,736	21,118	21,145	19,203	24,192
		16,736	21,118	21,145	19,203	24,192

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

Funding Impact Statement

Timaru District Council: Funding impact statement for 2013/14 (whole of council)

	2012/13 Annual Plan Budget (\$000)	2012/13 Annual Report Actual (\$000)	2013/14 Annual Plan Budget (\$000)	2013/14 Annual Report Actual (\$000)
Sources of Operating Funding				
General Rates, Uniform annual general charges, rates penalties	11,531	10,625	12,084	11,661
Targeted Rates (other than a targeted rate for water supply)	28,269	26,402	29,687	27,614
Subsidies and grants for operating purposes	3,263	4,218	2,914	3,942
Fees charges and targeted rates for water supply	13,950	14,940	14,782	16,434
Interest and dividends from investments	4,411	4,492	4,395	4,509
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees and other receipts	1,265	1,441	1,040	1,019
Total operating funding (A)	62,689	62,118	64,902	65,179
Applications of operating funding				
Payments to staff and suppliers	42,916	43,235	44,644	44,492
Finance costs	6,309	4,942	6,709	5,101
Internal charges and overheads applied				
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	49,225	48,177	51,353	49,593
Surplus (deficit) of operating funding (A - B)	13,464	13,941	13,549	15,586
Sources of capital funding				
Subsidies and grants for capital expenditure	6,424	5,089	6,422	5,034
Development and financial contributions	20	31	20	32
Increase (decrease) in debt	15,637	7,181	10,718	8,201
Gross proceeds from sale of assets	719	(256)	49	1,534
Lump sum contributions	0	0	0	0
Other dedicated capital funding	37	330	187	115
Total sources of capital funding (C)	22,837	12,375	17,396	14,916
Application of capital funding				
Capital expenditure				
— to meet additional demand	708	1,090	2,530	704
— to improve the level of service	21,882	15,026	16,100	12,516
— to replace existing assets	16,467	11,826	18,544	12,643
Increase (decrease) in reserves	(2,756)	(1,637)	(6,229)	4,586
Increase (decrease) of investments	0	11	0	53
Total applications of capital funding (D)	36,301	26,316	30,945	30,502
Surplus (deficit) of capital funding (C - D)	(13,464)	(13,941)	(13,549)	(15,586)
Funding balance ((A - B) + (C - D))	0	0	0	0

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

Statement of Financial Involvement in Council Controlled Organisations

Timaru District Council has control over the following entities:

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

It has a significant interest in PrimePort Timaru Limited and Alpine Energy Limited. Advances to subsidiaries includes loans to Timaru District Holdings Limited of \$22.2M on normal commercial terms (2013: \$22.2M).

The cost to each of the above enterprises for the financial interests, finance or financial assistance of the Council is as follows:

	Dividends	Interest	Total
	2014	2014	2014
	\$000	\$000	\$000
Subsidiaries			
Timaru District Holdings Limited	2,092	934	3,026
Aoraki Development Business and Tourism Ltd.	0	0	0
	2,092	934	3,026
Associates			
Alpine Energy Limited	0	0	0
PrimePort Timaru Limited	0	0	0
Total	2,092	934	3,026

Timaru District Holdings Limited

Timaru District Holdings Limited (TDHL) was formed in October 1997 with the prime objective of providing an improved level of governance on behalf of the Council in respect of investment in various companies. TDHL has a 50% shareholding in PrimePort Timaru Limited, a 47.5% shareholding in local lines company Alpine Energy Limited and a 21% shareholding in Te Ana Whakairo Limited which established and now operates the Te Ana Ngai Tahu Rock Art centre in Timaru. The company's key performance measures/targets are as follows:

Performance targets (Parent)	Target 2013/14	Actual 2013/14
Net profit after tax to shareholders funds	25.69%	82.62%
Net Tangible Assets per share	\$11.20	\$47.86
Earnings per fully paid share	\$2.88	\$39.54
Dividend per fully paid share	\$2.09	\$2.09
Shareholders Funds to Total Assets	21.00%	54.17%

Aoraki Development and Promotions Limited (trading as Aoraki Development Business and Tourism (ADBT))

Aoraki Development Business and Tourism (ADBT) is a Council Controlled Organisation focused on regional economic development and tourism promotion. It is 100% controlled by the Timaru District Council. From the 2013/14 ADBT Statement of Intent:

Vision: The Aoraki region is the place of choice to live, work, play and invest.

Mission: To facilitate and support smart, sustainable economic development.

Objectives and Strategies:

- Effectively support existing businesses
- Provide an effective information hub for the District. (Business and Visitor)
- Facilitate & develop strategic partnerships to maximise District benefit
- Showcase and promote the District
- Attract, facilitate and support new businesses and initiatives for quantifiable benefit
- Facilitate forward planning for growth
- Stimulate competitive advantage through fostering a culture of innovation, education and District pride

A summary of some of the achievements against the objectives and strategies listed in the Statement of Corporate Intent 2013/14 is included below:

- Managed a range of support tools for local businesses, including Training Courses, Business Resources, and Business Mentoring. There were over 320 attendees for 32 courses run during the year. ADBT supported over 254 businesses during the year with aspects such as start up planning, strategic planning, business structure, taxation and marketing advice.
- Supported initiatives and hosted more than 10 events for industry clusters with ongoing support and promotional material. The South Canterbury Chamber of Commerce and Education South Canterbury Agreement for International Education providers were supported.
- Provided quality information about the district through the www.southcanterbury.org.nz website, newsletters and brochures. The website continues to grow in its functionality and appeal, with increased visits. Some key initiatives during the year included the Business Excellence Awards, free Wi-Fi and the Gigatown promotion.
- Gigatown, a national competition between towns for accessing one gigabit per second internet connection, has captured the attention of the community. It has consequently increased engagement from the community in promoting Timaru through mainstream media but more widely through social media.
- Timaru CBD free Wi-Fi has been operational since July 2013. In December it was extended to Caroline Bay and it is continuing to grow into the next reporting period. Public Wi-Fi is available for visitors and locals and is funded and maintained by Aoraki Development

Business & Tourism in partnership with local IT company and internet retail provider Vetta Technologies Ltd.

- Maintained strategic partnerships including the South Canterbury Chamber of Commerce, Young Enterprise Scheme, Regional Business Partnership, Export/Import Cluster, Primary Produce Innovation Cluster and business leadership forums.
- Prepared for and hosted four successful visits of cruise ships during the year.
- Managed and enhanced visitor information services with 65,000 Official Visitor Guides distributed to more than 80 visitor service centres, 60,000 Timaru Street Maps and over 1,000 District Showcasing brochures distributed.
- Sought funding for District initiatives and growth, and assisted district businesses to achieve growth through a variety of means.
- Assisted and supported long term economic development planning, including working with TDC on Gigatown, events strategy and continue to work to support key district agencies such as Aoraki Polytechnic and PrimePort.
- Achieved a 73% growth in business partners with a retention rate of 98%.
- Distributed \$65,950 of funding resources to 60 businesses.
- Developed and maintained effective working relationships with a wide range of local organisations.
- Marketed the District via more than 150 press releases and associated media commentary over the reporting period.

Full details can be found in the ADBT report against the Statement of Intent 2013/14.

Notes to the Financial Statements

1. Statement of Accounting Policies for the year ended 30 June 2014

REPORTING ENTITY

The Timaru District Council was formed on 1 November 1989 and is a territorial local authority governed by the Local Government Act 2002.

The Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited (100% owned), Timaru District Promotions Trust (100% owned), Aoraki Development Trust (100% owned), Aoraki Development Business and Tourism Ltd. (100% owned) and Downlands Water Supply Joint Venture (82% owned). Timaru District Holdings Limited owns subsidiary PrimePort Timaru Ltd (71.42% owned) (until 29 November 2013) and associate companies PrimePort Timaru Ltd (50% owned from 30 November 2013), Alpine Energy Limited (47.5%) and Te Ana Whakairo Limited (21%). Council also has an interest in the South Canterbury Rural Fire District and Canterbury Economic Development Company Limited. All of these entities are incorporated and domiciled in New Zealand.

The primary objective of Timaru District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Timaru District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Timaru District Council are for the year ended 30 June 2014. The financial statements were authorised for issue by the Council on 28 October 2014.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Timaru District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on an historical cost basis, except for investment properties, biological assets and financial instruments (including derivative instruments).

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

BASIS OF CONSOLIDATION

Subsidiaries

The Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the

governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

- The consideration transferred, which is generally measured at acquisition date fair value;
- The amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- The acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities is recognised as goodwill. If the Council's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

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

Associates

Timaru District Council group holds a 50% shareholding in PrimePort Timaru Limited (from 30 November 2013), 47.50% shareholding in Alpine Energy Limited and a 21% shareholding in Te Ana Whakairo Limited and participates in their commercial and financial policy decisions.

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

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

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

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

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled assets, Council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and its share of income of the joint venture.

EQUITY & RESERVES

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

- Retained Earnings
- Restricted reserves
 - ◆ Special funds
- Asset revaluation reserves
- Fair value through other comprehensive income reserve
- Cash flow hedge reserve

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

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

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

Timaru District Council's objectives, policies and processes for managing capital are described in Note 33.

INVESTMENTS

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose for which the investments were acquired.

Term Deposits

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

Investments in debt and quoted equity securities

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

Investment in Subsidiaries

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

Community loans

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

Other – Investments (Unquoted equity investments)

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

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted at balance date.

Deferred tax is the amount if income tax payable or recoverable in future periods in respect of temporary differences. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current tax and deferred tax is recognised against the surplus or deficit, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income respectively.

INTANGIBLE ASSETS

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The useful lives and associated amortisation rates of software has been estimated at 3- 5 years (20% - 33%).

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

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

PROPERTY, PLANT & EQUIPMENT - VALUATION

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

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

Infrastructure assets are the fixed utility systems owned by the Council.

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

Council Land

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

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

Acquisitions subsequent to 1 July 2005 are at cost.

Council Buildings and Building improvements

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

Acquisitions subsequent to 1 July 2005 are at cost.

Airport improvements

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

Acquisitions subsequent to 1 July 2005 are at cost.

Parks and Pools plant and equipment

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

Acquisitions subsequent to 1 July 2005 are at cost.

Plant and Equipment (including motor vehicles)

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

Furniture and Office Equipment

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

Acquisitions subsequent to 1 July 2005 are at cost.

Library books

The Timaru District Library, Temuka Library and Geraldine Library collections have been revalued as at 30 June 2013 at depreciated replacement cost calculated by the District Librarian in accordance with the library collection valuation guidelines prepared by the New Zealand Library Association in May 1992.

The Library collections are revalued on an annual basis.

Art Works

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

Acquisitions subsequent to 1 July 2005 are at cost.

Sewer, Stormwater, Water

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

Acquisitions subsequent to 1 July 2005 are at cost.

Roads, Bridges and Lighting

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

Acquisitions subsequent to 1 July 2005 are at cost.

Land under Roads

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

Acquisitions subsequent to 1 July 2005 are at cost.

Heritage Assets

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

Acquisitions subsequent to 1 July 2005 are at cost.

CAPITAL WORK IN PROGRESS

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

FORESTRY ASSETS

Forestry Assets are valued annually as at 30 June at fair value less estimated point of sale costs. Fair value is determined by the estimated worth of the maturing tree stocks in the

Council's forests. The valuation method adopted is based on cash flows on a single rotation basis discounted at a market based pre-tax rate. The changes in fair value of the Forestry Assets are included in the surplus or deficit.

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

LANDFILL ASSETS

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the land-fill is considered to be the period of time to the expiring of the resource consent in 2030.

IMPAIRMENT

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

NON CURRENT ASSETS HELD FOR RESALE

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

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

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

INVESTMENT PROPERTY

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value as determined annually by independent valuers with any gain or loss arising from a change in fair value being recognised in the surplus or deficit.

LOANS

Loans are classified as other liabilities and are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between fair value at acquisition and maturity value being recognised in the surplus or deficit over the period of the borrowings on an effective interest basis.

EMPLOYEE ENTITLEMENTS

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. Provision is made in respect of the Council's liability for annual leave, long service leave, retirement gratuities and sick leave. Council accrued retiring gratuities and accrued long service leave are calculated based on an actuarial valuation using

current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Annual leave entitlements have been calculated on an actual entitlement basis at current rates of pay. Sick leave entitlements are measured as the amount of unused entitlement accumulated at balance sheet date that the Council anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods. Obligations for contributions to Kiwisaver and superannuation schemes are recognised as an expense in the surplus or deficit as incurred. All employer superannuation contributions are made to defined contribution schemes.

PROVISION FOR LANDFILL POST CLOSURE COSTS

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less and provision for impairment.

Loans, including loans to community organisations made by Council at below-market interest rates are initially recognised at the present value of their expected cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted using the effective interest method.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less

all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

GOODS & SERVICES TAX

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

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

REVENUE RECOGNITION

Sales by Trading Activities

Sales comprise amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Revenue from the sale of goods is recognised in the surplus or deficit when the significant risks and rewards of ownership have been transferred to the owner. Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the balance sheet date.

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Vested Assets

Certain infrastructural assets have been vested to the Council as part of the subdivisional consent process. Such vested Assets are recognised as revenue when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of the assets to the Council has been determined. Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing the identical services.

Other grants, bequests and assets vested in Council, irrespective of the conditions attached to vesting, are recognised as revenue when control over the assets is obtained.

New Zealand Transport Agency contributions

New Zealand Transport Agency contributions are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been met.

Interest Income

Interest income is recognised in the surplus or deficit as it accrues, using the effective interest method.

Dividend income

Dividends are recognised when the shareholders' rights to receive payment have been established.

Agency income

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

PROPERTY, PLANT & EQUIPMENT - DEPRECIATION

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

Depreciation has been provided at the following rates.

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

LEASES

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Any additional direct costs of the lessee are added to the amount recognised as an

asset. Subsequently assets leased under a finance lease are depreciated as if the assets are owned.

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

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred. The council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

DERIVATIVE FINANCIAL INSTRUMENTS

The Council is risk averse, and seeks to minimise exposure arising from its treasury activity.

The Council uses derivative financial instruments to manage its exposure to interest rate risks. In accordance with the Investment Policy and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value with the gain or loss on re-measurement to fair value recognised immediately in the surplus or deficit. The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

FOREIGN CURRENCIES

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Transactions covered by foreign currency forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are included in the surplus or deficit.

STATEMENT OF CASHFLOWS

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all revenue sources of the Council, and expenditure payments made for the supply of goods and services. Agency transactions such as collection of regional council rates are not recognised as receipts and payments in the Statement of Cash Flows.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Council.

BUDGET FIGURES

The budget figures are those approved by Council at the beginning of the financial year in the annual plan or long term plan. The budget figures have been prepared in

accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Timaru District Council for the preparation of the financial statements.

COST ALLOCATION

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

Direct costs are those costs directly attributable to a significant activity and these costs are charged directly to the significant activity.

Indirect costs are those costs which can not be identified in an economically feasible manner, with a significant activity. Indirect costs are allocated to significant activities based on the services provided.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Timaru District Council and Group have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICY

All policies have been applied on a consistent basis with the previous year.

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

- The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council will be classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.
- Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

2. Summary of Income and Expenditure for Groups of Activities

	Council		
	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Income			
Rates	41,556	40,793	39,465
Corporate Support	8,420	6,291	7,610
Democracy	2	6	3
Community Support	1,629	1,690	1,964
District Planning and Regulatory Services	3,164	2,747	2,805
Recreation and Leisure	3,379	3,589	4,600
Roading and Footpaths	9,385	9,498	8,601
Sewer	2,705	2,230	2,498
Stormwater	(65)	108	199
Waste Minimisation	2,232	2,021	1,902
Water Supply	1,837	1,674	1,733
Total Income	74,244	70,647	71,380
Expenditure			
Corporate Support	2,225	2,364	1,905
Democracy	3,057	3,170	2,899
Community Support	4,131	4,277	4,037
District Planning and Regulatory Services	3,965	3,806	3,571
Recreation and Leisure	13,635	14,145	13,572
Roading and Footpaths	13,422	13,261	13,745
Sewer	8,022	9,309	7,395
Stormwater	1,551	1,437	1,312
Waste Minimisation	6,569	7,327	5,397
Water Supply	6,403	7,144	6,482
Total Expenditure	62,980	66,240	60,315

This shows a breakdown of the Total Income and Operating Expenditure, as shown on the Statement of Comprehensive Income, between each Group of Activities.

3. Rates, excluding Targeted Water Supply Rates

	Council	
	Actual 2014 \$000	Actual 2013 \$000
General Rates	20,928	20,223
Targeted rates attributable to activities:		
Water, excluding water supply rates	5,332	5,201
Sewerage	6,449	5,795
Solid Waste	5,624	5,390
Community Works and Services	2,709	2,280
Rates Penalties	514	576
Total revenue from rates, excluding targeted water supply rates	41,556	39,465

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2014 for the purpose of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2014 \$000	Actual 2013 \$000
Rates, excluding targeted water supply rates	41,556	39,465
Targeted water supply rates	1,620	1,530
	43,176	40,995

Ratings base

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

	Council	
	Actual 2014	Actual 2013
Number of rating units at start of year	22,462	22,365

	Council	
	Actual 2014 \$000	Actual 2013 \$000
Total capital value of rating units at start of year	9,799,982	9,361,830
Total land value of rating units at start of year	4,783,588	4,761,951

4. Subsidies and grants

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
New Zealand Transport Agency Roding subsidies	7,879	7,264	7,879	7,264
Other subsidies and grants	477	510	477	510
	<u>8,356</u>	<u>7,774</u>	<u>8,356</u>	<u>7,774</u>

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

5. Finance income and Finance costs

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Finance Income				
Interest Income				
Term deposits	632	328	750	418
Related party loans	934	894	-	-
Community Loans	11	14	11	14
Investments in debt securities	874	1,005	874	1,005
Total Finance Income	<u>2,451</u>	<u>2,241</u>	<u>1,635</u>	<u>1,437</u>
Finance Costs				
Interest Expense				
Interest Expense on borrowing	4,773	4,617	5,540	5,105
Total Finance Costs	<u>4,773</u>	<u>4,617</u>	<u>5,540</u>	<u>5,105</u>

6. Other Revenue

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Rental income from investment properties	125	105	1,885	3,249
Petrol tax	479	467	479	467
Dividend Income	2,138	2,321	3,638	3,640
Vested assets	340	354	340	354
Other	629	2,581	794	2,762
Total Other Revenue	<u>3,711</u>	<u>5,828</u>	<u>7,136</u>	<u>10,472</u>

7. Other gains/(losses)

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Gain/(loss) on changes in fair value of forestry assets (Note 18)	(113)	278	(113)	278
Gain/(loss) on disposal of property, plant & equipment	1,192	(267)	1,192	(267)
Gain on changes in fair value of investment property (Note 19)	134	68	528	970
Gain/(loss) on changes in fair value of derivative financial instruments	873	1,411	873	1,411
Total gains/(losses)	2,086	1,490	2,480	2,392

8. Personnel Costs

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Salaries and wages	13,776	13,168	16,965	19,296
Defined contribution plan employer contributions	368	299	368	482
Increase/(decrease) in employee benefit liabilities	(318)	8	(823)	(228)
Total Personnel Costs	13,826	13,475	16,510	19,550

Employer contributions to defined contributions plans include contributions to Kiwisaver.

9. Other expenses

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<u>Expenses include:</u>				
<i>Fees to principle auditor</i>				
Audit fees for financial statement audit	117	110	134	176
Audit fees for Long Term Plan audit	4	-	4	-
Fees to other auditors	-	-	7	6
Donations	-	-	3	5
Impairment of receivables (Note 12)	(1)	(111)	(12)	(111)
Bad debts written off	18	61	18	61
Rates remissions	138	120	138	120
Minimum lease payments under operating leases	151	203	878	1,742
Direct expenses from investment property generating income	5	5	269	1,757
Other operating expenses	29,590	27,826	31,501	30,963
Total Other Expenses	30,022	28,214	32,940	34,719

10. Tax

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Surplus/(deficit) before tax	11,157	11,012	15,996	14,989
Tax at 28% (2013: 28%)	3,124	3,304	4,799	4,497
Adjustments to current tax	(3,124)	(3,304)	(5,091)	(4,923)
Tax expense/(benefit)	-	-	(292)	(426)
Comprising of:				
Current tax	-	-	333	(61)
Deferred tax	-	-	(41)	333
Prior period adjustment	-	-	-	154
Deferred tax benefit/(liability)	-	-	292	426
Opening balance	-	-	1,513	2,025
Temporary differences				
Long Term assets	-	-	-	(428)
Prior period adjustment - Long Term assets	-	-	-	(168)
Employee entitlements	-	-	-	(10)
Others	-	-	(1,248)	94
Closing Balance	-	-	265	1,513
Future tax benefit/(deferred taxation) is represented by:				
Long Term assets	-	-	-	1,153
Employee entitlements	-	-	-	131
Tax losses	-	-	265	-
Others	-	-	-	229
	-	-	265	1,513

During the year, Timaru District Council made subvention payments to Timaru District Holdings Limited of \$893,891 (2013: \$623,834). As at 30 June 2014, subvention payments of \$934,114 (2013: \$893,891) to Timaru District Holdings Limited, are payable by Timaru District Council.

The Council's subsidiaries have imputation credits of \$9,099,000 (2013: \$10,275,000) which can be used to impute dividend payments to the Council.

11. Cash and cash equivalents

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and in hand	96	550	584	2,196
Short term deposits maturing 3 months or less from date of acquisition	16,640	20,595	18,619	21,996
Total cash and cash equivalents	16,736	21,145	19,203	24,192

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$6,100,000 (2013: \$9,100,000).

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

Cash at bank and in hand	96	550	584	2,196
Short term deposits maturing 3 months or less from date of acquisition	16,640	20,595	18,619	21,996
	16,736	21,145	19,203	24,192

12. Debtors and other receivables

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Rates receivables	1,766	2,287	1,766	2,287
Other receivables	4,451	3,590	6,200	6,684
Related party receivables (Note 30)	934	894	-	-
Prepayments	188	356	201	506
	7,339	7,127	8,167	9,477
less provision for impairment of receivables	(78)	(79)	(78)	(90)
	7,261	7,048	8,089	9,387

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore their carrying value approximates their fair value.

Impairment

As at 30 June 2014 and 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied. Timaru District Council does not hold collateral as security or other credit enhancements over receivables that are either past due or impaired.

Timaru District Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debt. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$175,039 (2013: \$65,719).

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

	2014			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	5,271	-	5,271	4,529	-	4,529
Past due 1 - 60 days	161	(8)	153	65	(4)	61
Past due 61 - 120 days	29	(4)	25	71	(4)	67
Past due > 120 days	112	(32)	80	175	(42)	133
Total	5,573	(44)	5,529	4,840	(50)	4,790

Group						
Not past due	5,955	-	5,955	6,687	-	6,687
Past due 1 - 60 days	181	(8)	173	181	(4)	177
Past due 61 - 120 days	152	(4)	148	76	(4)	72
Past due > 120 days	113	(32)	81	246	(53)	193
Total	6,401	(44)	6,357	7,190	(61)	7,129

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

	2014			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	1,486	-	1,486	1,865	-	1,865
Past due 1 year	164	-	164	277	-	277
Past due 2 years	51	-	51	77	-	77
Past due 3 years	18	(7)	11	27	(10)	17
Past due >3 years	47	(27)	20	41	(19)	22
Total	1,766	(34)	1,732	2,287	(29)	2,258

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

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
As at 1 July	79	129	90	140
Additional provisions made/(released) during the year	(19)	(111)	(30)	(111)
Receivables written off during year	18	61	18	61
At 30 June	78	79	78	90

13. Inventories

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Pool shop inventories	46	26	46	26
Port inventories	-	-	-	511
Other	33	36	38	48
Total Inventories	79	62	84	585

The carrying amount of inventories pledged as security for liabilities is \$nil (2013: \$nil).

14. Other financial assets

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Current Portion				
Short term deposits	20,304	6,184	21,804	7,134
Community loans	83	89	83	89
Investments in debt securities	2,071	3,046	2,071	3,046
Total Current Portion	22,458	9,319	23,958	10,269

Non-Current Portion

Investments in CCOs and similar entities

Unlisted shares in NZ Local Government Insurance Corp. Ltd.	218	218	218	218
Investment in TDHL Ltd	1,000	1,000	-	-
Investment in ADAP Ltd	260	260	-	-
Loans to related parties (Note 31)	22,180	22,180	-	-
Total investments in CCOs and similar entities	23,658	23,658	218	218

Investments in other entities

Unlisted share in Levels Plain Irrigation Co	51	51	51	51
Unlisted shares in Greenfield's Co-operative Society Limited	1	1	1	1
Investment in Hunter Downs Irrigation	-	-	31	-
Community loans	113	152	113	152
Investments in LGFA	816	400	816	400
Investments in debt securities	4,904	7,162	4,904	7,162
Total investment in other entities	5,885	7,766	5,916	7,766
Total Non-Current Portion	29,543	31,424	6,134	7,984

Fair Value

Short term deposits

The carrying amount of short term deposits approximates their fair value.

The fair value of community loans is \$196,000 (2013: \$241,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2013: 10.0%).

The face value of community loans is \$292,115 (2013: \$363,508).

Community loans

The fair value of community loans is \$196,000 (2013: \$241,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2013: 10.0%).

The face value of community loans is \$292,115 (2013: \$363,508).

Investments in debt securities

The fair value of investments in debt securities is \$6,974,486 (2013: \$10,207,683). Fair value has been determined based on current market values using yields of between 3.93% and 5.94% (2013: 2.87% and 5.49%)

Loans to related parties

The carrying amount of loans to related parties approximates their fair value as the interest rate is repriced to the current market interest rate each quarter.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

15. Derivative Financial Instruments

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<i>Current liability portion</i>				
Interest rate swaps	464	549	477	549
	464	549	477	549
<i>Non-current liability portion</i>				
Interest rate swaps	1,051	1,839	1,121	1,839
	1,051	1,839	1,121	1,839

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2014 were \$38,900,000 (2013: \$38,900,000). Maturity dates range from March 2016 to June 2021.

At 30 June 2014, the interest rates for interest rate swaps vary from 3.56% to 6.83% (2013: 3.56% to 6.83%).

The fair value of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value.

16. Property, plant and equipment

Insurance on Assets

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

Water, Waste Water and Storm Water

These activities have a total asset value for insurance purposes of \$666,602,907.

The Council insures 40% of this direct with LAPP, with the remaining 60% being funded by Central Government.

Roading, Bridges and Footpath Assets

These activities have a total book value of \$404,138,000.

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

Art Works

The Council has a total asset value for insurance purposes of \$6,350,000, which is made up as follows: \$5,350,000 for Council owned art, \$500,000 for temporary loaned works and \$500,000 for artworks in transit.

Land, Buildings, Plant & Equipment

These assets have a total value for insurance purposes of \$115,549,289, which is made up of buildings & improvements, runways & other airport improvements, furniture & equipment, heritage and library collections and plant & equipment.

Vehicles

This activity has a total asset value for insurance purposes of \$1,467,505. All vehicles are insured for replacement value.

The council has a disaster recovery fund which provides for some self insurance of approximately \$1,900,000 and also holds depreciation funds which may be used in the event of a disaster.

16. Property, plant and equipment

2014

Council restricted assets												
Land	24,349	-	24,349	-	-	-	-	-	24,349	-	-	24,349
Buildings and improvements	8,341	(2,863)	5,478	-	-	-	(345)	-	8,211	(3,078)	-	5,133
Total restricted assets	32,690	(2,863)	29,827	-	-	-	(345)	-	32,560	(3,078)	-	29,482
Council operational assets												
Land	12,205	-	12,205	18	(53)	-	-	-	12,170	-	-	12,170
Buildings and improvements	78,966	(9,885)	69,081	1,462	(383)	-	(1,610)	-	79,998	(11,448)	-	68,550
Runways & other airport improvements	3,157	(776)	2,381	-	-	-	(99)	-	3,157	(875)	-	2,282
Furniture and equipment	6,594	(3,404)	3,190	346	(2)	-	(393)	-	6,917	(3,776)	-	3,141
Art Works	2,432	-	2,432	8	-	-	-	-	2,440	-	-	2,440
Heritage assets	1,541	(168)	1,373	-	-	-	(28)	-	1,541	(196)	-	1,345
Library collections	2,948	(1,048)	1,900	319	-	-	(322)	(107)	3,160	(1,370)	-	1,790
Plant and equipment	26,435	(9,148)	17,287	1,459	(168)	-	(1,340)	-	27,506	(10,268)	-	17,238
Work in progress	1,024	-	1,024	-	-	-	-	-	1,024	-	-	1,024
Total operational assets	135,302	(24,429)	110,873	3,612	(606)	-	(3,792)	(107)	137,913	(27,933)	-	109,980
Council infrastructural assets												
Land and buildings	29,992	(3,040)	26,952	126	-	-	(424)	-	30,118	(3,464)	-	26,654
Sewerage system treatment	12,301	(2,024)	10,277	230	-	-	(328)	-	12,531	(2,352)	-	10,179
Sewerage system reticulation	68,543	(11,255)	57,288	1,276	7	-	(1,824)	-	69,858	(13,111)	-	56,747
Water system treatment	9,815	(1,850)	7,965	273	-	-	(253)	-	10,088	(2,103)	-	7,985
Water system reticulation	66,561	(12,546)	54,015	1,851	(40)	-	(1,714)	-	68,524	(14,341)	-	54,183
Stormwater	41,362	(6,279)	35,083	235	(52)	-	(832)	-	41,621	(7,111)	-	34,510
Roads and footpaths	219,411	(42,032)	177,379	9,176	160	-	(3,591)	-	228,747	(45,623)	-	183,124
Bridges	54,243	(6,038)	48,205	97	-	-	(778)	-	54,340	(6,816)	-	47,524
Land under roads	171,500	-	171,500	306	-	-	-	-	171,806	-	-	171,806
Lighting	2,628	(867)	1,761	43	26	-	(146)	-	2,697	(1,013)	-	1,684
Landfill - post closure costs	590	(208)	382	-	-	-	(31)	-	590	(239)	-	351
Work in progress	19,306	-	19,306	8,482	-	-	-	-	27,788	-	-	27,788
Total infrastructural assets	696,252	(86,139)	610,113	22,095	340	(92)	(9,921)	-	718,708	(96,173)	-	622,535
Total Timaru District Council property, plant and equipment	864,244	(113,431)	750,813	25,707	340	(698)	(14,058)	(107)	889,181	(127,184)	-	761,997

2014 cont.

Subsidiaries property, plant and equipment

	Cost/Reval 1 July 2013	Accum depn and impairment charges 1 July 2013	Carrying amount 1 July 2013	Current year additions & transfers	Current year Transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaln's	Cost/Reval 30 June 14	Accum depn and impairment charges 30 June 14	Carrying amount 30 June 14
Land	16,402	-	16,402	-	-	(16,402)	-	-	-	-	-	-
Buildings	3,222	(1,528)	1,694	-	-	(1,694)	-	-	-	-	-	-
Improvements to land	733	(496)	237	-	-	(237)	-	-	-	-	-	-
Wharves	7,191	(4,924)	2,267	-	-	(2,267)	-	-	-	-	-	-
Breakwater/Channel	5,147	(299)	4,848	-	-	(4,848)	-	-	-	-	-	-
Plant and equipment	34,534	(26,922)	7,612	-	-	(7,612)	-	-	-	-	-	-
Furniture and equipment	112	(63)	49	40	-	(3)	-	(18)	-	147	(79)	68
Work in progress	646	-	646	(646)	-	-	-	-	-	-	-	-
Total subsidiaries	67,987	(34,232)	33,755	(606)	-	(33,063)	-	(18)	-	147	(79)	68
Total group property, plant and equipment	932,231	(147,663)	784,568	25,101	340	(33,761)	-	(14,076)	(107)	889,328	(127,263)	762,065

2013

Council restricted assets

	Cost/Reval 1 July 2012	Accum depn and impairment charges 1 July 2012	Carrying amount 1 July 2012	Current year additions & transfers	Current year Transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaln's	Cost/Reval 30 June 13	Accum depn and impairment charges 30 June 13	Carrying amount 30 June 13
Land	24,349	-	24,349	-	-	-	-	-	-	24,349	-	24,349
Buildings and improvements	8,348	(2,637)	5,711	371	-	(248)	-	(356)	-	8,341	(2,863)	5,478
Total restricted assets	32,697	(2,637)	30,060	371	-	(248)	-	(356)	-	32,690	(2,863)	29,827

Council operational assets

	Cost/Reval 1 July 2012	Accum depn and impairment charges 1 July 2012	Carrying amount 1 July 2012	Current year additions & transfers	Current year Transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaln's	Cost/Reval 30 June 13	Accum depn and impairment charges 30 June 13	Carrying amount 30 June 13
Land	12,205	-	12,205	-	-	-	-	-	-	12,205	-	12,205
Buildings and improvements	61,745	(8,203)	53,542	17,117	-	-	-	(1,578)	-	78,966	(9,885)	69,081
Runways & other airport impts	3,157	(673)	2,484	-	-	-	-	(103)	-	3,157	(776)	2,381
Furniture and equipment	4,761	(3,002)	1,759	1,833	-	-	-	(402)	-	6,594	(3,404)	3,190
Art Works	2,423	-	2,423	9	-	-	-	-	-	2,432	-	2,432
Heritage assets	1,541	(139)	1,402	-	-	-	-	(29)	-	1,541	(168)	1,373
Library collections	2,659	(763)	1,896	342	-	-	-	(285)	(53)	2,948	(1,048)	1,900
Plant and equipment	20,863	(7,950)	12,913	5,761	-	(16)	-	(1,371)	-	26,435	(9,148)	17,287
Work in progress	22,633	-	22,633	(21,609)	-	-	-	-	-	1,024	-	1,024
Total operational assets	131,987	(20,730)	111,257	3,453	-	(16)	-	(3,768)	(53)	135,302	(24,429)	110,873

16. Property, plant and equipment continued

2013 cont.

Council infrastructural assets

	Cost/Reval 1 July 2012	Accum depn and impairment charges 1 July 2012	Carrying amount 1 July 2012	Current year additions & transfers	Current year Transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaln's	Cost/Reval 30 June 13	Accum depn and impairment charges 30 June 13	Carrying amount 30 June 13
Land and buildings	29,992	(2,621)	27,371	-	-	-	-	(419)	-	29,992	(3,040)	26,952
Sewerage system treatment	11,347	(1,715)	9,632	954	-	-	-	(309)	-	12,301	(2,024)	10,277
Sewerage system reticulation	63,110	(9,536)	53,574	5,308	125	-	-	(1,719)	-	68,543	(11,255)	57,288
Water system treatment	9,644	(1,600)	8,044	171	-	-	-	(250)	-	9,815	(1,850)	7,965
Water system reticulation	65,405	(10,852)	54,553	1,133	23	-	-	(1,694)	-	66,561	(12,546)	54,015
Stormwater	40,259	(5,465)	34,794	1,006	97	-	-	(814)	-	41,362	(6,279)	35,083
Roads and footpaths	211,306	(38,563)	172,743	8,007	98	-	-	(3,469)	-	219,411	(42,032)	177,379
Bridges	54,045	(5,263)	48,782	198	-	-	-	(775)	-	54,243	(6,038)	48,205
Land under roads	171,500	-	171,500	-	-	-	-	-	-	171,500	-	171,500
Lighting	2,526	(724)	1,802	91	11	-	-	(143)	-	2,628	(867)	1,761
Landfill - post closure costs	590	(177)	413	-	-	-	-	(31)	-	590	(208)	382
Work in progress	12,716	-	12,716	6,590	-	-	-	-	-	19,306	-	19,306
Total infrastructural assets	672,440	(76,516)	595,924	23,458	354	-	-	(9,623)	-	696,252	(86,139)	610,113

Total Timaru District Council

property, plant and equipment

837,124	(99,883)	737,241	27,282	354	(264)	-	(13,747)	(53)	864,244	(113,431)	750,813
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Subsidiaries property, plant and equipment

Land	16,071	-	16,071	-	-	-	-	-	331	16,402	-	16,402
Buildings	3,220	(1,421)	1,799	2	-	-	-	(107)	-	3,222	(1,528)	1,694
Improvements to land	733	(470)	263	-	-	-	-	(26)	-	733	(496)	237
Wharves	6,361	(4,783)	1,578	843	-	-	-	(154)	-	7,191	(4,924)	2,267
Breakwater/Channel	4,817	(299)	4,518	330	-	-	-	-	-	5,147	(299)	4,848
Plant and equipment	33,703	(25,461)	8,242	864	(33)	-	-	(1,461)	-	34,534	(26,922)	7,612
Furniture and equipment	101	(47)	54	17	(4)	-	-	(18)	-	112	(63)	49
Work in progress	301	-	301	345	-	-	-	-	-	646	-	646
Total subsidiaries	65,307	(32,481)	32,826	2,401	-	(37)	-	(1,766)	331	67,987	(34,232)	33,755

Total group property, plant and equipment

902,431	(132,364)	770,067	29,683	354	(301)	-	(15,513)	278	932,231	(147,663)	784,568
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17. Intangible Assets

	Council and Group		Council and Group
	Computer Software \$000	Carbon Credits \$000	Total \$000
Balance as at 1 July 2013			
Cost	3,086	84	3,170
Accumulated amortisation and impairment	(1,452)	-	(1,452)
Opening carrying amount	1,634	84	1,718
Year ended 30 June 2014			
Additions	150	5	155
Disposals	-	-	-
Amortisation charge	(301)	-	(301)
Amortisation reversed on disposals	-	-	-
Movement for the year	(151)	5	-146
Balance as at 30 June 2014			
Cost	3,236	89	3,325
Accumulated amortisation and impairment	(1,753)	-	(1,753)
Closing carrying amount	1,483	89	1,572
Balance as at 1 July 2012			
Cost	2,413	-	2,413
Accumulated amortisation and impairment	(1,190)	-	(1,190)
Opening carrying amount	1,223	-	1,223
Year ended 30 June 2013			
Additions	673	84	757
Disposals	-	-	-
Amortisation charge	(262)	-	(262)
Amortisation reversed on disposals	-	-	-
Movement for the year	411	84	495
Balance as at 30 June 2013			
Cost	3,086	84	3,170
Accumulated amortisation and impairment	(1,452)	-	(1,452)
Closing carrying amount	1,634	84	1,718

Carbon credits

During the year, Timaru District Council acquired carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. Timaru District Council is required to forfeit carbon credits for emissions following the end of each financial year.

18. Depreciation and amortisation expense by group of activity

	Group	
	Actual 2014 \$000	Actual 2013 \$000
Corporate Support	831	793
Democracy	3	3
Community Support	414	379
District Planning and Regulatory Services	3	3
Recreation and Leisure	2,325	2,322
Roading and Footpaths	4,655	4,526
Waste Minimisation	426	429
Sewer	2,618	2,503
Stormwater	835	817
Water Supply	2,249	2,234
	14,359	14,009

19. Forestry assets

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Balance as at 1 July	930	803	930	803
Gains /(losses) arising from changes in fair value	(113)	278	(113)	278
Decreases due to harvest	(213)	(151)	(213)	(151)
Balances as at 30 June	604	930	604	930

Timaru District Council owns 187.3 hectares of Radiata, Douglas fir, Macrocarpa, Corsican and Contorta Pine forest, which is at varying stages of maturity ranging from 1 to 64 years.

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2014. A pre-tax discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial risk management strategies

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

20. Investment property

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Balance as at 1 July	1,490	1,546	26,788	25,942
Derecognition of subsidiary	-	-	(3,221)	-
Disposals	-	(124)	-	(124)
Fair value gains/(losses) on valuation (Note 7)	134	68	528	970
Balance as at 30 June	1,624	1,490	24,095	26,788

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2014 by Ian Fairbrother ANZIV SPINZ of Telfer Young. All investment properties are valued based on open market evidence.

Investment property held by Timaru District Holdings Limited was independently valued as at 30 June for the 2014 financial year by GR Sellers FNZIV, FNZPI, a registered valuer with Colliers International. The valuation is based on fair value.

The fair value of investment property has been determined using the capitalisation of net income and discounted cashflow methods. These methods are based on assumptions including future rental income, anticipated maintenance costs, and appropriate discount rates.

There are no contractual obligations in relation to investment properties at balance date but not recognised in the financial statements (2013: Nil)

21. Investments in associates

PrimePort Timaru Limited

During the year, Timaru District Holdings Ltd sold 21.42% of its shareholding in PrimePort Timaru Ltd, resulting in its derecognition of PrimePort Timaru Ltd as a subsidiary and reclassification as an associate company.

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

	Group	
	Actual 2014 \$000	Actual 2013 \$000
<i>Movements in the carrying amount of investments in associates</i>		
Balance as at 1 July	-	-
Fair value at time of recognition	19,611	-
Disposal of investments during the year	-	-
Share of total recognised revenue and expenses	1,096	-
Share of dividend	-	-
Balance as at 30 June	20,707	-

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

	Actual 2014 \$000	Actual 2013 \$000
Assets	44,323	63,495
Liabilities	2,152	1,705
Revenue	16,087	15,914
Total Comprehensive Income	2,458	2,046
Group's interest	50.00%	71.42%

Alpine Energy Limited

Timaru District Holdings Limited has a 47.5% interest in Alpine Energy Limited and its reporting date is 31 March.

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

An independent valuation of the Shares in Alpine Energy Limited was undertaken by Deloitte as at 31 March 2013. This valuation assessed the value of 100% of the shares in Alpine Energy Limited to be in the range of \$161.6 million to \$186.4 million as at 31 March 2013. Based on this valuation, Deloitte also provided a Fair Value of a 47.5% shareholding in Alpine Energy Limited as at 31 March 2013 to Timaru District Holdings Limited which was \$82.7 million.

	Group	
	Actual 2014 \$000	Actual 2013 \$000
<i>Movements in the carrying amount of investments in associates</i>		
Balance as at 1 July	54,808	53,290
New investments during the year	-	-
Disposal of investments during the year	-	-
Share of total recognised revenue and expenses	5,710	5,110
Share of dividend	(3,592)	(3,592)
Balance as at 30 June	56,926	54,808

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

	Actual March 2014 \$000	Actual March 2013 \$000
Assets	189,985	165,099
Liabilities	73,894	53,466
Revenue	53,590	46,035
Total Comprehensive Income	12,021	10,759
Group's interest	47.50%	47.50%

Details of any contingent liabilities arising from the group's involvement in the associate are disclosed separately in Note 30.

Te Ana Whakairo Limited

Timaru District Holdings Limited has a 21% interest in Te Ana Whakairo Limited and its reporting date is 30 June.

In 2011, Timaru District Holdings Limited purchased 21,000 shares in Te Ana Whakairo Limited to assist with establishing the Te Ana Ngai Tahu Rock Art Centre in Timaru for \$280,000. The value of the shares have been impaired by \$280,000 to give a fair value of \$0 given the restriction in the company's constitution to prohibit distributions to shareholders in their capacity as shareholders. The interest in associate is therefore recorded at nil for the group.

Summarised financial information of Te Ana Whakairo Limited presented on a gross basis

	Actual 2014 \$000	Actual 2013 \$000
Assets	942	1,056
Liabilities	11	10
Revenue	197	205
Net surplus/(deficit)	24	(95)

22. Joint Venture

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

	Council and Group	
	Actual 2014 \$000	Actual 2013 \$000
Current assets	2,886	2,542
Non-current assets	11,808	11,910
Current liabilities	259	243
Non-current liabilities	-	-
Income	1,052	1,061
Expenses	827	822

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

23. Trade and other payables

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Trade creditors and accruals	6,235	5,820	6,594	7,514
Amounts due to related parties (note 31)	934	894	-	-
Contract retentions	528	619	528	619
Deposits and bonds	267	378	267	378
Revenue in advance	221	214	396	317
Accrued interest expense	786	722	814	820
Total trade and other payables	8,971	8,647	8,599	9,648

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

24. Employee benefit liabilities

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Accrued salaries and wages	136	345	136	522
Annual leave	987	998	987	1,316
Long service leave	104	124	104	124
Sick leave	-	-	-	10
Retiring gratuities	786	864	786	864
Total employee benefits	2,013	2,331	2,013	2,836
Comprising:				
Current	1,614	1,882	1,614	2,387
Non-current	399	449	399	449
Total employee benefits	2,013	2,331	2,013	2,836

25. Landfill aftercare provision

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Opening Balance	4,525	6,060	4,525	6,060
Increase/(decrease) due to discount rate changes and assessment of liability	(643)	(1,686)	(643)	(1,686)
Discount unwinding	147	151	147	151
Closing balance	4,029	4,525	4,029	4,525

Timaru District Council gained a resource consent in May 1995 to operate the Redruth Landfill, Timaru. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The remaining capacity of the site is 774,721 tonnes (refuse, clean fill and cover).

The estimated remaining useful life is 41 years.

Estimates of the life have been made by the Council's engineers based on historical volume information.

The cash outflows for the landfill and post-closure costs are expected to occur in one to forty-one years time (or between 2015 and 2055). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 4.04% (2013: 3.53%).

26. Borrowings

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Current				
Secured loans	-	7,855	-	16,855
Bonds issued	10,000	10,000	10,000	10,000
Redeemable Preference Shares	-	-	-	10,000
Total current borrowings	10,000	17,855	10,000	36,855
Non-current				
Secured loans	-	-	17,000	-
Bonds Issued	33,000	43,000	33,000	43,000
LGFA Debt	51,062	25,076	51,062	25,076
Total non-current borrowings	84,062	68,076	101,062	68,076

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

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

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

Security

The overdraft is unsecured. The maximum amount that can be drawn against the overdraft facility is \$250,000 (2013: \$250,000). There are no restrictions on the use of this facility.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Timaru District Council loans are secured over the rating base of the district via Debenture Trust certificates.

Internal Borrowings

Information about internal borrowings is provided on pages 27 to 80 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair Values of non-current borrowings

Council	Carrying Amount		Fair value	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Bonds	33,000	43,000	33,000	43,000
LGFA Debt	51,062	25,076	51,062	25,076
	<u>84,062</u>	<u>68,076</u>	<u>84,062</u>	<u>68,076</u>
Group				
Secured loans	17,000	-	17,000	-
Bonds	33,000	43,000	33,000	43,000
LGFA Debt	51,062	25,076	51,062	25,076
	<u>101,062</u>	<u>68,076</u>	<u>101,062</u>	<u>68,076</u>

The fair values are based on borrowing rates ranging from 3.39% to 6.72% (2013: 3.26 to 6.72%). The carrying amounts of borrowings repayable within one year approximate their fair values, as the impact of discounting is not significant. Long term borrowings are at market rates, therefore carrying amounts approximate their fair values.

27. Equity

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Retained earnings				
As at 1 July	692,330	684,510	742,960	732,071
Surplus/(deficit) for the year	11,157	11,012	15,627	14,081
Transfer from Revaluation Reserve	-	-	10,016	-
Capital Gains	-	-	2	-
Transfers to:				
Special Funds	(17,914)	(16,425)	(17,914)	(16,425)
Transfers From:				
Special Funds	13,885	13,233	13,885	13,233
As at 30 June	<u>699,458</u>	<u>692,330</u>	<u>764,576</u>	<u>742,960</u>
Special funds				
As at 1 July	27,797	24,605	27,797	24,605
Interest	670	768	670	768
Transfers from:				
Retained earnings	17,244	15,657	17,244	15,657
Transfers to:				
Retained earnings	(13,885)	(13,233)	(13,885)	(13,233)
As at 30 June	<u>31,826</u>	<u>27,797</u>	<u>31,826</u>	<u>27,797</u>
Asset revaluation reserves				
As at 1 July	-	-	10,194	9,937
Revaluation gains/(losses)	(107)	(53)	(89)	204
Revaluation reserve written off	107	53	(10,105)	53
As at 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,194</u>

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Asset revaluation reserves consist of:				
Library books	-	-	-	-
Port operational land	-	-	-	10,194
Total	-	-	-	10,194
Fair value through equity reserve				
As at 1 July	-	-	(196)	(196)
Valuation gains/(losses) taken to equity	-	-	196	-
Transfers to statement of financial performance on disposal	-	-	-	-
As at 30 June	-	-	-	(196)
Total Other Reserves	31,826	27,797	31,826	37,795
Non-controlling interest				
Balance as at 1 July	-	-	17,659	17,074
Share of Surplus/(deficit)	-	-	77	585
Decognition of subsidiary	-	-	(17,736)	-
Balance as at 30 June	-	-	-	17,659

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

Name of Fund	Activity	Purpose	2014				2013			
			Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June	Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Aquatic Centre contributions	Parks, Recreation and Swimming Pools	Funds donated towards to Aquatic centre facility to be used for its construction and funding of interest payments.	625	16	290	351	852	33	260	625
Cemetery Future (Tu) Fund	Community Facilities	Development of future cemetery for Timaru.	108	3	3	108	132	5	29	108
Collet Bequest (Museum)	Cultural and Learning Facilities	For museum items.	468	16	-	484	41	427	-	468
Community Development Interest Fund	Community Funding	To make major grants (over \$10,000) to non profit community based organisations and clubs for improving or developing new or existing facilities which reflect credit or provide benefit to the Timaru District residents.	402	35	30	407	357	46	1	402
Community Development Loan Fund	Community Funding	To make major loans to non profit community based organisations and clubs for improving or developing new or existing facilities which reflect credit or provide benefit to the Timaru District residents.	259	53	18	294	239	60	40	259
Contingency Fund	All of Council	For emergency purposes as determined by Council.	449	15	-	464	429	20	-	449
Depreciation – General Fund	All of Council	For the renewal and/or replacement of district wide funded depreciable assets and for the repayment of loans associated with such assets.	3,257	7,614	5,714	5,157	2,063	7,439	6,245	3,257
Depreciation Fund – Beautiful Valley Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	50	4	-	54	45	5	-	50
Depreciation Fund - Cieraldine	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Geraldine funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	109	57	68	98	76	52	19	109
Depreciation Fund – Orari / Waiki Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	1	-	-	1	1	-	-	1
Depreciation Fund – Orari Township Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	205	7	-	212	176	29	-	205
Depreciation Fund – Rangitata / Orari Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	-	6	3	3	-	7	7	-
Depreciation Fund - Rural	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Rural funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	124	51	70	105	87	51	14	124
Depreciation Fund – Seadown Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	477	80	57	500	395	89	7	477
Depreciation Fund - Sewer	Sewer	For the renewal and/or replacement of Sewer depreciable assets and for the repayment of loans associated with such assets.	3,398	2,761	3,420	2,739	1,685	2,544	831	3,398
Depreciation Fund – Te Moana Downs Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	33	109	70	72	32	85	84	33



Name of Fund	Activity	Purpose	2014				2013			
			Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June	Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June
Depreciation Fund - Temuka	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Temuka funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	106	111	111	106	103	107	104	106
Depreciation Fund - Timaru	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Timaru funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	2,924	939	1,216	2,647	2,500	1,170	746	2,924
Depreciation Fund - Urban Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	4,481	1,779	1,507	4,753	4,346	1,695	1,560	4,481
Depreciation Fund (Housing)	Social Housing	For the renewal and/or replacement of Housing depreciable assets and for the repayment of loans associated with such assets.	230	234	223	241	194	285	249	230
Development (Tu) Fund	All of Council	Funding of major developments within Timaru. Interest on this fund to be credited to the Community Development Interest Fund.	265	-	-	265	265	-	-	265
Disaster Relief Fund	All of Council	For the replacement of infrastructural assets excluding roading in the event of a natural disaster.	1,807	113	-	1,920	2,181	88	462	1,807
District Recreation Facilities Fund	All of Council	To be used for the development of significant recreation facilities in the district.	591	20	-	611	565	26	-	591
Dowling Bequest	Cultural and Learning Facilities	For the purchase of Christian fiction literature for the library.	29	1	2	28	28	2	1	29
Downlands Asset Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	2,137	622	258	2,501	2,132	572	567	2,137
Downlands Capital Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	118	3	38	83	94	48	24	118
Economic Development Fund	Economic Development and District Promotions, Community Funding and Governance and Leadership	For economic development support.	255	14	-	269	268	17	30	255
Election Expenses Fund	Governance and Leadership	To provide for meeting election expenses.	55	47	90	12	36	47	28	55
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	102	294	-	396	90	12	-	102
Forestry Development Fund	Parks, Recreation and Swimming Pools	To provide funding for the development of forests within the District.	308	197	-	505	197	111	-	308
George Barclay Bequest	Cultural and Learning Facilities	Original bequest was \$600. Interest to be used for the purchase of reference books for the Timaru Children's Library.	2	-	-	2	2	-	-	2
Grants & Donations Fund	Community Funding	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	18	31	28	21	-	30	12	18
Investment Fund	All of Council	1. For the repayment of district wide loans. 2. For the funding of district wide capital projects. 3. For provision of internal loans.	1,451	877	496	1,832	986	842	377	1,451
Joan & Percy Davis Library Trust (Ger)	Cultural and Learning Facilities	Interest to be used to purchase books for the Geraldine Library. (8/7/82)	1	1	1	1	2	-	1	1

Name of Fund	Activity	Purpose	2014				2013			
			Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June	Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June
Lattimore W A (Tu) Bequest	Cultural and Learning Facilities	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	22	1	2	21	23	1	2	22
Mackay Bequest (Art Gallery)	Cultural and Learning Facilities	For the purchase of paintings.	206	8	-	214	196	10	-	206
Mackay Bequest (Library)	Cultural and Learning Facilities	For the purchase of books relating to art for the Timaru Library.	164	5	13	156	164	6	6	164
Main Creative Communities NZ Fund	Community Funding	Carried forward balance of Creative Communities NZ fund – main committee.	2	1	-	3	3	-	1	2
Main Drains Cost Sharing Fund	Sewer, Stormwater and Water Supply	Extension of main drains on a cost sharing basis.	592	75	-	667	447	145	-	592
Mayor's Welfare Fund	Governance and Leadership	Help out the needy as determined by the Mayor.	16	1	1	16	16	1	1	16
Museum Acquisition Fund/Alan Ward Fund	Cultural and Learning Facilities	For the purchase of articles for the Museum.	8	1	-	9	8	-	-	8
Officials' Indemnity, Safety and Health Fund	All of Council	For the purpose of officials' indemnity insurance excess, and for providing funds to comply with Occupational Health and Safety Regulations.	675	22	117	580	658	29	12	675
Parking Improvement (Tu) Fund	Roading and Footpaths	For the purchase of land buildings, or equipment which will be used for providing, or in association with, parking facilities within Timaru or for meeting the annual charges on any loan raised for any of these purposes.	560	19	19	560	1,084	36	560	560
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	-912	1,564	-	652	-42	-	870	-912
R C Hervey Fund	Cultural and Learning Facilities	For providing improved services to the Timaru Library.	66	2	-	68	63	3	-	66
Reserves Development (Tu) Fund	Parks, Recreation and Swimming Pools	For the planting of trees and general development of reserves owned by the District Council within Timaru.	10	-	-	10	10	-	-	10
Reserves from Subdivisions/ Development Levy	Parks, Recreation and Swimming Pools	Development of reserves within the District as set out in the Local Government Act 1974 Section 288.	90	33	30	93	79	31	20	90
Safer Community Funds	Safer Communities	For Safer Communities projects.	238	7	15	230	289	12	63	238
Social Housing Fund (TDC)	Social Housing	Funding of new social housing units and major maintenance.	-	-	-	-	-	-	-	-
Sport and Recreation Loan Fund	Community Funding	Sport and Recreation loans for facilities and/or major plant items in excess of \$2,000 total value.	933	76	-	1,009	746	187	-	933
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	264	14	-	278	245	19	-	264
Timaru Ward Capital Asset and Loan Repayment Fund	All of Council	For the purpose of repayment of Timaru Ward separate rate loans and/or Timaru Ward Capital Projects.	18	0	-	18	17	1	-	18
Total Restricted Reserves			27,797	17,939	13,910	31,826	24,605	16,425	13,233	27,797

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Surplus/(deficit) after tax	11,157	11,012	15,704	14,563
Add/(less) non-cash items:				
Share of associate surplus/(deficit)	-	-	(3,214)	(1,518)
Depreciation and amortisation	14,359	14,009	14,837	15,775
Dredging amortised	-	-	319	-
Vested assets	(340)	(354)	(340)	(354)
(Gains)/losses in fair value of biological assets	113	(278)	113	(278)
(Gains)/losses in fair value of investment property	(134)	(68)	(528)	(970)
Increase/(decrease) in deferred taxation	-	-	(41)	523
(Gains)/losses in fair value of derivatives	(873)	(1,411)	(873)	(1,411)
(Gains)/losses in fair value of debt instruments	187	79	187	79
Other	30	(4)	30	(4)
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	(1,192)	267	(1,192)	165
(Gains)/losses on disposal of shares	-	-	558	-
Add/(less) movements in working capital items:				
Accounts receivable	(213)	1,925	(978)	2,048
Inventories	(17)	(4)	146	(97)
Accounts payable	56	(925)	661	(1,817)
Net cash inflow/(outflow) from operating activities	23,133	24,248	25,389	26,704

29. Capital commitments and operating leases

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Capital commitments				
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	8,019	15,805	10,306	15,805

Refer to Note 20 for capital commitments for investment properties.

Operating leases as lessee

Timaru District Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Not later than one year	145	118	145	191
Later than one year and not later than five years	155	101	155	5,045
Later than five years	-	-	-	2,747
Total non-cancellable operating leases	300	219	300	7,983

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2013: \$nil).

Leases can be renewed at Timaru District Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Timaru District Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Timaru District Council by any of the leasing arrangements.

Operating leases as lessor

Timaru District Council leases its investment property under operating leases. These leases have a non-cancellable term of between 1 year and 17 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Not later than one year	75	105	1,259	2,844
Later than one year and not later than five years	244	183	4,091	4,486
Later than five years	529	464	7,438	7,933
Total non-cancellable operating leases	848	752	12,788	15,263

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

30. Contingencies

Contingent Liabilities

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Building Act Claims	-	100	-	100
Housing NZ social housing advance	1,100	1,100	1,100	1,100
Other legal proceedings	-	-	-	355
	1,100	1,200	1,100	1,555

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect of the issuing of building consents and inspection work done. At the date of this report, matters that have been brought to the Council's attention, indicate potential liabilities of \$nil (2013: \$100,000).

RiskPool provides public liability and professional indemnity insurance to its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the fund year. The Council received a notice during 2009 for a call for additional contributions in respect of the 2002/03 and 2003/04 Fund years as those funds are exhibiting deficits due to the "leaky buildings" issue. This notice also highlighted that it is possible that further calls could be made in the future. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2014 (2013: \$1,100,000) towards the construction of social housing units. This advance is repayable, with interest, if the Council withdraws its investment in the joint funded social housing.

Timaru District Council has 18,550,000 shares in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2013: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25m with ANZ Bank for the Redeemable Preference Shares in Timaru District Holdings Limited.

Local Government Funding Agency

Timaru District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Together with the shareholders of LGFA and other guarantors, Timaru District Council is a guarantor of all of LGFA's borrowings. At 30 June 2014, NZLGFA had borrowings totalling \$3.7 billion (2013: \$2.3 billion).

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

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

Joint Venture contingent liabilities

There are no contingent liabilities associated with Downlands Water Supply Joint Venture (2013: \$nil).

Share of associates' contingent liabilities

Timaru District Council's share of contingent liabilities of Alpine Energy Limited, incurred jointly with other investors, is \$nil (2013: \$355,000).

Contingent assets

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

31. Related party transactions

During the year to 30 June 2014, the Council entered into various transactions with its associate companies (PrimePort Timaru Limited, Alpine Energy Limited and Te Ana Whakairo Limited), subsidiaries (Timaru District Holdings Limited, PrimePort Timaru Limited and Aoraki Development and Promotions Limited), joint venture (Downlands Water Supply) and associated organisations (South Canterbury Rural Fire District and Canterbury Economic Development Company Limited).

The following transactions were carried out with related parties

	Actual 2014 \$000	Actual 2013 \$000
Timaru District Holdings Limited		
Rates paid to Timaru District Council	109	-
Interest paid to Timaru District Council	934	894
Services provided by Timaru District Council	91	37
Services provided to Timaru District Council	934	894
Loans payable to Timaru District Council	22,180	22,180
Accounts payable to Timaru District Council	953	907
Accounts receivable from Timaru District Council	934	894
Dividends paid to Timaru District Council	2,093	2,273
The loan payable to Timaru District Council is secured by a debenture over the company's assets.		
PrimePort Timaru Limited		
Rates paid to Timaru District Council	238	313
Services provided by Timaru District Council	23	69
Services provided to Timaru District Council	7	4
Aoraki Development and Promotions Limited		
Services provided by Timaru District Council	24	27
Services provided to Timaru District Council	734	746
Accounts payable to Timaru District Council	15	18
Downlands Water Supply		
Services provided by Timaru District Council	193	175
Services provided to Timaru District Council	-	2
Rates collected by Timaru District Council	991	948
Accounts payable to Timaru District Council	38	27
Accounts receivable from Timaru District Council	195	-
Alpine Energy Limited		
Rates paid to Timaru District Council	77	70
Services provided by Timaru District Council	41	66
less: Credit note relating to services provided by Timaru District Council in 2012	-	(106)
Services provided to Timaru District Council	445	433
Accounts payable to Timaru District Council	2	5
Accounts receivable from Timaru District Council	30	19
Te Ana Whakairo Limited		
Services provided by Timaru District Council	5	7

	Actual 2014 \$000	Actual 2013 \$000
South Canterbury Rural Fire District		
Services provided by Timaru District Council	33	31
Services provided to Timaru District Council	142	221
Accounts payable to Timaru District Council	5	-
Canterbury Economic Development Company Limited		
Services provided by Timaru District Council	2	13
Services provided to Timaru District Council	3	1

Key Management Personnel

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

During the year, Timaru District Council purchased goods and services from Parr & Co Limited, an organisation in which the Mayor is a Director. The transactions amounted to \$35,111 (2013: \$24,975). The balance outstanding as at 30 June 2014 is \$72 (2013: \$2,680).

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013: \$nil).

Key management personnel compensation

	Actual 2014 \$000	Actual 2013 \$000
Salaries and other short term employment benefits	1,384	1,371
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	<u>1,384</u>	<u>1,371</u>

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

32. Remuneration

Elected representatives

	Total remuneration			
	Council		Group	
	2014	2013	2014	2013
Mayor Annear	28,884	93,874	34,791	113,071
Mayor/Councillor Odey	80,698	37,558	96,862	37,558
Councillor Coughlan	8,346	27,481	8,346	27,481
Councillor Kennedy	8,346	27,901	8,346	27,901
Councillor Lyon	40,438	38,465	53,259	49,435
Councillor Mulvey	40,819	37,990	40,819	37,990
Councillor Oliver	-	4,916	-	15,886
Councillor Earnshaw	31,014	27,901	43,835	27,901
Councillor Fraser	11,139	36,019	11,139	36,019
Councillor Stevens	34,305	18,772	34,305	18,772
Councillor Taylor	8,346	27,481	8,346	27,481
Councillor Tierney	39,739	36,650	39,739	36,650
Councillor Brien	21,818	-	21,818	-
Councillor Burt	21,818	-	21,818	-
Councillor Jack	21,818	-	21,818	-
Councillor Wills	25,201	-	25,201	-
Chief Executive	277,853	265,488	277,853	265,488

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

	Council		Council
	2014		2013
<\$60,000	217	<\$60,000	227
\$60,000 - \$79,999	35	\$60,000 - \$79,999	42
\$80,000 - \$99,999	18	\$80,000 - \$99,999	13
\$100,000 - \$139,000	7	\$100,000 - \$139,000	8
\$140,000 - \$219,000	6	\$140,000 - \$279,000	6
\$280,000 - \$299,000	1		
	<u>284</u>		<u>296</u>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 178 (2013: 164) full-time employees, with the balance of staff representing 43 (2013: 54) full-time equivalent employees. A full-time employee is determined on the basis of working a 37.5 or 40-hour working week.

33. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset

management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Timaru District Council has the following Council created reserves:

- reserves for different areas of benefit
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus of deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purposes they were donated.

34. Events after balance sheet date

There are no significant events subsequent to balance sheet date. In 2013, Port of Tauranga has offered to purchase a 50% shareholding in PrimePort Timaru Limited. As part of the transaction, Timaru District Holdings Limited would reduce its shareholding in PrimePort Timaru Limited to 50% (from 71.4%). Timaru District Holdings Limited would purchase the majority of the investment properties currently owned by PrimePort Timaru Limited. Timaru District Council signed off on these transactions on 8 October, 2013.

35. Financial instruments

Financial Instrument categories

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
FINANCIAL ASSETS				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument assets	-	-	-	-
Other financial assets:				
- Investments in debt securities	6,975	10,208	6,975	10,208
<i>Total fair value through surplus or deficit</i>	6,975	10,208	6,975	10,208
Loans and receivables				
Cash and cash equivalents	16,736	21,145	19,203	24,192
Trade and other receivables	7,261	7,048	8,089	9,387
Other financial assets:				
- Term deposits	20,304	6,184	21,804	7,134
- Community loans	196	241	196	241
- Loans to related parties	22,180	22,180	-	-
<i>Total loans and receivables</i>	66,677	56,798	49,292	40,954
Fair value through other comprehensive income				
Other financial assets:				
- Unlisted shares	270	270	270	270

35. Financial instruments continued

Financial Instrument categories

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	1,515	2,388	1,598	2,388
Financial liabilities at amortised cost				
Trade and other payables	8,971	8,647	8,599	9,648
Borrowings:				
- Secured loans	-	7,855	17,000	16,855
- Bonds	94,062	78,076	94,062	78,076
- Redeemable Preference Shares	-	-	-	10,000
<i>Total financial liabilities at amortised cost</i>	103,033	94,578	119,661	114,579

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position. Fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - financial instruments valued using models where one or more significant inputs are not observable.

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

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
30 June 2014 - Council				
Financial assets				
Investments in debt securities	6,975	-	6,975	-
Shares	270	-	-	270
Financial liabilities				
Derivatives	1,515	-	1,515	-
30 June 2014 - Group				
Financial assets				
Investments in debt securities	6,975	-	6,975	-
Shares	270	-	-	270
Financial liabilities				
Derivatives	1,598	-	1,598	-

35. Financial instruments continued

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
30 June 2013 - Council				
Financial assets				
Investments in debt securities	10,208	-	10,208	-
Shares	270	-	-	270
Financial liabilities				
Derivatives	2,388	-	2,388	-
30 June 2013 - Group				
Financial assets				
Investments in debt securities	10,208	-	10,208	-
Shares	270	-	-	270
Financial liabilities				
Derivatives	2,388	-	2,388	-

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

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

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

	2014	2013
	\$000	\$000
Balance as at 1 July	270	270
Gain and losses recognised in the surplus or deficit	-	-
Gain and losses recognised in other comprehensive income	-	-
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
Balance as at 30 June	270	270

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

Financial Instruments Risks

Timaru District Council has a series of policies to manage the risks associated with financial instruments. Timaru District Council is risk averse and seeks to minimise exposure from its treasury activities. Timaru District Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Timaru District Council is not exposed to currency risk as it does not enter into foreign currency transactions.

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the Timaru District Council to fair value interest rate risk. Timaru District Council's Liability Management policy outlines the level of borrowing that is to be sourced using fixed rate instruments.

35. Financial instruments continued

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Timaru District Council to cash flow interest rate risk.

Timaru District Council manages its cash flow interest rate risk on borrowings by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Timaru District Council borrowed at fixed rates directly. Under the interest rate swaps, Timaru District Council agrees to with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed national principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Timaru District Council, causing the Council to incur a loss. Timaru District Council has no significant concentrations of risk, as it has a large number of customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Timaru District Council invests funds in accordance with its Investment policy which limits the amount of credit exposure to any one institution and ensures dispersion and minimisation of risk.

Timaru District Council has no other collateral or other credit enhancements for financial instruments that give rise to credit risk.

Timaru District Council's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and term deposits	37,040	27,329	41,007	31,326
Trade and other receivables	7,261	7,048	8,089	9,387
Community loans	196	241	196	241
Related party loans	22,180	22,180	-	-
Investments in debt securities	6,975	10,208	6,975	10,208
Total credit risk	73,652	67,006	56,267	51,162

All cash at bank and term deposits are neither past due nor impaired and are made with registered banks with Standard and Poor's credit ratings of A1 or better short term.

All investments in debt securities are neither past due nor impaired and are made with counterparties with Standard and Poor's credit ratings of BBB or better long term or with other local authorities.

Community loans are with counterparties with no defaults in the past.

Liquidity risk

Liquidity risk is the risk that Timaru District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Timaru District Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and ensure all investments are readily tradable.

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

Timaru District Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2013: \$250,000). There are no restrictions on the use of this facility.

35. Financial instruments continued

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Timaru District Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2014					
Trade and other payables	8,971	8,971	-	-	-
Bonds	94,062	10,000	5,000	38,000	41,062
Total	103,033	18,971	5,000	38,000	41,062
Group 2014					
Trade and other payables	8,599	8,599	-	-	-
Secured loans	17,000	-	-	8,500	8,500
Bonds	94,062	10,000	5,000	38,000	41,062
Total	119,661	18,599	5,000	46,500	49,562
	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2013					
Trade and other payables	8,647	8,647	-	-	-
Secured loans	7,855	7,855	-	-	-
Bonds	78,076	10,000	10,000	38,000	20,076
Total	94,578	26,502	10,000	38,000	20,076
Group 2013					
Trade and other payables	9,648	9,648	-	-	-
Secured loans	16,855	16,855	-	-	-
Bonds	78,076	10,000	10,000	38,000	20,076
Redeemable Preference shares	10,000	10,000	-	-	-
Total	114,579	46,503	10,000	38,000	20,076

Contractual maturity analysis of derivative financial instruments

The table below analyses Timaru District Council's maturity dates for interest rate derivative financial instruments.

	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2014	-	5,000	22,000	11,900
Council 2013	-	-	36,000	2,900
Group 2014	-	5,000	25,000	20,400
Group 2013	9,000	-	36,000	2,900

35. Financial instruments continued

Contractual maturity analysis of financial assets

The table below analyses Timaru District Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2014				
Cash and cash equivalents	16,736	16,736	-	-
Trade and other receivables	7,261	7,261	-	-
Loans to related parties	22,180	-	-	22,180
Unlisted shares	270	-	-	270
Other financial assets:				
- term deposits	20,304	20,304	-	-
- community loans	196	83	77	36
- investment in debt securities	6,975	2,071	4,904	-
Total	73,922	46,455	4,981	22,486

	Carrying amount \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Group 2014				
Cash and cash equivalents	19,203	19,203	-	-
Trade and other receivables	8,089	8,089	-	-
Unlisted shares	270	-	-	270
Other financial assets:				
- term deposits	21,804	21,804	-	-
- community loans	196	83	77	36
- investment in debt securities	6,975	2,071	4,904	-
Total	56,537	51,250	4,981	306

	Carrying amount \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2013				
Cash and cash equivalents	21,145	21,145	-	-
Trade and other receivables	7,048	7,048	-	-
Loans to related parties	22,180	-	-	22,180
Unlisted shares	270	-	-	270
Other financial assets:				
- term deposits	6,184	6,184	-	-
- community loans	241	89	86	66
- investment in debt securities	10,208	3,047	6,374	787
Total	67,276	37,513	6,460	23,303

35. Financial instruments continued

	Carrying amount \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Group 2013				
Cash and cash equivalents	24,192	24,192	-	-
Trade and other receivables	9,387	9,387	-	-
Unlisted shares	270	-	-	270
Other financial assets:				
- term deposits	7,134	7,134	-	-
- community loans	241	89	86	66
- investment in debt securities	10,208	3,047	6,374	787
Total	51,432	43,849	6,460	1,123

36. Severance payments

During the year, there was one (2013: nil) severance payment made to an employees of \$24,978 (2013: nil).

37. Explanation of major variances against budget

Timaru District Council made a net surplus of \$11.157 million (budgeted surplus of \$4.407 million)

Revenue and expenditure	\$000
2013/2014 Annual Plan surplus	4,407
Increases/(Reductions)	
Other gains (on fair value of derivatives)	873
Other increases in revenue	2,511
Landfill aftercare provision reduction	496
Depreciation	749
Finance costs	1,465
Other decreases in expenditure	656
	6,750
2013/2014 Annual Report surplus	11,157

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

- Unrealised gain on interest rate swaps of \$873,000, which is not budgeted due to inherent difficulties in forecasting market conditions.
- The volume of building consents processed during the year was higher than expected, resulting in an increase of \$279,000 in revenue for the Building area. Also, there was a larger than anticipated volume of Water Usage for industrial users, therefore revenue for water billing/trade waste is \$584,000 higher than budgeted. Volumes of waste processed by the landfill also increased, resulting in increased revenue of \$319,000.
- There has been a reduction in the landfill aftercare provision of \$492,000.
- Actual costs for depreciation were lower than forecast by \$749,000, mainly due to delays in significant capital projects.
- Finance costs were lower than budget by \$1,465,000 due to timing of expenditure on projects meaning that loans were not needed until later than expected, as well as ongoing reduced interest rates.

Statement of financial position

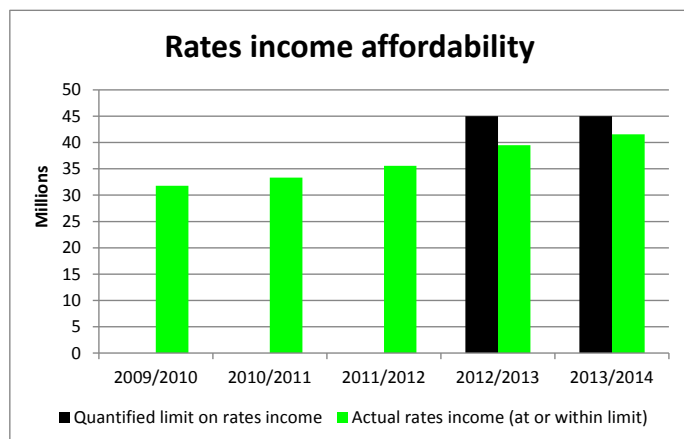
Due to delays in the timing of capital expenditure projects, partially offset by reduced depreciation, fixed assets are below budgeted level. As a result of the delays in capital expenditure, borrowings are also slightly less than budgeted, as some of these projects are being funded by borrowings. Some loan funding has been drawn down for delayed capital expenditure, which has resulted in increases in short-term investments.

Disclosure Statement

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

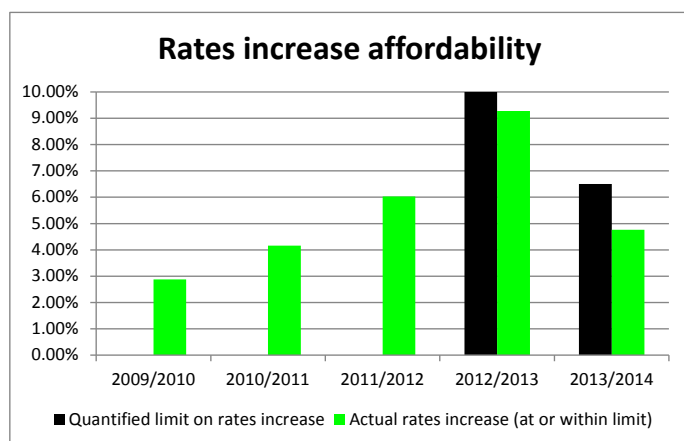
1. Rates (income) affordability benchmark

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$45m (from 2012/13).



2. Rates (increase) affordability benchmark

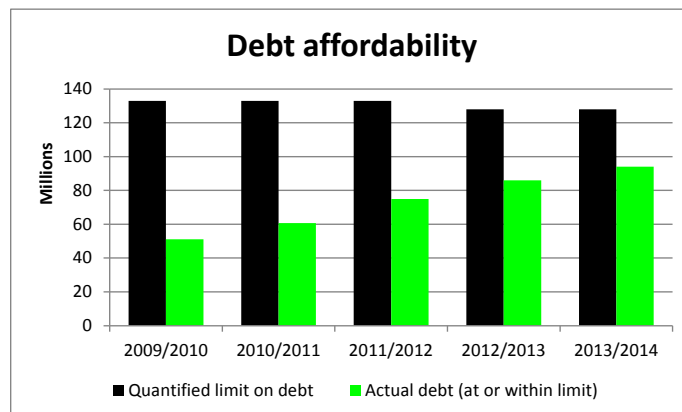
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% (from 2012/2013), except for the 2012/2013 year, where the limit is 10% and the 2013/2014 year, where the limit is 6.50%.



3. Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is \$128 million (from 2012/2013).

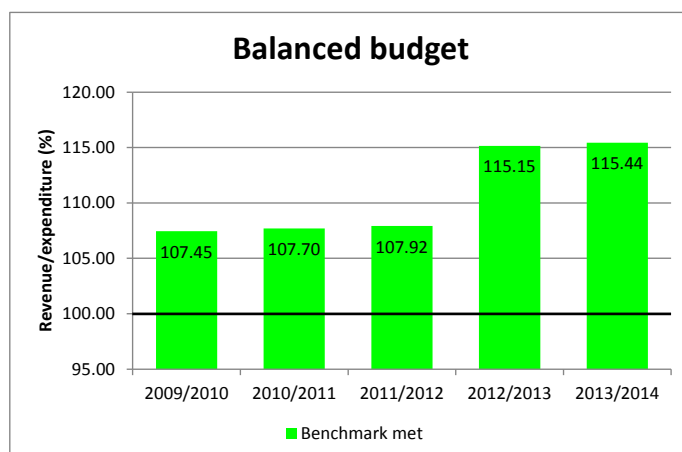
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



4. Balanced budget benchmark

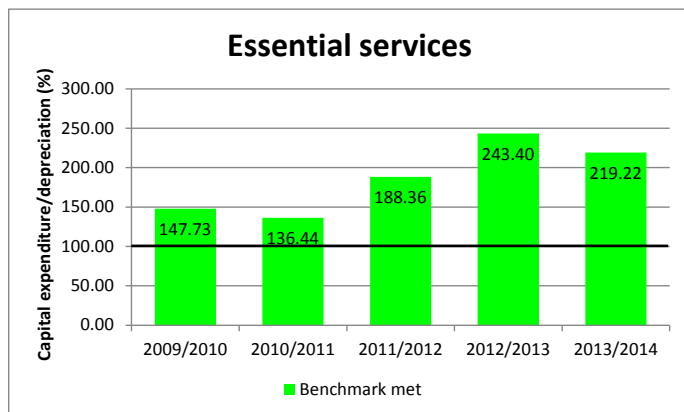
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

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



5. Essential services benchmark

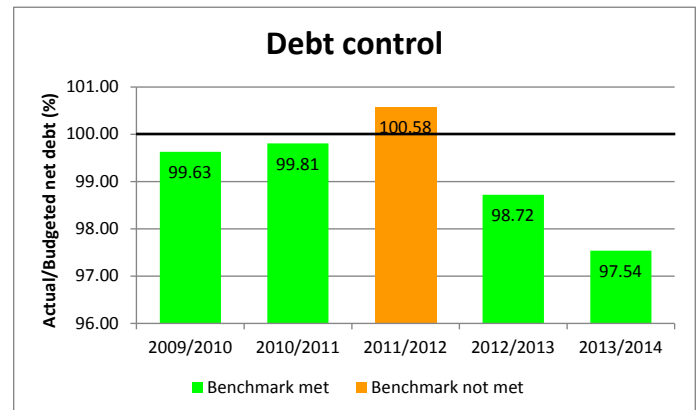
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

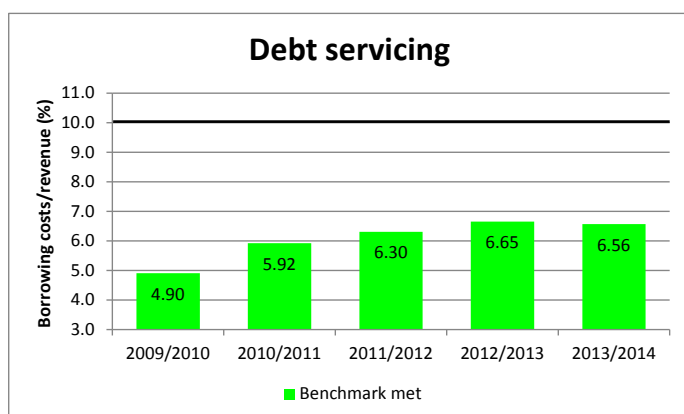
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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).

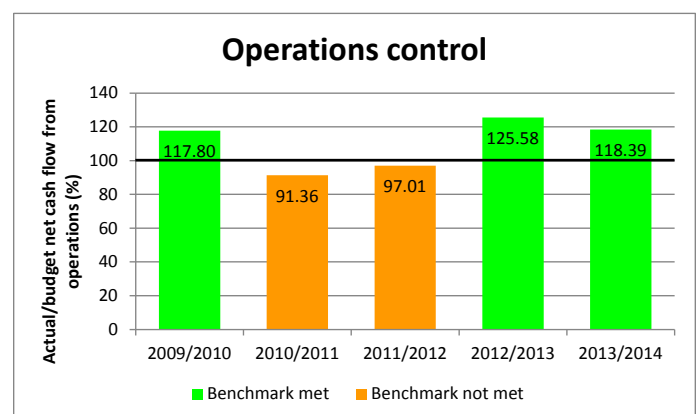
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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.



Equal Employment Opportunities Policy

The Timaru District Council is committed to the principles of Equal Employment Opportunities (EEO) by providing employment opportunities for all employees and applicants on the basis of merit, without regard for race, colour, religion, sex, or age. It is committed to provide a workplace free of discrimination.

We will continue to promote and develop the skills of staff throughout the organisation and will ensure our recruitment programme recruits the best person for each vacancy.

Performance Measures

- To provide a wide range of training opportunities which is in addition to any required professional training/technical training.
- To maintain awareness amongst staff of EEO principles and their implementation in, and importance to, the Timaru District Council.

Achievement

- The Training Committee's objective is to identify, organise and provide corporate training and development needs for the Timaru District Council staff. We continue to promote training by reviewing staff member's requests for training from performance reviews.
- Corporate training has been provided for all staff on a number of subjects. Training in customer service has been a major focus for all staff. The programme is called COSI (Customer Focus / One Team, Successful with Integrity). The aim is to ensure a set of values in keeping with excellent customer service are organisational wide.
- Supervisors have been provided with additional leadership and organisational training to ensure supervisory staff are equipped with the skills to enhance their leadership and organisational skills in all areas including EEO.
- In every appointment made the principles of EEO have applied.
- In each appointed position the successful applicant has been the person best suited for the position.
- Ongoing training has been provided to staff with a satisfaction level of 73% for staff satisfied with the amount of training received in order to do their job (Source: Staff Survey 2013/14)

Health and Safety Policy

The Health and Safety Policy provides for a commitment by the organisation to ensuring staff are protected from accidental damage.

We have an active Health and Safety Committee which meets monthly. The Committee's guidance and the cooperation of staff has ensured the renewal of our tertiary level in Workplace Safety Practices Certificate.

2013/14 Corporate Objectives

- 1 **Objective:** To ensure consistent and timely compliance with health and safety policies across the organisation at the ACC tertiary level.
Outcome: Monthly Health and Safety Committee meetings were held throughout the year with reference to the Annual Programme on each occasion. As necessary liaison with appropriate management and staff was undertaken to ensure that all relevant timelines and outcomes were met.
- 2 **Objective:** To maintain a comprehensive Health and Safety induction programme for new employees.
Outcome: All new staff employed during this period were given health and safety induction by the human resources unit and appropriate unit manager. In addition all new staff were invited to attend the induction training sessions (held approximately quarterly) that covered health and safety and civil defence roles / responsibilities for employees. These sessions were addressed by the Chief Executive.
- 3 **Objective:** Provide all staff with at least 3 education or training opportunities during the period.
Outcome: Throughout this period all staff were invited to "Worksafe Week" presentations on a range of health and safety related topics. Additionally staff were offered opportunities for training at unit level in matters pertaining to their roles eg working on the road, traffic management, first aid, approved handler, confined spaces, driver safety etc.
- 4 **Objective:** To achieve zero serious harm accidents and to reduce the level of other accidents in the 2013/2014 year as compared to 2012/2013.
Outcome: No serious harm accidents occurred or were recorded during the period. The level of other accidents recorded was the same as for the previous 12 month period. This we believe reflects an improvement in the overall situation as it appears that we are now seeing a better staff response to the reporting / recording of such occurrences.
- 5 **Objective:** To have a Worksafe Week programme specifically targeting "Stress and Coping Techniques" along with other Health and Safety issues as appropriate
Outcome: Worksafe Week was undertaken during the period 29 October to 1 November and offered staff information and presentations on stress management, diabetes, hearing issues, and women's health. It also

included participation in the Sea to Sea Challenge which ran concurrently.

- 6 **Objective:** To promote and monitor the implementation of Health and Safety requirements specifically as they relate to contracts.
Outcome: Unit managers and staff who manage contracts were advised of requirements relating to this including the need for regular updates / reporting on health and safety issues in contract meetings and notes, end of contract documentation, and the need for all contractors working for Council to be on the Health and Safety Approved Contractor list. All current contractors on this list were written to and asked to provide up to date information on their business and Health and Safety Committee practices. This is ongoing.
- 7 **Objective:** To review standup / sitdown opportunities in the workplace.
Outcome: The matter was raised with staff and feedback was obtained on what current practices were being trialled within the organisation. Several staff have standup / sitdown options in their work areas which other staff were encouraged to review and those with these workstations provided feedback on their general suitability and effectiveness. As a result of this clear guidelines on opportunities that can be implemented by all staff to lessen their level of exposure to undesirable practices are being developed and will be promoted during the ensuing year.
- 8 **Objective:** All new Council "Light Vehicles" purchased or leased shall be of a minimum 4 star ANCAP Safety rating.
Outcome: This is being implemented as standard practice when new light vehicles are being purchased.

2013/14 Committee Objectives

- 1 **Objective:** To hold at least 11 meetings annually with all minutes, agendas, hazard register and accident statistics circulated 7 days before each meeting to all committee members.
Outcome: These objectives were met.
- 2 **Objective:** To ensure a relevant Health and safety article is included in the staff newsletter every month and to otherwise promote Health and Safety through the recognition of excellence, posters and awareness campaigns.
Outcome: A relevant article was placed monthly in the staff newsletter. These include recognition of excellence when appropriate, and Health and Safety Committee items of relevance that were topical at the time including reference to other awareness campaigns that were operating locally or nationally. Health and safety posters were displayed in the main staff cafeteria and these were regularly changed.
- 3 **Objective:** A) To promote the ACC Activesmart Physical Activity Programme;
B) To promote and encourage the use of the "Montie" training system to all Council worksites
Outcomes: A) The "Activesmart" programme has been promoted to staff via the monthly newsletter and also during the annual Worksafe Week programme. "Activesmart" is

accessible via the internet to which all staff have access. B) The "Montie" training system has been promoted to staff via the newsletter and also to unit managers at unit plan review time. Further promotional work with this training system is to follow.

- 4 **Objective:** To arrange a quarterly site visit for Health and Safety Committee members to Council facilities or project sites to increase their knowledge on health and safety issues at these locations.
Outcome: During the past 12 months the committee have undertake site visits to the Aorangi Road wastewater treatment site, Timaru landfill and recycling centre, CBAY Aquatic facility

Opportunities for Maori to Contribute to Council Decision Making Processes

The Timaru District Council considers the contribution of Maori to the decision-making process as important. To enable local Maori to contribute to the decision-making process, the Council has appointed a member of the Tangata Whenua as a full voting member on Council's Resource Regulation and Planning Committee. There is also Maori representation on the Safer Communities Committee and the Local Arts Scheme Assessment Committee.

The Council has also built into its report writing format and decision-making process a step where the impact of a decision must be assessed specifically to Maori related issues and direct consultation is undertaken with Maori if the decision is relevant to Maori.

Council's senior management meets with local Maori on an as required basis to discuss significant projects and maintain working relationships.



**Other
Information**

4

Directory

Postal Address:	Timaru District Council PO Box 522 Timaru 7940
Location- Timaru Head Office:	2 King George Place Timaru 7910
Telephone:	(03) 687-7200
Facsimile:	(03) 687-7209
Email:	enquiry@timdc.govt.nz
Website:	www.timaru.govt.nz
Hours (except statutory holidays):	Mon - Fri: 8.30am - 5pm
Temuka Service Centre:	72-74 King Street Temuka 7920
Telephone:	(03) 687-7591
Facsimile:	(03) 615-9538
Hours (except statutory holidays):	Mon - Thu: 8.30am - 5pm Fri: 8.30am - 6pm Sat: 10am - 1pm
Geraldine Service Centre:	78 Talbot Street Geraldine 7930
Telephone:	(03) 693-9336
Facsimile:	(03) 693-9451
Hours (except statutory holidays):	Mon - Thu: 8.30am - 5pm Fri: 8.30am - 6pm Sat: 10am - 1pm
Bankers:	Bank of New Zealand 247 Stafford Street Timaru 7910
Auditors:	Audit New Zealand on Behalf of the Controller and Auditor-General Private Box 99 Wellington 6140
Solicitors:	Gresson Dorman and Co 12 The Terrace PO Box 244 Timaru 7940



Coat of Arms and Logo



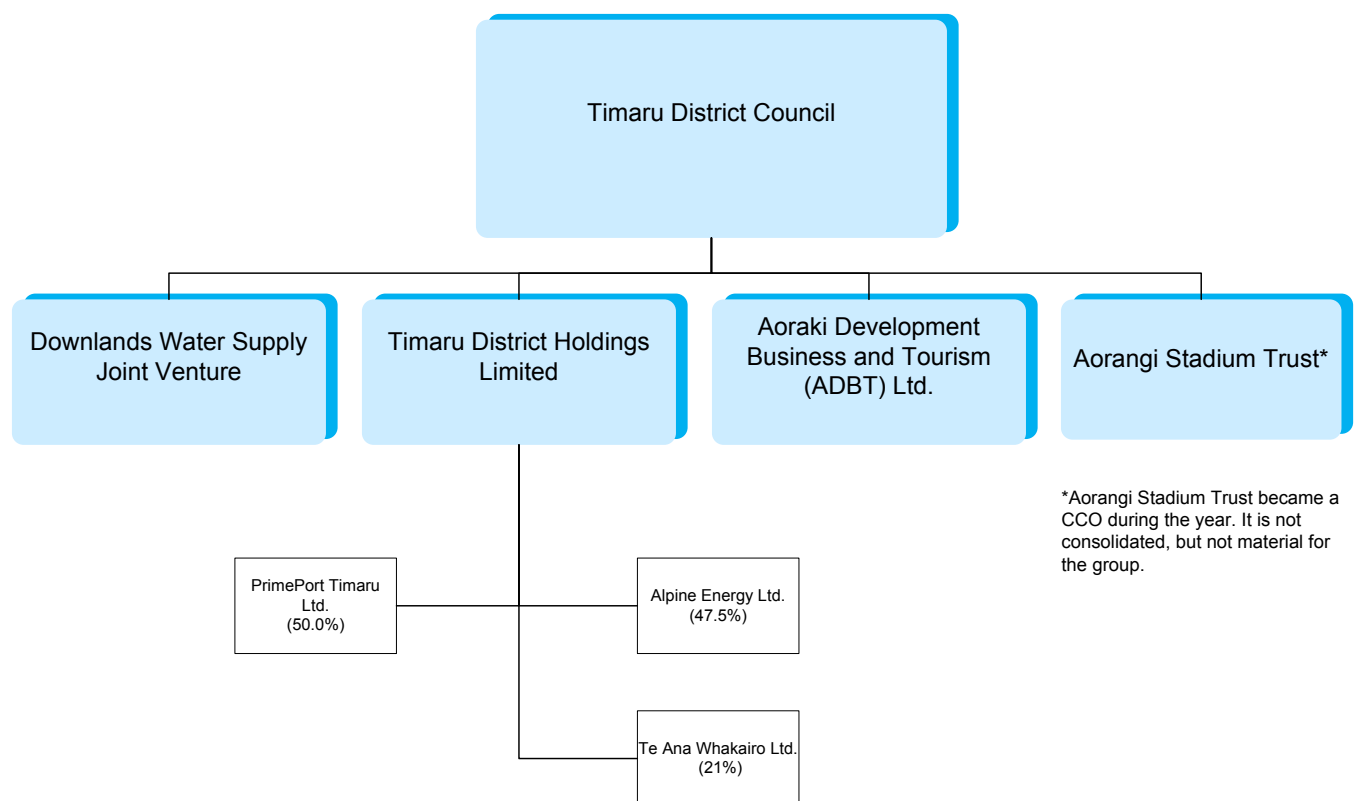
The grant of armorial bearings to the City of Timaru was made by the College of Heralds, London, by letters patent dated 18 October 1977. The original grants document with its impressive artwork and gold seals is displayed outside the Council Chambers in the upstairs foyer of the District Council Building, King George Place, Timaru. Although granted to the former Timaru City Council, the heraldic emblems used are equally applicable to the whole district and use of the Coat of Arms by the District Council has been approved by the New Zealand Herald of Arms. The description of the Arms and Significance of the main features are available on request. The Coat of Arms is used to accentuate the civic responsibilities of the Council or to denote Mayoral authority.

The Council Logo colours are blue and green - environmental colours depicting the sea meeting the land inside a unified format. The diagonal lines suggest upward movement, mountains, rivers, roads, energy, vitality, leadership - pointing to the TDC. The logo is used on all corporate documents, signs and buildings.

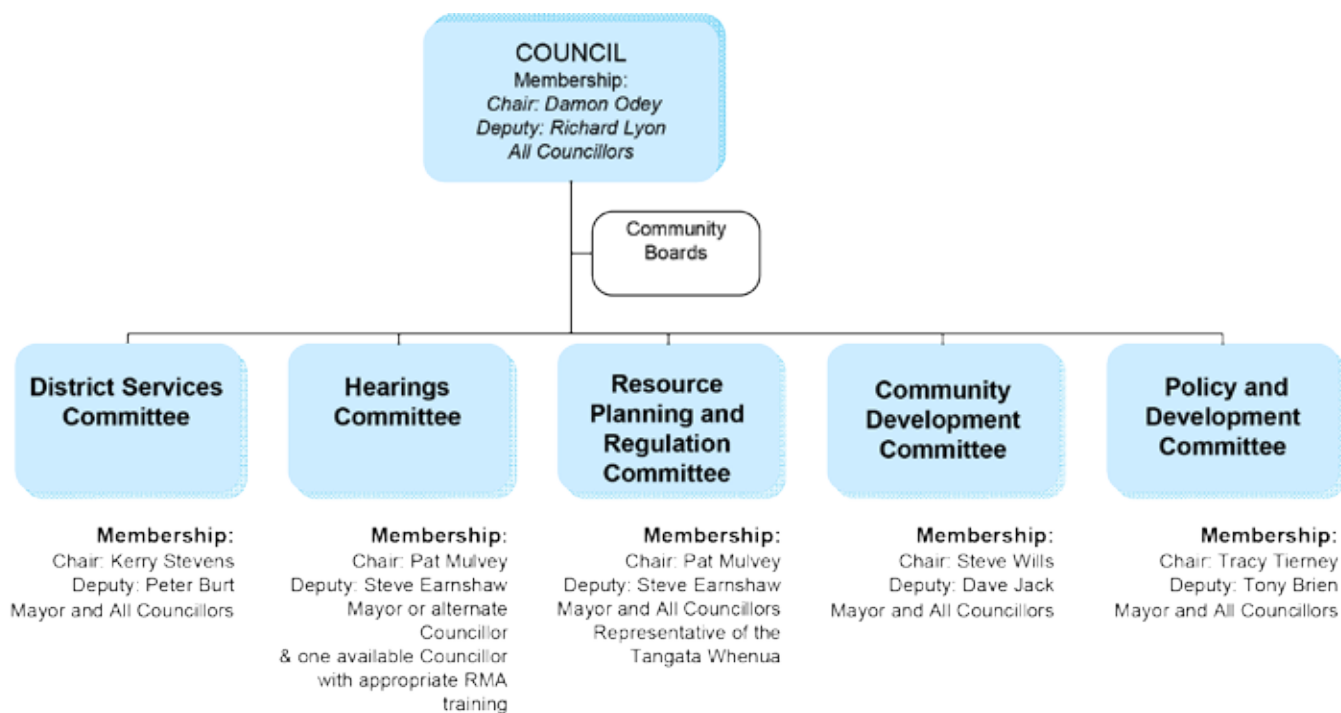


Organisational Structure

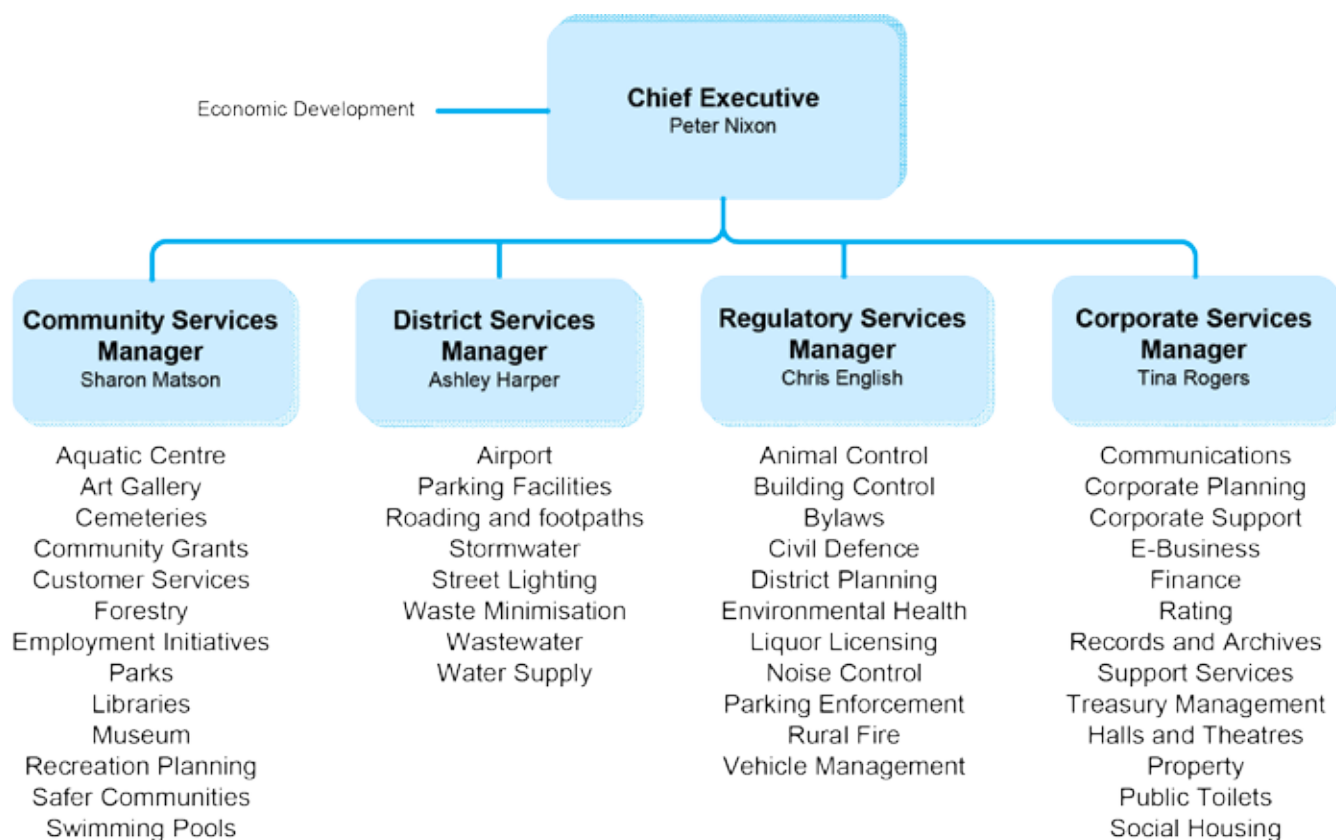
Group (as at 30 June 2014)



Council Committees (as at 30 June 2014)



Council Management (as at 30 June 2014)



Activity – Services, projects or goods provided by, or on behalf of, Council (e.g. libraries, art gallery). These activities are then combined into groups of activities.

Annual Plan – The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.

Annual Report – Reports on the performance of the Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.

Asset – Something of value that the Council owns on behalf of the people of Timaru District such as roads, drains, parks and buildings.

Asset Management Plan – A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

Borrowing – Refers to the raising of loans for capital items, such as the sewerage scheme.

Capital Expenditure – Expenditure that will increase the value of the Council's assets.

Capital Value – Value of land including any improvements.

Community Boards – Local elected bodies set up under the Local Government Act. Community Boards are consulted by the Council and can represent community concerns to the Council. Timaru District has three Community Boards – Temuka, Geraldine and Pleasant Point.

Community Outcomes – Community Outcomes represent the outcomes that the Council aims in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Council Controlled Organisations – Council-controlled organisations are organisations in which one or more local authorities control 50 per cent or more of the voting rights or appoint 50 percent or more of the directors.

Financial Year – The Council's financial year runs from 1 July to 30 June of the following year.

General Rate – A rate levied across all properties for activities that benefit the whole District.

Group of Activities – Several activities combined together (e.g. Cultural and Learning Facilities).

Land Value – Value of land, excluding any improvements.

Local Government Act 2002 – The key legislation that defines the powers and responsibilities of local authorities like the Timaru District Council.

Long Term Plan (LTP) – A ten-year plan that sets out the Council's strategic framework, work programme and budget for the next ten years.

Operating Expenditure – Money the Council spends on such items as salaries, materials, electricity and plant hire.

Operating Revenue – Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include NZ Transport Agency subsidies, rental income, permits and fees.

Operating Surplus/(Deficit) – The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.

Performance Measure – A measure that shows how well Council is doing in achieving the objectives it has set for itself.

Rates – Funds collected by the Council from levies on property. These are based on the land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.

Revenue and Financing Policy – this describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user-charges, grants).

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

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

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

Significance – Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural well-being of the community.

Subsidies – Amounts received from other agencies for the provision of services (e.g. NZTA roading subsidies).

Targeted Rates – Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.

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

User Charges – The charges levied for use of Timaru District Council services (e.g. building consent fees, health inspections).

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

2 King George Place
PO Box 522
Timaru 7940
Tel: 03 687 7200 or 0800 484 632
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Email: enquiry@timdc.govt.nz
Website: www.timaru.govt.nz

Temuka Service Centre
72-74 King Street, Temuka
Tel: 03 687 7591 Fax: 03 615 9538

Geraldine Service Centre
78 Talbot Street, Geraldine
Tel: 03 693 9336 Fax: 03 693 9451