



Annual Report 2014/15

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 car parks
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
49km 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.....

Mayor/Chief Executive's Welcome

Welcome to the 2014/15 Timaru District Council Annual Report Summary

The last 12 months have been a time of consolidation for the District.

We saw the completion of some significant infrastructure and asset projects – the sort of work that uses a lot of your rates and goes on behind the scenes, but helps keep the Timaru District a great place to live. Some of the biggest infrastructure work included:

- Commissioning of the new \$17M Timaru Wastewater Treatment Plant to provide tertiary treatment of domestic sewage, which is then combined with the millscreened industrial wastewater and discharged via the existing ocean outfall
- Extensions at Redruth Landfill with the construction of a new landfill cell for residual waste
- Ongoing upgrading of urban water supplies, including replacement of pipes, valves, hydrants and other water supply assets that have reached the end of their design life
- Progressing the Factory Road two-lane bridge project and construction of a roundabout at the Wai iti/Morgans/Barnes Streets intersection in Timaru to help improve traffic flow.

Our residents and visitors continue to enjoy the amenities the district offers. Some of the highlights provided by the Council included:

- Popular exhibitions with a local flavour at the Aigantighe Art Gallery and the Museum such as the Timaru Herald 150 Years Journey Through Time, and Into Hell Itself: Local Experiences of Gallipoli 1915
- Increasing numbers visiting CBay – the Caroline Bay Trust Aoraki Centre, with over 300,000 admissions during the year
- Construction of a new section of shared cycleway/walkway from Saltwater Creek to Jack's Point, south of Timaru
- Upgrades to public toilets including Geraldine Men's toilets, Timaru Botanic Gardens unisex facilities, Winchester toilets and facilities at Arundel and Rangitata Huts.

During the year, a major task was the preparation and completion of the Long Term Plan 2015-25. As part of this, we sought your views on the big issues facing the district over the next 10 years like roading funding, handling our heritage and culture, slicing the general rates pie, and securing our future water supplies. Thanks to those who made the effort to give us feedback. We really appreciated this and all of the points you made were considered by the Council.

You can read more about our year, our performance and achievements in this summary or the full Annual Report document.

Financial Performance

Financially, the Council has achieved a net surplus of \$8.7M compared to a forecast surplus of \$6.0M. The main reasons for this surplus are:

- Increased revenue from interest revenue due to increased investments held over the year resulting from delays in capital projects.
- Increases in revenue from unexpected donations (e.g. for the library and Botanic Gardens) and higher income for solid waste, water sales and contributions to projects.
- Lower finance costs due to timing of expenditure and reduced interest rates

- A decrease in the expected remaining life of the Redruth landfill, meaning an increase in the required aftercare provision. Waste tonnes to the landfill have increased during the year due to the amount of commercial activity.
- Lower costs for depreciation due to 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 interest revenue, additional fees and contributions.

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 \$109.8M compared to forecast \$120.5M, while we look after \$849.7M of assets located throughout the district (Forecast: \$852.8M).

Final Words

Timaru District is going well. We have a strong and diverse economic base. Latest economic growth statistics indicate that the district continues to grow steadily. Much of this has been due to a strong rural economy. We are all aware that recent falls in dairy prices will have an effect locally, as will the 2014/15 summer drought and potential ongoing weather challenges due to El Nino. We will monitor the impact of these factors and will continue working together with you to keep our district prospering.

We sincerely thank those who have contributed to the achievements outlined in this report – the community, volunteers, elected members, Council staff, agencies we work with, and contractors. The district's success is a team effort and your efforts and commitment to our district is crucial.



Damon Odey
Mayor

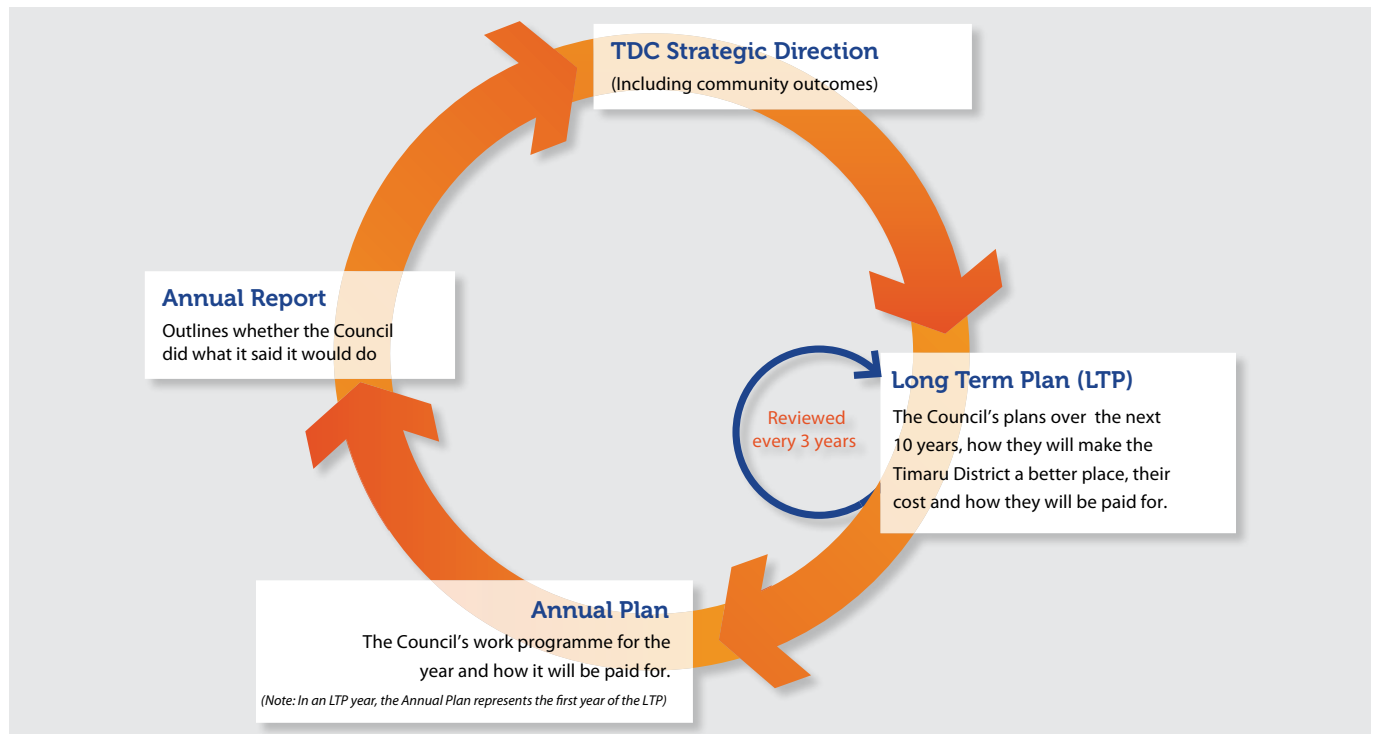


Peter Nixon
Chief Executive

About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2014/15 Annual Plan (or Year three of the 2012-22 Long Term Plan) as required by Section 98 of the Local Government Act 2002. This document summarises the full Annual Report.

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 Aquatic 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

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

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

Highlights of the year

Heritage Education programme continues to be popular

A growing number of local schools are using the Heritage Education Service. This programme, funded by the Ministry of Education provides over 30 curriculum linked programmes at the museum and in the field. Programmes range from science, social science, technology and the arts.

The service received high levels of teacher satisfaction with the programmes offered and a positive evaluation from the Ministry of Education.

This is a great way to introduce some of our younger residents to the treasures housed at our Museum. Topical exhibitions continue to be popular with residents and visitors.

These exhibitions included:

- Shaping South Canterbury – focusing on local engineering heritage
- 1914: South Canterbury on the Eve of War – a look at how our region reacted to the outbreak of war in 1914
- Into Hell Itself: Local Experiences of Gallipoli 1915 – focusing on experience local men had in the first major battle for New Zealand forces in the First World War
- Chosen Threads: Highlights of local women's fashion 1890-1990 – exhibiting garments selected from our stored collection to highlight the diversity and changes of local fashion through time
- Wild Suburbia: Life and Death in your Backyard – looking at the wildlife large and small that can be found in local gardens.



New roundabout at a busy Timaru intersection

A new roundabout was completed at the Wai-Iti/Morgans/Barnes Streets intersection in Timaru. This intersection is one of the busiest in Timaru and the roundabout is designed to improve traffic flows at peak times.

Upgrades to Public Toilets

Public toilets across the district are important to both residents and visitors for health and hygiene reasons as well as helping to create a good impression for visitors to the district. There have been a number of upgrades and new constructions during the year including the Cox Street – Geraldine Men's toilets, Timaru Botanic Gardens unisex facilities, Winchester toilets and facilities at Arundel and Rangitata Huts.



The Year in Review

Ongoing infrastructure development helps to progress residential development

Development of stormwater management infrastructure is continuing in the Gleniti area with the completion of a bund at Mountainview Road. This is part of the stormwater management provisions of the District Plan to help mitigate flooding in the area.

Completion of Timaru Wastewater Treatment Plant

The new \$17m Timaru Wastewater Treatment Plant has been commissioned. This has been a major project that has taken several years to bring to conclusion. It completes the \$62m sewerage strategy. The new plant provides tertiary treatment of domestic sewage, by the oxidation, maturation and wetland ponds, before combining with the milliscreened industrial wastewater and discharging via the existing ocean outfall.



A new addition to the District's walkway/cycleway

A new section of shared walkway/cycleway was constructed from Saltwater Creek to Jacks Point. This is an extension to the already popular track that extends from the top of Gleniti Road through Centennial Park, Saltwater Creek and a coastal section. With this new addition the Council is now maintaining 49 kms of off road walkways/cycleways throughout the district.



Joint Venture at Port pays dividends

Timaru District Holdings Ltd, which oversees the governance of the Council's shareholding in PrimePort Timaru, received a \$300,000 dividend this year.

The alliance with Port of Tauranga has resulted in a considerable growth in container traffic through PrimePort Timaru. As well as contributing to profits this has opened up new opportunities for exporters region wide. Trade in logs fertilisers and stock feed also increased significantly. The construction of the Holcim Storage facility is progressing and this along with upgrades to No2 Wharf will see a significant cement distribution trade operating from the port in the near future.

Highlights of the year

Timaru Botanical Gardens are 150 years old

On 15 September 2014 a ceremony was held to mark the Timaru Botanic Gardens 150 years as a reserve. A magnificent *Metrosideros* 'Maungapiko' was planted by the Mayor and ably assisted by others present on the day. This tree is a cross between the hardy Southern Rata and the spectacular Pohutukawa. The tree planting was supplemented with a brief verbal history of the Botanic Gardens presented by the Parks and Recreation Manager. The Botanic Gardens land was originally owned by the Canterbury Provincial Council as a temporary Reserve. Members of the public petitioned the Provincial Council and it became a permanent Reserve. The Gardens are a popular destination for both residents and visitors, with additions to plant collections continuing to add interest and variety.



Opportunities for Local Artists at Aigantighe Art Gallery

As well as hosting exhibitions by International and New Zealand artists during the year there has been a strong focus on local artists from throughout the district. Over 147 local artists exhibited work at the gallery during the year. There have been community requests for this to become an annual show.

The ever popular Artarama (Festival of South Canterbury Student Art) continues to attract high quality art works from local students with over 446 entries to this year's festival.

Some of the most popular exhibitions during the year included:

- Timaru Herald 150 Years Journey Though Time – coinciding with the newspapers 1st edition in 1864
- Here and Now – an exhibition involving the local artists
- Minkisi Art and Belief in West Africa
- Quick turnaround exhibitions held in the entrance gallery including regional artists Diana Peneamene, Wayne Patrick and Linda Bulland
- Hope and Connections – a touring exhibition by local artists Debbie Templeton Page and Cindy King.



Protecting our drinking water

Work has continued on upgrading urban water supplies. This included replacement of pipes, valves, hydrants and other water supply assets that have reached the end of their design life plus renewals generated as a result of maintenance to the water supply network.

The Year in Review

New addition to Redruth Landfill

Construction of a new landfill cell at Redruth has commenced. There have been some delays in the design phase due to adverse weather, however the project is now nearing completion. The new cell will be used for residual waste. Based on current rates of disposal it is expected that one new cell will last approximately 7 years. However with ongoing work to minimise waste it is likely that this will be extended.



Resource Recovery Park progress

The Resource Recovery Park project at the Redruth transfer station is underway with the design report now completed. This project is designed to improve drop-off facilities as well as ultimately help with ongoing reduction of waste to landfill.



Bridge upgrade is a key transport link

Progress is continuing on the two laning upgrade of the Factory Road Bridge enroute to the Clandeboye dairy factory. The bridge has become a key route for milk tankers travelling to the dairy factory and with high traffic volumes – particularly heavy vehicles, the upgrading was a safety issue. Piling work has been completed and construction of the bridge piers is underway.

Council owned flats given a face lift

Council completed the second year of a three year project to upgrade a number of its social housing units. The focus is on improving insulation, heating and upgrading bathroom and kitchen facilities.

The flat refurbishment at Pye Courts in Temuka has proved particularly successful in this previously hard to tenant complex, and the aim is now to progressively upgrade the remaining units.



New Long Term Plan prepared

As part of preparing the Long Term plan 2015-25 for the district the Council asked for community input – we asked the question Are we there yet? – inviting the community to give us their views on the big issues facing the district over the next 10 year – like roading funding, handling heritage and culture, slicing the general rates pie, securing our future water supplies. A record high of 292 submissions were received, with many submitters choosing to access information and providing feedback online.

These submissions formed part of the Council's deliberations and are reflected in the Long Term plan 2015-25 adopted by Council to guide Council services for the next 10 years.

Performance at a glance



98.8%
of dogs in the district
were registered

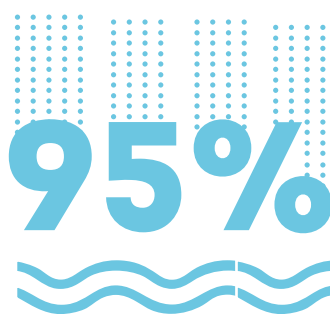
1,281

building consents
were issued.
Average processing
time: 12.5 days.

23,100

visitors to the Art Gallery

6.3% increase on the
previous year



of urgent concerns
reported to Council
regarding urban
water supplies
actioned within
one hour



11.6ha

of public parks per
1,000 population



97%

Occupancy of
Council social
housing units

78.56

kilometres
of road sealing
completed

19,037 tonnes

of material diverted from landfill via recycling,
composting and re-use

Accreditation
as a Building
Consent authority
was retained



77%

of residents were satisfied with
the maintenance of sealed roads
in the district



300

thousand
admissions to CBay

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 49Km 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 and museum 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.

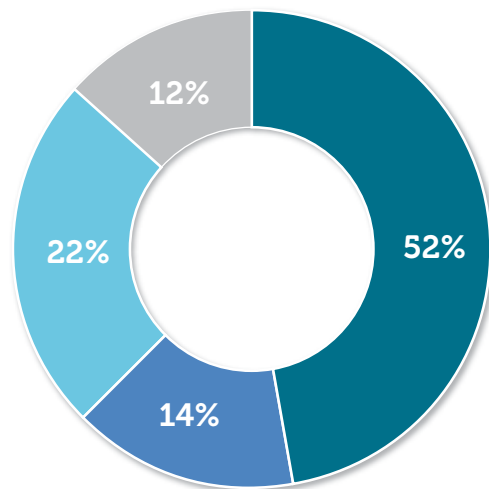
Measuring up

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

We have 147 performance measures that we report on across 9 groups of activities.

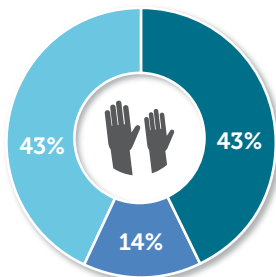
We achieved 77 of these, nearly achieved 20, and 18 were not achieved. 32 were not measured this year due to our community survey being undertaken every two years.

Overall Performance Summary

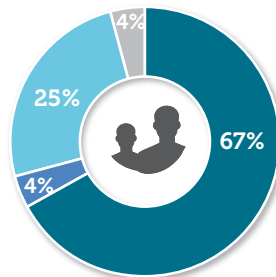


Performance Summary by Group of Activities

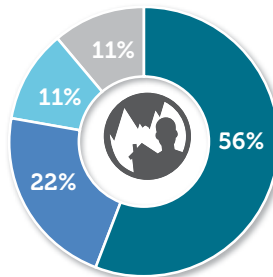
Democracy



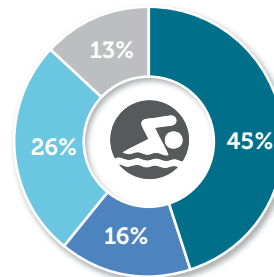
Community Support



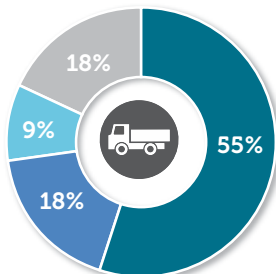
District Planning and Regulatory Services



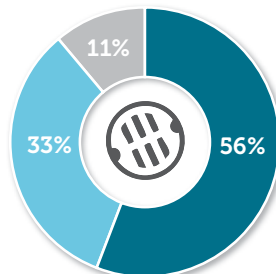
Recreation and Leisure



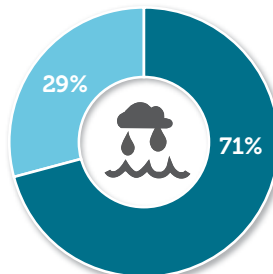
Roading and Footpaths



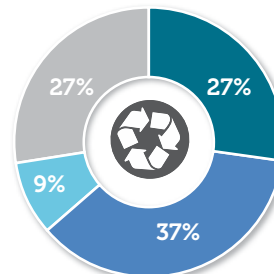
Sewer



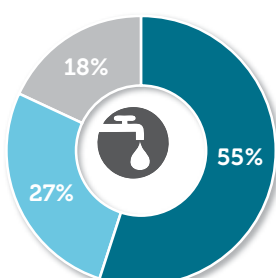
Stormwater



Waste Minimisation



Water Supply



The results show a high level view of performance.

More detailed results can be found in Section 2 of the full annual report.

The Numbers

Expenditure

\$67.1M vs **\$68.6M**
ACTUAL BUDGETED

Borrowings

\$89.0M vs **\$102.3M**
ACTUAL BUDGETED

\$43.2M

Rates Revenue

\$33.1M

Other Income

e.g. fees, interest, dividends

\$32.4M

Reserve Funds

\$45.0M

Investments

in bank deposits and
bond securities

\$52.5M


Operating
Expenditure

to keep all our services and
facilities running day-to-day

\$20.2M

Capital
Expenditure

Full details of our financial performance
can be found in Sections 2 and 3 of the
full annual report.





Timaru District Council - Financial Performance

Financial Performance

This financial overview is for the year 1 July 2014 to 30 June 2015. 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 \$8.673m compared to a budget surplus of \$5.985m. The Group surplus was \$16.467m (after tax). Expenditure was below budget mainly due to reduced depreciation and interest expense required. Revenue was above budget due to increased interest received and fees and charges.

The Group result was similar to 2014 and variances are due to changes in ownership of Primeport Timaru Ltd early in 2014.

Council's debt remains slightly below projected values, with \$89.1m of debt at the end of June 2015 (Forecast: \$102.3m). Council is looking after \$772m of assets located throughout the district (Forecast: \$788m). Ratepayer's equity in the district increased by 1.19% to \$740.0m for the Council and by 2.31% to \$814.8m for the Group.

Summary Financial Statements – Timaru District Council

(All amounts in \$NZ)

Comprehensive Revenue and Expense for the year ended 30 June

	Group ¹		Parent		
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Revenue	80,220	82,716	75,788	74,626	74,244
Operating Expenditure	(62,482)	(64,287)	(61,719)	(62,377)	(58,207)
Finance costs	(6,263)	(5,540)	(5,290)	(6,264)	(4,773)
Share of surplus of associates	5,203	3,214	-	-	-
Library Collection debit revaluation reserve balance (expensed)	(106)	(107)	(106)	-	(107)
Net surplus/(deficit) before taxation	16,572	15,996	8,673	5,985	11,157
Taxation	(105)	(292)	-	-	-
Net surplus/(deficit) after taxation	16,467	15,704	8,673	5,985	11,157
Attributable to:					
Timaru District Council	16,467	15,627	8,673	5,985	11,157
Non-controlling Interest	-	77	-	-	-
Operating land revaluations	-	-	-	-	-
Financial instrument hedging	-	-	-	-	-
Income tax relating to financial instrument hedging	-	-	-	-	-
Total Other Comprehensive Revenue	-	-	-	-	-
Total Comprehensive Revenue	16,467	15,704	8,673	5,985	11,157
Attributable to:					
Timaru District Council	16,467	15,627	8,673	5,985	11,157
Non-controlling Interest	-	77	-	-	-

Notes: ¹ 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 ¹						Parent		
	Actual 2015			Actual 2014			Actual	Budget	Actual
	\$000	\$000	\$000	\$000	\$000		2015 \$000	2015 \$000	2014 \$000
	Parent	Minority Interests	Total	Parent	Minority Interests	Total			
Total Comprehensive Revenue	16,467	-	16,467	15,627	77	15,704	8,673	5,985	11,157
Capital Gains	-	-	-	2	-	2	-	-	-
Recognition/ (derecognition) of subsidiary	1,894	-	1,894	18	(17,736)	(17,718)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Equity at beginning of year	796,402	-	796,402	780,755	17,659	798,414	731,284	726,380	720,127
Equity at end of year	814,763	-	814,763	796,402	-	796,402	739,957	732,365	731,284

Financial Position as at 30 June

	Group ¹		Parent		
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Equity - Parent	814,763	796,402	739,957	732,365	731,284
Equity - Minority Interests	-	-	-	-	-
Total Equity	814,763	796,402	739,957	732,365	731,284
Current assets	55,863	51,335	50,124	36,098	46,534
Non-current assets	884,860	872,368	799,609	816,727	795,340
Current liabilities	17,489	20,690	17,993	34,098	21,049
Non-current liabilities	108,471	106,611	91,783	86,362	89,541

Cash Movements for the year ended 30 June

	Group ¹		Parent		
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Cash Balance - 1 July	19,542	24,192	16,736	30,472	21,145
Cash removed on partial disposal of subsidiary	-	(3,663)	-	-	-
Net cash from operating	28,324	25,389	26,101	21,248	23,133
Net cash from investing	(11,561)	(26,536)	(10,114)	(31,426)	(35,673)
Net cash from financing	(5,917)	(179)	(5,017)	8,694	8,131
Cash Balance - 30 June	30,388	19,203	27,706	28,988	16,736

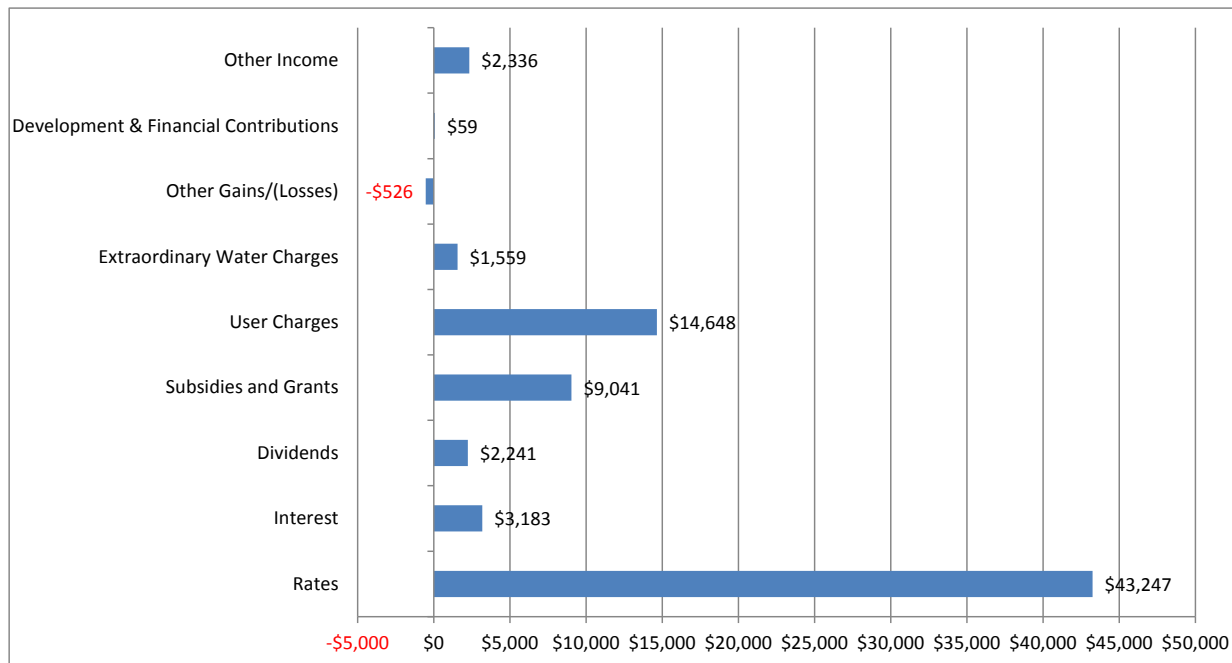
Notes: ¹ Timaru District Council group consists of Timaru District Council and its subsidiaries, Timaru District Holdings Limited, Aoraki Development Business and Tourism Ltd and Aorangi Stadium Trust (all 100% owned) and Downlands Water Supply Joint Venture (82% owned).

Timaru District Council - Financial Performance

Operating Revenue (Parent)

The Council received \$75.8m of operating revenue during the year, with \$43.2m (57.1%) from rates.

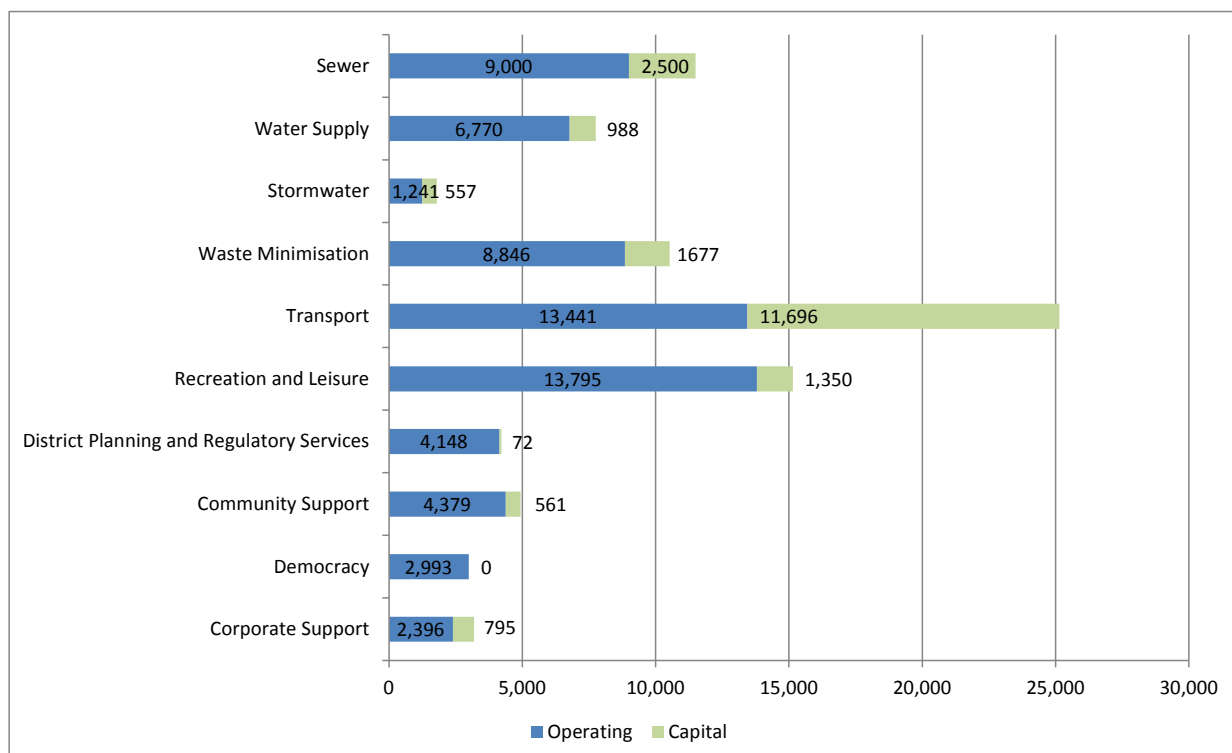
Timaru District Council
Operating Revenue by type 2014/15



Expenditure (Parent)

The Council spent \$67.0m on operating expenditure and finance costs and \$20.2m on capital expenditure during the year.

Timaru District Council
Expenditure by Activity 2014/15



Timaru District Council - Financial Performance

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 27, 2015.

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.

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 27 October 2015. This summary was authorised by the Timaru District Council Group Manager, Corporate Services, Tina Rogers on 17 November 2015.

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 (2014: \$22.2M). There are no fixed repayment terms for this loan. Dividends of \$2.2M (2014: \$2.1M) were paid by TDHL to TDC during the year.

TDC has contingent liabilities, including:

- Housing NZ has provided \$1.1M as at 30 June 2015 (2014: \$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 2015, NZLGFA had borrowings totalling \$5.0 billion (2014: \$3.7 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

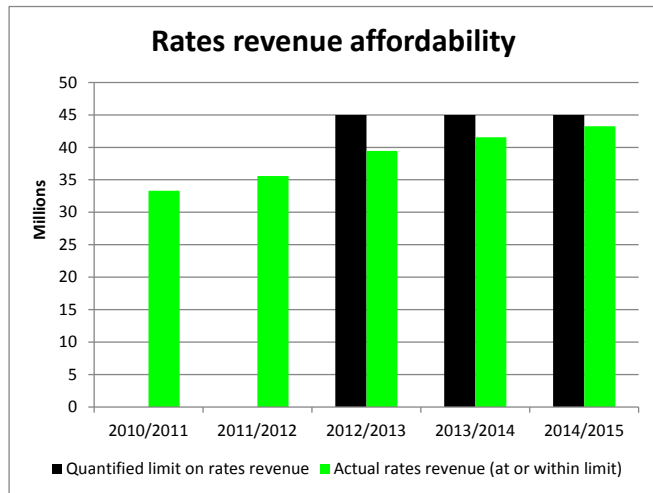
These financial statements are the first financial statements prepared in accordance with the new PBE Accounting Standards. There are no material adjustments arising on transition to the new accounting standards.

Disclosure Statement

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

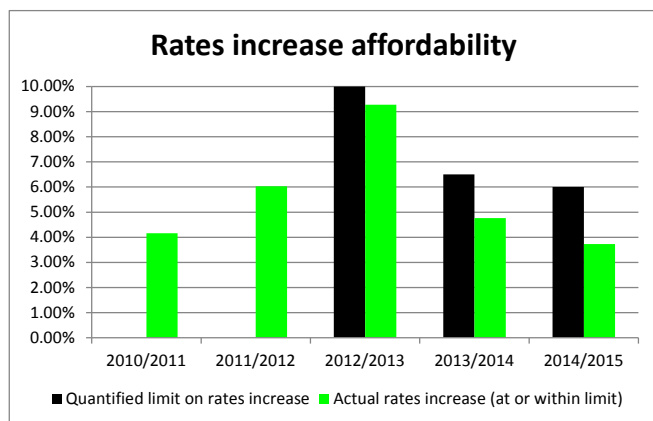
1. Rates (revenue) affordability benchmark

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



2. Rates (increase) affordability benchmark

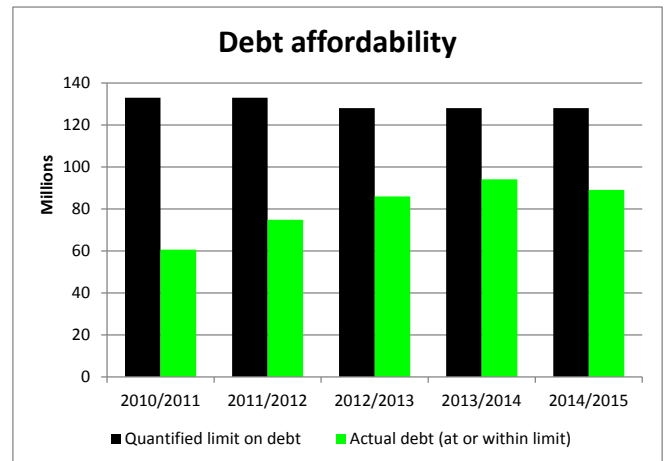
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% (from 2012/2013), except for the 2012/2013 year, where the limit is 10% and the 2013/2014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

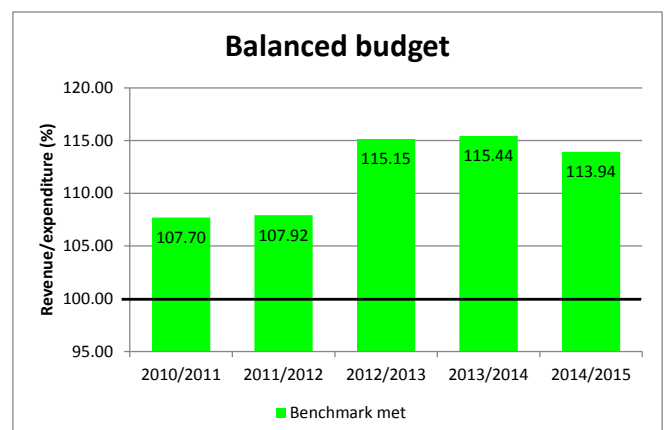
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.



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).

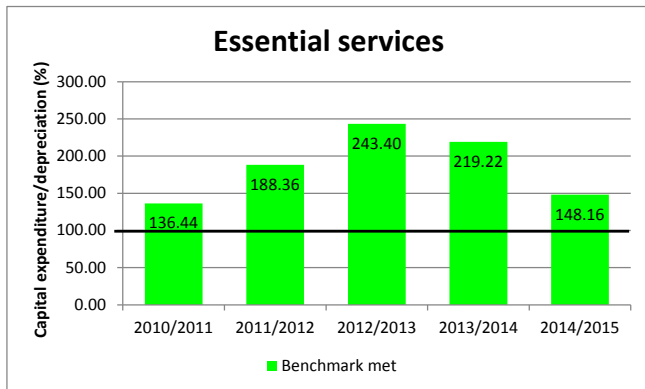
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Disclosure Statement

5. Essential services benchmark

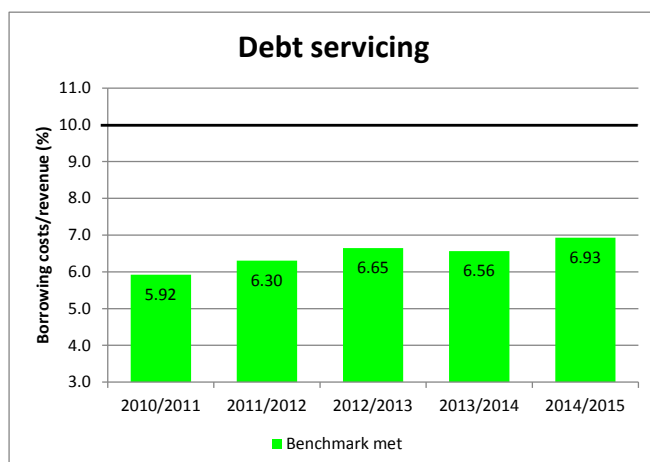
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



6. Debt servicing benchmark

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

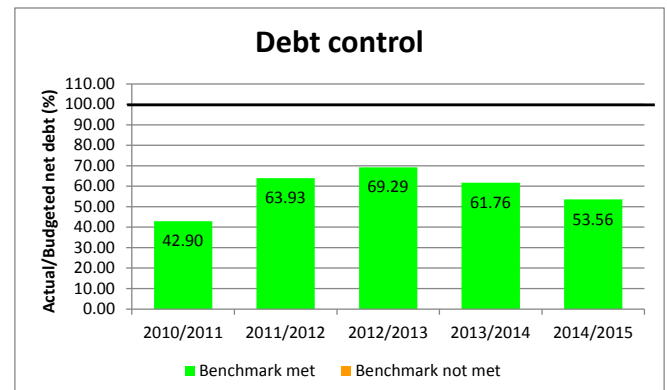
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



7. Debt control benchmark

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

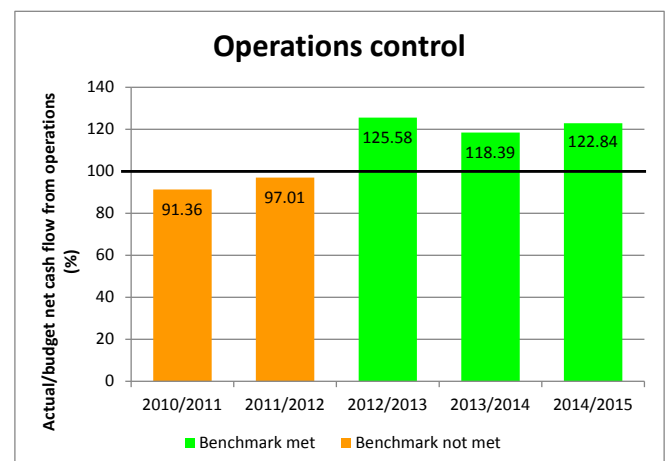
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



8. Operations control benchmark

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

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



Independent Auditor's Report

To the readers of Timaru District Council's and group's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of Timaru District Council (the District Council) and group for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 6 to 19:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as 'The Year in Review') of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 27 October 2015.

Opinion

In our opinion:

- the summary 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.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 27 October 2015 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Julian Tan,
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
17 November 2015

Your Council, and Community Boards



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

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Pat Mulvey

Pleasant Point-Temuka
Ward Councillor

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Kerry Stevens

Geraldine Ward Councillor

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Steve Earnshaw

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Dave Jack

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Your Council, and Community Boards



Anthony Brien

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Tracy Tierney

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Steve Wills

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Geraldine Community Board

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Jarrod Marsden (Deputy Chair)	03 693 7308	marsdeneng@gmail.com
Shaun Cleverley	03 693 9300	shaun@vlime.co.nz
Jan Finlayson	03 693 7297	janfinlayson@xtra.co.nz
Chris Fisher	03 697 4840	rochelle.chris@xtra.co.nz
McGregor Simpson	03 693 9696	margesimpson@clear.net.nz
Plus Geraldine Ward Councillor Kerry Stevens		

Pleasant Point Community Board

John McDonald (Deputy Chair)	03 614 7619	pleasantpoint@foursquare-si.co.nz
Neville Gould	03 614 7760	tengawai@slingshot.co.nz
Raewyn Hessel	03 614 7356	sturaehessel@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 (Chair) and Pat Mulvey		

Temuka Community Board

Paddy O'Reilly (Deputy Chair)	03 615 7281	patrickajoreilly@gmail.com
Noeline Clarke	03 615 8111	j.n.clarke@xtra.co.nz
Lloyd McMillan	03 615 8231	mcmillan-clan@xtra.co.nz
Charles Scarsbrook	03 615 9444	homemade@xtra.co.nz
Alison Talbot	03 615 9189	steveali@xtra.co.nz
Plus Pleasant Point-Temuka Ward Councillors Pat Mulvey (Chair) and Richard Lyon		





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