

# Annual Report 2016/17 Summary

# **Council Assets and Services**



1 landfill 1 airport 3 libraries 1 museum 1 art gallery 1 dog pound 1 eco-centre 7 cemeteries 2,324 carparks 236 housing units 4,000+ streetlights Safer Communities 309km of footpaths 20 halls and theatres 346km of sewer pipes Planning for the future 3 rural oxidation ponds Numerous public toilets 238 hectares of forestry 4 public swimming pools 289 bridges and culverts 4 refuse transfer stations 1 sewage treatment plant Three bin kerbside recycling Leadership for the community 11 piped water supply systems Community grants and funding 144km of piped stormwater drain Bus shelters, cycleways, traffic lights The Crows Nest' - recycled goods shop 1,700km+ of sealed and unsealed roads Over 1,800km of water supply reticulation 56km of off-road walking and cycling tracks Nearly 600 hectares of parks, reserves, walkways and playgrounds Manages and enforces requirements of several pieces of legislation, including Local Government Act, Resource Management Act, Building Act, Civil Defence and Emergency Management Act.....

2

# From the Mayor and Chief Executive

### Nau mai

Welcome to this summary of the Annual Report.

The Annual Report is an opportunity to reflect on the past financial year and report on the progress Council has made towards achieving the plans we agreed with the community in the 2015-25 Long Term Plan. The 2016/17 financial year is Year Two of the Long Term Plan.

### Service Performance

Much of the work undertaken during the year was business as usual – with a big focus on investing in and maintaining essential infrastructure. While these are not "headline" projects, they are critical to maintaining the sort of community our residents want to live and do business in.

Pleasing results from the Roading survey during 2016/17 such as 83% satisfaction with maintenance of sealed roads, 94% satisfaction with streetlighting, 78% satisfaction with smoothness and safety of footpaths, indicate that our roading and footpath services are largely meeting community expectations.

Some of the major infrastructure projects we undertook during the year included:

- Progress with the roading network at Washdyke, aimed at enabling further commercial development in the area
- Completion of a number of sewer main renewals and extensions
- Progress on upgrading the capacity of a stormwater network in Geraldine
- Numerous water main renewals, which contribute to the reliability of the water supply.

Every year increasing numbers of residents and visitors to the district make use of the recreational and cultural facilities available in the district.

- We again welcomed record numbers to the CBay swimming pool and fitness complex
- Our libraries are reaching more and more of our residents through more than just issuing library books. The list of activities offered and community groups utilising library space in all three of our libraries is growing every year
- Highly successful anniversary events were hosted at the Aigantighe Art Gallery – 60th anniversary, and the South Canterbury Museum – 50th anniversary. Both of the facilities are highly valued, and well supported by both our residents and visitors to the district.

You can read more about our year, our performance and achievements in Sections 1 and 2 of the report.

#### **Financial Performance**

In terms of our finances, we are pleased to deliver an Annual Report that shows the Council's finances are in a significantly better position than forecast in the Annual Plan 2016/2017. This strong financial position was the result of a number of factors including:

- Vested assets from subdivisions within the district, valued at \$500,000, being received during the year.
- Ongoing low interest rates, combined with deferred capital expenditure and strong cashflow, resulting in lower interest costs.
- Depreciation expense is below budget due to deferred capital

expenditure.

- Unrealised gain on interest rate swaps of \$1,763,000
- Waste tonnes to the landfill have increased during the year due to the amount of commercial activity.

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 required in future years as a result of the reported surplus in the current year.

### Preparing for the 2018-28 Long Term Plan

During the year both Councillors and staff started preparatory work on the next Long Term Plan 2018-28. We will once again be looking for direction from our community on what the big issues are, and the options for progressing these, so that our district continues to deliver what we have all come to expect - a fantastic and sustainable lifestyle.

### Finally

So much of what we do as a Council is a reflection of the skills and expertise of Council staff, elected members and volunteers working alongside members of the public. We thank you all for helping achieve what was undertaken in this past year – from our financial results to making sure we delivered quality services to our residents. This commitment and support helps make our district a great place to live, work and do business.

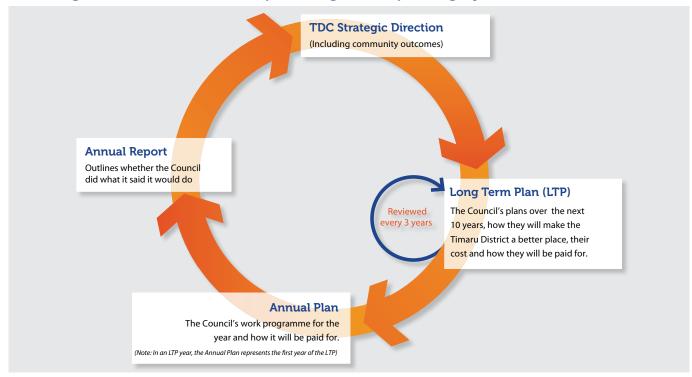




### Damon Odey

Mayor Koromatua Bede Carran Chief Executive Kaiwhakahaere The purpose of the Annual Report is to explain how we delivered on the 2016/17 Annual Plan (or Year Two of the 2015-25 Long Term Plan) as required by Section 98 of the Local Government Act 2002.

The diagram below shows our planning and reporting cycle:



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

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

# **Strategic Direction**

## Vision

Lifestyle – Economy – Identity – Leadership

- Fantastic, sustainable lifestyle second to none
- Thriving and innovative economy where opportunities abound
- Strong and enviable reputation and identity
- Inspiring, people-focused leadership

### Lifestyle

#### Fantastic, sustainable lifestyle second to none

We live in a pretty special place. We want to keep it that way. We want to make it even better for ourselves, our children, their children.

This means:

- 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
- We care for and respect our elderly
- 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



### Economy

#### Thriving and innovative economy where opportunities abound

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

This means:

- We build on our economy's agricultural roots and support innovative, future focused industries
- Our industries and businesses produce high quality goods and services while valuing the environment from which their raw materials are sourced
- Our businesses are well supported and enabled to grow
- Our district has a variety of training and employment opportunities available
- Our standard of living grows continuously
- We have planned for and have balanced growth that keeps our businesses, population and youth local
- We maintain and build on our district's strong economic diversification
- Our district's opportunities attract people, skilled workers and families here to live, work and play
- New businesses choose Timaru District
- Our businesses and other agencies work together for maximum district benefit

### Leadership

#### Inspiring, people-focused leadership

We want a district where we build on our strengths, minimise our weaknesses, challenge our threats and grasp our opportunities. This takes leadership.

This means:

- We lead to inspire and enable, 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
- Our leaders make decisions that enable our community and economy to prosper

### Read more about our Strategic Direction in the Long Term Plan 2015-25, available from: www.timaru.govt.nz

### Identity

#### Strong and enviable reputation and identity

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

This means:

- We are proud of our district our environment, our lifestyle, our communities, our people, our success
- We build and own our identity
- Our residents are our strongest advocates locally, nationally, internationally
- We respect and honour our heritage and individuality
- We value, encourage and celebrate cultural diversity
- We celebrate and sell our story

# A funding boost for some of our community groups

Each year Council makes some funding available to support some of our hard working community groups who provide valuable support in our district. During 2016/17 some of the groups to benefit from this funding were:

- Alzheimers Society South Canterbury Inc to assist with the interior refurbishment of the Community Centre at the Timaru Botanic Gardens
- Geraldine Arts and Plants Festival Inc to assist with organising the 2016 Festival
- Hospice South Canterbury seeding funding towards to cost of staging two new fundraising events - 'Caroline Bay Rock & Hop Wearable Parts Awards' and 'Caroline Bay Rock Your Socks Off'
- Timaru Senior Citizens & Citizens Advice Bureau who both received a small contribution towards their operating costs



# Our Social Housing units in high demand

Council's 236 social housing units continue to be in high demand – with 95% occupancy, and a waiting list. Refurbishment of the units and regular maintenance is funded from rental income. The main focus over the last 2 years has been installation of heat pumps and replacing many of the ovens.



#### New public toilets for Geraldine

Council was successful in its bid for a share of Regional Tourism Infrastructure funding to help with construction of a new toilet block in Cox Street, Geraldine. Like other popular tourist towns in New Zealand, Geraldine has seen a significant increase in tourist numbers. This has meant increased pressure on infrastructure such as toilets. The new toilet block with its eye catching photo wrap has been welcomed by both visitors and locals.



# The Year in Review 2016/17: Highlights

# Anniversaries for our Art Gallery and Museum

#### **Our Art Gallery**

The Aigantighe Art Gallery marked its 60<sup>th</sup> anniversary with a series of exhibitions showcasing aspects of its history, including works bequeathed when it was gifted as a public art gallery and gardens to Timaru by the Grant family in 1956. The 40 years of support from the Friends of Aigantighe and the South Canterbury Arts Society were also acknowledged as part of the celebrations.

#### Our Museum

The 50<sup>th</sup> anniversary of the opening of the main Museum building was celebrated with "Heritage Alive" a public event run in conjunction with the neighbouring St Marys Church. Participants enjoyed live music , market stalls, complete with period costume, vintage cars and Victorian games (see photos).

Both of these facilities are an integral part of the district's heritage, and continue to grow in popularity as destinations for our residents and visitors.

Community involvement in the new events and programmes offered at these facilities, such as the Winter Lights festival at the gallery and the Museum Explorers Club, are testament to this.





#### More carparking available at Timaru Airport

The carpark at Timaru Airport has been upgraded to cater for additional vehicles as a result of the larger aircraft now servicing the Timaru – Wellington route. There are now 88 public spaces, 3 mobility spaces, 10 rental car spaces and 8 drop off spaces. New LED street lighting is in place, and new security will be installed as part of the Terminal upgrade. Charges for carparking are expected to commence in January 2018. Stormwater is attenuated and treated and a separate accessway has been formed to service the South Canterbury Aero Club facilities.



### **Our Roads – our connections**

Roading is a vital part of the district's economy, as well as contributing significantly to the quality of life our residents enjoy. Some of the key projects this year included:

- More progress with the roading network at Washdyke, aimed at enabling further industrial development in the area
- Road reconstruction at Earl Road, Brenton Road, Muff Road and Levels Plain Road
- Road seal extensions on Kerrytown Road and Arowhenua Road
- Road seal widening on Orton Rangitata Road and Waitohi-Pleasant Point Road.

# Residents report high satisfaction with roads

The annual road user survey again indicated a high level of satisfaction with road maintenance and management. Some of the key measures include:

- 92% believe they get value for money
- 83% report satisfaction with maintenance of sealed roads
- 94% are satisfied with street lighting
- 78% report satisfaction with smoothness and safety of footpaths.

### **Progressing the District Plan review**

This multi-year project saw significant progress during the year:

- The formation of a Town Centre Group that will enhance the Timaru town centre
- The Draft District Growth Management Strategy took another step towards completion with public consultation on the draft document and a hearing scheduled for early November.
- A series of discussion documents were released for public consultation on the District Plan Review. The feedback was summarised for Council and Council gave staff their initial direction as to how the key issues should be addressed.
- District Plan research commenced
- The Indigenous Biodiversity and Ecosystems stakeholder group was formed and has nearly finished a draft set of District Plan provisions for the District Plan's Indigenous Biodiversity and Ecosystems topic.





### Library revamp with the young in mind

The children's library areas at the Geraldine and Temuka libraries have been given a facelift with colourful furniture, picture book browser bins, and board book tunnels. This is aimed at encouraging young people to make use of the library facilities.

Finding a book is not the only reason some young Geraldine students go to the library. Over the summer months swan plants were planted outside the children's library windows, and the growth of the "resident "caterpillars to chrysalis, then butterflies saw many children rushing from school to keep tabs on progress.

Other students were lucky enough to learn to knit and crochet courtesy of the local "knit and natter" group who volunteered their time to teach children these new skills.

# The Year in Review 2016/17: Highlights

### Stormwater strategising

The 2018-28 Timaru District Stormwater strategy was adopted by Council this year. This sets the direction and the funding required to ensure the district's stormwater meets required future environmental standards. It includes some major projects and significant capital expenditure planned over the next 10 years, which will be incorporated as part of the new Long Term Plan.

### **Timaru District Council elections held**

The 2016 local government elections occurred, with three new Councillors and four new Community Board members elected for Timaru District Council.

60 candidates stood for the 34 positions available across the Council, South Canterbury District Health Board and Geraldine Licensing Trust.

Turnout was slightly lower than the 2013 elections at around 50%.

#### Infrastructure upgrades ongoing

Every year a significant portion of Council's expenditure is targeted towards maintaining and upgrading core infrastructure such as water supplies, sewer and stormwater networks. During the year:

- The existing Winchester area water supply source was discontinued and the supply was connected to the Temuka scheme, meaning that Winchester water now has protozoa treatment
- The water main renewal programme was progressed with work completed at seven sites across the district
- Upgrading work was completed on the stormwater network at Hislop/Domain/Huffey Streets in Geraldine
- Stormwater Outlet floodgates (see photo) were installed in Washdyke Creek (50:50 cost share project with Environment Canterbury)
- Sewer main renewal and extension work was completed at six priority sites in Timaru and Geraldine.

# CBay...so much more than just a pool.....!

While providing swimming pool facilities is the major focus at CBay, there is so much more on offer, including:

- Aqua fitness classes both regular and aqua gentle classes
- Gym classes as well as the regular range of classes a number of new classes have started – teenFIT (photo below) - group fitness classes for the 13-15 year age group, and ageFit for the 50+ years. Both are proving popular.
- Facilities for regional competitive swim meets





# New addition to walkway/cycleway network in Geraldine

The 800 metre long section of track recently constructed links Barker Street with Hislop Street. This completes a loop by connecting both ends of the existing Pekapeka track.

Council has 3.5 kilometres of shared off-road tracks on the Geraldine Downs which complement other tracks on the Downs, in Talbot Forest and along the Waihi and Orari Rivers, much of which is provided by other groups.

# Building consents – numbers still increasing

As a building consent authority under the Building Act, Council is required to process building consents in line with the relevant legislation. This year saw an 11% increase in consent numbers, with 99% of these processed within the required timeframes.

### Significant boost to LED Streetlighting

Council was successful in obtaining additional funding from the NZ Transport Agency for the LED Streetlighting conversions programme. This meant that LED replacements in Temuka and Geraldine were able to be completed ahead of schedule.



### Museum mezzanine floor upgrade

Stage One of the mezzanine floor upgrade at the South Canterbury Museum was completed during the year. Modular displays showcase a range of aspects of South Canterbury history set within a modern, interactive environment. The opening was attended by hundreds of locals who explored the new additions.



#### Fire Hit Hall nearly ready to go

The rebuild of the Westend Hall was nearly completed following a fire in June 2016. The rebuild will offer enhanced facilities, induding a meeting room and bar facilities



# Performance at a glance



building consents

processed – 11% increase on the previous year.

exhibitions at

Aigantighe

art gallery

93% tenant satisfaction with social housing

1,572 60.2

kilometres of roads resealed



# 18,922 tonnes

of material diverted from the landfill via recycling, composting and reuse

190 🕮

food premises audited (South Canterbury region) 88% resident satisfaction with safety of road network 6,689

school students participated in Museum programmes

90%

of residents satisfied with Council provided carparking

40

thousand+ swimming lessons at CBay

Timaru Botanical Gardens & Trevor Griffiths Rose Garden retain Garden of National Significance status

# .7 HOUR

median attendance time in response to urgent concerns regarding urban water supplies

# Day-to-day we...

Maintain over 1,700km of sealed and unsealed roads, 289 bridges and 309 km of footpaths.

Run libraries at Timaru, Temuka and Geraldine, with an increasing focus on libraries as a community hub for a range of recreational, cultural and learning opportunities for all residents.

Provide and manage over 540 hectares of parks, reserves, sports grounds and gardens throughout the district. Process and issue building and resource consents.

Operate 12 individual water supplies throughout the district that service 16,000 properties.

Manage 56 km of off road walking and cycling tracks.

Promote dog registration and responsible dog ownership as part of enhancing the safety of residents. Manage and maintain 40 public toilets in the CBD, local parks and in rural areas.

## Operate 4 swimming complexes across the district.

Manage and maintain an art gallery, museum and libraries that are free to visit for all residents and visitors to the district.

Manage a sewer asset base of oxidation ponds and wastewater treatment plants, 24 sewer pump stations, 346km of pipelines and 4000 manholes.

# The Year in Review 2016/17: Performance

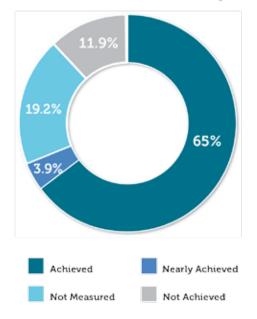


Council measures its performance each year using a core set of indicators that are determined through the Long Term Plan.

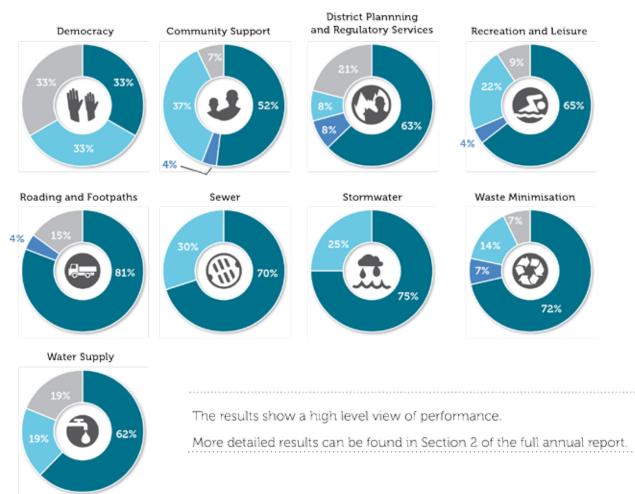
We have 177 performance measures that we report on across 9 groups of activities.

We achieved 115 of the 143 measured, nearly achieved 7, and 21 were not achieved. 34 were not measured this year, mainly due to our community survey being undertaken every two years.

**Overall Performance Summary** 



#### Performance Summary by Group of Activities



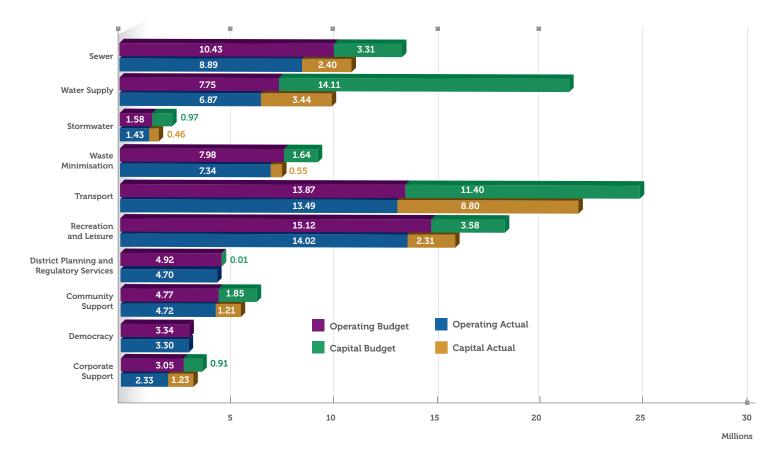
### The following is a selection of our significant performance measures

What we measure	How did we go?	Target met?
Democracy		
Council meetings items in open meeting	83%	X (target 90%)
Clear audit opinion Annual Report and audit	Achieved	$\checkmark$
Community Support		
Public Toilets cleaning standards	1 complaint	$\checkmark$
Airport user satisfaction	63%	X (target >82%)
Social Housing tenant satisfaction	93%	$\checkmark$
District Planning and Regulatory Services		
Building Consents issued within statutory timeframes	99.3%	X (target 100%)
Average processing time for resource consents reduces	12.16 days	$\checkmark$
Food Premises – Food Control Plan audits	92%	$\checkmark$
Recreation and Leisure		
Annual visitor numbers = Art Gallery = Museum = Libraries – stock turnover = Swimming Pools – lessons provided Off Road walking and cycling tracks	23,971 23,631 4.17 average issues per stock item 40,000+ 56km	√ X (target 24,000) √ √
Roading and Footpaths		
Footpaths resurfaced annually	7.6km	X (target 9km)

# The Year in Review 2016/17: Performance

What we measure	How did we go?	Target met?
Resurfacing of sealed roads annually	6.2% (60.2 km)	$\checkmark$
Resident satisfaction with:		
<ul> <li>Maintenance of sealed roads</li> </ul>	83%	$\checkmark$
<ul> <li>Safety of road network</li> </ul>	88%	$\checkmark$
<ul> <li>Street lighting in urban areas</li> </ul>	94.5%	$\checkmark$
Sewer		
Sewer overflow faults - median attendance and resolution time	attendance 0.6 hours	
	resolution 3.5 hours	$\checkmark$
Complaints per 1,000 connections	7.29	$\checkmark$
Stormwater		
Habitable floors affected in 50 year return flooding event	Zero	$\checkmark$
Complaints re performance of the stormwater system	1.6 per 1000 connections	$\checkmark$
Waste Minimisation		
Waste diverted from landfill via:		
<ul> <li>Composting Facility</li> </ul>	15,208 tonnes	$\checkmark$
Recycling	372 tonnes	$\checkmark$
Promotion of kerbside collection	2,500 items of information distributed	$\checkmark$
Water Supply		
Compliance with Drinking Water Standards (Bacterial compliance)	3 reticulation zones recorded some non- compliance	X target all treatment plants & reticulation zones are compliant
Urgent call outs – median attendance time	Urban 0.7 hours	$\checkmark$
	Rural 1.1 hours	$\checkmark$

# Expenditure by Activity 2016/2017



# Revenue and Expenditure 2016/2017

	ACTUAL	BUDGET
Rates Revenue	\$46.4M	\$46M
Other Revenue	\$34.8M	\$30.7M
Operating Expenditure	\$67M	\$72.8M
Capital Expenditure	\$20.4M	\$37.8M
Investments	\$62.6M	\$28.5M
Borrowings	\$92M	\$100.9M
Reserve Funds	\$38.6M	\$24.4M

### **Financial Performance**

This financial overview is for the year 1 July 2016 to 30 June 2017. It covers the consolidated financial statements of the group comprising Timaru District Council and its subsidiaries.

#### **Overall Result**

The Timaru District Council (parent) made a surplus of \$14.015m compared to a budget surplus of \$3.957m. The Group surplus was \$23.353m (after tax). Expenditure was below budget mainly due to reduced depreciation and interest expense required. Revenue was above budget due to increased fees  $\vartheta$  charges from landfill and vested assets.

The Group result was similar to 2016.

Council's debt remains slightly below projected values, with \$92.0m of debt at the end of June 2017 (Forecast: \$100.9m). Council is looking after \$785m of assets located throughout the district (Forecast: \$804m). Ratepayer's equity in the district increased by 1.87% to \$765.5m for the Council and by 2.81% to \$854.9m for the Group.

#### Summary Financial Statements – Timaru District Council

### Comprehensive Revenue and Expense for the year ended 30 June

	Group <sup>1</sup>			Parent	
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Revenue	86,813	81,568	81,173	76,763	78,765
Operating Expenditure	(62,345)	(64,063)	(62,587)	(66,681)	(62,522)
Finance costs	(5,193)	(5,476)	(4,423)	(6,125)	(4,609)
Share of surplus of associates	4,307	4,988	-	-	-
Library Collection debit revaluation reserve balance (expensed)	(148)	(121)	(148)	-	(121)
Net surplus/(deficit) before taxation	23,434	16,896	14,015	3,957	11,513
Taxation	(81)	(111)	-	-	-
Net surplus/(deficit) after taxation	23,353	16,785	14,015	3,957	11,513
Attributable to:					
Timaru District Council	23,353	16,785	14,015	3,957	11,513
Non-controlling Interest	-	-	-	-	-
Operating land revaluations	-	-	-	-	-
Financial instrument hedging	-	-	-	-	-
Income tax relating to financial instrument hedging	-	-	-	-	-
Total Other Comprehensive Revenue	-	-	-	-	-
Total Comprehensive Revenue	23,353	16,785	14,015	3,957	11,513
Attributable to:					
Timaru District Council	23,353	16,785	14,015	3,957	11,513
Non-controlling Interest	-	-	-	-	-

Notes: <sup>1</sup> Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited, Aoraki Development Business and Tourism Ltd and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Venture (82% owned).

# **Timaru District Council - Financial Performance**

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

	Group <sup>1</sup>					Parent			
	Actual 2017		Actual 2016		Actual	Budget	Actual		
	\$000	\$000	\$000	\$000	\$000	\$000	2017 \$000	2017 \$000	2016 \$000
	Parent	Minority Interests	Total	Parent	Minority Interests	Total			
Total Comprehensive Income	23,353	-	23,353	16,785	-	16,785	14,015	3,957	11,513
Prior Year Adjustment	-	-	-	29	-	29	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Equity at beginning of year	831,577	-	831,577	814,763	-	814,763	751,470	746,801	739,957
Equity at end of year	854,930	-	854,930	831,577	-	831,577	765,485	750,758	751,470

### **Financial Position as at 30 June**

	Group <sup>1</sup>		Parent		
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Equity	854,930	831,577	765,485	750,758	751,470
Total Equity	854,930	831,577	765,485	750,758	751,470
Current assets	68,223	61,275	63,353	48,057	55,706
Non-current assets	914,351	898,442	813,574	824,412	810,371
Current liabilities	25,429	37,917	25,651	31,629	38,144
Non-current liabilities	102,215	90,223	85,791	90,082	76,463

### Cash Movements for the year ended 30 June

	Group <sup>1</sup>		Parent		
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Cash Balance - 1 July	19,002	30,388	18,599	42,257	27,706
Net cash from operating	29,636	27,922	27,240	20,096	25,225
Net cash from investing	(26,478)	(40,792)	(22,104)	(29,893)	(39,016)
Net cash from financing	1,299	1,484	(1,701)	7,106	4,684
Cash Balance - 30 June	23,459	19,002	22,034	39,567	18,599

Notes: <sup>1</sup> Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited, Aoraki Development Business and Tourism Ltd and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Venture (82% owned).

### **1. 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 Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These summary financial statements have been extracted from the full financial statements, which were authorised for issue on October 31 2017.

The full financial statements have been prepared in accordance with NZ GAAP. As disclosed in the full financial statements, they comply with Tier 1 Public Benefit Entity Accounting Standards. This Summary has been prepared in accordance with Public Benefit Entity (PBE) FRS43: Summary Financial Statements.

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

The 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.

The full financial report and this summary received an unqualified audit opinion. The full financial report was authorised by the Council on 31 October 2017. This summary was authorised by the Timaru District Council Group Manager, Corporate Services, Tina Rogers on 10 November 2017.

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

Timaru District Holdings Limited (TDHL) has a loan outstanding from TDC of \$22.2M (2016: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$2.6M (2016: \$2.3M) were paid by TDHL to TDC during the year.

TDC has contingent liabilities, including:

Housing NZ has provided \$1.1M as at 30 June 2017 (2016: \$1.1M) towards the construction of social housing units. This advance is repayable with interest, if the Council withdraws its investment in joint funded social housing.

Timaru District Council 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 2017, NZLGFA had borrowings totalling \$7.8 billion (2016: \$6.5 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.

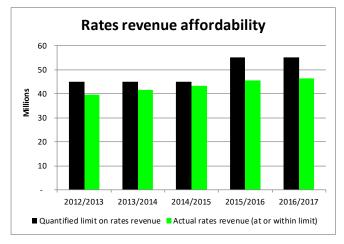
#### 2. Changes in Accounting Policy

There are no changes in accounting policies in the year.

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

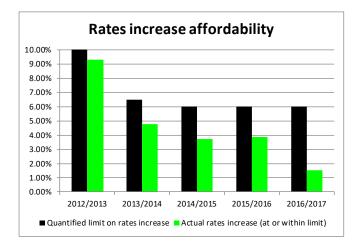
### 1. Rates (revenue) affordability benchmark

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$45m (from 2012/13 to 2014/15) and \$55m (from 2015/16).



#### 2. Rates (increase) affordability benchmark

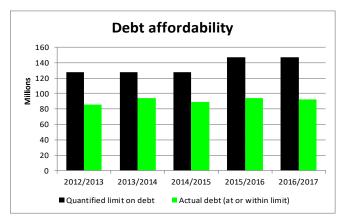
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% (from 2012/2013), except for the 2012/2013 year, where the limit is 10% and the 2013/2014 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 to 2014/15) and \$147m (from 2015/16).

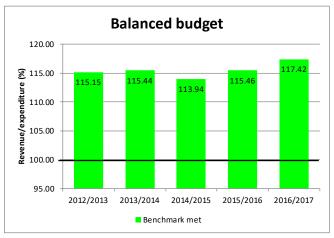
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



### 4. Balanced budget benchmark

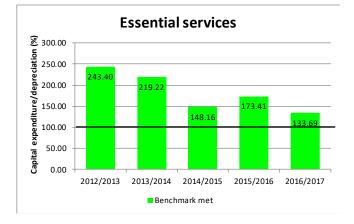
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

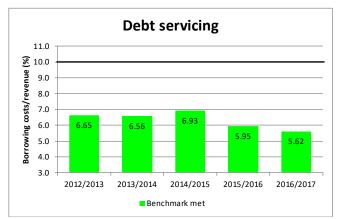
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 6. Debt servicing benchmark

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

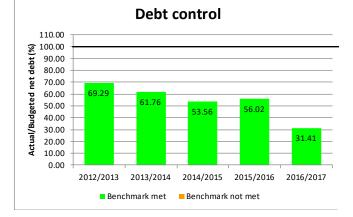
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### 7. Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt as per Council's long-term plan. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

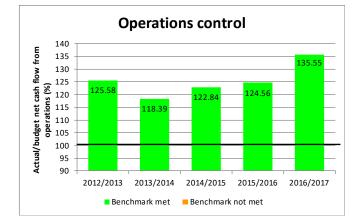
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### 8. Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# AUDIT NEW ZEALAND

Mana Arotake Aotearoa

### **Independent Auditor's Report**

### To the readers of Timaru District Council and group's summary annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Timaru District Council (the District Council and group) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 12 to 20:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash movement for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance measures by activity.

#### Opinion

In our opinion:

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

#### Summary of the annual report

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

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

# The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

# Council's responsibility for the summary of the annual report

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

### Auditor's responsibility

Our responsibility is to express an opinion on

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

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

In addition to reporting on the summary of the annual report, we have reported on the full annual report and have carried out a limited assurance report on the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council or its subsidiaries and controlled entities

I'm Lottia

lan Lothian Audit New Zealand On behalf of the Auditor General Christchurch, New Zealand 10 November 2017

## Your Council, and Community Boards (as at September 2017)



### Damon Odey

Mayor

mayorspa@timdc.govt.nz (03) 687 7200 (work) (03) 684 9325 (home) 027 201 1920



### **Richard Lyon**

Deputy Mayor Pleasant Point-Temuka Ward Councillor

richard.lyon@timdc.govt.nz (03) 614 7369 (home) 027 426 9735



### Paddy O'Reilly

Pleasant Point-Temuka Ward Councillor

patrick.oreilly@timdc.govt.nz (03) 615 7281 (home) 027 441 6725



#### **Kerry Stevens**

Geraldine Ward Councillor

kerry.stevens@timdc.govt.nz (03) 693 7442 (home) 021 043 6651



### Nigel Bowen

**Timaru Ward Councillor** 

nigel.bowen@timdc.govt.nz (03) 688 1053 (home) 027 622 1111



### Peter Burt

Timaru Ward Councillor peter.burt@timdc.govt.nz (03) 688 4002 (home) 027 688 2013

## Your Council, and Community Boards (as at September 2017)



### Dave Jack

**Timaru Ward Councillor** 

dave.jack@timdc.govt.nz (03) 686 9320 (home) 027 770 000



### Andrea Leslie

#### Timaru Ward Councillor

andrea.leslie@timdc.govt.nz (03) 614 7369 (home) 027 614 3768



Sally Parker

Timaru Ward Councillor sally.parker@timdc.govt.nz (03) 687 2280 ext 8647(work) 027 455 5237



### Steve Wills

Timaru Ward Councillor

steve.wills@timdc.govt.nz (03) 686 9072 (home) 027 621 8404

#### **Geraldine Community Board**

Wayne O'Donnell (Chairperson)	03 693 7066	w.d.odonnell@xtra.co.nz
Jarrod Marsden (Deputy Chairperson)	03 693 7308	marsdeneng@gmail.com
Janene Adams	03 693 7693	janeneadams@gmail.com
Jan Finlayson	03 693 7297	janfinlayson@xtra.co.nz
Jennine Maguire	03 693 9953	geraldineglass@clear.net.nz
Gavin Oliver	03 693 8842	gavinpeteroliver@gmail.com

Plus Geraldine Ward Councillor Kerry Stevens

#### **Pleasant Point Community Board**

John McDonald (Deputy Chairperson)	03 614 7619	pleasantpoint@foursquare-si.co.nz			
Neville Gould	03 614 7760	tengawai@slingshot.co.nz			
Raewyn Hessell	03 614 7356	sturaehessell@xtra.co.nz			
Karalyn Reid	03 614 7858	karalynjoyce@xtra.co.nz			
Bernie Wilson	03 614 7097	goodstock@xtra.co.nz			
Plus Pleasant Point-Temuka Ward Councillors Richard Lyon (Chairperson) and Paddy O'Reilly					

### **Temuka Community Board**

Alison Talbot (Deputy Chairperson)	03 615 9189	steveali@xtra.co.nz			
Noeline Clarke	03 615 8111	j.n.clarke@xtra.co.nz			
Stephanie McCullough	03 615 7097	mcculloughp@xtra.co.nz			
Lloyd McMillan	03 615 8231	mcmillan-clan@xtra.co.nz			
Charles Scarsbrook	03 615 9444	homemade@xtra.co.nz			
Plus Pleasant Point-Temuka Ward Councillors Paddy O'Reilly (Chairperson) and Richard Lyon					



#### Timaru District Council

2 King George Place PO Box 522, Timaru 7940 T (03) 687 7200 F (03) 687 7209 E enquiry@timdc.gov.nz

#### Temuka Service Centre

72-74 King Street, Temuka T (03) 687 7591 F (03) 615 8538

#### Geraldine Service Centre

73 Talbot Street, Geraldine T (03) 693 9336 F (03) 693 9451

www.timaru.govt.nz