



AGENDA

Extraordinary Council Meeting Tuesday, 14 November 2023

Date Tuesday, 14 November 2023

Time 9am

Location Council Chamber
District Council Building
King George Place
Timaru

File Reference 1629592

Timaru District Council

Notice is hereby given that a meeting of the Extraordinary Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Tuesday 14 November 2023, at 9am.

Council Members

Mayor Nigel Bowen (Chairperson), Cirs Allan Booth, Peter Burt, Gavin Oliver, Sally Parker, Stu Piddington, Stacey Scott, Scott Shannon, Michelle Pye and Owen Jackson

Quorum – no less than 5 members

Local Authorities (Members' Interests) Act 1968

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

Bede Carran

Chief Executive

Order Of Business

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- 1 Apologies**
- 2 Public Forum**
- 3 Declaration of Conflict of Interest**

4 Reports

4.1 Adoption of Annual Report 2022/23

Author: Jason Rivett, Financial Advisor
Andrea Rankin, Chief Financial Officer

Authoriser: Bede Carran, Chief Executive

Recommendation

1. That Council receive and adopt the Annual Report for the year ended 30 June 2023.
2. That the Mayor and Chief Executive are delegated authority to make minor corrections.

Purpose of Report

- 1 To present Council with its Annual Report for the year ended 30 June 2023 with a recommendation that it be adopted.

Assessment of Significance

- 2 This matter is of low significance under the Council's Significance and Engagement Policy. All councils are required to report annually on their activities and financial performance under Section 98 of the Local Government Act 2002. While the Annual Report and the performance of Council has wide interest it is a reporting matter, and as such it does not request or require decisions that affect levels of service, rates or strategic assets.

Background

- 3 The Local Government Act 2002 (*the Act*) requires the Council to prepare and adopt an Annual Report within four months of the end of its financial year. The Council has a 30 June balance date, which require Council to complete and adopt its Annual Report no later than the close of 31 October 2023.
- 4 The Act requires the Annual Report to be audited and Audit New Zealand (Audit NZ) have been appointed by the Auditor General to conduct the audit.
- 5 The Annual Report Audit Plan was reported to the Audit and Risk Committee in July 2023, with the audit timetable advised via the Audit Plan as below:
 - (i) Partial Interim audit – 19 June 2023
 - (ii) Final audit Commencing on 18 September 2023
 - (iii) ARC and Council meeting dates to be confirmed
 - (iv) Audit opinion issued by 31 October 2023
- 6 Council was scheduled to adopt the 2022/23 Annual Report on 31 October 2023, however as a result of delays finalising the final financial statements, Audit NZ were unable to issue an audit opinion as at this date. Council was therefore unable to meet the statutory requirement.
- 7 Given the delays in adopting it is appropriate and necessary to include a note within the Annual Report's Statement of Compliance that refers to the delay. The note reads as follows:

'The Council and management of the Timaru District Council confirm that not all the statutory requirements of the Local Government Act 2002 have been complied with.

The Timaru District Council was required under section 98(3) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 October 2023. This timeframe was not met.'

Discussion

- 8 The purpose of the Annual Report is to:
- Compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and
 - Promote the local authority's accountability to the community for the decisions made throughout the year by the local authority (*Local Government Act: S98:2*).
- 9 The Annual Report (attached) outlines the achievements of Council and the financial and non-financial performance against Year 2 of the 2021-31 Long Term Plan.
- 10 On 17 October 2023, Council resolved to delegate to the Chair of the Audit and Risk Committee Bruce Robertson and Independent Member Janice Fredric authority to recommend that the final version of the Annual Report 2022/23 be adopted by Council.

Notable achievements, events and non-financial performance measures

- 11 Key Performance Indicators (KPIs) for the year 1 July 2022 – 30 June 2023 were set in the Long Term Plan 2021-31 (LTP). The results reported on are for year 2 of the LTP. They provide an overview of Council's performance on key projects and initiatives, and progress towards our outcomes.
- 12 Council has 111 performance measures with targets that we report on across 9 groups of activities. The purpose of the performance measures is to provide the community with a view of the standard to which Council is delivering its services and activities. In summary:
- (i) 64% of targets (71 measures) were achieved
 - (ii) 4% (5 measures) were nearly achieved. Note: Nearly Achieved applies where the result achieved was within 5% of target
 - (iii) 19% (21 measures) were not achieved
 - (iv) 13% (14 measures) were not measured. Of the 14 measures that were not measured this year, 13 of these are biennial measures relating to the community survey which will be conducted in 2023/24. Even though the survey is 2-yearly, the same levels of service were maintained for the 2022/23 year. The outstanding measure from the 14 relates to conducting a user satisfaction survey of applicants for resource consents. Without a full team of consents planners during the reporting period, the focus of in-house officers has remained on service delivery in terms of processing consents within the statutory timeframe.
- 13 In respect of the performance measure targets not achieved, the details on each performance measure can be viewed in the Council activity reports section of the Annual Report.
- 14 The Annual Report notes achievements against the work programme for all of Council's activities. There is an emphasis on significant events outlined in the overview section of the

Annual Report and at the start of each Group of Activities. For the current Annual Report a selection of notable events includes:

- (i) **Governance and Strategy** – The Geraldine, Pleasant Point and Temuka Community Boards are an important part of the district’s democratic voice because of their close connection with local communities. Each of the boards developed a strategic plan for its township and surrounding rural areas to help research, prioritise, coordinate and fund the right projects and initiatives that Council, the Community Board, and members of the wider commercial and not for profit community could undertake to make a real difference in local areas.

- (ii) **Community Support**

- a. Timaru Airport - There’s been an 18% increase in passenger numbers using Timaru airport. The year’s figures show a recovery in numbers following on from the effect of travel restrictions during Covid lockdowns. In the last year, 45,539 passengers used the airport.
- b. Emergency Management - The instalment of six new or replacement sirens across the Timaru District began in June. Implementation of the South Canterbury Emergency Management roster has created a more sustainable and professional duty system. The multi-agency planning group for the AF8 response plan has proven effective and beneficial in progressing the plan. In addition, Council monitored a number of coastal and flood events over the year, and responded to the Rangitata and Opihi flood events which included a State of Emergency local declaration to assist with the evacuation of Mill Road hut settlement.
- c. Social Housing: With housing standards and affordability being a significant issue across the country, the Council has continued to prioritise completing Healthy Homes assessments and undertaking upgrades and maintenance to Healthy Homes standards.

- (iii) **Environmental Services**

- a. District Plan Review – The name for the 'Proposed District Plan - He Po. He Ao. Ka Awatea', means 'a new day' or 'a new beginning'. Significant progress was made during the year on the formal review of the District Plan, including the important step of hearing from our communities. In September, the Proposed Plan was released for community consultation, with 254 submissions received.
- b. Animal Control - This year we had a large increase in the uptake of the educational programmes on dog control and safety that we offer to schools, preschools and other organisations. Over 2022/23 we ran 49 education programmes, up from 15 the previous year. These initiatives make a valuable contribution to keeping our communities safe.

- (iv) **Recreation and Leisure**

- a. Aigantighe Art Gallery - 2022/23 was an extraordinary year of activity at the Art Gallery, with a broad range of dynamic exhibitions, events, and public programmes to inspire visitors, with 16 exhibitions, 20 public programmes, four school holiday programmes and a range of events were delivered including the touring show Rare and Unrivalled beauty from the Kelliher Trust. RSM Law Plunket Art Show and Winchester Artist David Woodings "And now Pictured

this...". The visitor numbers have lifted slightly but are not yet back to pre-Covid levels.

- b. South Canterbury Museum - The number of museum service users increased to 25,760 – an increase of over 8,000 users from the previous year, with a 91% user satisfaction rating achieved. A number of highly successful summer holiday programmes were conducted with high levels of public engagement, which included the Sunsational Summer Challenge, the summer holiday fossil field trip, and the annual Retro Rock event in February which drew over 800 people to the Museum grounds.
 - c. Swimming Pools – CBay remained a popular choice for residents and visitors with 279,596 visitors to the CBay pool complex.
 - d. Libraries - There were 282,961 visitors to our libraries; an increase of 48,889 people from the previous year There were over a million online website and catalogue searches for library services and materials.
 - e. Parks - The CPlay Project is a community-led initiative to upgrade the Caroline Bay Playground, and deliver a new playground that offers stimulating and inclusive play for all ages and abilities. The design has focused towards being inclusive, meaningful (relating to Timaru’s Māori and European history), challenging and fun. The Project aims to get families active, bring people together and attract visitors. In addition, the new Temuka Aviary opened in February 2023.
 - f. Cemeteries - Meetings have been held with the Muslim community members and service providers to assist with establishing an area for Muslim burials in Temuka, and land has been purchased with the intention that it be used for a new Cemetery in Timaru when space at the current cemetery is fully used.
 - g. Theatre Royal and Heritage Facility - In late 2022 the Council consulted with the community on three options for the development, which included retaining back of house stage facilities, new facilities or completing the update of the Theatre Royal only. Council subsequently confirmed an option involving the Theatre Royal being refurbished, the Back of House removed and rebuilt, and a new Heritage Facility being built, at a cost of \$57.1m. Following that decision, work has now begun on the detailed design works.
- (v) **Roading and Footpaths** - Significant roading projects completed including 78kms of new road resurfacing, 161 metres of new kerb and channel installed and 2km of new footpaths completed. There was a big focus over the year on improving walking access for the Pareora Community, with other works carried out in Geraldine, Temuka and Timaru. Our Land Transport Unit were successful with a \$6.4M funding bid to the Climate Emergency Response Fund, a Crown fund administered by Waka Kotahi. In addition, major upgrades were completed on Bank Street, Winchester Hanging Rock Road and Te Moana Road.
- (vi) **Sewer** - progress with the sewer upgrade and renewals projects continued throughout the district with the Bank Street wastewater and water pipeline renewals completed. Trade waste industry consents were renewed until December 2025 along with completion of sewer main renewal projects on College Road and Cain Street.
- (vii) **Stormwater** - progress with the stormwater upgrade and renewals projects throughout the district continued with the Geraldine Stormwater Improvements at

Peel and Lewis Streets. This eliminated flooding issues around some private properties and the Pleasant Point Stormwater Management Plan and Resource Consent Application has been submitted to Environment Canterbury for consideration.

(viii) **Waste Minimisation** - The Council received a Sustainable Business Awards commendation for “What’s in Your Bin” campaign for addressing recycling contamination. Fronted by Mayor Nigel Bowen and Timaru old boy Josh Thompson, with former Councillor Barbara Gilchrist and NZ Professional Skater Nicole Begg, the campaign proved a big success. Results from monitoring show our community achieved a reduction in the level of contamination of recycling from 26.5% in 2021/22, to 14.2% this year. In addition, the new gas flare was made operational at Redruth landfill which will capture and flare landfill gases that contribute to climate change, and will reduce Council’s carbon emissions.

(ix) **Water Supply** - The new Te Moana microfiltration plant was successfully constructed and commissioned in December 2022, enabling the water supply to achieve full compliance with drinking water standards and allowing the previous boil water notice to be removed. Other highlights in water supply included the Washdyke Network improvements which were completed in March 2023, completion of the physical construction of the Pleasant Valley water main renewals and five new tanker filling stations were installed across the district.

Financial Performance and capital delivery

15 The primary financial statements are on pages 107-112 of the Annual Report.

16 Council has had to balance community wellbeing and affordability alongside aspirational plans. Council ended the financial year with a net debt balance of \$165 million against the LTP projection of \$176 million. Net debt is defined as money we owed to lenders, less cash. Council is still comfortably within its debt limits. Council reported a deficit of \$16.689 million, compared to the forecast surplus of \$0.241 million. At a macro level the main drivers were inflationary pressures, a large increase in the funds we need to replace our assets in future years (depreciation) and increases in supplier contracts have resulted in this unfavourable result.

17 In summary, the key financial performance measures are:

	Actual for year (\$000)	Budget for year (\$000)	Actual year ended 30 June 2022 (as a comparison) (\$000)
Total revenue	113,688	101,904	115,290
Total expenses	130,377	101,663	109,855
Operating (deficit)/surplus	(16,689)	241	5,435
Gain on Revaluation of Assets	55,987	34,352	371,642
Total Comprehensive Revenue and Expense	39,296	34,593	377,077

18 Total revenue was \$11.784 million better than the budget. The major items in this favourable variance were:

- i. Other revenue \$8.155 million above budget, and largely attributable to the following:
 - Vested assets of \$5.996 million from roading and 3 Waters assets from land developments which are not budgeted due to their uncertainty during the year.
 - \$1.0 million in funding received for the CPlay project
 - Unbudgeted Crown funding of \$0.982 million received for 3 Waters transition funding and stimulus funding.
 - ii. Finance revenue above budget by \$2.398 million due to increases in interest rates received on Council's cash reserves and deposits.
 - iii. Financial contributions of \$0.953 million received for water, sewer and stormwater and which are not budgeted due to their uncertainty.
 - iv. Rates revenue higher than budget by \$0.749 million due to growth in the district being greater than forecast.
 - v. Subsidies and grants were \$0.341 million above budget largely attributable to Waka Kotahi funding assistance towards unbudgeted emergency roading works, and offsetting this was below budgeted Theatre Royal funding received during the year due to a change in project timing.
 - vi. Offsetting the favourable revenue gains, Council's Fees and Charges were \$0.812 million lower than budgeted. The main variance is an under recovery of Waste revenue offset by a number of minor favourable variances.
- 19 Total operating expenditure was \$28.714 million higher than budget. The major items in this unfavourable variance were:
- i. Other expenses \$13.703 million above budget, and largely attributable to the following:
 - Road maintenance costs \$3.72 million over budget largely due to completing emergency works arising from flood events and higher contract maintenance costs
 - Waste management expenses \$3.37 million over budget largely due to higher collection costs, increased carbon credit prices and landfill and aftercare remediation costs associated with the closed Peel Forest landfill
 - Professional and consulting fees \$1.97 million above budget largely attributable to providing support for vacant positions within Council in addition to providing specialist advice
 - Water and stormwater costs \$1.74 million over budget largely due to increased reticulation costs
 - Payments made by Council to the CPlay project of \$1.4 million (offset by donations received) have been treated as contributions and expensed this year as Council does not have ownership of this asset
 - Payments made by Council to support economic and sporting initiatives were higher by \$0.500 million due to grant support the Fraser Park project.
 - ii. Other losses of \$3.037 million were made up of losses on disposal of plant and equipment of \$2.485 million, which is the difference between the book value and the recoverable value at time of disposal, and mainly arising from the replacement of water and stormwater assets, a loss of \$2.661 million in the fair value of Council's carbon credits and partially offset by gains of \$1.350 million in Council's financial instruments,

\$0.398 million in the fair value of forestry assets and \$0.350 million in the fair value gain in investment properties.

iii. Finance costs \$2.995 million higher than budget due to interest rates increasing over the year.

iv. Depreciation was \$8.980 million higher than budget mainly due to the prior year roading and water asset revaluations which increased total fixed assets by \$370.5 million which increases the depreciation to reflect the increased cost of replacement.

20 The net result was a total operating deficit of \$16.689 million against a forecast surplus of \$0.241 million. The cover report to the 31 October 2023 Council meeting reported the deficit as \$13.1 million, as a result of final audit adjustments this result has been adjusted to a \$16.689 million deficit as a result of additional depreciation, which is a non cash expense, associated with the revalued roading assets.

21 Council continues to maintain a strong financial position. This is set out in the Statement of Financial Position on page 109 of the Annual Report. The main items in the Statement of Financial Position are:

	Actual as at 30 June 2023 (\$000)	Budgeted as at 30 June 2023 (\$000)	Actual as at 30 June 2022 (for comparison) (\$000)
Total current assets	57,849	41,570	56,542
Total non-current assets	1,953,223	1,588,233	1,880,317
Total Assets	2,011,072	1,629,803	1,936,859
Current liabilities	69,377	23,359	70,542
Total non-current liabilities	168,205	199,712	132,124
Total liabilities	237,582	225,071	202,666
Total Equity	1,773,490	1,404,732	1,734,193

22 Total equity is the community's interest in the total assets of Council.

23 Council is required to publish a Disclosure Statement (pages 185-187 of the Annual Report). This is a series of disclosures regarding rates affordability, debt affordability and servicing, meeting essential services benchmarks and a balanced budget benchmark. The details are set out in the Disclosure Statement.

24 During 2022/23 capital expenditure on Council's infrastructure, facilities and services totalled \$52.25 million, against a target of \$76.30 million with delays in the Theatre Royal and Heritage Facility and Aigantighe Art Gallery projects mainly accounting for the difference. This capital work provides numerous employment opportunities for our local workforce while keeping our facilities and infrastructure well maintained and fit-for-purpose. Most of the expenditure happened on our roading network and footpaths (36% of total capital expenditure) three waters infrastructure (35% of total capital expenditure), and some significant spend also occurred on our recreation and leisure facilities (11% of capital expenditure) and the balance was across our community support (7%), waste minimisation (6%) and on corporate support (5%).

Unmodified audit opinion

- 25 At the time of authoring the report, officers are expecting that Audit NZ will provide an unmodified audit opinion as to the fair presentation in all material respects of matters presented and disclosed in the Annual Report.
- 26 The value of the audit opinion for readers and users of the Annual Report is the assurance they can have as to the material accuracy of information and faithfulness of the representations that it contains and discloses.

Options and Preferred Option

- 27 Adoption of the Annual Report is a legislative requirement. The Council can choose to:
- (i.) Adopt the Annual Report (*preferred option*)
 - (ii.) Not adopt the Annual Report and advise officers what amendments are required prior to adoption. This would likely require further audit input, depending on the scale of the changes requested, and mean further delays in the adoption of the Annual Report.
- 28 The inability to meet the legislative deadline has been discussed earlier.

Consultation

- 29 Consultation on the Annual Report is not required. It is a legislative requirement that all Councils must complete at the end of the financial year. The report is designed to encourage readership by the community of Council achievements and challenges during the financial year. A summary Annual Report is also prepared for the community.

Relevant Legislation, Council Policy and Plans

- 30 Section 98 of the Local Government Act 2002.
- 31 Annual Reporting and Audit Time Frames Extensions Legislation Act 2021.
- 32 Long Term Plan 2021-31.
- 33 Annual Plan 2022/23.

Financial and Funding Implications

- 34 Preparation and audit of the Annual Report is a budgeted expense.

Other Considerations

There are no further considerations.

Attachments

1. **Timaru District Council Annual Report 2022-23 as at 09 November 2023 version** [↓](#) 

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe
o Te Tihi o Maru

ANNUAL REPORT | 2022 2023

www.timaru.govt.nz



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From the Mayor and Chief Executive

Nau mai ki tā mātou tirohanga rāpopoto o te tau 2022/23.

Welcome to the overview of the year 2022/23.

We are pleased to present to you this Annual Report for 2022/23, a challenging year in the dynamic environment which local government works in. With the ongoing economic pressures of high inflation and the pressures of unprecedented reform, we managed to achieve a number of milestones for delivering our core services to our community.

This year Council delivered on several Long-Term Plan commitments that addressed both the delivery of levels of service to the community and the maintenance of our assets. Throughout the pandemic and international turmoil, the ongoing cost of living and inflationary pressures and recent weather events, the Timaru District has thrived. We have had strong economic growth, increased employment opportunities and relatively affordable housing, resulting in our District being recognised as a desirable region to live in New Zealand.

We have had to balance community wellbeing and affordability alongside aspirational plans, and Council ended the financial year with a net debt balance of \$165 million versus the Long Term-Plan projection of \$176 million (net debt is defined as money we owe the lender, less cash we hold). Inflationary pressures, a large increase in the funds we need to replace our assets in future years (depreciation), and increases in supplier contracts have resulted in a deficit of \$16.689m against the forecast surplus of \$0.241m, however we are still comfortably within our debt limits.

During the year we completed \$52.25 million of capital projects against a target of \$76.3 million, with delays in the Theatre Royal and Heritage Facility and Aigantighe Art Gallery projects mainly accounting for the difference. We also celebrated many successes of projects moving forward and completed including:

- Pareora Pipeline Renewal
- Te Moana Water Supply Scheme Upgrade
- Opihi River Pipeline Renewal
- Te Ana Wai (Downlands) Water Scheme
- Road Renewal and Improvement Programme
- CPlay Project
- City Town Project
- Redruth Landfill Cells
- Caroline Bay Bleachers replacement

In November 2022 we were delighted to receive a Sustainable Business Awards commendation for our "What's In Your Bin" campaign, also known as the "Topless Timaru" campaign that was fronted by the Mayor with comedian Josh Thompson, Councillor Barbara Gilchrist, and Professional Skater Nicole Begg. Our Three Waters team also won the national Water NZ Stormwater Paper of the Year 2023 for the work done in partnership with Aoraki Environmental Consultancy, WSP and Pattle Delamore Partners. Timaru's Richard Pearse Airport and Downer jointly won the Small Airport Infrastructure award for the partial runway reseal project. These awards are reminders of the high standards of professionalism our teams have, and the high regard in which Timaru is held nationally.

We remain committed to delivering on the ambitious plans we agreed with the community in the Long Term Plan 2021-31, including continuing the substantial projects currently underway, and maintaining levels of service for activities such as roading maintenance, parks, and community facilities.

Central government has initiated numerous reforms with significant impacts on services to our community which we have had to navigate. Council has been very strong in leading the business case to the government for retaining local control over our water assets, with the support of many other Mayors throughout the country as part of the C4LD group. We remain committed to ensuring our community's wellbeing is protected and our assets retained in local ownership. We will work with the government post-election to advocate for amendments to the current legislation to better serve the principles of local democracy.

Our focus remains on sustaining our enhanced delivery model of the past few years. We have doubled our investment into asset renewals and core infrastructure projects and have progressed some big projects for our facilities to enhance the civic spaces for our community. We have also invested in progressing how Council can address the impacts of climate change, both by enhancing the resilience of our assets to meet the increase in adverse weather events, and by leading the conversation on how we can collectively work to protect our vulnerable communities. We recognise Council's role for climate change is in leading by example and through engaging the different sectors towards taking collective action to protect our environment and our community's future.

Council commissioned the first Timaru District Climate Change Strategy to help provide a framework for the wider district to mitigate the impacts of climate change, and is now working on making that strategy become a living document to help inform actions for the whole community to consider.

As we reflect on the progress made over the past year, we recognise that the challenges we face are constantly changing and requires our Council and officers to be resilient and flexible in order for us to honour our promises to the community. To this end, we both would like to thank our teams for their tireless dedication to serving the public good, and show our appreciation for the often thankless work they do on a daily basis.

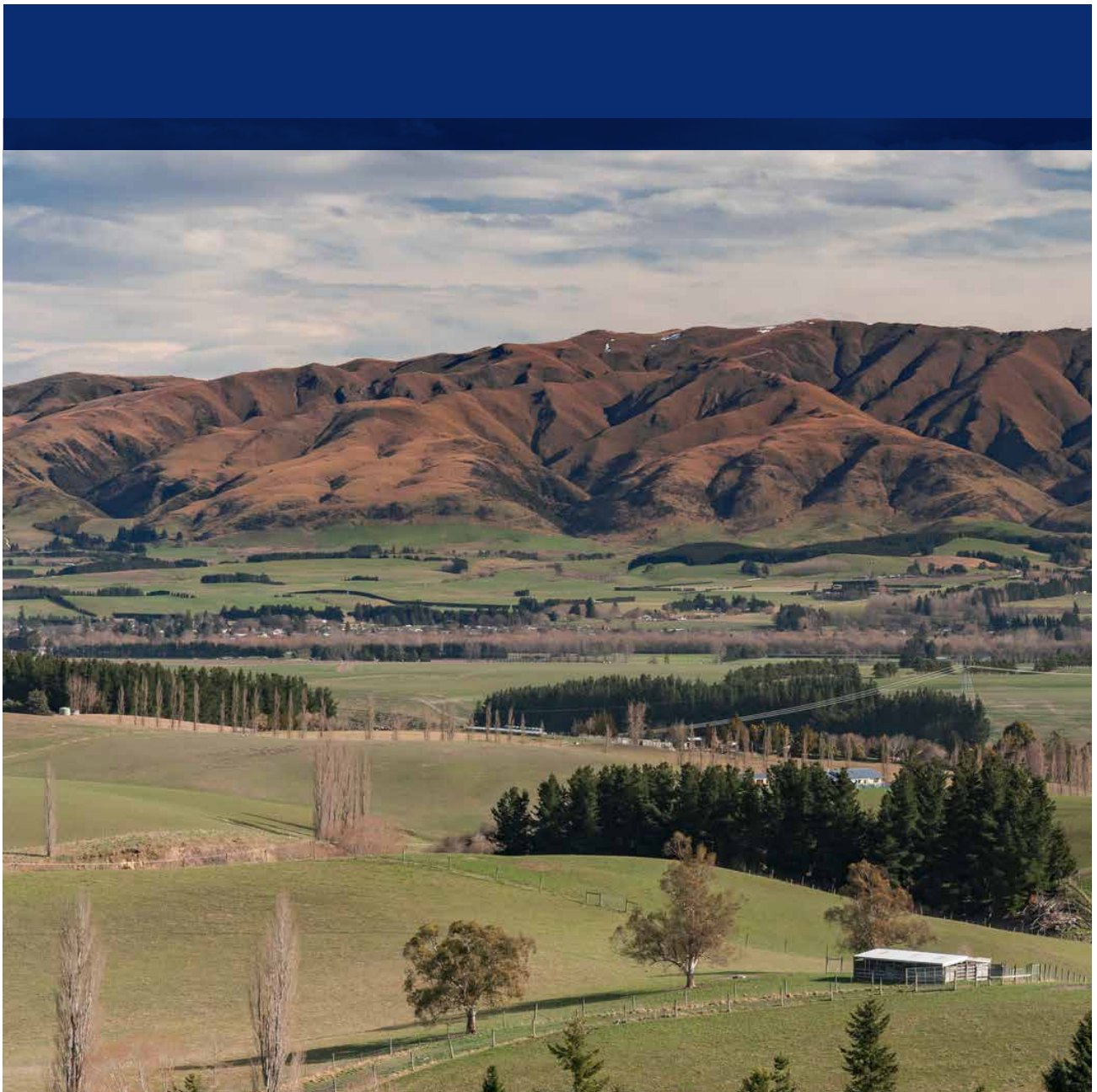
This is also the last Annual Report that Bede will be presenting as CE of Timaru District Council. On behalf of the elected members, a sincere thank you to Bede for the past seven years as our Chief Executive for the leadership through the pandemic, and supporting Council to advocate on issues of strategic importance and with the team deliver many of our projects which support the wellbeing of our community.

[Kia ora me te waimarie!](#)

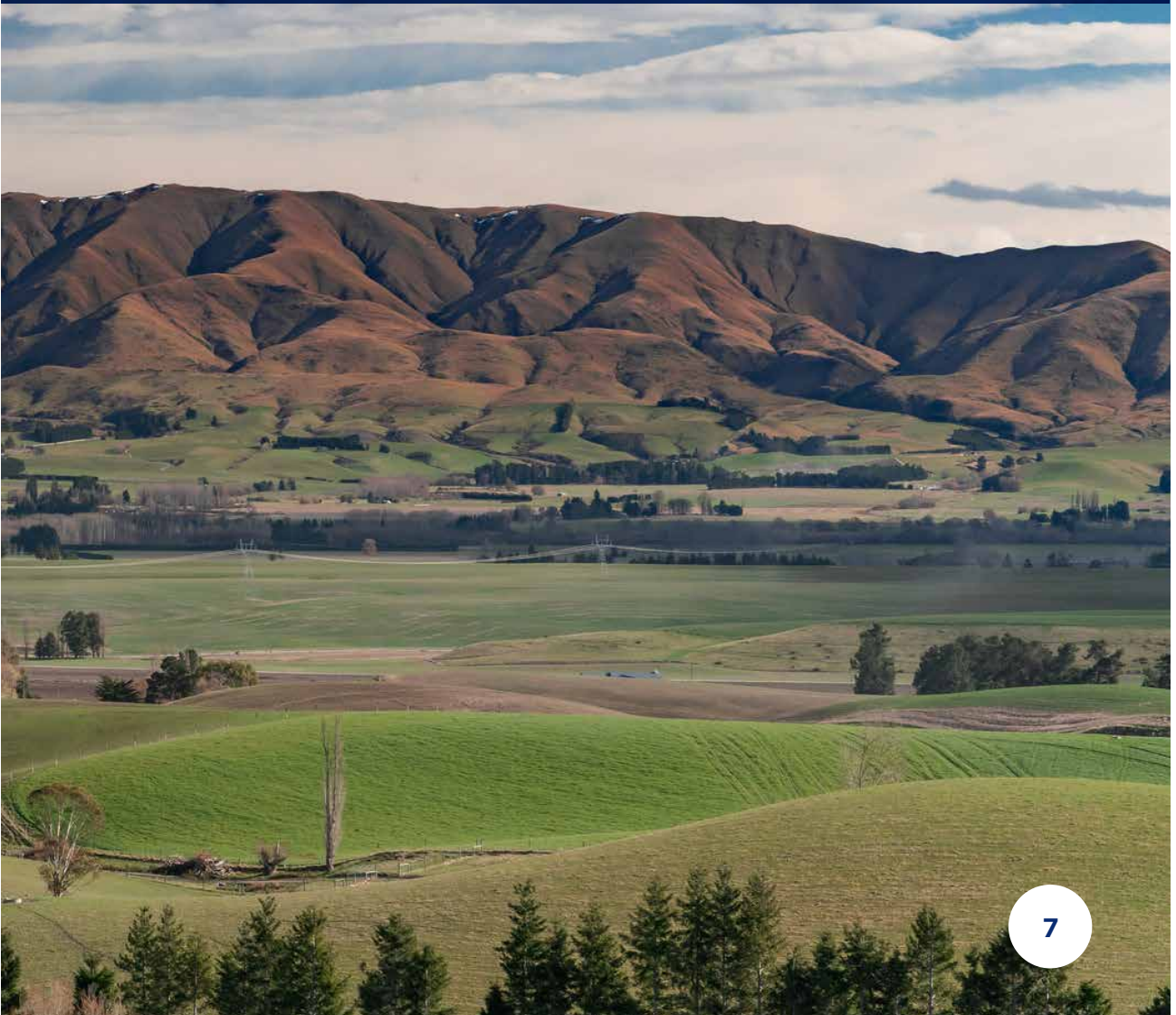


Nigel Bowen
Mayor
Koromatua

Bede Carran
Chief Executive
Kaiwhakahaere



Overview

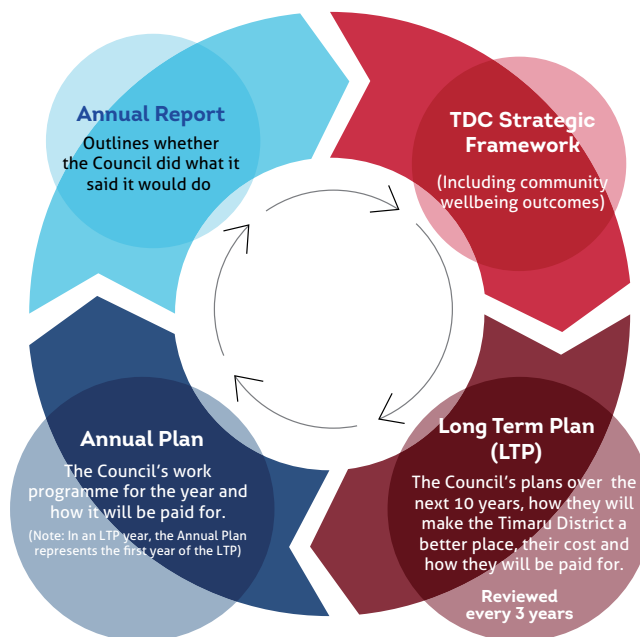


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About the Annual Report

The purpose of the Annual Report is to explain how we delivered on the 2022/23 Annual Plan (Year Two of the 2021-31 Long Term Plan).

The diagram below shows our planning and reporting cycle:



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

<p>GOVERNANCE AND STRATEGY</p> <p>COMMUNITY SUPPORT</p> <ul style="list-style-type: none"> Airport Climate change and sustainability Community Funding Community Facilities (includes public toilets, cemeteries) Economic Development and District promotions Emergency Management Safer Communities Social Housing 	<p>ENVIRONMENTAL SERVICES</p> <ul style="list-style-type: none"> Building Control District Planning Environmental Compliance (environmental health, animal control, parking enforcement) <p>RECREATION AND LEISURE</p> <ul style="list-style-type: none"> Cultural and Learning Facilities (includes art gallery, halls, Theatre Royal, libraries, museum) Parks (includes parks, fishing huts, motor camps, forestry) Recreational Facilities (includes Caroline Bay Trust Aoraki Centre, swimming pools, Aorangi Park Stadium) 	<p>ROADING AND FOOTPATHS</p> <ul style="list-style-type: none"> Cycleways and Walkways Roading and Footpaths (includes parking facilities) <p>SEWER</p> <p>STORMWATER</p> <p>WASTE MINIMISATION</p> <p>WATER SUPPLY</p> <p>CORPORATE ACTIVITIES</p>
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Our Strategic Direction

Vision

Where people, place and business prosper within a healthy, adaptable and regenerative environment.

Our Values and Role

Inclusive Leadership

Through inclusive leadership, citizens play an active role in the District, creating shared responsibility and a connected vision for the future.

Cultural Caretakers

Protecting and regenerating our unique cultural and environmental heritage so that we can retain a strong sense of identity for current and future generations.

Transition Navigators

Being adaptable to change by embedding the principles of agility and resilience into our approach towards enhancing our community wellbeing outcomes.

Community Wellbeing Outcome **Connected Citizens**

GOALS

Connected Citizens embrace social connection and learning through sharing stories and ideas, and civic engagement.

This Community Wellbeing Outcome seeks to actively support the contribution of citizens in activities that foster inclusion, agency and democracy.

FOCUS AREAS

1. Open to Ideas

We will actively support the contribution of citizens in activities to foster inclusion and democracy.

2. Sharing Stories

We will support the growth of local identity and community pride through sharing stories and learning and documenting local history.

3. Enabling Community

We will enable community ownership of projects by supporting community groups and initiatives.

4. Foster Iwi Relationships

We will develop collaborative relationships with papatipu runanga.

5. Advocacy and Leadership

We will advocate and encourage citizens to contribute ideas and perspectives in an easily accessible way.

Community Wellbeing Outcome **Enhanced Lifestyle**

GOALS

Enhanced Lifestyle focuses on providing a healthy community environment that enables affordable access to the range of facilities, opportunities and resources we need to thrive.

This Community Wellbeing Outcome seeks to enhance lifestyle and strengthen equity within our community.

FOCUS AREAS

1. Accessible and Active

We will enable an active lifestyle for everyone across the accessibility spectrum.

2. Shared Spaces

We will develop and maintain shared spaces that support community activity, diversity and foster pride.

3. Facilities and Services

We will provide future proofed services and facilities to enhance the community.

4. Affordability

We will strive to ensure affordability and equability are at the heart of our planning.

5. Health & Wellness

We will create opportunities for all citizens to live within a safe, healthy community where wellness needs are embraced.

Community Wellbeing Outcome

Sustainable Environment

GOALS

At the heart of our sustainable environment is the practice of kaitiakitanga. It is our role to be guardians of our natural environment.

This Community Wellbeing Outcome seeks to encourage the regeneration of our environment and fostering a culture of sustainability.

FOCUS AREAS

1. Kaitiakitanga

We will foster a strong connection between our people and the environment.

2. Low Carbon and Energy

We will promote and support low-carbon, low-energy practices.

3. Minimise Waste

We will lead and promote waste minimisation.

4. Clean Environment

We will prioritise sustainable land and water use to help regenerate our environment.

5. Encourage Biodiversity

We will support practices, partnerships and policies to protect and regenerate our native flora and fauna.

Community Wellbeing Outcome

Diverse Economy

GOALS

Enabling the conditions for a diverse and prosperous economy that creates local, national and international opportunities for a thriving community.

This Community Wellbeing Outcome seeks to build on our unique local strengths to create prosperity now and for future generations.

FOCUS AREAS

1. Sustainable growth

We will support sustainable growth in the right place.

2. New and Niche

We will encourage innovation and new opportunities to further diversify our economy.

3. Leverage Local Strength

We will leverage local strengths to retain and grow local talent.

4. Thriving Business

We will create opportunities for local businesses to thrive through networks & support.

Community Wellbeing Outcome

Resilient Infrastructure

GOALS

Investing in the future through well conceived and planned projects that support the growth and wellbeing of the community and the environment.

This Community Wellbeing Outcome considers the critical transitions we face to create a sustainable platform for future generations.

FOCUS AREAS

1. Invest for Future

We will invest in high quality infrastructure to meet the needs of our community.

2. Apply Good Practice

We will use quality data and good practice to enable high quality infrastructure decision-making.

3. Responsive Planning

We will prioritise resilience in our planning for future infrastructure.

4. Engage with People

Council will engage with our community to develop solutions to future infrastructure challenges.



Working with manawhenua

The Council recognises Kati Huirapa o Arowhenua holds manawhenua status from the Rakaia to Waitaki in the south including the Timaru District Council.

In recognising its relationship with manawhenua Council is required to take appropriate account of the principles of the Treaty of Waitangi when carrying out its duties under the Local Government Act (LGA) 2002 and the Resource Management Act 1991. The relationship between manawhenua and the Timaru District Council reflecting, at a local level, the partnership relationship between the Crown and its Treaty Partners.

Section 81 of the LGA requires all local authorities to establish and maintain processes to provide opportunities for manawhenua to contribute to Council's decision-making processes. It also requires councils to consider ways to foster the development of the capacity of manawhenua to contribute to these processes and to provide manawhenua with relevant information.

The RMA has specific requirements for Council to engage with manawhenua when preparing and reviewing the district plan and to consider tangata whenua values as part of decision-making on resource consent applications. While engagement is provided specifically within the project planning for the District Plan Review and other key Council projects it is important that the Long Term Plan recognises these obligations and provides for adequate resourcing and timeframes to ensure an appropriate level of engagement on relevant Council projects.

It is also important that Council recognises its relationship with manawhenua under all legislation it administers, not just the LGA and the RMA. It is also important that the Council look for opportunities to strengthen its role and relationship with manawhenua in any government legislative reforms process.

Council will ensure all its key policy and decision-making processes include opportunities for discussion with mana whenua, through their mandated representatives, at the earliest opportunity and before any decisions are made; and endeavour to provide resources to help facilitate that engagement.

Council shall provide opportunities for mana whenua to engage in the development of key policy and plans, including long term plans and annual plans, and on resource management plans, policies and strategies including the process, timing and content of plan or policy development and review. Opportunities are also considered for appointments on planning and resource consent hearing committees.

To assist in this commitment, the Council has signed a Service Level Agreement with Aoraki Environmental Consultancy Limited (AEC). AEC is mandated by Arowhenua to help advise councils and other agencies on issues of interest to Arowhenua Runanga, to facilitate consultation with Arowhenua and to ensure timely and appropriate input into policy, plans, resource consents and processes on behalf of Arowhenua.

Council will continue to offer places for manawhenua representatives on Council Committees, including the Environmental Services Standing Committee, the Safer Communities Committee and the Local Arts Assessment Committee, and other bodies as appropriate, and seek regular engagement with manawhenua to discuss matters of common interest and foster general relationships.

Council's Senior Management Team are available to meet with manawhenua representatives as required.

Manawhenua interests in Council activities are broad. Arowhenua has a strong connection to the land including within the Timaru District. Arowhenua has a deep sense of responsibility ensure the whenua (land) and wai (water) will continue to provide for their mokopuna – 'for those who come after us'. Current specific projects between the Council and manawhenua include:

- Exploring potential for transfer of powers to make decisions over ancestral land.
- Appropriate use of traditional place names.
- Spatial planning for growth of the district.
- Protection and enhancement of mahika kai (traditional food and other natural resources and the places where those resources are obtained).
- Management and protection of significant sites including rock art, wahi tapu and wahi taoka sites.
- Stormwater and sewerage management.
- Management of natural hazards including flooding and coastal erosion.
- Effects of industrial development and expansion at Waitarakao / Washdyke.



Your Councillors and Community Boards

As at June 2023



Nigel Bowen
Mayor
(03) 688 1053 | 027 622 1111
nigel.bowen@timdc.govt.nz



Scott Shannon
Deputy Mayor /
Pleasant Point-Temuka
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Stu Piddington
Timaru Ward
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Peter Burt
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Michelle Pye
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Owen Jackson
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Allan Booth
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Gavin Oliver
Geraldine Ward
022 371 0679
gavin.oliver@timdc.govt.nz



Stacey Scott
Timaru Ward
021 688 588
stacey.scott@timdc.govt.nz

Geraldine Community Board

	Phone	Email
Jan Finlayson (Chairperson)	021 502 297	jan.finlayson@timdc.govt.nz
Janene Adams (Deputy Chair)	022 614 1590	janene.adams@timdc.govt.nz
Shane Minnear	029 646 6327	shane.minnear@timdc.govt.nz
Wayne O'Donnell	027 221 1467	wayne.o'donnell@timdc.govt.nz
Rosie Woods	027 222 7663	rosie.woods@timdc.govt.nz
McGregor Simpson	021 147 2014	mccgregor.simpson@timdc.govt.nz

Plus Geraldine Ward Councillor:

Gavin Oliver	022 371 0679	gavin.oliver@timdc.govt.nz
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Pleasant Point Community Board

	Phone	Email
Raewyn Hessell (Chairperson)	027 385 5857	raewyn.hessell@timdc.govt.nz
Ross Munro (Deputy Chair)	021 433 940	ross.munro@timdc.govt.nz
Michael Thomas	021 718 311	michael.thomas@timdc.govt.nz
Kathy Wilkins	021 260 3933	kathy.wilkins@timdc.govt.nz
Anna Lyon	027 560 6883	anna.lyon@timdc.govt.nz

Plus Pleasant Point-Temuka Ward Councillors:

Michelle Pye	021 360 515	michelle.pye@timdc.govt.nz
Scott Shannon	027 672 6889	scott.shannon@timdc.govt.nz

Temuka Community Board

	Phone	Email
Charles Scarsbrook (Chairperson)	027 615 5500	charles.scarsbrook@timdc.govt.nz
Alison Talbot (Deputy Chairperson)	027 205 7604	alison.talbot@timdc.govt.nz
Aimee Baird	027 360 3054	aimee.baird@timdc.govt.nz
Gaye Broker	027 244 7157	gaye.broker@timdc.govt.nz
Nicola Nimo	021 622 942	nicola.nimo@timdc.govt.nz

Plus Pleasant Point-Temuka Ward Councillors

Michelle Pye	021 360 515	michelle.pye@timdc.govt.nz
Scott Shannon	027 672 6889	scott.shannon@timdc.govt.nz

Timaru District Profile

Arowhenua as Mana Whenua of Timaru District

Ngāi Tahu are a Treaty Partner of the Crown and Arowhenua are mana whenua of the area administered by the Timaru District Council. Ngāi Tahu is the collective representation of whānau and hapū who share a common ancestry and are tangata whenua (people of the land). Information on Council's relationship with mana whenua is provided earlier in this document.

Geography and 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 around 1,826 hours of sunshine and 573mm of rain.

Demographics

Timaru District's population as of December 2022 was 48,500, with an average growth rate over the last 5 years of 0.5%. Population projections, based on a medium growth scenario, project the district's population to increase to 49,700 by 2033, reaching 51,600 in 2053 (+0.2% average annual increase). In recent years the 'natural' population increase has been negative, with the number of deaths exceeding births. This reflects the age makeup of the district's population. Growth will be reliant on net migration, which was 0.0% in 2021-22 due to the effects of Covid-19 and closed international borders.

The population is expected to age in the future, with Timaru District currently having a higher than average aging population compared to all of New Zealand. Virtually all growth in future years is projected to be in age groups 65+, with the proportion of 65+ projected to increase by close to 30% in the 2023-53 period.

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

Our Economy

In 2022, Timaru's GDP growth was 5.8%, higher than the NZ national figure of 5.3%. The largest contributors to that growth were in the agriculture, manufacturing, forestry and fishing sectors, alongside the health care and social support sector, and construction.

The Timaru District economy is strongly influenced by its agricultural heritage. From its birth in pioneering sheep farming, our richly productive agricultural sector has grown to become New Zealand's "food bowl".

Today's farming is heavily influenced by dairy, with horticulture, intensive cropping, meat and wool also playing an important role. Significant manufacturing, processing, engineering and distribution operations contribute to extensive export and domestic supply of a wide range of goods and services.

This provides an array of employment opportunities across all sectors from trades and manufacturing to the professional, service and primary sectors. The Timaru District prides itself on having one of the lowest unemployment rates in New Zealand, and in 2022 the District had employment growth of 2.1%.

The wider South Canterbury region enjoys reliable and accessible water for irrigation and industry – indeed some of the most affordable resource in the country. This continues to provide the impetus for the development and growth of successful food processing and exporting operations.

Our Communities

Timaru is the largest community, housing nearly two thirds (29,600 estimated population as of June 2022) of the total population of the district. The next largest community is Temuka (4,470), followed by Geraldine (2,706) and Pleasant Point (1,371).

Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. Te Whatu Ora (Health New Zealand) South Canterbury is the major health provider, with Ara Institute providing tertiary education services..

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.



Statement of Compliance

Compliance

The Timaru District Council was required under section 98(3) of the Local Government Act 2002 (LGA) to complete its audited financial statements and service performance information by 31 October 2023. This timeframe was not met. The Council and management of the Timaru District Council confirm that all other statutory requirements of section 98 and Part 3 of Schedule 10 of the LGA have been complied with.

The Statement of Service Performance of the Council has been prepared in accordance with the requirements of Part 3 of Schedule 10 of the LGA, including the requirement from section 111 of the LGA to prepare all information in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

Responsibility

The Council and management of the Timaru District Council accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance including the judgments used in them.

The Council and management of the Timaru District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of financial and service performance reporting.

In the opinion of the Council and management of the Timaru District Council, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2023 fairly reflect the financial position and operations of the Timaru District Council.



Nigel Bowen
Mayor

14 November 2023

Bede Carran
Chief Executive

14 November 2023

Independent Auditor's Report

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

The Auditor-General is the auditor of Timaru District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 25 July 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

TO BE UPDATED

Opinion on the audited information

In our opinion:

- the financial statements on pages 107 to 111 and pages 116 to 183:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 112, presents fairly, in all material respects, 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 statement of service performance on pages 39 to 102:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 42 to 103, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 42 to 103, presents fairly, in all material respects, 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.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 184 to 186, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The Auditor-General is the auditor of Timaru District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 25 July 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Opinion on the audited information

In our opinion:

- the financial statements on pages 107 to 111 and pages 116 to 183:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 112, presents fairly, in all material respects, 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 statement of service performance on pages 39 to 102:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 42 to 103, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 42 to 103, presents fairly, in all material respects, 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.

TO BE UPDATED

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 184 to 186, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter – Uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to note 32 on page 183 which outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the

delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

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

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (NewZealand) issued by the NewZealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal controls as the Council is able to put in place to enable it to prepare the information, we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

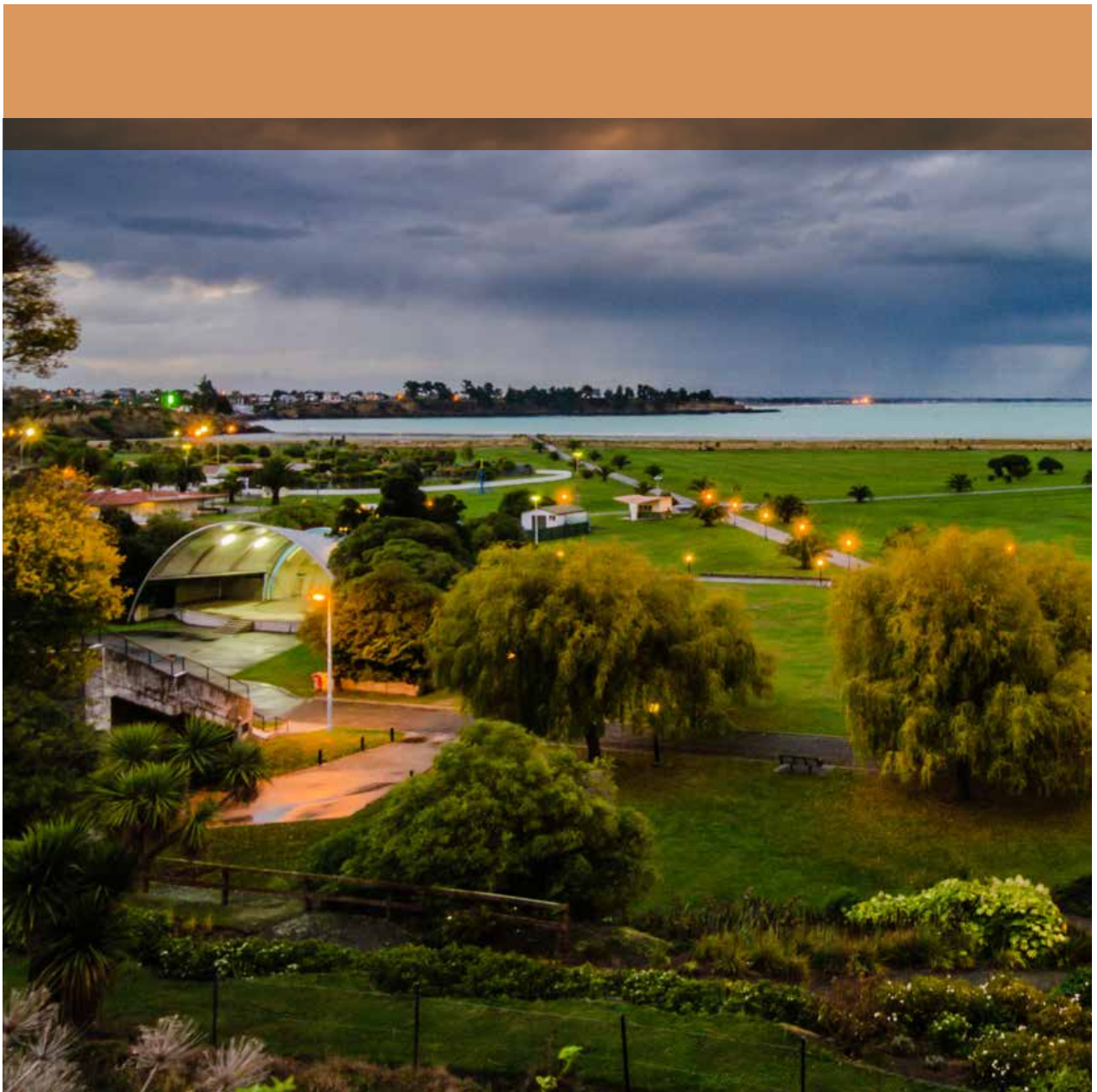
For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

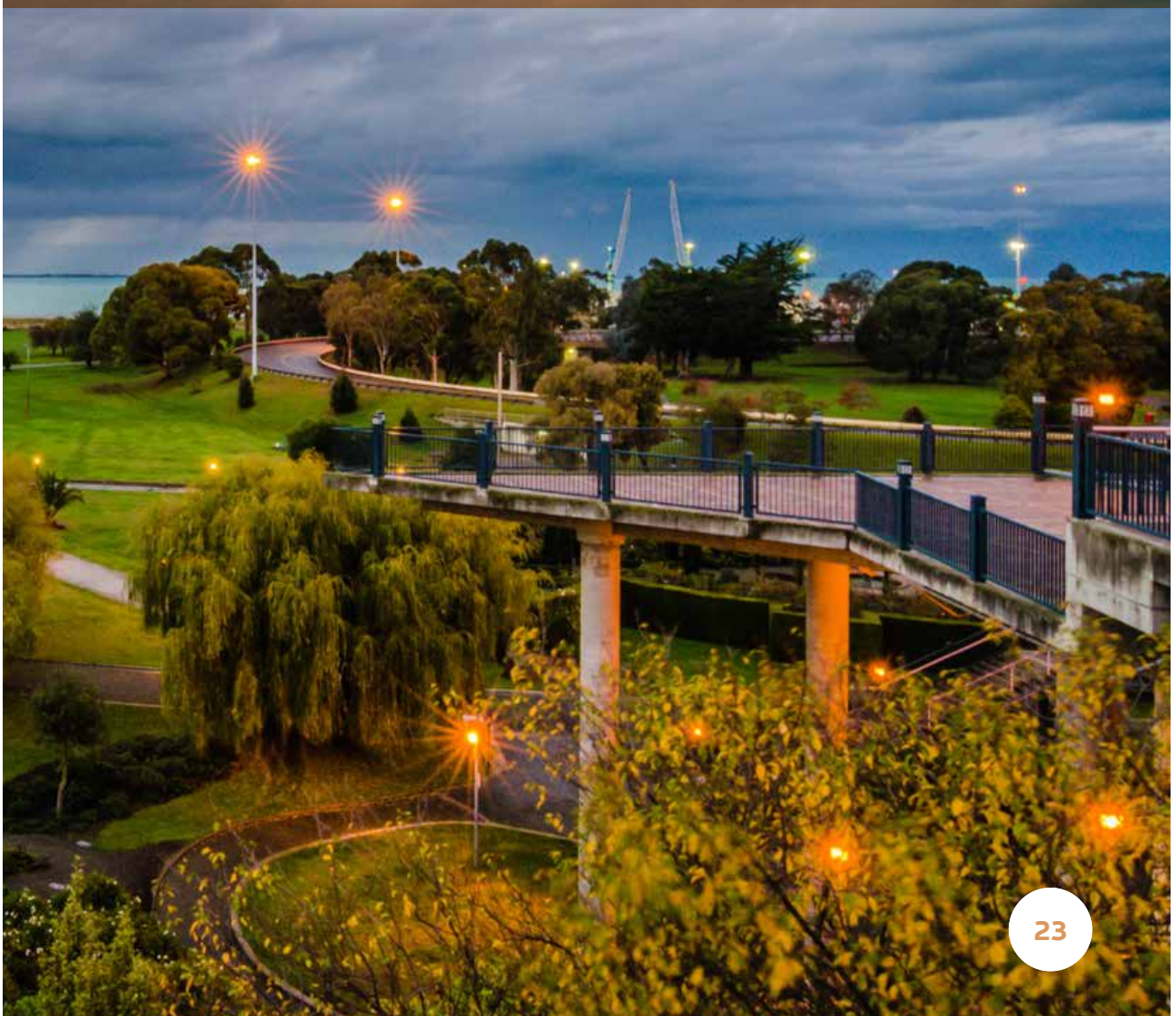
As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the [description used for the statement of service provision], as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

21



The Year in Review



23

Financial Overview

\$130M

TOTAL EXPENDITURE
(Compared with budget of \$102M)

\$66M

RATES REVENUE LEVIED
(Compared with budget of \$65M)

\$1773M

**TOTAL COUNCIL
NET ASSETS**
(2021/22: \$1734M)

\$989M

RESERVE FUNDS
(2021/22: \$933M)

Photo courtesy of Venture Timaru

Expenditure and Revenue

Overall operating expenditure was \$28.71m higher than budget. The major items in this unfavourable variance were:

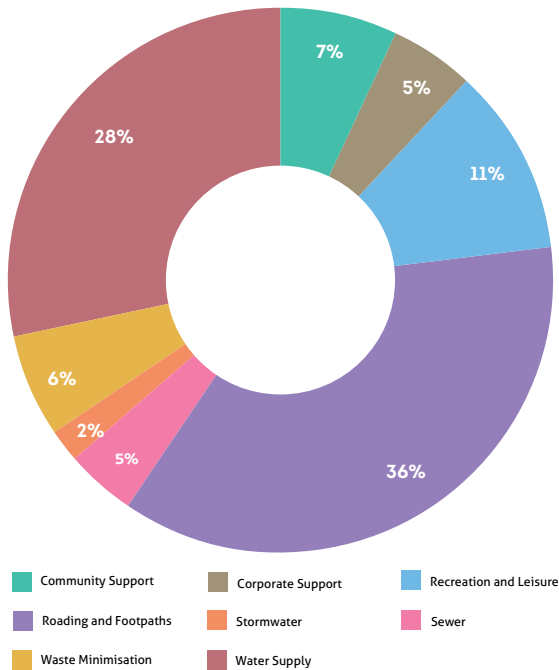
- Depreciation was \$8.98m higher than budget mainly due to the prior year roading and water asset revaluations which increased total fixed assets by \$370.5m which increases the depreciation to reflect the increased cost of replacement.
- Finance costs \$2.99m higher than budget due to interest rates increasing over the year.
- Professional and consulting fees were \$1.97m above budget largely attributable to providing support for vacant positions within Council in addition to providing specialist advice.
- Personnel costs of \$1.22m have been recognised in 'Other Expenses' as labour on capital projects and this has the effect of reducing personnel costs by the same amount.
- Road maintenance costs \$3.72m over budget largely due to completing emergency works arising from flood events and higher contract maintenance costs.
- Water and stormwater costs \$1.74m over budget largely due to increased reticulation costs.
- Waste management expenses \$3.37m over budget largely due to higher collection costs, increased carbon credit prices and landfill and aftercare remediation costs associated with the closed Peel Forest landfill.
- Payments made by Council to support economic and sporting initiatives were higher by \$0.5m due to grant support the Fraser Park project.

- Payments made by Council to the CPlay project of \$1.4M (offset by donations received) have been treated as contributions and expensed this year as Council does not yet have ownership of this asset.
- Other losses of \$3.037m were made up of losses on disposal of plant and equipment of \$2.485m which is the difference between the book value and the recoverable value at time of disposal, and mainly arising from the replacement of water and stormwater assets, a loss of \$2.661m in the fair value of Council's carbon credits and partially offset by gains of \$1.35m in Council's financial instruments, \$0.398m in the fair value of forestry assets and \$0.350m in the fair value gain in investment properties.

Overall actual revenue was \$11.78m above budget. The major items in this favourable variance are:

- Rates revenue higher than budget by \$0.749m due growth in the district being greater than forecast.
- Subsidies and grants were \$0.341m above budget largely attributable to Waka Kotahi funding assistance towards unbudgeted emergency roading works and funding for Streets for People and offset by below budgeted Theatre Royal funding received during the year due to a change in project timing.
- Finance revenue above budget by \$2.4m due to increases in interest rates received on Council's cash reserves and deposits.
- Financial contributions of \$0.953m received for water, sewer and stormwater and which are not budgeted due to their uncertainty.
- Other revenue above budget by \$8.2m and included is \$6.0m from vested roading and 3 waters assets from land developments and which are not budgeted due to their uncertainty, \$1.0m received for the CPlay project and unbudgeted Crown funding of \$0.982m received for 3 waters transition funding and stimulus funding.

Capital Expenditure by Group of Activity



Capital Expenditure programme

During 2022/23 capital expenditure on Council's infrastructure, facilities and services totalled \$52.9m. This capital work provides numerous employment opportunities for our local workforce while keeping our facilities and infrastructure well maintained and fit-for-purpose.

Most of the expenditure happened on our roading network and footpaths (36% of total capital expenditure) three waters infrastructure (35% of total capital expenditure), and some significant spend also occurred on our recreation and leisure facilities (11% of capital expenditure) and the balance was across our community support (7%), waste minimisation (6%) and on corporate support (5%).

Contributing to the wellbeing of our community

Council's role in the community is much broader than simply providing services. Our role also encompasses promoting the wellbeing of residents through shaping places and services to meet the needs of our community.

We are able to do this more effectively when we work in partnership with the community and draw on the wealth of talent, understanding and enthusiasm we have in the Timaru District.

The decisions Council makes about the services and facilities are made to enhance the quality of life of all Timaru district residents.

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

Social wellbeing

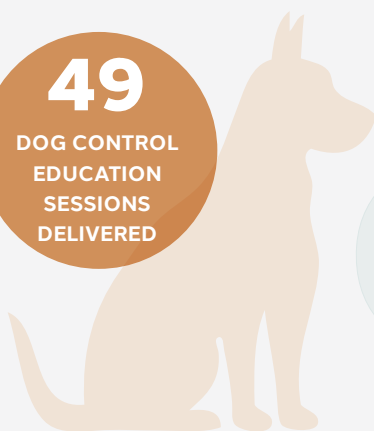


96%

social housing unit occupancy

49

DOG CONTROL
EDUCATION
SESSIONS
DELIVERED



Community funding

for creative communities, youth initiatives, grants and loans distributed to a wide range of community groups.

Cultural wellbeing

South Canterbury Museum has successfully delivered an increasing number of Ministry of Education programmes for our schools and Early Childhood Education services. These provide "hands-on/minds-on" learning experiences for the district's tamariki.



Museum – over 21,500 collection items are now available online for public viewing

Art Gallery

16 exhibitions hosted

Safer Communities

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

- Completion of an Age Friendly Strategy, for endorsement by the Safer Communities Subcommittee
- Supporting the Welcoming Communities programme across the district, building on the Timaru community's willingness to embrace newcomers and the cultural diversity they bring to the region
- Planning for hui to promote rangatahi/youth engagement around a Youth Advisory



Economic Wellbeing

12.6
days

Average building consent processing time (statutory requirement 20 days)



11%

of residents regularly use public transport – up from 6% in 2021/22

7.35%

of the local roading network resurfaced – exceeding 6% target



Venture Timaru Initiatives

- ★ **Scott Base Antarctica Redevelopment** – promotion of and support for the Scott Base Redevelopment project.
- ★ **Collaboration on Decarbonisation Plan for Mid-South Canterbury** – facilitated a partnership with Energy Efficiency and Conservation Authority (EECA) to complete the Mid-South Canterbury Regional Energy Transition Accelerator plan (RETA) - being only the second region nationally to do so. A collaborative approach with key stakeholders to decarbonising 90% of process heat emissions in the region by 2036 (a reduction of 504kt out of a total 542kt).

Environmental Wellbeing

Together with Downer New Zealand, we jointly won the Small Airport Infrastructure Award for our Partial Runway Reseal project.

As part of this project we reused materials from the runway reseal to extend a cycle trail, instead of sending the waste to landfill.

18,121 tonnes

of green waste diverted from the landfill

100%

Compliance with stormwater and wastewater resource consents



How we measure our service performance

Key Performance Indicators (KPIs) for the year 1 July 2022 – 30 June 2023 were set in the Long Term Plan 2021-31.

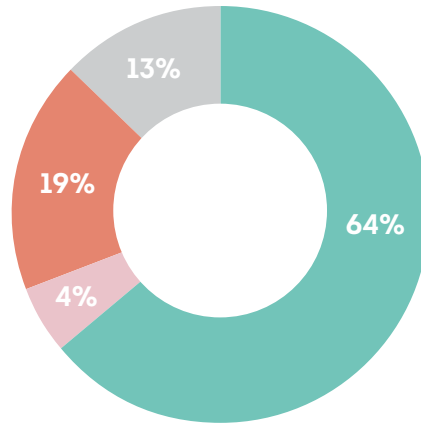
They provide an overview of Council’s performance on key projects and initiatives, and progress towards our outcomes.

We have 111 performance measures with targets that we report on across 9 groups of activities. We achieved 64% of the targets (71 measures), nearly achieved 4% (5 measures) and 19% (21 measures) were not achieved. Of the 14 measures that were not measured this year, 13 of these are biennial measures relating to the community survey which will be conducted in 2023/24. Even though the survey is 2-yearly, the same levels of service were maintained for the 2022/23 year.

Note: Nearly Achieved applies where the result achieved was within 5% of target

The Council has made a number of judgements in preparing its service performance information. The judgements exercised do not have a significant effect on the selection, measurement, aggregation and presentation of the Council’s service performance information.

Overall Performance Summary



Performance Summary by Group of Activities



Highlights

Capital Work Programme – \$52.25m spend

A challenging year with supply chain issues, yet the core infrastructure works in roading, waste and water were achieved. The original target of \$76m included the Theatre Royal and Heritage Facility redevelopment, which had unforeseen delays and was not progressed as projected beyond the planning phase.

Major projects in the core infrastructure services include:

Completion of the **Te Moana microfiltration plant**, lifting the precautionary boil water notice in December 2022

Completion of **Pleasant Valley watermain renewals, Evans Street 3 Waters pipelines, Washdyke network improvements, Bank Street water pipeline renewals, and Cain Street sewermain renewal.**

Water Safety Plans all upgraded and submitted

Downlands Trunk Watermain connected and commissioned, increasing capacity on the scheme

Waitohi Pipeline across the Opihi River commenced

Land Transport Unit successfully awarded \$7.5m funding for CityTown Port Loop Road Trial, and for Transport Choices projects such as road reconstructions, road widening, bridge construction, road resurfacing, and MyWay projects.

Completion of the installation of the **new landfill gas flare at Redruth Landfill** which will reduce Council Emission Trading Scheme credits needed going forward.

Refurbishment of Timaru Botanic Gardens Education & Interpretation Centre completed.

Land purchased for new Timaru cemetery.

Ongoing Planning for Major Projects:

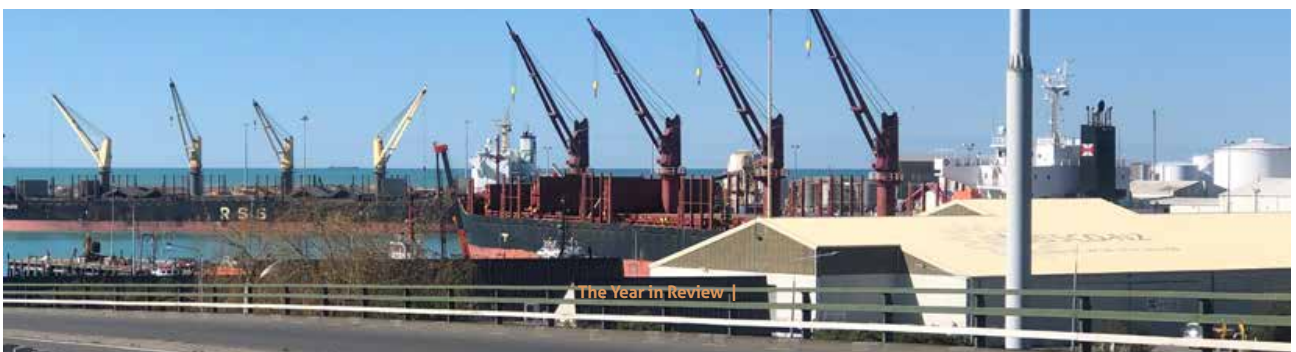
Theatre Royal and Heritage Centre redevelopment

Aorangi Park and Stadium redevelopment

Temuka Social Housing renovations



CPlay playground at Caroline Bay commenced construction and is well on track for completion on time and on budget.

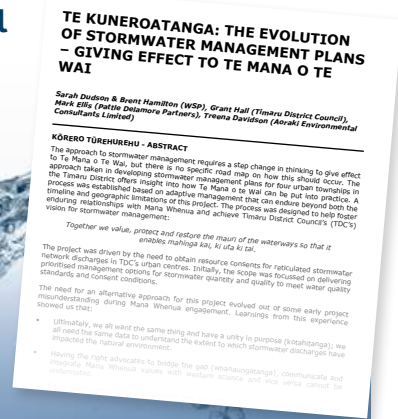


National Recognition for Timaru District Council

Awards won for Timaru projects or work programmes:



Water NZ Stormwater Conference award for best research paper “Te Kunteroatanga: The Evolution of Stormwater Management Plans – Giving Effect to Te Mana o te Wai” which was co-authored by Grant Hall (Timaru District Council), Treena Davidson (Aoraki Environmental Consultancy), Sarah Dudson and Brent Hamilton (WSP), and Mark Ellis (Pattle Delamore Partners).



Building Officers Institute NZ conference award to Jayson Ellis, Building Control Manager for his ongoing commitment to training Building Consent Officers around the country.

Training Commitment Award - sponsored by MiTek NZ

The Individual or Organisation that has committed to significantly improving the position of training in their field.

Jayson Ellis



Sustainable Business Awards commendation for “What’s in Your Bin” campaign for addressing recycling contamination. Fronted by Mayor Nigel Bowen and Timaru old boy Josh Thompson, with former Councillor Barbara Gilchrist and NZ Professional Skater Nicole Begg.

Special Events



Teen outreach programme **Paint ‘n’ Fizz** launched

Temuka Aviary opened



Ignite Timaru – bringing arts and culture into the CBD

Aoraki Heritage Collection ReCollect database launched at Timaru Library



Expand Your Horizons inaugural summer reading challenge for adults launched

Sunsational Summer collaborative holiday programme across all Recreation & Cultural Services units

Jointly with Downer New Zealand, we won the Small Airport Infrastructure Awards for the Partial Runway Reseal project.

We were recognised for innovations which enabled us to reuse the runway millings from the project to add additional taxiways and apron areas, and extend a cycle trail.

Operational Achievements

We continued to provide community funding through our community funding programme.

Animal Control Dog Education initiatives have had a surge in demand of 227%, rising from the previous achievement of 15 presentations to schools to 49 this year, reflecting the high quality of this community safety initiative.

Visitors to our community facilities also rose this financial year. Museum visitor numbers showed an increase of 46.6% rising to 25,760 visitors. The Libraries had a 19.4% increase, with over 280,000 visitors to their sites.

Council's website has also shown an increase of 23% over the past year, with over 1,000,000 website and catalogue searches reported in the analytics.

Challenges

Government Reforms – uncertainty about timing and continuity of recent reform legislation passed for Resource Management and 3 Waters presents issues for timely long-term planning for the local government sector.

Economic uncertainty – rising costs, resource limitations, staff shortages, and high inflation all contribute to higher uncertainty for Councils programmes, projects and service delivery. Council monitors the global and national economic indicators regularly and adopts an agile approach to its planning to be able to adjust to dynamic conditions.

Climate Change – establishing a baseline for all sources of greenhouse gas emissions for Council's many activities is a priority for Council to be able to take action to reduce its emissions; also incorporating resiliency into its long-term planning for key infrastructure assets susceptible to climate change effects is an ongoing work in progress. Enhancing community resilience for vulnerable communities adjacent to our braided rivers or coastline is also a priority for our Emergency Management Unit.

Vertical Infrastructure – key community assets

are reaching near end-of-life and are in need of refurbishment or replacement; with increased costs there is a need to strike a balance between what is affordable for Timaru's ratepayers and residents and the community's expectations to have high quality facilities.

Levels of Service – with the high expectations of the community for core services and the financial constraints in this high economic inflationary environment, there are tough decisions to be made for the upcoming Long-Term Plan. An example includes roading and the lack of additional Waka Kotahi funding; Council is unable to sustain its current levels of service within existing budgets. This will have implications for ratepayers and there are some difficult choices to be made based on open conversations with the community about how it expects Council to manage this.

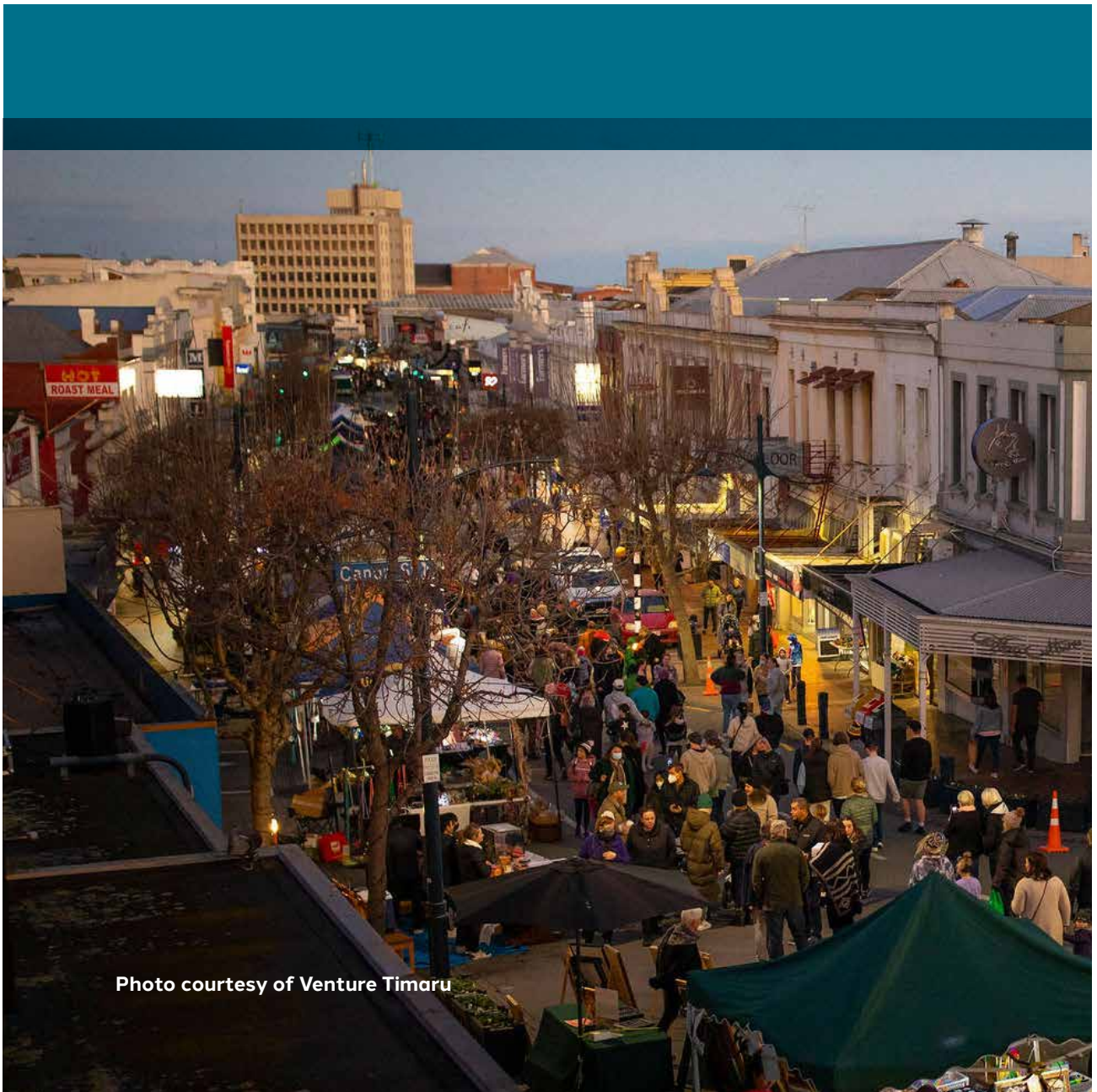
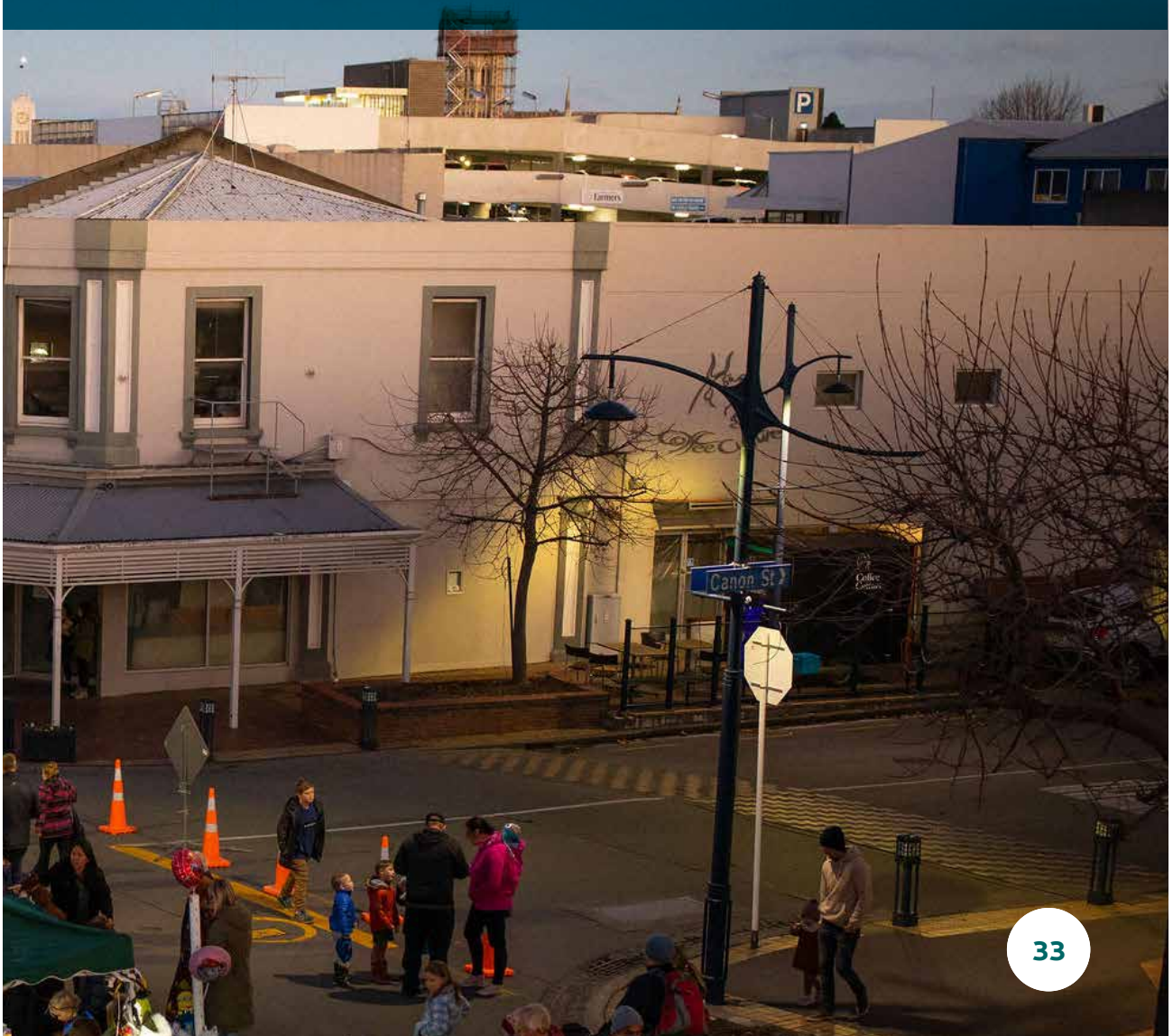


Photo courtesy of Venture Timaru

Council Activities



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Section Overview

This section describes the work and performance of the Council's Groups of Activities, for the 2022/23 year.

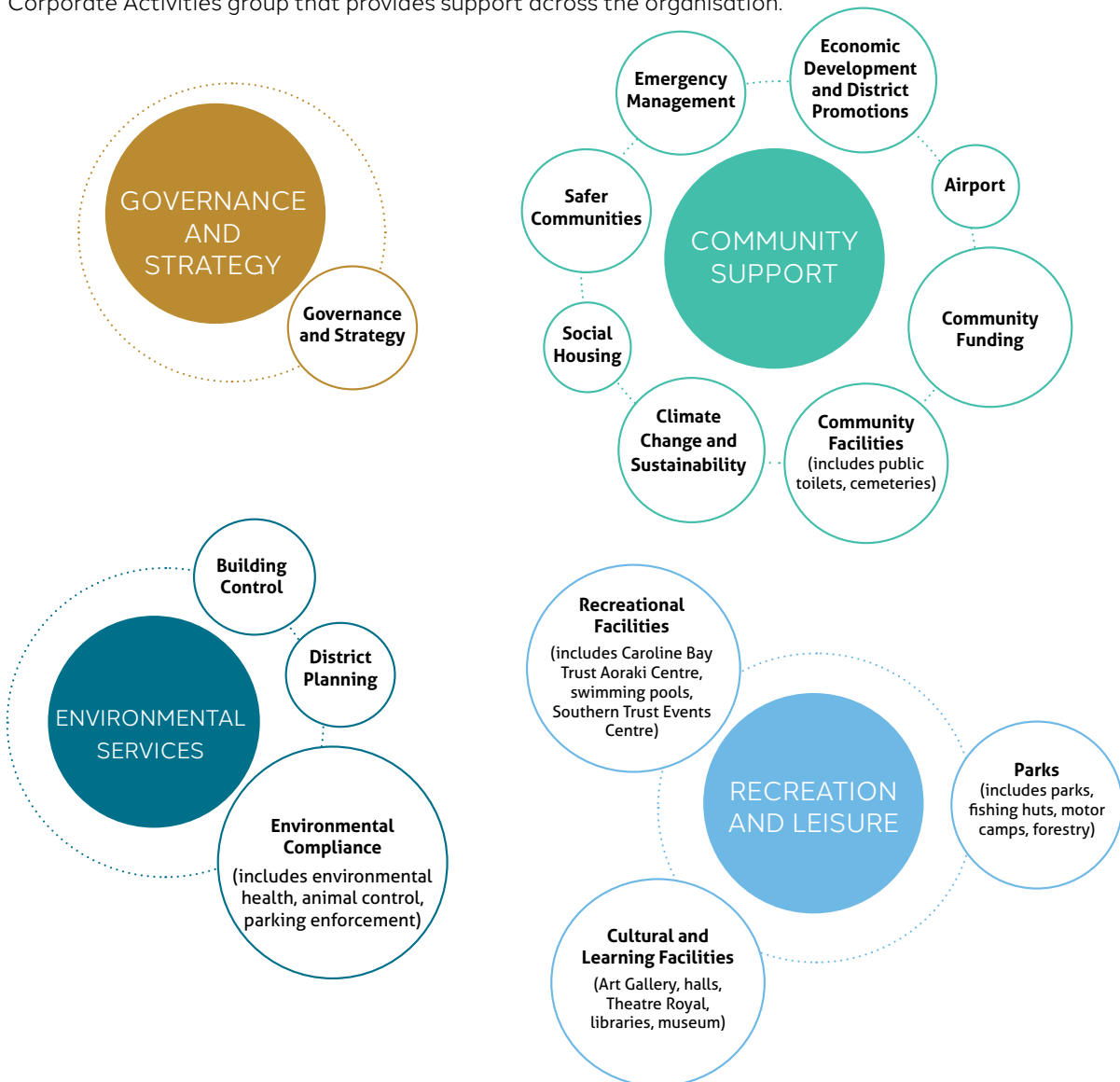
What we do

A description of the activities included within each group and their key functions.

Contributions to Community Wellbeing Outcomes

An indication of which community wellbeing outcomes these activities contribute to.

Council has nine groups of activities as outlined below. We also have a Corporate Activities group that provides support across the organisation.



Highlight and Challenges

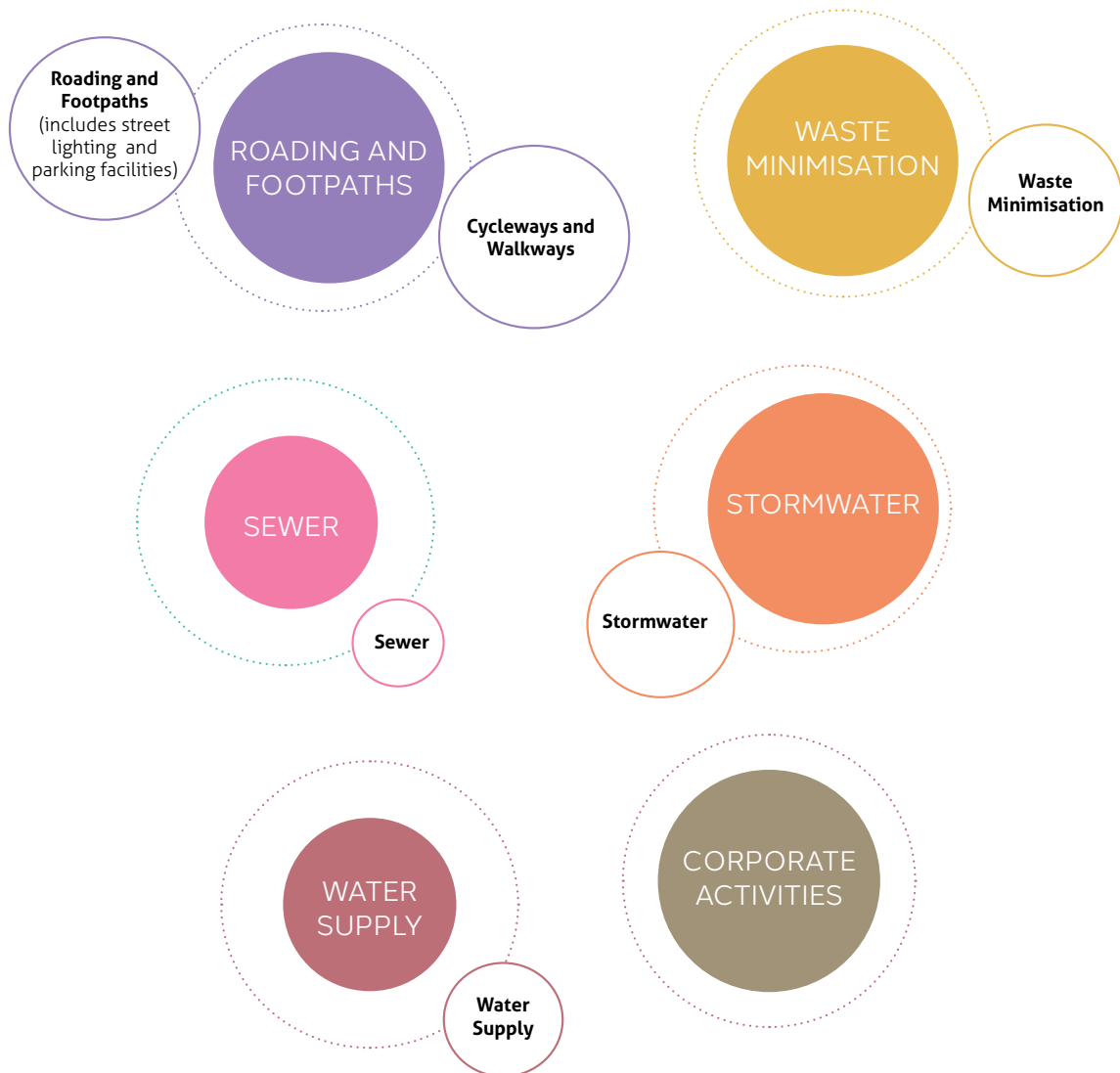
A description of some of the highlights and challenges for each activity.

Service Performance

A summary of how the Council performed against performance measures for each activity.

Financial Information

A funding impact statement that show how each group of activities has been paid for.



Governance and Strategy

What we do

Our Governance and Strategy services support and guide all the activities carried out by the Timaru District Council.

It enables the Council to function and provide stable, transparent, effective, efficient and accountable local governance to the District.

The elected members of Council set direction, lead and make decisions based on Council's Strategic Direction, with the overall goal of improving community wellbeing.

This includes all work associated with the elected Council and Community Boards in Geraldine, Pleasant Point and Temuka.

Elected members, being the community's representatives, make decisions within the framework of the Local Government Act 2002 (LGA) on behalf of and in the interests of the community.

Council and Community Boards are elected every three years. Council elections were held in October 2022.

The key functions include:

- Engagement with the community
- Advocacy on issues that affect the district civic functions, such as citizenship ceremonies, award ceremonies and parades
- Elections and representation reviews
- Administering statutory governance functions such as Standing Orders and Delegations Registers
- Maintaining Sister City relationships with Eniwa (Japan), Weihai (China), Orange (Australia) and Orange (United States)
- Developing and implementing Council wide strategies and policies
- Partnering with external agencies
- Performance, planning and accountability, including the development and adoption of key Council planning and accountability documents such as the Long Term Plan, Annual Plan and the Annual Report
- Overall monitoring of the Council operation.

Enhancing the social, economic, environmental and cultural wellbeing of our community

All of the decisions Council makes are designed to support and enhance the social, economic, environmental and cultural wellbeing of our community.

Democratic decision making relies on effective engagement with the community, which is a two way process. We need community input to ensure that the decisions we make actually enhance wellbeing. To do this we are utilising an increasing range of tools to make it as easy as possible for all parts of our community to make their voice heard.

Equally, Council has a responsibility to ensure clear communication with the community about future plans and priorities, and the reasons for these.

Contributions to
Community Wellbeing
Outcomes

Connected Citizens

Enhanced Lifestyle
Sustainable Environment

Diverse Economy

Resilient Infrastructure

Governance and Strategy Highlights

Continued strong advocacy on behalf of the community, to ensure that the district's views are heard on a number of significant legislative reforms.

The Mayor and Councillors continued to advocate strongly on a national and regional basis for the promotion of local voice and control over key infrastructure such as water and roads, as well as advocating for new financial models to support local government.

Engagement and Advocacy

Numerous submissions were lodged on legislative changes and policy proposals, including:

- ➔ Several submissions to Parliamentary Select Committees, on:
 - o A number of bills implementing the Three Waters reform;
 - o Natural and Built Environment Bill and the Spatial Planning Bill;
 - o Sale and Supply of Alcohol (Community Participation) Amendment Bill

Submissions were also made on:

- ➔ The Future for Local Government Review Draft Report
- ➔ Charging Our Future Strategy – Ministry of Transport Te Manatū Waka
- ➔ Fire insurance transitional levy increase – Fire & Emergency NZ
- ➔ The Climate Change Commission's draft advice to inform the strategic direction of the Government's second emissions reduction plan
- ➔ 2023 Draft advice to inform the strategic direction of the Government's second emissions reduction plan – Climate Change Commission He Pou a Rangi
- ➔ The Pricing Agricultural Emissions document released by the Ministry for the Environment



Canterbury Mayoral Forum

In November Mayor Nigel Bowen was appointed as Chair of the Canterbury Mayoral Forum.

The forum has a vital role in facilitating communication, co-ordination and collaboration across all Canterbury Councils, and acting as a strong advocate for the region.

The forum includes all the mayors of the 10 territorial authorities in Canterbury and the Chair of Environment Canterbury. Significant activities included Mayor Bowen presenting to Parliament's Environment Committee on the Government's Natural and Built Environment Bill and the Spatial Planning Bill, on behalf of the Mayoral Forum.



Image courtesy of canterburymayors.org.nz

Strengthening Community Voice

The Geraldine, Pleasant Point and Temuka Community Boards are an important part of the district's democratic voice because of their close connection with local communities.

Each of the boards developed a strategic plan for its township and surrounding rural areas to help research, prioritise, coordinate and fund the right projects and initiatives that Council, the Community Board, and members of the wider commercial and not for profit community could undertake to make a real difference in local areas.



Other Community Board highlights include:

- ➔ Support for and outreach to organisations working in each of the communities.
- ➔ Providing funding to support community vehicle services, to assist the vulnerable and those without access to transport to meet their needs.
- ➔ Input in to submissions on the Natural and Built Environment Bill, the Future for Local Government Review, and the Independent Electoral Review.
- ➔ Recognition of King Charles III's coronation.

Communities 4 Local Democracy

The Timaru District Council was one of the lead agencies in the Communities 4 Local Democracy He hapori mō te Manapori group of councils campaigning for better Three Waters reform.

The Council also spearheaded an ongoing legal action aiming to clarify the ownership of assets when it comes to Three Waters.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Decisions are made in an open and transparent manner	Agenda items held in public meetings*	85%	Achieved 93% (2021/22: 81%)
	*Agenda items on the full Council and four Standing Committee agendas		
	Resident satisfaction with influence on and involvement in Council decision making	50%	Not measured – biennial (next survey 2022/23) (2021/22: 47%)
Effective community engagement	Resident satisfaction with information provided by Council	60%	Not measured – biennial (next survey 2022/23) (2021/22: 66%)
Monitoring the Council organisation's performance	Annual Reports and Long Term plans receive 'unmodified' (clear) audit opinions	Unmodified audit opinion received	Achieved (2021/22: achieved)
Council processes comply with statutory requirements	Annual Plans, Reports and Long Term Plans adopted within statutory timeframes	Statutory timeframes achieved	Not achieved – The Annual Plan 2022/23 was adopted prior to the statutory deadline. However adoption of the Annual Report 2021/22 did not meet the statutory deadline due to audit delays. (2021/22: not achieved)
	Council and committee meeting agendas made available to the public within statutory timeframes	Statutory timeframes achieved	Achieved (2021/22: achieved)

Governance and Strategy Funding Impact Statement

for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	3,986	4,217	4,075
Targeted rates	27	27	31
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	6
Total Operating Funding	4,013	4,244	4,112
Applications of operating funding			
Payments to staff and suppliers	1,384	1,465	1,359
Finance costs	-	-	-
Internal charges and overheads	2,629	2,777	3,318
Other operating funding applications	-	-	-
Total applications of operating funding	4,013	4,242	4,676
SURPLUS / (DEFICIT) OF OPERATING FUNDING	0	2	(564)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	24	(56)	594
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	24	(56)	594
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	24	(54)	30
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	24	(54)	30
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	0	(2)	564
FUNDING BALANCE	0	0	(0)
Internal Loans			
Raised during year	594		
Repaid during year	0		
Balance as at 30/06/2023	777		
Finance Costs for year	0		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

<p>General rates, uniform annual general charges, rates penalties \$142,000 below LTP</p>	<p>A lower increase in general rates and uniform annual general charges were required due to a lower operating cost base in the 2023/24 Annual Plan from the LTP for this activity.</p>
<p>Payments to staff and suppliers \$106,000 below LTP.</p>	<p>The below LTP spend is largely related to lower than budgeted external consultant costs required within this activity.</p>
<p>Internal charges and overheads \$541,000 above LTP</p>	<p>The increase in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to costs on-charged from corporate activities to other Council activities.</p>
<p>Increase / (decrease) in debt \$650,000 above LTP</p>	<p>Additional debt funding above the LTP was required to support the increased operating expenditure.</p>

Community Support

What we do

The Community Support group includes Timaru Airport, Climate Change and Sustainability, Community Facilities (Cemeteries and Public Toilets), Community Funding, Economic Development and District Promotions, Emergency Management, Safer Communities and Social Housing.

The focus of these activities is to help:

- build strong, connected and supportive communities
- support and celebrate diversity in our communities
- provide high quality community facilities (cemeteries and public toilets)
- support people, organisations and the business community
- assist vulnerable people in our communities
- assist individuals and communities to be prepared and resilient in times of adversity

Enhancing the social, economic, environmental and cultural wellbeing of our community

Our community support services are focused on enhancing the social, economic, environmental and cultural wellbeing of our community.

This includes a particular focus on economic wellbeing through the Economic Development and District Promotions function, and social and environmental wellbeing through the Emergency Management activity. Social and cultural wellbeing are a particular focus for our Safer Communities and Community Funding activities. Timaru Airport provides significant links with other centres, and plays a substantial role in enhancing economic and community wellbeing.

Our district cemeteries are an important part of each local community's history, and play a role in enhancing social and cultural wellbeing.

Housing affordability is a national issue and while our district may not be experiencing the extremes often publicised, through our social housing portfolio we are able to provide a number of low cost housing units for some of the most vulnerable members of our community.

Contributions
to Community
Wellbeing Outcomes

Connected Citizens
Enhanced Lifestyle
Sustainable Environment
Diverse Economy

Community Support Highlights

Timaru Airport

There's been an 18% increase in passenger numbers using Timaru airport. The year's figures show a recovery in numbers following on from the effect of travel restrictions during Covid lockdowns.

45,539 passengers used the airport in the last year.

Community Facilities (public toilets)

This is not a service that usually makes the headlines in a positive way.

Toilet upgrades this year included the renovation and upgrade of Marchwiell toilets to offer an accessible facility. A new toilet block was installed at ANZAC Square, and permanent toilets were installed at Manse Bridge and at Pleasant Point cemetery.



Emergency Management

The pattern of extreme weather events continues, and so does the clean up and repair work.

This year, we monitored several coastal inundation and flood events for our communities. We responded to the Rangitata and Opihi flood events, including a State of Emergency declaration for the evacuation of Mill Road hut settlement.

Emergency Management staff were also busy ensuring the Council is prepared for events, providing training for 75 staff in various EOC (Emergency Operations Centre) roles. We also provided training for our 102 Emergency Management volunteers.

During the year, staff were deployed to support State of Emergency activations for the severe weather events in Westport, Nelson/Tasman, and Auckland, and following Cyclone Gabrielle. This provided valuable opportunities for the Council to support neighbouring agencies, and increase our own operational experience.

We had also had a staff member provide assistance following the New South Wales floods in November, as part of a team overseeing evacuations and supporting displaced communities.



Road closure and stopbank scouring, caused by the state of emergency level flooding of the Opihi River resulting in the evacuation of the Mill Rd settlement



AFB roadshow – a South Island-wide engagement program where we get experts to talk about the Alpine Fault.



Welcoming Communities

The Welcoming Communities – Te Waharoa ki ngā Hapori programme provides a framework for our district to become even more welcoming and attractive to newcomers – a place where people want to come, stay and make their home.

The Welcoming Communities initiative brings together 31 councils and communities across New Zealand to promote, showcase and enhance existing initiatives to help newcomers feel welcome. Our Council has recently joined the programme and work has progressed on socialising the Welcoming Communities programme across the district, and planning for Welcoming Week held in September 2023.



Community Funding

By making a financial contribution to our community groups, Council is able to contribute to community wellbeing.



Council contributes towards youth entertainment initiatives, events, community services, rural community halls, as well as administration costs for not-for-profit organisations that preserve the history of South Canterbury.

Grants have been given towards: premises hire, ANZAC Day Service; operating costs, Temuka and Geraldine Christmas Parades, Timaru Marine Parade Penguin Camera project, Timaru District Kiwi Can Project, Geraldine Historical Society (administration and running costs), children and youth activities at “Get to the Point” and towards the SCDL Junior section’s “Bring it on – The Musical”. Council also gave a grant to the Fraser Park Community Trust.



Safer Communities

We did some important work with our stakeholders on drafting the Safer Communities Strategy and the Age-Friendly Strategy this year. Our Community Development Manager also met with representatives from the YMCA and Te Rūnanga o Arowhenua, to plan an initial hui to canvas youth/rangatahi about setting up a Youth Advisory group.



Social Housing

With housing standards and affordability being a significant issue across the country, the Council has continued to prioritise completing Healthy Homes assessments, and undertaking upgrades and maintenance to Healthy Homes standards.

We take the extra step of obtaining independent certification that insulation, ventilation, heating, drainage and moisture control all meet required standards.

Demand for the limited stock of social housing exceeds supply in the popular areas of Geraldine and Timaru Central.



Economic Development and Tourism

Venture Timaru, a Council Controlled Organisation, is the Economic Development and Tourism agency for the District. It's mandate is to support and grow our district.

Venture Timaru has an operational focus on delivering consistent district promotional and attraction activities, along with facilitated business support and project work.

Some of the key achievements during the year included:

Attraction and retention of Central Government funding bringing an estimated \$17m benefit to the District.

Regional Apprenticeship Initiative supporting over 120 local apprentices.

My Next Move Youth transition initiative, educating secondary school students on future career pathways

Tourism Support Recovery and Reset funding supporting the development of new, and enhancement of existing, visitor attractions.

Facilitating a partnership with Energy Efficiency and Conservation Authority (EECA) on the Mid-South Canterbury Regional Energy Accelerator Transition plan (RETA), a collaborative approach to decarbonising 90% of process heat emissions in the region by 2036.



Facilitation of the 2022/23 Cruise season – 14 vessels disembarking nearly 10,000 international visitors worth an estimated \$2.8m locally.

Support for both existing and new events via the Council funded and Venture Timaru administered Major Events Fund. New events included Brews on the Bay, Seaside Festival, and Illuminate in the Botanic Gardens.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Community facilities, the Airport and Social Housing Units are well maintained, clean and safe	User satisfaction with:		
	- Public toilets	65%	Not Measured – biennial – next survey 2022/23 (2021/22: 72%)
	- District Cemeteries	85%	Not measured – biennial – next survey 2022/23 (2021/22: 93%)
	Social Housing occupancy rate	90% + of units available for tenancy	Achieved 96% (2021/22: 92%)
	Airport		
	- Number of flights in and out of Timaru Airport	5% increase per year	Not achieved – 11.7% decrease in aircraft movements* (2021/22: 9% decrease)
	- Number of passengers using Timaru Airport	5% increase per year	Achieved – 18% increase in passenger numbers** (2021/22: 9% decrease)
	- Civil Aviation Authority (CAA) accreditation	CAA airport certification is maintained at all times	Achieved – Certification confirmation was achieved in March 2021 for a further 5 years. (2021/22: Achieved)
Improve individual and community awareness of the risks from hazards and assist them to build resilience to emergency events	Presentations on CDEM to groups within the district	20	Achieved – 28 (2021/22: 6 Results affected by Covid-19 restrictions)
Improve Council and partner agencies capability to respond to and recover from emergencies	Recruit and train EOC staff to maintain 24/7 capability	60	Achieved – 75 (2021/22: 70)
	Recruit and train volunteers to maintain team capacity and capability	80	Achieved – 102 (2021/22: 111)
Effectively managed and allocated community funding	Funding rounds held	General donations, Grants and Loans: 2	Achieved – 2 (2021/22:2)
		TDC Youth Initiatives: 2	Achieved – 2 (2021/22:2)
		Creative Communities Fund: 4	Achieved – 4 (2021/22:4)
		Trust Fund distributions: ■ Thomas Hobson Trust: 1 ■ AD Hally Trust: 2*	Achieved – 3 (2021/22:3) <i>*LTP figure incorrect – target is 2, not 4</i>
Contribute to Council's role in economic development and tourism	Performance targets in the Venture Timaru Statement of Intent are met	Quarterly performance reporting to Council	Achieved (2021/22: Achieved)
		100% performance targets in SOI met	Achieved (2021/22: Achieved)

*Weather conditions, increased costs of flying (fuel, aircraft maintenance, etc) and the economic climate contributed to the decrease, largely in private aircraft.
**Although there was a decrease in aircraft movements, there was an increase in Air NZ flights (Air NZ movements were up by 2.05%). These flights have higher passenger numbers.

Community Support Funding Impact Statement for the year ended 30 June 2022

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	3,525	3,765	4,042
Targeted rates	-	-	-
Subsidies and grants for operating purposes	6	6	55
Fees and charges	2,061	2,174	2,107
Internal charges and overheads recovered	184	73	(34)
Local authorities fuel tax, fines, infringement fees and other receipts	45	46	141
Total Operating Funding	5,821	6,064	6,311
Applications of operating funding			
Payments to staff and suppliers	5,235	5,025	5,570
Finance costs	127	218	175
Internal charges and overheads	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding	5,362	5,243	5,745
SURPLUS / (DEFICIT) OF OPERATING FUNDING	458	821	566
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,203	3,195	3,266
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,203	3,195	3,266
Applications of capital funding			
Capital expenditure			
- to meet additional demand	700	-	-
- to improve the level of service	22	2,080	2,442
- to replace existing assets	3,110	1,812	1,209
Increase/(decrease) in reserves	(170)	124	180
Increase/(decrease) of investments	-	-	0
Total applications of capital funding	3,662	4,016	3,832
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(459)	(821)	(566)
FUNDING BALANCE	(1)	0	0
Internal Loans			
Raised during year	3,266		
Repaid during year	0		
Balance as at 30/06/2023	9,090		
Finance Costs for year	175		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

General rates, uniform annual general charges, rates penalties \$277,000 above LTP	Whole of Council rates revenue has increased above the increases set in the LTP. Additional rates were required to cover an increase in applications of operating funding from the LTP to the 2023/24 Annual Plan for this activity.
Payments to staff and suppliers \$545,000 above LTP.	The above LTP spend is largely attributed to an unbudgeted \$500,000 grant towards redevelopment at Fraser Park.
Capital expenditure \$241,000 below LTP	Timing of project spend has changed since the LTP was set at June 2021, including the Timaru Airport terminal upgrade project which is ongoing. This project was budgeted for completion in 2022/23 in the LTP and is now budgeted to be completed in the 2023/24 Annual Plan.

Environmental Services

What we do

Building Control

Council is responsible for administering and implementing the provisions of the Building Act 2004 ("the Act"). This involves balancing delivery of a customer focused service within legislative requirements, while managing the risk to the community and Council. Under the Act, Council must maintain accreditation as a Building Consent Authority. It is responsible for processing and granting building consents, inspecting building work, issuing Code Compliance Certificates, Certificates of Public Use, Processing Land and Project Information Memorandums, providing advice on building related matters and managing and enforcing other provisions under the Act.

District Planning

Council is responsible for promoting the sustainable management of the natural and physical resources within the district. This includes developing, and administering the District Plan and related policies, such as the biodiversity policy, and processing applications for resource consents under the District Plan and administering the Built Heritage Protection Fund.

Environmental Compliance

Council has monitoring and enforcement responsibilities under a range of legislation relating to food safety, noise control, hazardous substances, liquor licensing, environmental nuisance, gambling control and animal control. The Timaru District Consolidated Bylaw 2018 outlines rules and processes to protect the public.

These activities help ensure:

- the district's built and natural environment is safe to live, work and play in
- building and land developments are managed in a safe and sustainable way and land is used appropriately through enforcing building and planning legislation
- negative effect of activities that may occur in the district are minimised or managed (eg noise, animals, overhanging trees)
- commercial food premises practice a high standard of hygiene
- the natural and built environment is managed sustainably



Enhancing the social, economic, environmental and cultural wellbeing of our community

How we use land has a major effect on the look and feel of our district, and how resilient our communities are.

Through our District Planning function, Council supports the growth of the District while ensuring our environment is protected.

Regulating building activities in the District supports safe and sustainable housing and commercial development.

Our environmental compliance services administer legislation and regulation designed to protect public health and safety.

Together these services work to enhance all aspects of community wellbeing.



Environmental Services Highlights

Building Control

We had a very successful result at the Building Officials Institute of NZ (BOINZ) national conference in August with building team member Olivia McGregor receiving the Young Professional of the Year, and our building team receiving the Innovator of the Year award.



Our Building Control Manager was again recognised for his commitment to training Building Consent Officers around the country at the annual BOINZ excellence awards in May.

Animal Control Support and Education

This year we had a large increase in the uptake of the educational programmes on dog control and safety that we offer to schools, preschools and other organisations.

Over 2022/23 we ran 49 education programmes, up from 15 the previous year. These initiatives make a valuable contribution to keeping our communities safe.



District Plan Review

The name for the 'Proposed District Plan - He Po. He Ao. Ka Awatea', means 'a new day' or 'a new beginning'. Significant progress was made during the year on the formal review of the District Plan, including the important step of hearing from our communities.

In September, the Proposed Plan was released for community consultation, with 254 submissions received. The Council was really pleased with the level of community feedback and input in to the Plan, and the submissions will be formally considered at upcoming hearings.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Deliver timely, efficient processing of consents and related requirements in line with statutory requirements	Building Consent Authority accreditation	Building Consent Authority accreditation retained	Achieved (2021/22: Achieved)
	Building Control consent average processing time	< 12 days	Nearly achieved 12.6 days (2021/22: 12.1 days)
	% of Code of Compliance Certificates issued within statutory time frame	100%	Nearly achieved 97.4% (2021/22: 97%)
	Resource Consent processing within statutory timeframes	100%	Not achieved 97%* (2021/22: 73%)
	Land Use consents monitoring	150 pa	Not achieved 90* (2021/22: 20)
Provide useful, timely and consistent information and education on building, planning and regulatory services	Building consent applicants satisfaction with consent process	80%	Not achieved 72.8% (2021/22: 81%)
	Customer satisfaction with information and education from district planning services	90%	Not measured 0% (no survey undertaken)* (2021/22: no survey undertaken)
	Customer satisfaction with information and education from environmental health services	80%	Achieved 97.3% (2021/22: 100%)
Support responsible dog ownership	Percentage of known dogs in District registered	95%	Achieved 97.4% (2021/22: 98%)
	Number of Dog Control education initiatives completed	5	Achieved – 49** (2021/22: 15)
Ensure buildings with a Building Warrant of Fitness (BWF), swimming pools, food and liquor premises are safe and comply with legislation	% of non compliant BWF audits achieved compliance within two months	100%	Not achieved 62.1%* (2021/22:0 % – no audit undertaken)
	% of non compliant swimming pool audits that achieve compliance or enforcement action taken within two months of audit	100%	Achieved 100% (2021/22:100%)
	% of scheduled audits of registered food premises completed	90%	Achieved 96% (2021/22: 100%)
	% of Alcohol regulated premises that have been inspected	80%	Not achieved 31.6%*** (2021/22:41%)
	Number of Food Businesses requiring escalation to the Registration Authority and/or Food Safety Officer for follow up	number to be reported	Achieved 5 New measure (2021/22: 1)

*Due to a combination of staff shortages, staff turnover and competing work priorities.

**Variance due to Covid restrictions and impacts on schools' operations in 2021/22, with a large increase in uptake of the educational programme by schools, preschools and other organisations following lessening of Covid impacts in 2022/23.

***Premises are monitored in partnership with Police and Medical Officer of Health representatives. Monitoring visits are restricted by the availability of all parties.

Environmental Services Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	1,963	2,364	2,762
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,373	3,526	4,029
Internal charges and overheads recovered	139	143	20
Local authorities fuel tax, fines, infringement fees and other receipts	99	101	78
Total Operating Funding	5,574	6,134	6,890
Applications of operating funding			
Payments to staff and suppliers	5,509	6,334	6,148
Finance costs	69	101	98
Internal charges and overheads	1,112	1,207	22
Other operating funding applications	-	-	-
Total applications of operating funding	6,690	7,642	6,268
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(1,116)	(1,508)	622
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,153	1,556	(479)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,153	1,556	(479)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	20	-	-
- to replace existing assets	12	-	-
Increase/(decrease) in reserves	5	48	143
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	37	48	143
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	1,116	1,508	(622)
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	0		
Repaid during year	479		
Balance as at 30/06/2023	3,260		
Finance Costs for year	98		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

General rates, uniform annual general charges, rates penalties \$398,000 above LTP	Whole of Council rates revenue has increased above the increases set in the LTP. Additional rates were required to cover an increase in applications of operating funding from the LTP to the 2023/24 Annual Plan for this activity.
Fees and charges \$503,000 above LTP	Planning revenue was \$274,000 above LTP, largely relating to subdivision fees. Building control revenue was \$105,000 above LTP largely relating to consent fees, and animal control revenue was \$124,000 above LTP largely relating to infringements and fines.
Internal charges and overheads recovered \$123,000 below LTP	The LTP had assumed Environmental Services activities required larger funding from other activities, however operating expenditure was able to be funded from other sources of operating funding for 2023.
Payments to staff and suppliers \$186,000 below LTP	The below LTP spend is largely related to a reduction in District Plan Review costs due to project delays, coupled with increases in other costs due to differences in inflation since the LTP was set in June 2021.
Internal charges and overheads \$1,185,000 below LTP	The decrease in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to a reduction in costs on-charged from corporate activities to this activity.
Increase / (decrease) in debt \$2,035,000 below LTP	Lower debt funding was required than planned in the LTP for this activity, largely a result of a delay in District Plan Review costs which are debt funded and have been re-budgeted into the 2023/24 Annual Plan.

Recreation and Leisure

What we do

Recreation and Leisure activities provide quality cultural, learning and recreation facilities for residents and visitors to enjoy.

Cultural and Learning Facilities

- **Aigantighe Art Gallery**
- **South Canterbury Museum**
- **Timaru District Libraries**
Facilities in Timaru, Geraldine, Temuka and online, with the Geraldine and Temuka Libraries doubling as Council Service Centres
- **Theatre Royal**
- **Halls**
Including seven facilities owned and managed by Council, 11 community halls owned by Council and managed by community committees, and three halls owned by community organisations and funded by targeted rates, which Council collects on behalf of the hall owners.

Parks

- **Premier parks of particular significance to the district,** such as Timaru Botanic Gardens, Caroline Bay and the Temuka and Geraldine Domains
- **Sports and recreation parks**
- **Neighbourhood parks**
In urban areas and often incorporating playgrounds
- **Amenity parks**
Designed to provide open spaces and plantings
- **Natural parks**
Located predominantly in rural areas, often including walking and cycling tracks
- **Special purpose parks and civic spaces.**

Recreational Facilities

- **Caroline Bay Trust Aoraki Centre (CBay)**
- **Swimming pools**
Geraldine, Pleasant Point and Temuka
- **Aorangi Stadium**



Enhancing the social, economic, environmental and cultural wellbeing of our community

Our cultural and learning facilities foster social and cultural wellbeing across all sectors and age groups in our community, and help make the district an enticing place for visitors to experience.

Our parks and open spaces help protect, restore and enhance our district’s green landscape – both urban and rural, and provide community spaces that residents and visitors can enjoy.

We’re involved in providing quality recreational facilities and experiences to offer health, learning, social and leisure benefits.

Together these services are an important part of enhancing all aspects of community wellbeing.



Cplay playground under construction

Our cultural, recreational and learning facilities continue to look at innovating and offering our community new ways to participate.

Art Gallery

2022/23 was an extraordinary year of activity at the Aigantighe Art Gallery, with a broad range of dynamic exhibitions, events, and public programmes to inspire visitors.

We delivered 16 exhibitions, 20 public programmes, four school holiday programmes and a range of events.

Some of the highlights over the year included:



Ignite

IGNITE Timaru events (modelled on the “First Thursdays” events held for several years in Christchurch) took place in November and December as part of the broader Citytown project. These late-night events activated the city centre with live music, pop-up exhibitions, street performances, open studios, and workshops.

To support the events, the Aigantighe assisted with planning and logistics, ran pop-up exhibitions and a kids art zone, and commissioned Tape Art NZ to create a mural on the side of the Ballantynes building. The event was a huge success, with thousands attending the two events and placing a spotlight on the creative talents of South Canterbury.



Museum

The number of museum service users increased to 25,760 – an increase of over 8,000 users from the previous year.

A number of highly successful summer holiday programmes were conducted with very high level of public engagement. These included the Sunational Summer Challenge, the summer holiday fossil field trip, and the annual Retro Rock event in February which drew over 800 people to the Museum grounds.



Rita Angus: New Zealand Modernist He Ringatoi Hou o Aotearoa

This Te Papa touring exhibition brought together 20 works by one of New Zealand’s most iconic 20th-century artists. The works traversed Angus’s life and career as an artist, drawing out the themes of pacifism, feminism and nature, which shaped much of her work. The exhibition was very popular, drawing large crowds including many visitors from outside the district.

Rare and Unrivalled Beauty – Landscape Paintings from the Kelliher Art Trust Collection

The exhibition, curated by Kelliher Art Trust Curator Christopher Johnstone, featured works by renowned New Zealand artists including Austen Deans, Colin Wheeler, Douglas Badcock, Dick Frizzell, and Michael Smither.

Swimming Pools

CBay swimming complex remained a popular choice for residents and visitors:

408 Aqua Fitness classes	2,758 Swim for Life participants	2,565 Learn to Swim students
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279,596 Visitors to the CBay pool complex

Libraries

- There were 282,961 visitors to our libraries; an increase of 48,889 people from the previous year
- There were over a million online website and catalogue searches for library services and materials

Theatre Royal and Heritage Facility Project

In 2018 following consultation in its Long Term Plan, the Council made a decision to refurbish the Theatre Royal and co-locate a new Heritage Facility on the site.

The Theatre Royal is a unique heritage listed facility, and upgrading work was needed to futureproof the facility as a viable, safe and usable facility. It is a complex project, and work has since proceeded on design works and costings for the upgrade.

In late 2022 the Council consulted with the community on three options for the development, which included retaining back of house stage facilities, new facilities or completing the update of the Theatre Royal only.

Council subsequently confirmed an option involving the Theatre Royal being refurbished, the Back of House removed and rebuilt, and a new Heritage Facility being built, at a cost of \$57.1m. Following that decision, work has now begun on the detailed design works.



Parks

As a district we have a multitude of walkways, parks and playgrounds on our doorstep. As well as regular maintenance of these facilities, we are always looking for ways to make these amazing public places even better places to visit.

Other Parks highlights include:

- The new Temuka Aviary opened in February 2023.
- The Timaru Botanic Gardens Education and Interpretation Centre was refurbished and opened in November with an exhibition, marking 100 years since the building was initially opened.
- A beach wheelchair has been purchased for use at Caroline Bay.
- A Memorandum of Understanding was signed with Taranaki Regional Council which allowed them to donate rare Rhododendrons to be grown in the Geraldine area. This is part of a global initiative to preserve threatened plants in a range of locations.
- Renewals of fencing and replacement of litter bins and furniture have been undertaken, and new barbecues installed in some parks.
- Design work and consultation with Mana Whenua and Golf NZ has continued for the Highfield Recreation Area.
- Trials using soil foodweb organisms to reduce or eliminate chemicals and improve plant health were initiated at Marchwiell Park, Aigantighe Art Gallery, Timaru Botanic Gardens and Sir Basil Arthur Park

CPlay

The CPlay Project is a community-led initiative to upgrade the Caroline Bay Playground, and deliver a new playground that offers stimulating and inclusive play for all ages and abilities.

The design has focused towards being inclusive, meaningful (relating to Timaru's Māori and European history), challenging and fun. The Project aims to get families active, bring people together and attract visitors.

Council has donated just over a million towards the project, is providing support throughout the project's lifecycle and will be taking ownership and maintaining the facility when the project is complete.

Over the previous year Council has worked alongside the CPlay group to progress the design and project plan. Construction commenced in March 2023.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Recreation and leisure facilities, programmes and materials are accessible to residents and visitors	Museum		
	Number of museum service users (includes museum visitors, attendees at on site and off site programmes, information or collection requests)	25,000	Achieved 25,760 (2021/22: Not achieved 17,572)
	Public programmes and events	12	Achieved 14 (2021/22: 12)
	Touring and regional exhibitions	3	Achieved 4 (2021/22: 4)
	Libraries		
	Visitors to Libraries	200,000	Achieved 282,961 (2021/22: 237,072)
	Online website and catalogue searches	400,000	Achieved 1,000,765 (2021/22: 771,040)
	Library issues (physical & digital) of materials	550,000	Not achieved 514,404* (2021/22: 498,907)
	Community Programme interactions – held on site and in the community [†]	1,500	Achieved 2,989 (2021/22: 7,637**)
	[†] a non traditional library service		
Art Gallery			
Visitors to Art Galleries	19,000	Not achieved 15,249* (2021/22: 15,642)	
Online website searches and social media interactions	800	Achieved 5,461 (2021/22: 13,240***)	
Community Programmes – held on site and in the community	12	Achieved 50 (2021/22: 15)	
CBay Complex			
Visitors to CBay	325,000	Not achieved 279,596 (2021/22: 273,075)	
Aqua Fitness classes	400	Achieved 408 (2021/22: 458)	
Aquatic swim for life participants	2,000	Achieved 2,758 (2021/22: 2,949)	
Aquatic learn to swim enrolments	3,000	Not Achieved 2,565 (2021/22: 2,787)	

Level of Service	Performance Measure	Target	Result/Achievement
Provide a high quality and safe experience at district recreation and leisure facilities	User satisfaction:		
	Art Gallery	80%	Not measured biennial – next survey 2022/23 (2021/22: 89%)
	Libraries	95%	Not measured biennial – next survey 2022/23 (2021/22: 94%)
	Museum	90%	Not measured biennial – next survey 2022/23 (2021/20: 91%)
	Parks	92%	Not measured biennial – next survey 2022/23 (2021/22: 92%)
	Swimming pools	75%	Not measured biennial – next survey 2022/23 (2021/22: 92%)
	Facilities meet legislative safety requirements	Legislative requirements are met	Achieved (2021/22: Achieved)
Collections of local and heritage and art objects, records and information preserved for and available to the community and visitors	Art Gallery		
	Number of Art Gallery exhibitions (including touring, regional and permanent art works)	10	Achieved 16 (2021/22: 18)
	Art works conserved	5	Achieved 5 (2021/22: 7)
	Collection item records recorded and updated	50%	Achieved 100% (2021/22: 100%)
	Museum		
	Collection items available online	18,500	Achieved 21,750 (2021/22: 21,302)
Acquisitions recatalogued within 6 months of acquisition	150	Achieved 166 (2021/22: 353)	
Parks are maintained and developed to meet current and future community needs	Kilometres of off-road walking and biking tracks	62	Achieved 76 (2021/22: 76)
	Number of playgrounds per 1,000 residents under 15 years of age	5.3	Achieved 5.38 (2021/22: 5.38)
	Park hectares per 1,000 residents	14.4ha	Achieved 14.45 (2021/22: 14.45)
	Trevor Griffiths Rose Garden and Timaru Botanic Gardens retained as Gardens of National Significance	2 gardens of national significance	Achieved (2021/22: Achieved)

*a number of visitor/attendance measures are still rebuilding following COVID 19.

**in 2021/22 there were a large number of additional programmes run on assisting people to get their Vaccine Passes for the Covid restrictions. There has continued to be significant uptake for our library programmes and outreach events through 2022/23.

***in 2021/22 there were a large number of programmes uploaded for viewing on Youtube and Facebook, during Covid restrictions. In 2022/23 this has not occurred to the same extent, although the level of online interactions has remained high.

Recreation and Leisure Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	13,486	14,596	15,820
Targeted rates	20	20	21
Subsidies and grants for operating purposes	88	43	66
Fees and charges	1,323	1,388	1,197
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,142	2,131	3,251
Total Operating Funding	17,059	18,178	20,355
Applications of operating funding			
Payments to staff and suppliers	13,248	13,759	16,621
Finance costs	499	634	660
Internal charges and overheads	1,108	1,592	2,739
Other operating funding applications	-	-	-
Total applications of operating funding	14,855	15,985	20,020
SURPLUS / (DEFICIT) OF OPERATING FUNDING	2,204	2,193	335
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	7,368	1,988	952
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,904	12,945	4,528
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	11,272	14,933	5,480
Applications of capital funding			
Capital expenditure			
- to meet additional demand	50	-	-
- to improve the level of service	6,247	9,629	4,118
- to replace existing assets	7,421	7,720	1,807
Increase/(decrease) in reserves	(242)	(223)	(110)
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	13,477	17,126	5,815
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(2,204)	(2,193)	(335)
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	4,528		
Repaid during year	0		
Balance as at 30/06/2023	31,095		
Finance Costs for year	660		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

General rates, uniform annual general charges, rates penalties \$1,224,000 above LTP	Whole of Council rates revenue has increased above the increases set in the LTP. Additional rates were required to cover an increase in applications of operating funding from the LTP to the 2023/24 Annual Plan for this activity.
Fees and charges \$191,000 below LTP	The variance between actuals and the LTP largely relates to CBAY Swim & Aquatics revenue.
Local authorities fuel tax, fines, infringement fees and other receipts \$1,120,000 above LTP	\$1M of donations were received towards construction of the CPlay project previously held in Trust which were unbudgeted in the LTP.
Payments to staff and suppliers \$2,862,000 above LTP	Salaries and wages are \$897,000 above the LTP, spend on the CPlay project of \$1.4M (offset by donations received) has been expensed this year as Council does not have ownership of this asset. The residual \$559,000 variance relates to differences in inflation since the LTP was set in June 2021.
Internal charges and overheads \$1,147,000 above LTP	The increase in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to costs on-charged from corporate activities to other Council activities.
Subsidies and grants for capital expenditure \$1,036,000 below LTP	The variance is due to Theatre Royal grants, with \$952,000 of grants received being recognised as revenue in 2022/23, whereas the LTP had \$2M budgeted. The timing of this project has changed since the LTP was adopted in June 2021.
Increase / (decrease) in debt \$8,417,000 below LTP	Lower debt funding was required than planned in the LTP for this activity, largely a result of a delay in capital expenditure costs which are debt funded and have been re-budgeted into the 2023/24 Annual Plan.
Capital expenditure \$11,424,000 below LTP	Timing of project spend has changed since the LTP was set at June 2021, including the Theatre Royal project which had \$11.4M spend budgeted in 2022/23 in the LTP, with \$904K actual spent, and is now budgeted to be completed over 2023/24 and beyond.
Increase / (decrease) in reserves \$113,000 above LTP	Transfers from reserves increased above LTP due to lower capital expenditure renewals funded from reserves.

Roading and Footpaths

What we do

We provide a transport network and associated assets and services throughout the district. This includes both infrastructure, such as roads, footpaths and signage, and non-asset functions, such as street cleaning, roadside garden maintenance, temporary traffic management and road safety initiatives.

Funding for the roading and footpaths network is provided from rates, loans, and user charges together with funding assistance received from central government through Waka Kotahi (the New Zealand Transport Agency - NZTA). Waka Kotahi is also responsible for the State Highway network.

Our network includes:

Over 1,700km of sealed and unsealed roads

More than 280 bridges

(including single lane bridges, weight restricted bridges, large culverts and footbridges)

Approximately 300km of footpaths, on road cycleways and walkways

At least **7,000 road signs**, more than **4,400 streetlights**

More than 10,000 drainage facilities including catchpits or culverts

Traffic signals, street furniture, bus stops, carparks, parking meters



Enhancing the social, economic, environmental and cultural wellbeing of our community

Our roading, footpath, cycleway and walkway network aims to make the District easy to move around. We work hard to provide a safe road network for the users of all transport modes, focusing on improving road infrastructure, providing road safety education and school travel planning.

Quality, safe and fit for purpose infrastructure is critical for community wellbeing. It allows communities to connect and receive services, which is a vital part of enhancing social and economic wellbeing.

Our cycleway and walkway network promotes social as well as physical wellbeing. Some of the negative effects of transportation, such as air and noise pollution, are mitigated by providing road surfacing designed to reduce noise where there are high traffic flows and providing alternative transport methods, such as cycling, walking and public transport, that have less environmental impacts.

Contributions to
Community Wellbeing Outcomes

Connected Citizens

Enhanced Lifestyle

Sustainable Environment

Diverse Economy

Resilient Infrastructure

Roading and Footpaths Highlights

Road Renewal and Improvement Programme

\$17.2M budget

100% completed as at 30 June 2023	77.9km of new roading resurfaced	160.5m of new kerb and channel installed
2.2km of new footpaths completed	867m of kerb and channel renewed	16.8km of footpaths renewed

Port Loop Road

The City Town Port Loop Road Trial was successfully undertaken over the summer of 2022/23. Feedback from the public and Port users informed the permanent design, which will be installed on completion of the water main renewal. The Council has successfully obtained Crown funding through the Transport Choices programme to enable connection through the port to the coastal tracks.

Footpaths and Walkways

There was a big focus over the year on improving walking access for the Pareora Community, with other works carried out in Geraldine, Temuka and Timaru.

Transport Choices Funding

Our Land Transport Unit were successful with a \$6.4M funding bid to the Climate Emergency Response Fund, a Crown fund administered by Waka Kotahi.

This funding is part of the Transport Choices programme, which aims to assist a transition to a low-emissions and climate-resilient future by providing people with more transport options, and making it easier to travel in ways that are safer and healthier for communities and the environment.



Major Upgrade Projects

Major upgrade projects were completed on Bank Street, Winchester Hanging Rock Road, and Te Moana Road. Rangitata Gorge Road Seal widening and Beaconsfield Road Reconstruction projects are well underway.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Roads are designed and maintained to community expectations	Response to customer service requests (Mandatory)	70% of customer service requests are responded to within 10 working days	Not achieved 63% Some improvement but staff resource shortages and competing priorities affected response times. (2021/22: 62%)

Level of Service	Performance Measure	Target	Result/Achievement
Roads and Bridges are fit for purpose and provide for comfortable and efficient travel	Road condition – Average quality of ride on sealed local road network % smooth travel exposure index (Mandatory)	92% – Average Smooth Travel Exposure Index on all sealed district roads	Achieved 92%+ (2021/22: 95%)
	Resident satisfaction with sealed roads	60% of residents satisfied that sealed roads are fit for purpose and well maintained	Nearly achieved 59% (2021/22: 61%)
	Resident satisfaction with unsealed roads	50% of residents satisfied that unsealed roads are fit for purpose and well maintained	Not achieved 43%* (2021/22: 53%)
	Resurfacing of road network (Mandatory)	6% sealed road network resurfaced annually	Achieved 7.35% (2021/22: 7.67%)
Footpaths are safe, well designed and maintained	Resident satisfaction with footpaths (annual resident survey)	60% of residents satisfied with smoothness, safety and maintenance of footpaths	Achieved 64% (2021/22: 68%)
	Footpath condition (Mandatory)	75% of footpaths average or better condition	Achieved 91% (2021/22: 92%)
	Footpath network resurfaced	4% footpath networks resurfaced annually	Achieved 5.19% (2021/22: 3.41%) 18.83km resurfaced (2021/22: 6.9km)
Roading works and road safety initiatives help promote district road safety and awareness	Resident satisfaction with safety of road network	85% believe road network is safe	Not achieved 76.5% (2021/22: 83%)
	Road fatalities and serious injury crashes (Mandatory)	Number of fatalities and serious injury crashes on the local road network is less than the previous financial year on an annual basis	Not achieved 10 serious injury and 2 fatal crashes (2021/22: 6 serious injury and 4 fatal crashes)
	Road safety awareness	40% residents aware of road safety programs or advertisements	Achieved 73% (2021/22: 63%)
Car parks are available, fit for purpose and easy to access	Resident satisfaction with access to car parking	75% of residents satisfied that access to Council provided car parking is adequate	Not achieved 71% (2021/22: 73%)
Sustainable transport options** are facilitated and provided	Percentage of residents using sustainable transport	50% of residents regularly walk 30% of residents regularly cycle 5% of residents use public transport	Achieved 77.5% regularly walk Nearly achieved 27.5% regularly cycle Achieved 11% use public transport (2021/22: 59.5% regularly walk, 32.6% regularly cycle, 6% use public transport)
	School travel plans completed or reviewed annually	1 completed or reviewed annually	Achieved 2 (2021/22: 1)

†This KPI is partially measured and is based on road roughness surveys for 100% of the total sealed local road network, which comprises roughness data of 69.5% of the sealed local road network measured in the last 2 years and 31.5% of the sealed local road network measured 3 years ago. The smooth travel exposure (STE) index is calculated from our road asset management system (RAMM). This is based on the roughness of the sealed local roads network and the vehicle kilometres travelled that is based on road traffic counts.

An independent technical audit by Waka Kotahi in April 2023 found reliable evidence on the network performance in line with field observations and verified that the STE reported is representative of the network condition and smoothness. The Waka Kotahi audit also fully supported the roughness data collection approach taken by Timaru District Council that supports a cost effective and risk based approach to understanding customer ride quality exposure.

*This decline is part of an overall decline in satisfaction that the road network is meeting residents' needs. The survey shows majority of dissatisfied road users (54%) have expressed their concern about the condition of the roads and the need for maintenance. Our unsealed roads have the same level of investment as in previous years, and findings from technical audits by both Waka Kotahi and Council officers show unsealed roads are in good condition, so the reason for the decline in satisfaction is unclear.

**Sustainable transport options refers to walking opportunities (e.g. school travel plans), cycling opportunities (e.g. cycleways) and public transport

Roading and Footpaths Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	11,650	12,464	12,829
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,903	3,039	4,195
Fees and charges	1,042	958	1,419
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	82	84	57
Total Operating Funding	15,677	16,545	18,500
Applications of operating funding			
Payments to staff and suppliers	7,974	8,418	12,481
Finance costs	552	612	694
Internal charges and overheads	1,085	1,529	1,874
Other operating funding applications	-	-	-
Total applications of operating funding	9,611	10,559	15,048
SURPLUS / (DEFICIT) OF OPERATING FUNDING	6,066	5,986	3,452
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	7,606	6,941	8,143
Development and financial contributions	-	-	-
Increase/(decrease) in debt	508	2,815	5,836
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	8,114	9,756	13,979
Applications of capital funding			
Capital expenditure			
- to meet additional demand	50	875	192
- to improve the level of service	4,214	6,514	5,776
- to replace existing assets	10,988	8,703	13,162
Increase/(decrease) in reserves	(1,072)	(350)	(1,699)
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	14,180	15,742	17,431
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(6,066)	(5,986)	(3,452)
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	5,836		
Repaid during year	0		
Balance as at 30/06/2023	32,200		
Finance Costs for year	694		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

General rates, uniform annual general charges, rates penalties \$1,224,000 above LTP	Whole of Council rates revenue has increased above the increases set in the LTP. Additional rates were required to cover an increase in applications of operating funding from the LTP to the 2023/24 Annual Plan for this activity.
Subsidies and grants for operating purposes \$1,156,000 above LTP	Waka Kotahi operating subsidies were above budget largely relating to emergency costs due to July 2022 rain events.
Fees and charges \$461,000 above LTP	Parking enforcement charges were above LTP
Payments to staff and suppliers \$4,063,000 above LTP	Subsidised roading costs were above LTP, with \$3M relating to emergency works completed which were subsidised by Waka Kotahi. Unbudgeted \$382,000 professional fees related to the Farmer's Carpark were incurred in 2022/23. The residual \$681,000 variance relates to differences in maintenance required and inflation since the LTP was set in June 2021.
Internal charges and overheads \$345,000 above LTP	The increase in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to costs on-charged from corporate activities to other Council activities.
Subsidies and grants for capital expenditure \$1,202,000 above LTP	Waka Kotahi capital expenditure subsidies are above LTP due to increased subsidised capital expenditure.
Increase / (decrease) in debt \$3,021,000 above LTP	Additional debt funding above the LTP was required to support the increased operating and capital expenditure.
Capital expenditure \$3,038,000 above LTP	Timing of project spend has changed since the LTP was set at June 2021, including the CityTown Strategy project which had \$1.1M spend budgeted in 2022/23 in the LTP, with \$1.9M actual spent, and above budgeted spend on roading reseals and renewals which are partially offset by the Waka Kotahi subsidy received.
Increase / (decrease) in reserves \$1,349,000 below LTP	Transfers from reserves decreased below LTP due to higher capital expenditure renewals funded from reserves.

Sewer

What we do

Council collects and treats domestic and industrial wastewater and returns clean water to the environment.

Sewer systems are provided in the urban areas of Timaru, Temuka, Geraldine and Pleasant Point. These systems are linked via pipelines to the main wastewater treatment plant and ocean outfall in Timaru. A small collection scheme also serves the Arowhenua community which feeds into the Temuka pond for treatment. Approximately 80% of the total District residential population have a connection to the sewer system, with over 16,000 residential and non-residential property connections.

Timaru's industrial wastewater stream is treated separately from the domestic wastewater stream. Primary treatment is carried out onsite by industries to comply with tradewaste discharge limits set by Council, before discharging to the public wastewater system, and ultimately ocean discharge.

As part of providing this service we operate:

Three oxidation ponds at the inland towns of Geraldine, Pleasant Point and Temuka

One treatment plant at Aorangi Road

23 sewer pump stations

Approximately 469km of pipeline

Approximately 4,000 manholes

Enhancing the social, economic, environmental and cultural wellbeing of our community

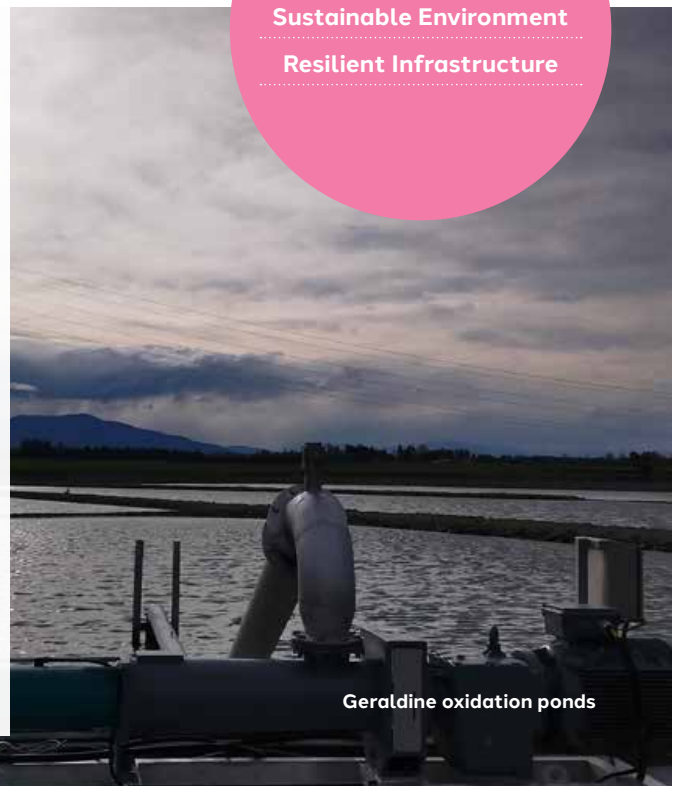
Quality wastewater infrastructure underpins the health and wellbeing of our communities, as well as the financial and environmental prosperity of the Timaru District.

Safe treatment and disposal of wastewater is of vital importance to the protection of the quality of life and public health of District residents. It safeguards waterways and the environment from direct discharges and helps protect their life-supporting capacity. Removal and mitigation of the adverse impacts of wastewater enhances environmental wellbeing for both current and future generations.

Contributions to Community Wellbeing Outcomes

Sustainable Environment

Resilient Infrastructure



Geraldine oxidation ponds

Sewer Highlights

Bank Street wastewater and water pipeline renewals were completed.

Trade waste industry consents were renewed until December 2025, providing for and supporting a thriving economy.

Completion of sewermain renewal projects on College Road and Cain Street.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent sewer network services	Number of dry weather overflows from the sewerage system (Mandatory)	2.5 or fewer recorded dry weather overflows per 1,000 connections	Achieved 1.95 (2021/22: 2.31)
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2021/22: Achieved)
Maintain excellent customer service *Attendance – Response time applies from the time the local authority receives notification to the time service personnel reach the site Resolution – Response time applies from the time the local authority receives notification to the time service personnel confirm resolution of the fault	Median attendance and resolution times to sewerage overflow faults in the network (Mandatory)	Median attendance time will be less than 1 hour Median resolution time will be less than 8 hours	Achieved 0.5 (2021/22: 0.36) Achieved 3 (2021/22: 5.1)
	Number of complaints per 1,000 connections received about: 1) Sewerage odour 2) Sewerage system faults 3) Sewerage system blockages 4) The TDC response to sewerage system issues (Mandatory)	14 or fewer complaints received per 1,000 connections	Achieved 5.23 1. Odour 1.22 2. System faults 0.24 3. Blockages 3.77 4. TDC response 0 (2021/22: 6.99)
	Satisfaction with sewer services	85% user satisfaction	Not measured biennial – next survey 2022/23 (2021/22: 92%)

Sewer Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,672	5,993	5,786
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,600	2,689	2,994
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	87	90	18
Total Operating Funding	9,359	8,772	8,798
Applications of operating funding			
Payments to staff and suppliers	3,110	2,441	2,383
Finance costs	1,237	1,187	1,167
Internal charges and overheads	1,112	1,242	1,477
Other operating funding applications	-	-	-
Total applications of operating funding	5,459	4,870	5,027
SURPLUS / (DEFICIT) OF OPERATING FUNDING	3,900	3,902	3,771
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	229
Increase/(decrease) in debt	(1,736)	(637)	1,453
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(1,736)	(637)	1,682
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	1,029	68
- to improve the level of service	-	-	-
- to replace existing assets	3,216	2,287	1,926
Increase/(decrease) in reserves	(1,052)	(51)	3,459
Increase/(decrease) of investments	-	-	0
Total applications of capital funding	2,164	3,265	5,453
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(3,900)	(3,902)	(3,771)
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	1,453		
Repaid during year	0		
Balance as at 30/06/2023	44,170		
Finance Costs for year	1,167		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

Targeted rates \$207,000 below LTP	A lower increase in targeted rates were required due to a lower operating cost base in the 2023/24 Annual Plan from the LTP for this activity.
Fees and Charges \$305,000 above LTP	Tradewaste and other user charges are above budgeted.
Internal charges and overheads \$235,000 above LTP	The increase in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to costs on-charged from corporate activities to other Council activities,
Development and financial contributions \$229,000 above LTP	Unbudgeted local capital contributions were received towards three water assets for property developments.
Increase / (decrease) in debt \$2,090,000 above LTP	Additional debt funding above the LTP was used to fund capital expenditure.
Capital expenditure \$1,322,000 below LTP	Sewer projects budgeted to be completed in 2023/24 in the LTP including the industrial wastewater pumping station and the Talbot St Geraldine sewer siphon upgrade were subject to delays and are now budgeted to be completed in the 2023/24 Annual Plan.
Increase / (decrease) in reserves \$3,510,000 above LTP	Transfers to reserves increased above LTP due to lower capital expenditure renewals funded from reserves.

Stormwater

What we do

Stormwater is rainwater that flows from surfaces like roofs, gardens, footpaths and roads.

Council manages and maintains a network of pipes, pumping stations and other infrastructure to safely dispose of stormwater run-off.

Where practicable Council is making increasing use of low impact design systems that when not used for stormwater purposes, provide open green space for people to enjoy.

.....

Our network includes:

Approximately 260km of pipeline and 112km of open channel

.....

Six detention dams and 16 retention and filtration basins to treat stormwater run-off and help prevent flooding

.....

Several pump stations

.....

Over 2,344 manholes, 216 soak pits, over 3,000 sumps

.....

Secondary overland flow paths

.....



Enhancing the social, economic, environmental and cultural wellbeing of our community

Effective management of stormwater is critical for the safety of our community – both people and property. The discharge of stormwater also has the potential to cause adverse effects on the environment. The natural attributes of rivers, lakes and other freshwater bodies can be degraded by excessive sediment and contaminants, or by the flow rates and volumes of stormwater discharges.

Council has a responsibility to ensure that stormwater is managed in a way that sustainably supports the environmental, social, cultural and economic wellbeing of our communities.

Stormwater Highlights

The Pleasant Point Stormwater Management Plan and Resource Consent Application has been submitted to Environment Canterbury for consideration.

This is a significant milestone in the management of urban stormwater.

Seaweeek is a week of activities around New Zealand about raising community awareness around stormwater, how drains link to the ocean and affect our kaimoana.

In March we collaborated with Environment Canterbury and Mediaworks to celebrate Seaweeek, and it was our most successful Seaweeek ever.

Activities included an open day at Waitarakao Washdyke Lagoon hosted by the Council, and guest ecologists and an eco-friendly car wash in the Library carpark which doubled as fundraising for the CPlay Playground.

Geraldine Stormwater Improvements at Peel and Lewis Streets. This eliminated flooding issues around some private properties.



Stormwater 2023 Conference Award

Staff member Grant Hall attended and co-presented a joint paper at the Stormwater Conference in Auckland in May with Treena Davidson (Aoraki Environmental Consultants Limited), and Brent Hamilton and Sarah Dudson (WSP). He and his co-presenters were awarded the Paper of the Year. The winning paper was Te Kuneroatanga: The Evolution of Stormwater Management Plans – Giving Effect to Te Mana o te Wai.

Brent Hamilton (WSP), Grant Hall (Timaru District Council), Sarah Dudson (WSP), Treena Davidson (Aoraki Environmental Consultants Limited)

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent stormwater network services *flooding event means an event where stormwater enters a habitable floor **Number of habitable floors affected per 1000 properties connected to the stormwater system	Number of flooding events in the Timaru district* (Mandatory)	Zero flooding for rain events up to a 1 in 5 year return for residential zones, and a 1 in 10 year return for commercial and industrial zones	Achieved 0 (2021/22: 0)
	Number of habitable floors** affected by flooding events in the Timaru district (Mandatory)	Zero habitable floors affected by a flooding event	Achieved 0 (2021/22: 0)
Deliver stormwater services according to required environmental standards	Compliance with notices, standards infringement (Mandatory)	No Resource conditions notices, enforcement orders and convictions	Achieved (2021/22: Achieved)
Maintain excellent customer service ***time applies from the time the local authority receives notification to the time service personnel reach the site	Median response times to attending a flooding event*** (Mandatory)	Median time to attend a flooding event will be less than one hour	Not achieved 7.8** **4 properties were affected by a rain event for the year with a response time of 7.8 hours (note: the rain event was less than a 1 in 5 year return period) (2021/22: Not Achieved 1.5)
	Total complaints received about performance of stormwater system (Mandatory)	10 or fewer per 1,000 connected properties	Achieved 0 complaints received (2021/22: 0 complaint received)
	Satisfaction with stormwater services	65% resident satisfaction	Not measured biennial – next survey 2022/23 (2021/22: 74%)

Stormwater Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,737	3,047	3,067
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	0
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	3
Total Operating Funding	3,737	3,047	3,070
Applications of operating funding			
Payments to staff and suppliers	1,547	823	1,232
Finance costs	46	52	26
Internal charges and overheads	197	221	198
Other operating funding applications	-	-	-
Total applications of operating funding	1,790	1,096	1,455
SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,946	1,951	1,615
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	150
Increase/(decrease) in debt	210	215	(967)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	210	215	817
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	275	87	-
- to replace existing assets	1,818	1,492	1,443
Increase/(decrease) in reserves	64	587	(1,061)
Increase/(decrease) of investments	-	-	416
Total applications of capital funding	2,157	2,166	797
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,947)	(1,951)	(1,615)
FUNDING BALANCE	(1)	0	0
Internal Loans			
Raised during year	0		
Repaid during year	967		
Balance as at 30/06/2023	(0)		
Finance Costs for year	26		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$409,000 above LTP	Timaru Stormwater costs are above LTP, largely relating to reticulation costs and professional fees, largely due to differences in inflation since the LTP was set in June 2021.
Development and financial contributions \$150,000 above LTP	Unbudgeted local capital contributions were received towards three water assets for property developments.
Increase / (decrease) in debt \$1,182,000 below LTP	Less debt funding was required due to an increase in funds received and decrease in capital expenditure.
Capital expenditure \$136,000 below LTP	Costs were below LTP due to construction delays to Timaru Stormwater projects and have been re-budgeted into the 2023/24 Annual Plan.
Increase / (decrease) in reserves \$1,648,000 below LTP	Transfers from reserves decreased from LTP due to capital expenditure renewals being funded from reserves.
Increase / (decrease) in investments \$416,000 above LTP	Debt funding was repaid, the overall surplus has been added to internal investments.

Waste Minimisation

What we do

Council provides a safe and effective waste collection, recycling, recovery and disposal service with a focus on minimising waste.

Approximately 85% of the district's households have organic waste, recycling and rubbish bins which are collected regularly. The materials are then sorted and managed at the Redruth Resource Recovery Park in Timaru.

Council manages the overall activity and owns waste minimisation sites and facilities where operational work is carried out by contractors. EnviroWaste Services Ltd is contracted to provide kerbside collection, transfer stations, landfill, composting and recycling operations and waste minimisation education.

Services include:

4-bin kerbside collection

Transfer stations in Temuka, Geraldine and Pleasant Point

Resource Recovery Centre in Timaru (Redruth)

Treatment – hazardous waste drop-offs

Disposal – Class A landfill (Redruth)

Reduction – community education for schools and businesses, public place recycling, zero waste events

Recycling – via MRF and non-MRF recycling Recovery – composting, metal recovery and pyrolysis

Reuse – Crow's Nest shop



Enhancing the social, economic, environmental and cultural wellbeing of our community

Waste minimisation services protect people’s health and enhance environmental wellbeing by minimising the production of rubbish and promoting recycling and reuse.

An effective waste management system promotes Timaru District as sustainable and environmentally responsible – enhancing our sense of social and environmental wellbeing as a community.

Contributions to Community Wellbeing Outcomes

Connected Citizens

Enhanced Lifestyle

Sustainable Environment

Diverse Economy

Waste Minimisation Highlights

What's In Your Bin

The Council received a Sustainable Business Awards commendation for “What’s in Your Bin” campaign for addressing recycling contamination.

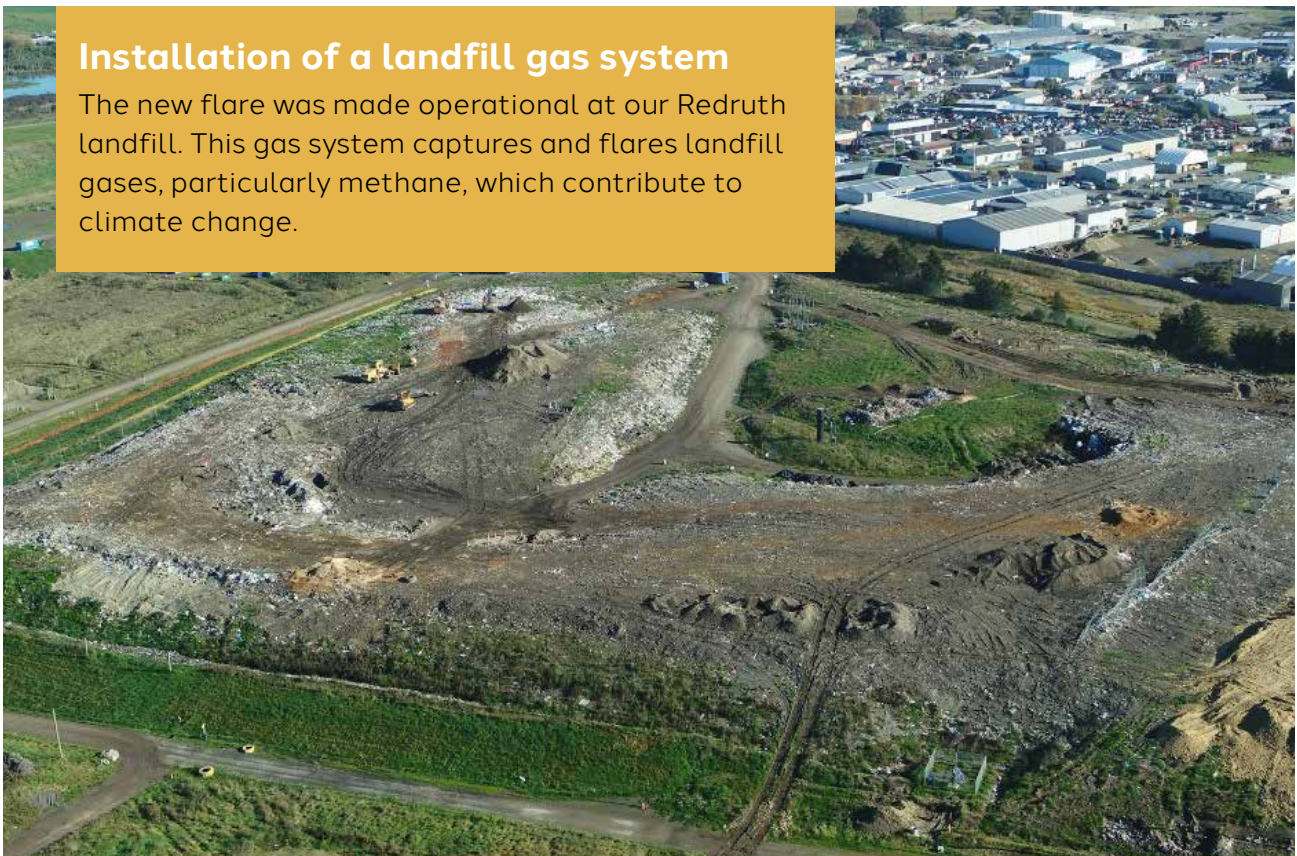
Fronted by Mayor Nigel Bowen and Timaru old boy Josh Thompson, with former Councillor Barbara Gilchrist and NZ Professional Skater Nicole Begg, the campaign proved a big success.

Results from monitoring show our community achieved a reduction in the level of contamination of recycling from 26.5% in 2021/22, to 14.2% this year.



Installation of a landfill gas system

The new flare was made operational at our Redruth landfill. This gas system captures and flares landfill gases, particularly methane, which contribute to climate change.



Peel Forest Landfill

Peel Forest landfill was initially established in 1963-64 by the previous Strathallan County Council. In 2019, landfill waste at the site was exposed through erosion from the Rangitata River.

This, along with several flood events meant the river channel moved closer to the landfill site. After discussion with key stakeholders, work was done to mitigate the river changes to prevent catastrophic failure. Exposed waste was removed and stormwater was managed. These are temporary measures, while work is also initiated on planning for the removal of all waste from the landfill as the permanent solution.



Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Waste Minimisation services meet customer expectations	User satisfaction with waste minimisation services	95%	Not measured biennial – next survey 2022/23 (2021/22: 91%)
No adverse effects on the environment or human health from the operation of waste minimisation services	Compliance with Resource Consent conditions+ + Excluding all minor non-compliance as reported by Environment Canterbury	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2021/22: Not achieved – 1 notice of non-compliance)
Waste is diverted from landfill	Materials Recovery Facility (MRF) – recycling nett tonnages diverted	4,000	Achieved 7,139* (2021/22: 5,059)
	Compost Facility – organic nett tonnages diverted	15,000	Achieved 18,121 (2021/22: 18,576)
	Recycling nett tonnages diverted via recycling other than for MRF recyclables	300	Achieved 378.6 (2021/22: 382)
	MRF – level of contamination of recycling	Less than 10%	Not achieved 14.2%** (2021/22: 26.5%)

* The increased volume of processing reflects the reduction in contamination of recycling, with more recycling going through the MRF, and also an increase in all waste streams including packaging and plastic containers available now in the marketplace.

** Reduction in level of contamination achieved following public education campaign in Timaru District and introduction of strategies to reduce contamination. The target remains an aspirational target given the importance of reducing waste to landfill.

Waste Minimisation Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	0
Targeted rates	3,124	3,552	3,519
Subsidies and grants for operating purposes	165	170	462
Fees and charges	5,852	6,213	4,703
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	53	54	52
Total Operating Funding	9,194	9,989	8,736
Applications of operating funding			
Payments to staff and suppliers	7,113	8,064	10,879
Finance costs	151	247	342
Internal charges and overheads	1,286	966	1,071
Other operating funding applications	-	-	-
Total applications of operating funding	8,550	9,277	12,292
SURPLUS / (DEFICIT) OF OPERATING FUNDING	644	712	(3,557)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,368	2,556	6,909
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,368	2,556	6,909
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	3,573	3,120	3,128
- to replace existing assets	1,430	148	209
Increase/(decrease) in reserves	(991)	-	16
Increase/(decrease) of investments	-	-	0
Total applications of capital funding	4,012	3,268	3,352
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(644)	(712)	3,557
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	6,909		
Repaid during year	0		
Balance as at 30/06/2023	16,626		
Finance Costs for year	342		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

Subsidies and grants for operating purposes \$292,000 above LTP	Ministry for the Environment waste disposal levy grants have increased above LTP, arising from increased waste levies per tonne charged.
Fees and charges \$1,510,000 below LTP	This variance comprises \$332,000 lower than budgeted new bin sets and upsizing, \$763,000 lower tonnes in than budgeted, and \$415,000 lease income budgeted in the LTP no longer being received due to change in contract/supplier.
Payments to staff and suppliers \$2,815,000 above LTP	Carbon credits were \$329,000 above LTP as the carbon credit price per unit has increased. Landfill aftercare & remediation work are \$409,000 above LTP due to work completed at the closed Peel Forest landfill. Unbudgeted development contributions towards the South Canterbury Eco Centre of \$424,000 were paid during 2022/23. The remaining variance largely relates to waste minimisation and kerbside collection contractor costs above budget, largely due to cost escalation and differences in inflation since the LTP was set in June 2021.
Internal charges and overheads \$105,000 below LTP	The decrease in internal charges (costs charged between different parts of the Council) and overhead costs largely relates to a reduction in costs on-charged from corporate activities to this activity.
Increase / (decrease) in debt \$4,353,000 above LTP	Additional debt funding above the LTP was required to support the increased operating and capital expenditure.

Water Supply

What we do

The Council's water supply service treats and distributes water that we source from groundwater bores and rivers in the district for residential, commercial, industrial and stockwater purposes. Our water supplies were required to comply with the New Zealand Drinking Water Standards until 14 November 2022, when they were replaced by the Drinking Water Quality Assurance Rules 2022.

Over 21,000 residential and non-residential properties are served through the following individual water supplies:

- Urban Water Supply Schemes: Geraldine, Peel Forest, Pleasant Point, Temuka (including Winchester and Orari), Timaru
- Drinking Water and Stockwater Supply Schemes: Downlands, Seadown, Te Moana
- Stockwater only Schemes: Beautiful Valley, Rangitata – Orari Water Race

The Downlands scheme is managed and operated by Timaru District Council on behalf of residents of the Timaru, Mackenzie and Waimate districts. The policy for this scheme is determined by a Joint Standing Committee of the three Councils.

Our water supply network includes:

15
water
intakes

16
treatment
plants

11
reservoirs

10
pump
stations

Approximately **2,025 kilometres** of water supply pipelines

Enhancing the social, economic, environmental and cultural wellbeing of our community.

The provision of safe water is fundamental to all aspects of community wellbeing.

Water that is safe to drink is critical for the health and social wellbeing of our residents. High quality and a reliable quantity of water supports ongoing economic development in the district.

Environmental wellbeing is safeguarded by limits on water abstraction. This also ensures protection of the cultural values of water bodies. Managing water use in a sustainable way minimises adverse impacts on our environment for the benefit of current and future generations, discourages water wastage and ensures water is directed to the best purposes.

**Contributions to
Community Wellbeing
Outcomes**

Sustainable Environment

Resilient Infrastructure

Waste water treatemnt plant

Water Supply Highlights

Te Moana Water Supply Scheme Upgrade

The new Te Moana microfiltration plant was successfully constructed and commissioned in December 2022, enabling the water supply to achieve full compliance with drinking water standards and allowing the previous boil water notice to be removed.

Te Ana Wai (Downlands) Water Scheme

- There were significant works on the Downlands water scheme, at a cost of \$4.6m.
- The Downlands Trunk Watermain was connected and commissioned.

Other highlights in water supply include:

- Washdyke Network improvements were completed in March 2023.
- Physical construction of Pleasant Valley watermain renewals was completed.
- Five new tanker filling stations were installed across the district.
- Works were undertaken on the renewal of the Pareora Pipeline, at a cost of \$1.83m.
- All 11 of our Water Safety Plans were submitted and accepted by Taumata Arowai.



Geraldine water was entered into the National Water Taste Test and came second behind Waimate's Otaio supply. Pleasant Point water has previously won twice, in 2019 and 2021.



Seadown Water TP – Our Water Services Operations Engineer showing our new Three Waters Compliance Officer around the treatment facility



Work to replace the Waitohi pipeline on the Downlands Scheme across the Opihi River commenced.

Once this is completed, the boil water notice for Waitohi in place since December 2021 can be lifted.

Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Provide safe drinking water	<p>Compliance with Drinking Water Standards (Part 4 NZDWS*)</p> <p>Bacterial Compliance (Mandatory)</p> <p>*Results reported for the period 1 July - 14 November 2022, when the standards were withdrawn and replaced by the Drinking Water Quality Assurance Rules 2022 (DWQAR). See below for results from 14 November 2022 – 30 June 2023 in accordance with the DWQAR.</p>	<p>Bacterial compliance – All drinking water supply schemes (8 schemes)</p>	<p>Not achieved</p> <p>6 of the 8 water supply schemes were compliant for the period. The non compliance was of a technical nature, due to sampling deficiencies at Claremont and Geraldine Flat, both of which were remedied.</p> <p>Downlands: Fully compliant.</p> <p>Pleasant Point: Fully compliant.</p> <p>Seadown: Fully compliant.</p> <p>Temuka: Fully compliant.</p> <p>Geraldine: Fully compliant.</p> <p>Timaru: Not compliant for the whole period due to insufficient sampling for Claremont during the first two quarters. In all other respects the scheme was compliant.</p> <p>Peel Forest: Fully compliant.</p> <p>Te Moana: Not compliant for the whole year due to insufficient sampling at Geraldine Flat during the first two quarters. In all other respects the scheme was compliant. (2021/22: Not achieved: 3 of the 8 water supply schemes were compliant for the full year.)</p>
	<p>Compliance with Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.1 T3 Bacterial Rules**</p> <p>(Mandatory) (New measure)</p> <p>**Results reported for the period from 14 November 2022 – 30 June 2023 in accordance with the Drinking Water Quality Assurance Rules 2022.</p>	<p>Protozoal Compliance – All drinking water supply schemes (8 schemes)</p>	<p>Not achieved</p> <p>6 of the 8 water supply schemes were compliant for the period 14 November 2022 – 30 June 2023. The non compliance was of a technical nature, due to sampling deficiencies during Q3 at Claremont and Geraldine Flat, both of which were remedied.</p> <p>Downlands: Fully compliant.</p> <p>Pleasant Point: Fully compliant.</p> <p>Seadown: Fully compliant.</p> <p>Temuka: Fully compliant.</p> <p>Geraldine: Fully compliant.</p> <p>Timaru: Not compliant for the whole period due to insufficient sampling for Claremont during the first two quarters, which includes the period from 14 November 2022 under the new rules. In all other respects the scheme was compliant.</p> <p>Peel Forest: Fully compliant.</p> <p>Te Moana: Not compliant for the whole period due to insufficient sampling at Geraldine Flat during the first two quarters, which includes the period from 14 November 2022 under the new rules. In all other respects the scheme was compliant.</p>

Level of Service	Performance Measure	Target	Result/Achievement
	Compliance with Drinking Water Standards (Part 5 NZDWS*) Protozoal Compliance (Mandatory) *Results reported for the period 1 July - 14 November 2022, when the standards were withdrawn and replaced by the Drinking Water Quality Assurance Rules 2022 (DWQAR). See below for results from 14 November 2022 – 30 June 2023 in accordance with the DWQAR.	Protozoal Compliance – All drinking water supply schemes (8 schemes)	Not achieved. 6 of the 8 water supply schemes achieved full compliance for the period. Downlands: Pareora not compliant for the period due to Water Safety Plan expiry and regulatory changes. Te Ana Wai plant fully online in the 3rd quarter. Pleasant Point: Fully compliant. Seadown: Fully compliant. Temuka: Fully compliant. Geraldine: Compliant for the period to 14 November 2022. Timaru: Fully compliant. Peel Forest: Fully compliant. Te Moana: Not compliant for the first 6 months until the new treatment plant was commissioned in December 2022. Fully compliant since commissioning. (2021/22: Not achieved – 3 of the 8 water supply schemes achieved full compliance for the 12 month period.
	Compliance with Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.2 T3 Protozoal Rules** (Mandatory) (New measure) **Results reported for the period from 14 November 2022 – 30 June 2023 in accordance with the Drinking Water Quality Assurance Rules 2022.	Protozoal Compliance – All drinking water supply schemes (8 schemes)	Not achieved 5 of the 8 water supply schemes achieved full compliance for the period from 14 November 2022 – 30 June 2023. Downlands: Pareora not compliant due to Water Safety Plan expiry and regulatory changes. Te Ana Wai plant fully online in the 3rd quarter. Scheme compliant for quarters 3 and 4. Pleasant Point: Fully compliant. Seadown: Fully compliant. Temuka: Fully compliant. Geraldine: Not compliant for the period 20 December -24 January. Data deficient on cause. Compliant both before and following this period. Timaru: Fully compliant. Peel Forest: Fully compliant. Te Moana: Not compliant for the first 6 months until the new treatment plant was commissioned in December 2022. Fully compliant since commissioning.

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent customer services	Percentage of real water loss from TDC's networked reticulation systems (Mandatory)	% real water loss from network system reduces	Achieved 23% (2021/22:25.7%)
	Median attendance and resolution times for urgent and non-urgent callouts for water supply faults or unplanned interruptions in the network (Mandatory)	The median time to attend urgent: – urban callouts – less than 1 hour – rural callouts – less than 4 hours	Achieved urban: 0.46 hours rural: 0.63 hours (2021/22: urban 0.33 hours, rural 0.47 hours)
		The median time to resolve urgent – urban callouts – less than 4 hours – rural callouts – less than 8 hours	Achieved urban: 2.5 hours Not achieved rural: 24.9 hours*** (2021/22: urban 2.6 hours, rural 19.9 hours)
		The median time to attend and resolve all non-urgent callouts will be reported	Achieved Attendance time: 6.6 hours Resolution time: 12.3 hours (2021/22: attendance 6.21 hours, resolution 14.6 hours)
	Total complaints received about drinking water (Mandatory)	26 or fewer complaints received per 1,000 connections	Achieved 18.43 (clarity 1.59, taste 0.61, odour 0.33, water pressure/flow 2.89, continuity of supply 12.83, TDC response to complaints 0.19). (2021/22: 33.2)
	Satisfaction with water supply services	85% user satisfaction	Not measured (biennial – 2021/22: 87%)
Provide demand management of water supply services	Average consumption of drinking water per day per resident within the Timaru District (Mandatory)	300 litres per day per resident	Nearly achieved 312 (2021/22: 312)
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2021/22: Achieved)

*** Resolution Time has been affected by the non-completion of paperwork rather than timely attendance at a site and repair work completion.

Water Supply Funding Impact Statement for the year ended 30 June 2022

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	12,064	13,325	12,646
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	10	11
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	67	69	61
Total Operating Funding	12,131	13,404	12,719
Applications of operating funding			
Payments to staff and suppliers	4,872	4,851	5,840
Finance costs	513	1,226	1,279
Internal charges and overheads	2,136	2,406	2,444
Other operating funding applications	-	-	-
Total applications of operating funding	7,521	8,483	9,563
SURPLUS / (DEFICIT) OF OPERATING FUNDING	4,610	4,921	3,155
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	(569)
Development and financial contributions	-	-	574
Increase/(decrease) in debt	25,025	6,705	11,831
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	25,025	6,705	11,836
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,238	3,595	2,137
- to improve the level of service	6,266	1,194	1,470
- to replace existing assets	17,714	6,765	11,367
Increase/(decrease) in reserves	(583)	72	17
Increase/(decrease) of investments	-	-	0
Total applications of capital funding	29,635	11,626	14,992
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(4,610)	(4,921)	(3,155)
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	11,831		
Repaid during year	0		
Balance as at 30/06/2023	64,520		
Finance Costs for year	1,279		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2020/21 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

Targeted rates \$679,000 below LTP	A lower increase in targeted rates were required due to a lower operating cost base in the 2023/24 Annual Plan from the LTP for this activity.
Payments to staff and suppliers \$989,000 above LTP	This variance largely relates to urban water reticulation and maintenance costs due to inflation since the LTP was set in June 2021.
Subsidies and grants for capital expenditure \$569,000 below LTP	This variance is a result of timing differences with the capital grant being received in the 2021/22 year.
Development and financial contributions \$574,000 above LTP	Unbudgeted local capital contributions were received towards three water assets for property developments.
Increase / (decrease) in debt \$5,126,000 above LTP	Additional debt funding above the LTP was required to support the increased use of operating and capital funds.
Capital expenditure \$3,420,000 above LTP	Timing and costing of project spend has changed since the LTP was set at June 2021. Construction costs have increased above LTP due to numerous factors, including cost escalation and changes to timing of capital expenditure undertaken. Timing of the Te Moana water treatment plant has changed with \$1.6M spend in 2022/23 against an LTP budget of \$231K as this was budgeted in the LTP for 2021/22. Downlands reticulation renewals and upgrade spend in 2022/23 was \$4.5M against an LTP budget of \$1M.

Corporate Activities

What we do

Corporate Activities are functions at Council that support other activities and assist the day to day running of our activities.

The key functions include:

Financial Services

Financial planning, monitoring, and reporting; administering the rating, accounts receivable and payable functions

Information Technology

Providing high quality, secure and cost effective technology-based services

People and Capability

Employee recruitment, training, performance and remuneration; health and safety

Customer Services

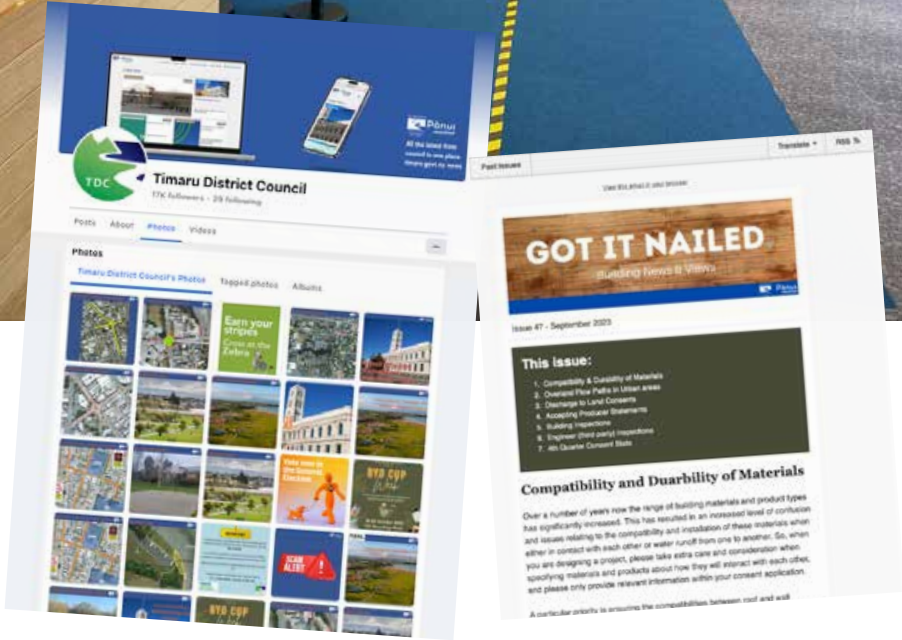
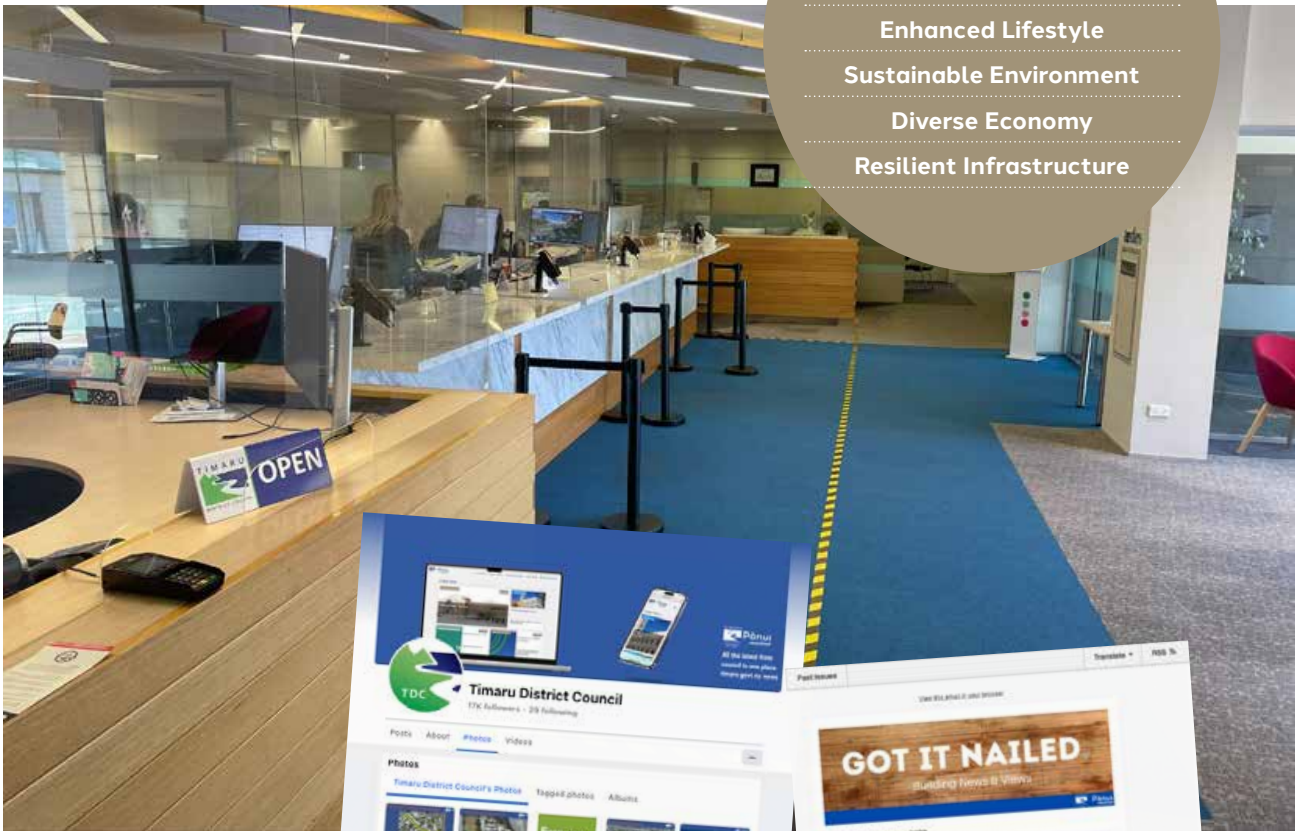
Council's interface with our communities – assisting with payments, bookings, documentation, and answering general enquiries

Communications

Managing the sharing of Council information with the community through a range of media.

Contributions to Community Wellbeing Outcomes:

- Connected Citizens
- Enhanced Lifestyle
- Sustainable Environment
- Diverse Economy
- Resilient Infrastructure



Corporate Support Funding Impact Statement for the year ended 30 June 2023

	2021-22 LTP \$000	2022-23 LTP \$000	2022-23 Actual \$000
General Rates, Uniform annual general charges, rates penalties	1,214	1,364	914
Targeted rates	-	-	-
Subsidies and grants for operating purposes	345	355	-
Fees and charges	669	664	856
Internal charges and overheads recovered	-	-	18,347
Local authorities fuel tax, fines, infringement fees and other receipts	3,216	3,144	6,940
Total Operating Funding	5,444	5,527	27,056
Applications of operating funding			
Payments to staff and suppliers	1,134	1,419	23,817
Finance costs	188	379	2,961
Internal charges and overheads	6,899	6,313	4,354
Other operating funding applications	-	-	-
Total applications of operating funding	8,221	8,111	31,132
SURPLUS / (DEFICIT) OF OPERATING FUNDING	-2,777	-2,584	-4,075
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	9,122	4,289	7,726
Gross proceeds from the sale of assets	-	-	202
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	9,122	4,289	7,928
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	680	797	478
- to replace existing assets	1,649	1,052	2,078
Increase/(decrease) in reserves	4,016	(144)	(206)
Increase/(decrease) of investments	-	-	1,503
Total applications of capital funding	6,345	1,705	3,853
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	2,777	2,584	4,075
FUNDING BALANCE	0	0	0
Internal Loans			
Raised during year	7,726		
Repaid during year	0		
Balance as at 30/06/2023	12,729		
Finance Costs for year	125		

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated in the LTP 2019/20 column to ensure information is comparable.

Significant Financial Variances between Actual and the Long Term Plan

General rates, uniform annual general charges, rates penalties \$450,000 below LTP	General rates and uniform annual general charges have increased by a lower percentage within Corporate Activities than in the LTP to keep overall rate increases affordable for the community. Whole of Council rates revenue has increased above LTP overall.
Subsidies and grants for operating purposes \$355,000 below LTP	Land Transport Unit subsidies received from Waka Kotahi were below budget.
Fees and charges \$192,000 above LTP	This variance is largely related to increased Properties rental charges above LTP, as a result of increases in inflation since the LTP was set in June 2021.
Internal charges and overheads recovered \$18,347,000 above LTP	This variance is related to re-categorisation of expenditure, where the LTP budget had netted off payments to staff and suppliers against internal charges and overheads recovery. The actual 2022-23 figures have recorded all payments to staff and suppliers for Corporate Support within that category and not netted these off against internal charges and overheads recovered.
Local authorities fuel tax, fines, infringement fees and other receipts \$3,796,000 above LTP	Interest received on external investments and internal loans to other activities are above LTP due to increased commercial interest rates since the LTP was set in June 2021.
Payments to staff and suppliers \$22,398,000 above LTP	As noted above, this variance is related to re-categorisation of expenditure, where the LTP budget had netted off payments to staff and suppliers against internal charges and overheads recovery.
Finance costs \$2,582,000 above LTP	Finance costs for corporate support is above budget due to higher interest rates than budgeted in the LTP.
Internal charges and overheads \$1,959,000 below LTP	As noted above, this variance is related to re-categorisation of expenditure, where the LTP budget had netted off payments to staff and suppliers against internal charges and overheads recovery.
Increase / (decrease) in debt \$3,437,000 above LTP	Additional debt funding above the LTP was required to support the increased use of operating and capital funds.
Gross proceeds from the sale of assets \$1,307,000 above LTP	Sale of assets were unbudgeted
Capital expenditure \$707,000 above LTP	Timing and costing of project spend has changed since the LTP was set at June 2021. The variance mainly resides within Information Technology with a \$1.1M spend against an LTP budget of \$656K.
Increase / (decrease) in investments \$2,607,000 above LTP	Movements in investments were not budgeted. The increase in investments relates to an increase in debt to fund future applications of capital funding across Whole of Council.

Climate Change

Climate change impacts are becoming increasingly significant worldwide and locally, and Timaru District is no different in experiencing increased impacts from weather events linked to climate change.

These include increased rainfall and flooding events causing significant damage to roads and bridges and exposing legacy landfills, increased temperatures that have created pressures on water supply during times of drought, and sea level rise which has affected coastal infrastructure through erosion processes.

Council has increased its existing commitment to enhancing the District's resilience to these impacts through establishing dedicated Climate Change positions in the Long Term Plan 2021-31, and increasing awareness in all its activities through the Activity Management Plans requiring climate change information on the risks and mitigations for each activity.

Emissions Trading Scheme

Council has been involved in the Emissions Trading Scheme (ETS) since 2011 through Redruth Landfill and has taken proactive action in 2020 to reduce its emissions through establishing a modern landfill gas (LFG) capture system and flare, which will earn it credits through the Unique Emissions Factor (UEF). The flare has become operational in this financial year and Council will be able to use the data for the 2023 calendar year for the first time as part of the ETS.

Greenhouse gas emissions

With the employment of the Climate Change Advisor in 2022, work has commenced on helping to establish baseline data of Council's greenhouse gas emissions (GHGs) which includes carbon dioxide, methane, nitrous oxide, and industrial gases. It is through the reduction and offsets of these emissions that Council can make a difference and honour its responsibilities to addressing climate change and set an example to the wider Timaru District community.

The Long Term Plan 2024-34 (LTP) will see Council quantify its emissions reduction targets for its activities and its Council Controlled Organisations. These will include mandatory targets set through the Climate Change Response (Zero Carbon) Act 2019, the National Adaptation Plan, and the National Emissions Reduction Plan. It is anticipated that where emissions cannot be eliminated they will be covered by appropriate offset measures.

Emissions will be categorised and measured based on the different sources of emission, described as different "scopes":

- **Scope 1** emissions are those which are generated by sources directly owned or controlled by Council (for example, Redruth landfill)
- **Scope 2** are those from the generation of purchased energy that Council uses (for example, electricity for CBay)
- **Scope 3** includes other indirect emissions occurring because of Council activities but generated from sources which it does not own or control (for example, contractors transporting materials such as waste, or for roading)



Contributions to Community
Wellbeing Outcomes:

Connected Citizens

Enhanced Lifestyle

Sustainable Environment

Diverse Economy

Resilient Infrastructure

Climate Change

Addressing climate change

In 2022 Council formalised its commitment of addressing climate change by:

The appointment of a Climate Change Advisor to advise Council and to establish the necessary measurement and management processes.

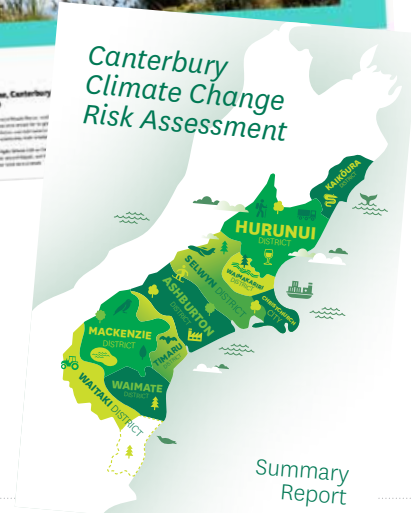
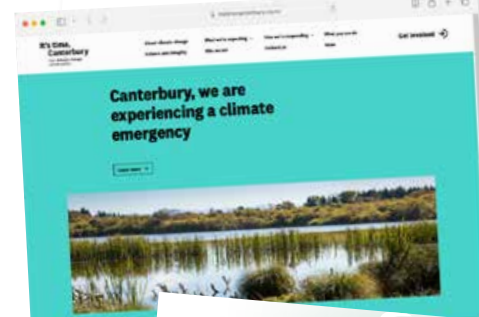
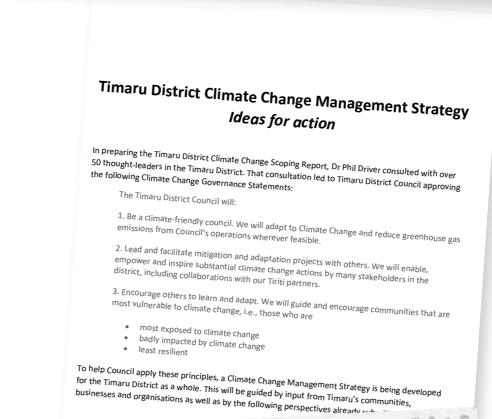
Starting the procurement of an independent assessor for the initial “carbon inventory” of Council emissions.

Including potential climate change impacts in the proposed District Plan.

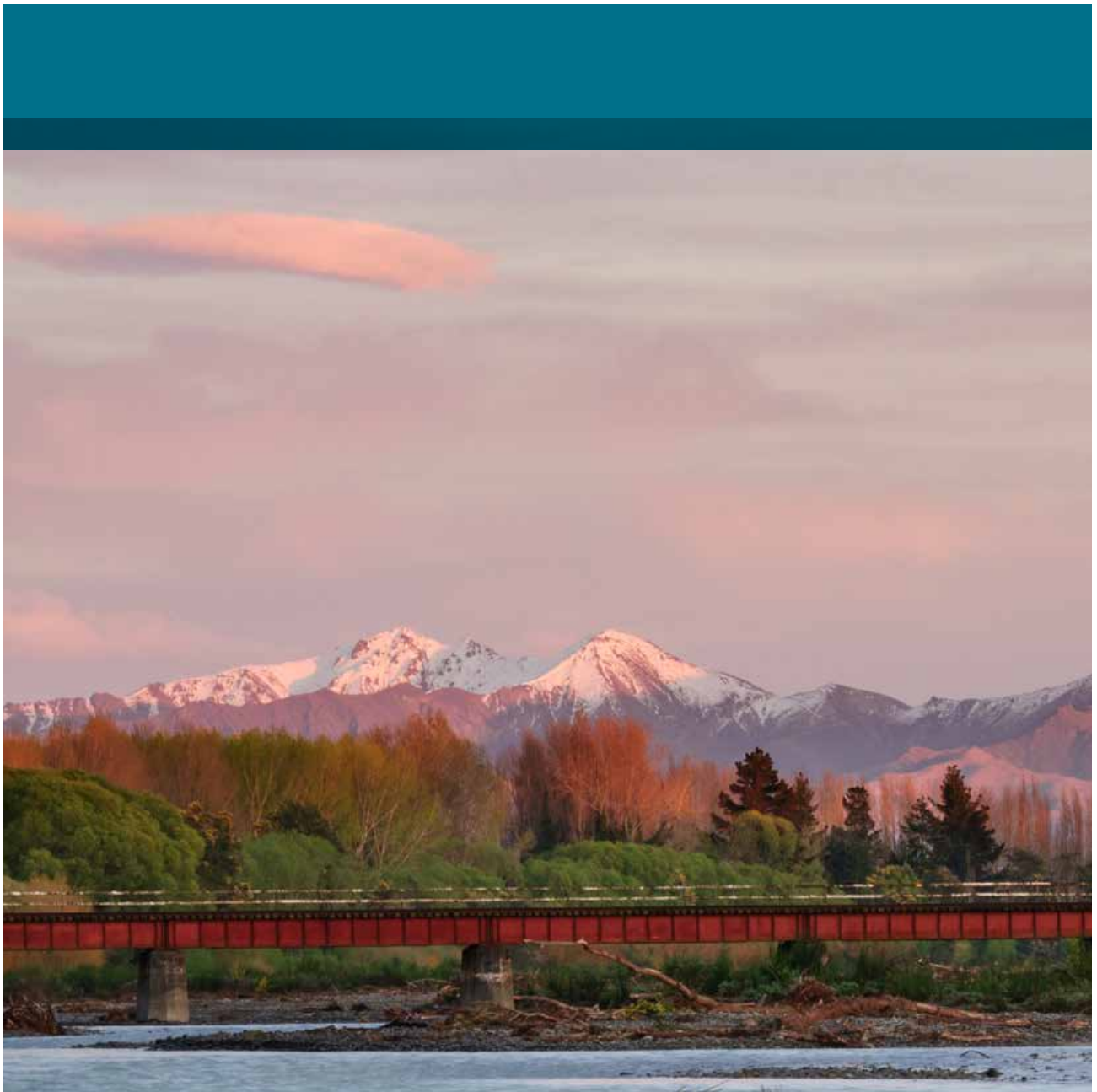
The Climate Change Advisor is also providing advice for the wider community throughout the District. In September and October 2022, public meetings and discussions were held to identify District-wide climate issues, resulting in the development of the Timaru District Climate Change Strategy. This is a high-level strategic document which sets out the goals and aspirations of how climate change can be addressed by the whole community. The Strategy was presented to the Environment Services Committee in May 2023 and the Advisor is providing further advice to the Committee on Council-specific actions it can consider in its forward planning, including the LTP.

Council has started monitoring national and global developments in the analysis and reporting of emissions and reduction strategies and techniques and is preparing to enable comprehensive reporting as those are developed specifically for New Zealand.

The Climate Change Advisor has also contributed to the Environment Canterbury regional analysis of potential impacts and will work with the community, including mana whenua, and with regional and national bodies to reduce emissions both in Council directly and in the District and to consider potential strategies to mitigate the impact of climate change across the District.







Financial Reporting



Section Overview

This section outlines the financial results of Council activities for 2022/23. It includes:

Statement of Comprehensive Revenue and Expense

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 all Timaru District Council activities at the end of each period as either a surplus or deficit. It does not include capital transactions.

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

This reports against the Council's CCOs 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.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
REVENUE						
Rates revenue	3	65,513	64,764	61,979	65,078	61,620
Fees and charges	3	17,317	18,129	16,676	17,317	16,676
Subsidies and grants	3	13,303	12,962	17,529	15,140	19,484
Development and financial contributions	3	953	-	755	953	755
Finance revenue	3	3,359	961	1,321	2,338	809
Other revenue	3	13,243	5,088	10,608	14,058	11,933
Other gains/(losses)	3.7	-	-	6,422	10,228	8,634
TOTAL REVENUE		113,688	101,904	115,290	125,112	119,911
EXPENDITURE						
Personnel costs	4	24,793	24,794	22,457	25,527	23,150
Other expenses	6	60,966	47,263	53,502	63,065	55,871
Finance costs	5	7,402	4,407	4,135	7,739	4,280
Depreciation and amortisation expense by group of activity	19	34,179	25,199	29,761	34,241	29,961
Other gains/(losses)	3.7	3,037	-	-	3,037	-
TOTAL OPERATING EXPENDITURE		130,377	101,663	109,855	133,609	113,262
OPERATING SURPLUS / (DEFICIT)						
BEFORE TAX		(16,689)	241	5,435	(8,497)	6,648
Share of associate surplus/(deficit)	15	-	-	-	10,542	10,097
SURPLUS / (DEFICIT) BEFORE TAX		(16,689)	241	5,435	2,045	16,745
Income tax credit/(expense)	7	(2)	-	-	(101)	(160)
SURPLUS / (DEFICIT) AFTER TAX		(16,691)	241	5,435	1,944	16,585
OTHER COMPREHENSIVE REVENUE						
Gains on revaluation of assets	17,27	55,987	34,352	371,642	55,987	371,642
TOTAL OTHER COMPREHENSIVE REVENUE		55,987	34,352	371,642	55,987	371,642
TOTAL COMPREHENSIVE REVENUE and EXPENSE		39,296	34,593	377,077	57,931	388,229

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 2023

	Council			Group	
	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Equity at the beginning of year	1,734,194	1,370,138	1,357,116	1,838,445	1,450,216
Equity at the beginning of the year	1,734,194	1,370,138	1,357,116	1,838,445	1,450,216
Total comprehensive revenue	39,296	34,593	377,077	57,931	388,229
Equity at end of year	1,773,490	1,404,731	1,734,194	1,896,376	1,838,445

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

Statement of Financial Position

for the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
ASSETS						
Current assets						
Cash and cash equivalents	8	39,296	4,107	15,648	42,050	18,324
Receivables	10	12,720	15,505	20,577	13,376	21,073
Inventories	11	34	8	25	34	25
Intangible assets	18	1,568	-	5	1,568	5
Assets for Sale	12	2,120	-	317	2,552	1,296
Other financial assets	14	467	21,950	19,492	2,462	22,820
Derivative Financial Instruments	13	1,644	-	478	1,644	478
Total current assets		57,849	41,570	56,542	63,686	64,021
Non-current assets						
Property, plant and equipment	17	1,882,870	1,523,183	1,805,490	1,883,105	1,805,861
Intangible assets	18	3,507	3,802	5,683	3,507	5,684
Investment forestry	20	1,373	1,420	975	1,373	975
Investment property	21	1,955	1,739	1,560	64,639	47,048
Investments in associates	15	-	-	-	117,316	109,029
Investment in CCOs and other similar entities	14	55,589	53,659	55,074	2,648	2,133
Assets for Sale	12	-	-	-	-	432
Other financial assets	14	5,310	4,430	9,098	5,310	9,098
Derivative Financial Instruments	13	2,619	-	2,436	2,619	2,436
Future tax benefits	14	-	-	-	131	-
Total non-current assets		1,953,223	1,588,233	1,880,317	2,080,648	1,982,697
Total assets		2,011,072	1,629,803	1,936,859	2,144,334	2,046,718
LIABILITIES						
Current liabilities						
Payables and deferred revenue	22	17,864	22,873	22,853	20,376	23,752
Provisions	25	7,378	-	38	7,712	265
Employee entitlements	24	3,587	2,045	2,816	3,664	2,882
Borrowings and other financial liabilities	23	40,548	-	44,835	40,548	44,835
Derivative Financial Instruments	13	-	441	-	-	-
Total current liabilities		69,377	25,359	70,542	72,300	71,734

Statement of Financial Position

for the year ended 30 June 2023

		Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Non-current liabilities						
Provisions	25	2,814	5,542	11,683	3,868	12,867
Employee entitlements	24	407	458	441	407	441
Borrowings and other financial liabilities	23	164,984	193,712	120,000	171,384	122,500
Tax	7	-	-	-	-	734
Derivative Financial Instruments	13	-	-	-	-	-
Total non-current liabilities		168,205	199,712	132,124	175,659	136,542
Total liabilities		237,582	225,071	202,666	247,959	208,276
Net assets		1,773,490	1,404,732	1,734,193	1,896,376	1,838,442
EQUITY						
Retained earnings	27	784,119	835,324	801,574	903,951	902,774
Other reserves	27	40,968	14,280	40,201	44,019	43,252
Asset revaluation reserves	27	948,403	555,127	892,418	948,404	892,417
Total equity		1,773,490	1,404,731	1,734,193	1,896,374	1,838,443

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 2023

	Council			Group	
	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from rates	65,621	62,705	61,639	65,186	61,280
Receipts from other revenue	45,604	37,173	28,072	49,843	34,085
Interest received	3,739	961	1,320	3,974	1,360
Dividends Received	1,010	1,065	1,000	2,288	2,428
Payment to suppliers and employees	(91,576)	(72,058)	(67,127)	(95,296)	(70,152)
Interest Paid	(7,782)	(4,407)	(4,135)	(9,217)	(5,442)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16,617	25,439	20,769	16,779	23,559
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from sale of property, plant and equipment	1,126	-	48	2,149	48
Receipts from sale of investments	20,081	-	(1,701)	24,424	(1,601)
Purchase of property, plant and equipment	(54,888)	(76,315)	(72,926)	(61,232)	(72,932)
Purchase of investments	-	-	-	(3,000)	(600)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(33,682)	(76,315)	(74,579)	(37,660)	(75,085)
CASHFLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from					
Proceeds from borrowings	40,713	50,876	65,351	44,613	65,351
Repayment of borrowings	-	-	-	(5)	(1,500)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	40,713	50,876	65,351	44,608	63,851
NET INCREASE/(DECREASE) IN CASH HELD	23,648	-	11,541	23,727	12,325
Opening Cash Balance 1 July	15,648	4,107	4,107	18,324	5,999
	39,296	4,107	15,648	42,051	18,324
REPRESENTED BY					
Cash & cash equivalents	39,296	4,107	15,648	42,050	18,324
	-	-	-	1	-

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

Funding Impact Statement

for the year ended 30 June 2023

	Annual Plan 2021-22 \$000	Actual 2021-22 \$000	Annual Plan 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING				
Sources of operating funding				
General Rates, Uniform annual general charges, rates penalties	35,823	36,171	35,823	40,443
Targeted Rates	25,644	25,808	25,644	25,070
Subsidies and grants for operating purposes	3,507	4,215	3,507	4,778
Fees and charges	16,920	16,676	16,920	17,316
Interest and dividends from investments	1,763	2,321	1,763	4,369
Local authorities fuel tax, fines, infringement fees and other receipts	4,026	5,079	4,026	6,237
Total Operating Funding	87,683	90,271	87,683	98,213
Applications of operating funding				
Payments to staff and suppliers	68,365	74,209	68,365	85,492
Finance costs	3,381	4,135	3,381	7,402
Other operating funding applications	0	0	0	0
Total applications of operating funding	71,746	78,345	71,746	92,894
SURPLUS / (DEFICIT) OF OPERATING FUNDING	15,937	11,927	15,937	5,319
CAPITAL FUNDING				
Sources of capital funding				
Subsidies and grants for capital expenditure	14,974	13,313	14,974	8,526
Development and financial contributions	0	754	0	953
Increase/(decrease) in debt	44,782	63,479	44,782	40,697
Gross proceeds from the sale of assets	0	48	0	1,126
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	59,756	77,594	59,756	50,378
Applications of capital funding				
Capital expenditure				
- to meet additional demand	7,038	3,065	7,038	2,397
- to improve the level of service	21,297	14,148	21,297	17,411
- to replace existing assets	47,358	59,429	47,358	33,201
Increase/(decrease) in reserves	0	4,608	0	769
Increase/(decrease) of investments	0	8,271	0	2,842
Total applications of capital funding	75,693	89,521	75,693	56,621
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(15,937)	(11,927)	(15,937)	(5,319)
FUNDING BALANCE	0	0	0	0
Reconciliation of Funding Impact Statement to Financial Statements				
Total application of operating funding per FIS		92,894		
Expense items not included in application of operating funding				
Depreciation and amortisation (note 19 of financial statements)		34,179		
Other gains/(losses) (note 3.7 of financial statements)		3,037		
Other items		267		
Total expenses in the statement of comprehensive revenue and expenses		130,377		

Statement of Financial Involvement in Council Controlled Organisations

Timaru District Council has control over the following entities:

- Timaru District Holdings Limited
- Venture Timaru
- Aorangi Stadium Trust

Timaru District Holdings Limited has a significant interest in PrimePort Timaru Limited and Alpine Energy Limited. Advances to subsidiaries includes loans to Timaru District Holdings Limited of \$21.7M on normal commercial terms (2022: \$21.7M).

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

	Dividends 2022/23 \$000	Interest 2022/23 \$000	Total 2022/23 \$000
Subsidiaries			
Timaru District Holdings Limited	1,000	1,270	1,435
	1,000	1,270	1,435

Timaru District Holdings Limited (TDHL) and subsidiaries

Timaru District Holdings Limited 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.

Purpose and Mission Statement

The purpose of TDHL is to hold and manage the commercial assets and investments of Timaru District Council.

It seeks to be a successful and growing business increasing the value of the Company and its return to its shareholder, while taking into account the strategic priorities of the shareholder.

Nature and Scope of Activities

TDHL's business is that of an investor in companies in which Council has a substantial interest; currently Alpine Energy Limited (47.5% shareholding) and PrimePort Timaru Limited (50.0% shareholding). TDHL also owns a portfolio of investment properties.

TDHL oversees the governance of Alpine Energy Limited and PrimePort Timaru Limited through monitoring the individual company's compliance with its Statement of Corporate Intent, regular monthly reporting against the company's budgets and meetings between representatives of the companies and TDHL, with both the Board and officers.

	Target	Actual	Achieved
Performance Measures 2022/23			
Earnings before interest, tax, depreciation and amortisation	\$3,377m	\$3,750m	Yes
Net Profit after tax to shareholders funds	2%	1.24%	*No
Net tangible assets per share	4.4	5.8	Yes
Earnings per fully paid share	0.08	0.07	No
Dividends paid per fully paid share	0.03	0.03	Yes
Shareholder funds to total assets	80%	86%	Yes

*The net profit after tax to shareholder funds target is calculated based on a forecast position which did not consider the gains as a result of the revaluation of investment property or share of associate surplus. The actual result saw increases in both the investment property portfolio value and equity values of PrimePort Timaru Limited and Alpine Energy Limited which increased shareholder funds beyond forecast and as a result this target was not met. The Local Government Act 2002 requires CCOs to include forecast financial statements in their SOI for the financial year to which the statement of intent relates, and each of the 2 following financial years. In 2023 it was identified that these forecast financial statements must be prepared in accordance with generally accepted accounting practice and consistent with the accounting policies applied by the CCO in the annual report. TDHL published budget information in its SOI in 2022 relating to the 2022/2023 year which only partially complies with GAAP. As a result no comparison of the forecast financial statements has been presented in the annual report.

Statement of Financial Involvement in Council Controlled Organisations

for the year ended 30 June 2023

Venture Timaru

Venture Timaru is a Council Controlled Organisation focused on regional economic development. It is 100% owned by Timaru District Council (2022: 100%).

Vision

Attract, grow, and retain people and businesses that contribute to a thriving Timaru District economy.

Key Objectives

- Assist business to attract, maintain and develop a skilled workforce
- Encourage new opportunities and facilitate business growth
- Attract and assist new businesses to the District
- Make the case for investment in key infrastructure that support a thriving district economy
- Adopt a collaborative partnership approach to delivery and support a thriving district economy
- Facilitate destination management and event developments
- Adopt a collaborative partnership approach to delivery and impact

Performance Measures 2022/23	Target	Result	Achieved
Value of Venture Timaru interactions with local businesses	GDP Contribution Timaru District vs NZ year on year growth	Up 2.7% on previous year 0.4% lower than NZ as a whole	No
Value of Venture Timaru work to shareholder	Unemployment Rate Timaru District vs NZ year on year improvement	2.8%, down from 3.2% in previous year 0.6% lower than NZ as a whole	Yes
Value of Venture Timaru work to wider stakeholders e.g., central government contract providers.	Housing Affordability* Timaru District vs like areas year on year improvement <small>* median multiple - household income/median house price lower than most other areas of NZ</small>	4.6x, lower than most other areas of NZ	Yes
Ease of doing business in the Timaru District.	Consumer and Visitor spend trends vs same period last year year on year improvement	Spend increase compared to previous year Consumer spend: 7.2% increase compared with Canterbury region 11.8% Tourism spend: 12.6% increase compared with -26.9% Canterbury region -31.7% NZ	Yes

Aorangi Stadium Trust

The purpose of the Trust is to continue development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru for the use of the public.

Aorangi Stadium Trust (AST) is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council and is a Council Controlled Organisation.

Structure

The Trust comprises a board of four Trustees who oversee the governance of the Trust. The facility is leased to Timaru District Council who manage the facility and undertake administration for the Trust.

Objectives

- To promote the development and ongoing maintenance of the Aorangi Sports Stadium on the Morgans Road Recreation Reserve and for that purpose to enter into satisfactory arrangements with the owner of the land, Timaru District Council.
- To support and promote facilities for indoor and outdoor sport or any other recreational pursuit.
- To acquire any real or personal property for the purpose of the Trust to extend the buildings and to develop land for the general purposes of the Trust.
- To promote and encourage community activities and to assist sports bodies, community organisations and organisations devoted to the welfare of youth in the region of South Canterbury.

Performance Measures 2022/23	Target	Actual 2023	Actual 2022
Regular liaison occurs with the tenant, Timaru District Council	At least six monthly	Met	Met
Promote ongoing development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve.		Met	Met
Undertake, with Timaru District Council, a review of the future costs and funding of maintenance and depreciation; and the options for the ownership structure of the stadium.	Complete review	Partially completed	Partially completed

1. Statement of Accounting Policies

REPORTING ENTITY

Timaru District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Timaru District Council, and its subsidiaries: Timaru District Holdings Limited (100% owned) and Venture Timaru Limited (100% owned). The Council's 82% share in Downlands Water Supply, which has been assessed as a joint arrangement, is consolidated into the Group financial statements, as is 100% of the council controlled organisation, the charitable trust, Aorangi Stadium Trust.

Timaru District Holdings Limited's share of its associate companies PrimePort Timaru Limited (50% owned) and Alpine Energy Limited (47.5% owned) are equity accounted into the Group financial statements.

All of these entities are domiciled and operate in New Zealand.

The Council and Group provide infrastructure, local public services and regulatory functions to the community. The Council does not operate to make a financial return.

The reporting date of the Council, controlled entities and the joint arrangement is 30 June as is that of PrimePort Timaru Limited, however the reporting date for Alpine Energy Limited is 31 March.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purpose of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and Group are for the year ended 30 June 2023.

The financial statements were authorised for issue by the Council on 14 November 2023.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand Generally Accepted Accounting Principles (NZ GAAP), which are primarily based on reporting standards as promulgated by the External Reporting Board (XRB) and the NZ Accounting Standards Board (NZASB).

The financial statements and service performance information have been prepared in accordance with and comply with PBE Accounting Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and severance details in Note 4, contingencies in Note 26, related party transactions in Note 28, remuneration disclosures in Note 34 and severance payment disclosures in Note 40, which are rounded to the nearest dollar. Contingencies in Note 26 are as stated in the Note.

Changes in accounting policies and disclosures

Changes in accounting policies

There have been no changes in accounting policy.

Changes in disclosures

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The reporting requirements under this standard do not significantly affect Council's reporting however additional information is provided as necessary.

Amendments to PBE IPSAS 1 Presentation of Financial Reports: Disclosure fees to audit firms' services

An amendment to PBE IPSAS 1 requires greater disclosure of fees incurred for services provided by an entity's financial report's auditor, including the fees for audit of the financial report; audit or review related services; other assurance or agreed-upon procedures engagements; taxation services; and other services.

Fees relating to audit or other review services are included in Note 6 Other Expenses and no significant changes are expected as a result of the application of this amendment.

Omnibus amendments to PBE Standards

An omnibus set of amendments to various standards was issued in June 2022, including:

PBE IPSAS 16 Investment Property: no changes are expected due to this amendment;

PBE IPSAS 30 Financial Instruments: Disclosures: no changes are expected due to this amendment;

PBE IPSAS 13 Leases: no changes are expected due to this amendment;

PBE IPSAS 21 Impairment of Non-Cash Generating Assets: no changes are expected due to this amendment;

PBE IPSAS 26 Impairment of Cash-Generating Assets: no changes are expected due to this amendment;

PBE IPSAS 41 Financial Instruments: no changes are expected due to this amendment;

PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: no changes are expected due to this amendment;

PBE IPSAS 17 Property, Plant and Equipment: no material changes are expected due to this amendment.

Standards issued and not yet effective and not adopted early

There are no standards and amendments issued but not yet effective.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the Group on a line-by-line basis. Intra-Group balances, transactions, revenues and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council or Group has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity, for example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, Group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

The Council and Group will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council or Group's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognized immediately in the surplus or deficit.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation at year-end exchange rates or monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to, the IRD is included as part of receivables or payables in the statement of Financial Position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The Budget figures presented in this report are those approved by the Council in its 2022/23 annual plan unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Assumptions regarding investments in other financial assets, including subsidiaries and other entities (see Notes 14 and 15).
- Estimating the fair value of property, plant and equipment (see Note 17).
- Estimating the landfill aftercare provision (see Note 25).
- Estimating the fair values of debt (see Note 23).
- Estimating the fair values of financial instruments (see Notes 13 and 14).
- Estimating the fair value of forestry assets (see Note 20)
- Estimating the retirement and long service leave obligations (see Note 24)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Classification of property (see Note 17)
- Valuation methodology for property, plant and equipment and intangible assets (see Notes 17 and 18)
- Donated or vested land and buildings with use or return conditions (see Notes 3 and 17)

Service performance reporting (PBE FRS 48)

The statement of service performance is formally classified from pages 36 to 99.

The relevant legislation governing the requirement of reporting of the Council's service performance is Part 3 of Schedule 10 of the Local Government Act 2002.

The statement of service performance of the Council has been prepared in accordance with PBE standards and is for the year ended 30 June 2023. The statement was authorised for issue by the Council on 14 November 2023.

In preparing the statement of service performance, the Council has made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements are discussed below.

The service performance measures in this annual report are intended to compare the actual results of activities delivered by Timaru District Council against the forecast levels of service. The service performance measures were originally adopted in the 2021-2031 Long-Term Plan and continued in the 2022-2023 Annual Plan.

The service performance measures are reported on to Council each quarter during the relevant annual period. The annual results are then reported in the relevant Annual Report for the year to 30 June.

The performance measures were selected to cover quantitative measurement of progress towards the Council's Long-Term Plan and Annual Plan. The final measures included in this Annual Report are broken down into the 9 groups of activities, providing a holistic set that give a rounded picture of the non-financial performance of the Council. Each group has a set of metrics that were identified through the 2021-2031 LTP involving Council and management. This process ensured the selected measures best reflect the Council's performance and are available in a timely and accurate manner.

There are a number of performance measures identified in the Service Performance tables that are mandatory performance measures set under section 261 B of the Local Government Act 2002. The Secretary for Local Government made the Non-Financial Performance Measures Rules 2013. This was to enable the public to assess a reasonable comparison across all the councils.

Council is legally required to meet specific timeframes under certain legislation. These timeframes are reported on to provide transparency to the public. For activities where there are legislative requirements through various Acts or through the mandatory performance measures, there are few significant judgements to make. Council is required to report on these measures and to meet specific standards. The measures are integral to the function of the activity.

Council has chosen to report on user and resident satisfaction in 21 performance measures (noting that for this year, 13 of these measures were not reported as these are surveyed every two years). While these activities are important, the user/resident satisfaction measures themselves are not critical to the functioning of the activity. Results of the surveys do not require interpretation by the reader. This judgement is not considered to be significant.

Where actions within an activity do not fall within the three areas previously described, but can be qualitatively measured, Council has chosen to include these within the performance measures. These measures directly relate to the levels of service for the activity, such as measurements relating to the diversion of waste from landfill in the Waste Minimisation activity. These measures describe the fundamentals required to undertake these activities. The measure is reported as achieved or not achieved, with little judgement to be made.

Note 2: Summary revenue and expenditure for groups of activities

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

Note 3: Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.
- Rates collected on behalf of Environment Canterbury (Ecan) are not recognised in the financial statements, as the Council is acting as an agent for Ecan.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Waka Kotahi (NZ Transport Agency) roading grants

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other government grants

The Council receives funding assistance from government agencies subsidising costs, including expense and capital costs, for various projects. Such grants or subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date. The issuance of the consent at the rate applicable at the time of application.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities and is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill sites are recognised upon waste being disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met, usually as the funds are spent for the nominated purpose.

Crown suspensory loans

The Council considers that the suspensory loan from the Crown is, in substance, a grant with conditions, and so has recognised the funds received as a liability and releases the liability to revenue on a straight-line basis over the 20-year term of the agreement.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

Agency revenue

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.

Note 4: Personnel costs

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution superannuation schemes

Employer contributions to defined contribution superannuation schemes, including KiwiSaver and the Government Superannuation Fund, are expensed in the surplus or deficit as incurred.

Note 5: Finance costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Note 6: Other expenses

Grant expenses

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as an expense when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as an expense when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Note 7: Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax 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.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable 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 or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Note 8: Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Note 9: Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Council and Group, 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.

Note 10: Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivable and other receivables and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates receivable

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Note 11: Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Non-commercial: measured at cost, adjusted for any loss of service potential.
- Commercial: measured at the lower of cost and net realisable value.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs, which are capitalised to property, plant, and equipment.

Note 12: Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in surplus or deficit.

Any increases in fair value, less costs to sell, are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale, including those that are part of a disposal group.

Note 13: Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council and Group's operational activities and interest rate risks arising from the Council and Group's financing activities. The Council and Group do not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date, otherwise foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council and Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

The Council and Group have elected to not adopt the hedge accounting requirements of PBE IPSAS 41 as permitted under the transitional provisions of PBE IPSAS 41, which was substantively adopted for the year ended 30 June 2022. This means the Council and Group continues to apply the hedge accounting requirements of PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in surplus or deficit as part of "finance costs".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. If it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to surplus or deficit.

Hedge ineffectiveness

Hedge ineffectiveness in a hedge relationship can arise from:

- differences in the timing of cash flows of the hedged items and hedging instruments.
- changes to the forecasted amount of cash flows of hedged items and hedging instruments.
- the counterparties' credit risk effecting fair value movements of hedging instruments and hedged items.

Note 14: Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless they have been designated as FVTSD, in which case they are recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. The Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Expected credit loss allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages: ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL), however, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (a Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

The Council and Group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

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 sheet date. Any resultant gains or losses are recognised in the surplus or deficit for the period.

Investments in subsidiaries

Investments in subsidiaries are included in the parent entity at cost.

Other financial assets, including unquoted equity investments

Other financial assets held by Council and Group are classified stated at the lower of cost or net realisable value, with any resultant gain or loss being recognised directly in other comprehensive revenue or expense, except for impairment losses. When these assets are derecognised, the cumulative gain or loss is recognised through the surplus or deficit.

Impairment

Financial assets are potentially impaired if the obligation is unlikely to be fully met. An assessment is made regarding each asset based on the assessed credit risk of the investment and when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment; and for debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

The Council and Group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

The main differences for the prior year policies was that impairment was recorded only when there was objective evidence of impairment, including, for debt investments, significant financial difficulties of the debtor, probability that the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators that the asset is impaired.

Note 15: Investments in Associates

An associate is an entity over which the Council or a member of the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. The Council or Group's associate investment is accounted for in the Group financial statements using the equity method. 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 in the Group financial statements. 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 Group 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, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Note 16: Investment in joint operations

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. The legal form, terms of the binding agreement, and other facts and circumstances relevant to determining the classification of the joint arrangement are reviewed to determine the classification.

For joint operations, the Council and Group recognises a direct right to the assets, liabilities, revenues and expense of joint operations and the share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council and Group's interest in a joint operation are accounted for in line with the Council and Group accounting policies and included in the relevant line items of the Council and Group financial statements.

The Council has a joint arrangement with the Waimate District Council and Mackenzie District Council for the Downlands Rural Water Scheme. The Downlands Rural Water Scheme is a joint operation rather than a joint venture because the three Councils jointly own their specified share of the whole scheme and have rights to the assets and obligations for the liabilities relating to the arrangement, due to the structure of the arrangement not being through a separate vehicle. The Council's share in the joint arrangement equates to 82%, with Waimate District Council's share being 14% and Mackenzie District Council's 4%.

Note 17: Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets: These include land, buildings, landfill post-closure, library books, plant and equipment, playground equipment, motor vehicles, airport improvements, furniture and office equipment, art works and heritage assets.

Operational assets include all assets not specifically included elsewhere (including in assets held for sale) utilised by the Council and Group to deliver services both directly and indirectly.

Restricted assets: Restricted assets are mainly parks and reserves owned by the Council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets: Infrastructure assets are the fixed utility systems owned by the Council and Group and each asset class encompasses all items that are required for the network to function including: sewer, stormwater and water systems; roads, bridges and lighting, and land under roads; footpaths; and unoccupied land held specifically for infrastructure purposes.

Unless specifically stated, acquisitions are initially valued at cost. Prior to 1 July 2005 a number of valuations were undertaken for several asset classes, separately outlined which have become the opening cost value for that class, some of which have subsequently been revalued at fair value.

Revaluations

For asset classes where revaluations are now performed regularly, assets are revalued with sufficient regularity to ensure that their carrying value does not differ materially from fair value which is defined as no greater than 10% cumulatively based on an annual assessment of fair value however it may be determined that a revaluation is required despite not exceeding 10%; and at least every three years with revaluation movements accounted for on a class by class basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Land

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

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

Buildings and Building Improvements

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

Airport Improvements

Airport improvements, including runway, have been stated at deemed cost less depreciation and impairment losses, which is optimised depreciated replacement cost as valued by B Dench ANZIV of QV Valuations as at 1 July 2005.

Plant and Equipment

Plant and equipment for parks and pools is stated at deemed cost less depreciation and impairment losses, which is the optimised depreciated replacement cost as assessed by Maunsell Limited, Valuers, at 1 July 2005.

Other plant and equipment (including motor vehicles) are at cost less depreciation and impairment losses.

Furniture and Office Equipment

Furniture and office equipment have been stated at cost less depreciation and impairment losses.

Library Books

Library collections are valued annually at depreciated replacement cost calculated by the Council's library staff in accordance with guidelines outlined in "Valuation Guide for Cultural and Heritage Assets", published by the Treasury Accounting Policy Team, November 2002 and the Library Collection Valuation Guidelines prepared by the New Zealand Library Association, May 1992.

Elements of the library collection which are considered to be retained as heritage assets are not included in the valuation as they are not readily measurable on a replacement cost basis and are not depreciated.

Art Works

Art works are stated at deemed cost being the assessed fair value at 1 July 2005 based on the 1 April 1992 insurance value by the Art Gallery Director, with acquisitions from 1 April 1992 at cost.

Sewer, Stormwater, Water

Sewer, Stormwater and Water assets are stated at their fair value using standard unit rates as per the depreciated replacement cost methodology, however acquisitions subsequent to 1 June 2022 are valued at cost, until future revaluations are performed.

The assets were revalued on 30 June 2022 by Timaru District Council officers and peer reviewed by B. Smith, CA, of Brian Smith Advisory Services Limited. Due to recent cost increases a revaluation based in price index movements will be completed in 2023 has been completed in 2023 by Jennifer Fox from Waugh Infrastructure Management Limited..

Sewerage, Stormwater and Water infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method, including:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity. No opportunities for optimisation were identified within the 2022 revaluation.

- Estimating the replacement cost of the asset: the replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location.

If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index for civil constructions to convert them to current dollar value at the valuation date.

- Estimates of the remaining useful life over which the asset will be depreciated: these estimates can be affected by the local condition, for example, pipe material or wall thickness.

If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council and Group could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Acquisitions are measured at their fair value using standard unit rates.

Roads, Bridges, Footpaths, Street Furniture and Lighting

Roads, bridges, footpaths, street furniture and lighting assets are stated at their fair value using standard unit rates as per the depreciated replacement cost methodology, however acquisitions subsequent to 1 June 2022 are valued at cost, until future revaluations are performed.

Roading assets were revalued as at 30 June 2022 by Mark Gordon MBA, BE (Hons), CPEng, CMEngNZ of IAM Consulting (M Gordon) Limited. The next valuation is anticipated for 2025.

Road pavements, structures, footpaths, drainage, street lighting and a range of other assets used for delivering roading services are valued using the depreciated replacement cost method. There are a number of estimates and assumptions made when valuing infrastructural assets using this method, including:

- The unit rates used in estimating the replacement cost value of the asset: these reflect commercial costs for provision of modern equivalent assets by contract and assume realistic quantities of assets within contracts to ensure cost effective allowances and rates. Where appropriate, replacement value also reflects optimisation due to over-design or surplus capacity. No opportunities for optimisation were however identified in the 2022 revaluation.
- Unit rates have been applied to components of the road network based on the type of asset, its size, and material type. Rates are derived from TDC unit rate information for recent contract-based construction and maintenance work and recent valuation information from similar local authority infrastructure, indexed to the valuation date using Statistics New Zealand's Capital Goods Price Indices for Transport Ways. Where detailed asset component information is not available, estimations are made on an aggregate basis.
- Estimates of the remaining useful life over which the asset will be depreciated: these estimates can be affected by local conditions, for example, traffic use or climatic conditions. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructure Valuation and Depreciation Guidelines, issued by the National Asset Management Steering Group (NAMS) of IPWEA NZ, and have been adjusted for local conditions based on past experience.

Land Under Roads

Land under roads has been stated at cost less impairment losses at an average of adjacent "undeveloped land value" valued at 1 July 2005 by Maunsell Limited, Valuers. Subsequent acquisitions are stated at cost, less depreciation and impairment losses.

Heritage Assets

Heritage buildings are included in the buildings asset class. Significant statues are stated at cost less depreciation and impairment losses, which is the optimised depreciated replacement cost valued as at 1 July 2005 by Maunsell Limited, Valuers. Subsequent acquisitions are stated at cost, less depreciation and impairment losses.

Other heritage type assets, such as museum exhibits, have not been valued.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably and is greater than \$3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Land		Nil
Buildings and building improvements	1% - 30%	Straight line
Airport improvements	1% - 5%	Straight line
Plant and equipment: pools and parks	2% - 33%	Straight line
Plant and equipment: motor vehicles	20%	Straight line
Plant and equipment: other	10% - 50%	Straight line
Furniture and office equipment	4% - 50%	Straight line
Library collection: permanent retention		Nil
Library collection: current	12%	Straight line
Art works		Nil
Water: plant and facilities	1% - 50%	Straight line
Water: reticulation	1% - 50%	Straight line
Sewerage: plant and facilities	1% - 50%	Straight line
Sewerage: reticulation	1% - 50%	Straight line
Stormwater: plant and facilities	1% - 50%	Straight line
Stormwater: reticulation	1% - 50%	Straight line
Roading	1% - 50%	Straight line
Bridges	1% - 3%	Straight line
Lighting	6% - 8%	Straight line
Land under roads		Nil
Heritage assets	1% - 7%	Straight line

Landfill assets

Physical landfill assets include earthworks, buildings and plant and machinery which are stated at cost less any accumulated depreciation or impairment. Unless specifically included under another asset class, landfill assets are depreciated based on the utilised capacity of the landfill.

A provision is made over the life of the landfill for post-closure costs and consequently an asset is generated representing the future economic benefits of this provision. This asset is amortised based on the utilised capacity of the landfill following its reassessment annually, contingent on the revised estimation of the concomitant provision (see Note 25 Provisions).

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Note 18 Intangible assets

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, except that annual licenses are recognised as an expense when they are incurred.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs relating to the introduction and utilisation of software are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Carbon credits

Carbon credits are not acquired or held for trading purposes and are expected to be utilised as part of the annual operational requirements of the Council, except that carbon credits which were received from the Crown were recognised as non-current intangible assets valued at fair value at acquisition. Carbon credits are treated as a current intangible asset and written off through surplus/deficit at cost or fair value. They are initially valued at cost and subsequently valued at fair value as at balance date based on the market value at balance date. Carbon credits have an indefinite life and therefore are not amortised.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its estimated useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	20% to 33.3% Straight line
-------------------	----------------------------

Impairment of intangible assets

Intangible assets, including those which have an indefinite useful life, or are not yet available for use which are not subject to amortisation, are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 17 as the same approach applies to the impairment of intangible assets.

Note 20: Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Potential future carbon credit liabilities which may occur in the event of permanent deforestation are not included in the valuation.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in surplus or deficit.

Forestry maintenance costs are recognised in surplus or deficit when incurred.

The generation of carbon credits from the forestry holdings are separately identified and valued as current intangible assets as required however currently no carbon credits are being generated as the forests are all pre-1990.

Note 21: Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Note 22: Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

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

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Note 23: Borrowings and other financial liabilities

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Note 24: Employee entitlements

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Unrecognised employee entitlements

Outstanding sick leave entitlements are not recognised as a liability as there is no settlement obligation related to the entitlement. The value of sick leave obligations are identified based on either the maximum or actual available entitlements based on the lower of those.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other recognised employee entitlements are classified as a non-current liability.

Note 25: Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash flows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs" (see Note 5).

Provision for landfill post-closure costs

A provision for post-closure costs is recognised, at the inception of the landfill, for post-closure remediation and monitoring costs.

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 and including all costs associated with landfill post-closure.

The value provided for landfill post-closure is capitalised as an asset as it relates to future economic benefits. This asset is amortised based on the utilised capacity of the landfill and is adjusted annually based on that capacity usage and relevant movements in any revision of the post-closure costs.

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.

Provisions for climate change related obligations and remediation

No provisions have been made for events, obligations, compensation or remediation related to climate change or climate change induced or related events. While the effects of climate change are directly related to past events and that there will be financial consequences and implications relating to future events, no reliable estimate can currently be made for the amount of the potential or likely obligations.

Note 27: Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- retained earnings;
- restricted reserves;
- designated reserves;
- asset revaluation reserves.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Restricted reserves are those 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 a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

They also include reserves maintained for targeted rates charged for a specific purpose.

Designated reserves

Designated reserves are maintained for self-funded activities which Council determines require particular focus. A separate account is maintained for each reserve to ensure that the funds are held and used for the specific purpose intended however these do not represent cash funds. Transfers from these reserves may be made only for specified purposes or when specified conditions are met however Council may change designated reserves without reference to the Courts or a third party.

Asset revaluation reserves

These reserves relate to the revaluation of particular property, plant, and equipment classes to fair value.

Note 28: Related party transactions

Intra-Group and internal transactions

All transactions occurring within the Group are eliminated on consolidation however within each Group entity they will be reflected within the appropriate categorisation. Intra-entity transactions are not generally eliminated within that entity as the transactions allocate costs and revenue within the entity to reflect an accurate economic picture however they will eliminate against each other within the net surplus or deficit.

Note 30: Financial instruments

The Council and Group elected to early adopt PBE IPSAS 41 in the 2021/22 financial year.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and Group elected not to restate the comparative information. The comparative information prior to 2021/22 continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 were recognised in opening equity at 1 July 2021 (the date of initial application).

Note 32: Events after balance date

Events which are deemed to actually or potentially have a material impact on the Council or Group but which occur after balance date are disclosed including why they have been assessed as being of significant materiality.

2 Summary Revenue and Expenditure for Group of Activities

	Council		
	Budget 2023 \$000	Actual 2023 \$000	Actual 2022 \$000
Revenue			
Corporate Support	(2,026)	9,326	12,315
Governance and Strategy	4,691	4,765	4,457
Community Support	6,673	6,807	6,121
Environmental Services	8,887	8,785	5,857
Recreation and Leisure	24,139	21,553	20,731
Roading and Footpaths	25,664	30,662	25,644
Waste Minimisation	9,658	8,440	8,742
Sewer	8,580	10,164	10,559
Stormwater	3,023	949	5,801
Water Supply	12,614	12,237	15,063
Total activity revenue	101,904	113,688	115,290
Expenditure			
Corporate Support	3,321	13,227	4,172
Governance and Strategy	4,691	5,597	4,391
Community Support	6,291	7,402	6,640
Environmental Services	8,846	8,178	7,497
Recreation and Leisure	21,686	25,198	22,786
Roading and Footpaths	22,957	30,585	23,489
Waste Minimisation	9,658	12,704	16,590
Sewer	8,580	10,083	8,490
Stormwater	3,023	1,561	3,779
Water Supply	12,608	15,842	12,021
Total Expenditure	101,661	130,377	109,856

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

3 Revenue

3.1 Rates revenue

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements its annual rates revenue. That Deed defines annual rates revenue 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 revenue of the Council for the year ended 30 June 2023 for the purpose of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
General rates	39,854	35,549	39,419	35,190
Targeted Rates:				
Water, excluding metered water supply rates	10,342	10,101	10,342	10,101
Metered water supply rates	2,314	2,064	2,314	2,064
Sewerage	5,786	6,657	5,786	6,657
Waste Management	3,519	3,164	3,519	3,164
Community works and services	3,109	3,813	3,109	3,813
Rates Penalties	589	631	589	631
	<u>65,513</u>	<u>61,979</u>	<u>65,078</u>	<u>61,620</u>

Ratings base

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

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Number of rating units at end of preceding year	23,222	23,063
Total capital value of rating units at end of preceding year	15,343,320	15,246,613
Total land value of rating units at end of preceding year	7,750,686	7,722,509

Total rates written off, including penalties, for the 2023 financial year are \$101,219 (2022: \$108,400).

3.2 Fees and charges

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Trade waste	2,994	2,727	2,994	2,727
Landfill use	4,703	4,742	4,703	4,742
Consent fees	2,848	2,703	2,848	2,703
Social housing rent	1,384	1,592	1,384	1,592
Parking fees	1,420	1,094	1,420	1,094
Swimming pool admission fees	931	819	931	819
Other fees and charges	3,037	2,999	3,037	2,999
Total Fees, Charges and Metered Water Supply	17,317	16,676	17,317	16,676

3.3 Subsidies and Grants

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Waka Kotahi (NZ Transport Agency) roading subsidies	11,908	11,971	11,908	11,971
Manatu Hauora (Ministry of Health) drinking water related subsidies	-	2,828	-	2,828
Other subsidies and grants	1,395	2,730	3,232	4,685
Total Subsidies and Grants	13,303	17,529	15,140	19,484

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

3.4 Finance Revenue

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Finance revenue				
Interest revenue:				
Term deposits	1,996	718	2,245	770
Related party loans	1,277	565	7	0
Community loans	2	9	2	9
Unsecured loans to other local authorities	83	28	83	28
Investments in debt securities	-	1	-	1
Total Finance Revenue	3,359	1,321	2,338	809

Loans have been raised by the Council which are applied to Downlands Water Supply joint operation. Interest relating to those loans is charged through the joint operation to the participants in that operation.

Any gain/(loss) on changes in the fair value of interest rate swaps are shown in Note 3.7: Other gains/(losses)

Notes to the Financial Statements for the year ended 30 June 2023

3.5 Development and Financial Contributions

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Sewer	229	140	229	140
Stormwater	150	164	150	164
Water Supply	574	451	574	451
Total Development and financial contributions	953	755	953	755

3.6 Other Revenue

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Vested assets	5,996	4,529	5,996	4,529
Infringements	902	631	902	631
Other Contributions	-	-	-	-
Petrol tax	498	455	498	455
Rental revenue from investment properties	283	707	3,186	3,482
Dividends	1,010	1,000	10	-
Other	4,554	3,286	3,466	2,836
Total Other Revenue	13,243	10,608	14,058	11,933

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 21 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	280	280	2,534	2,307
Later than one year and not later than five years	501	501	6,170	5,376
Later than five years	8	8	13,351	14,250
Total non-cancellable operating leases	789	789	22,055	21,933

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

3.7 Other gains/(losses)

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Gain/(loss) on changes in fair value of forestry assets	397	(445)	397	(445)
Gain/(loss) on disposal of property, plant and equipment	(2,485)	(2,372)	(2,455)	(2,372)
Gain/(loss) on changes in fair value of investment property	395	246	395	2,458
Gain/(loss) in disposal of investments classified as fair value through equity	(50)	114	10,117	114
Gain/(loss) on changes in fair value of derivative financial instruments	1,350	5,821	1,350	5,821
Other gains/(losses)	(2,644)	3,058	(2,613)	3,058
Total gains/(losses)	(3,037)	6,422	7,191	8,634

4 Personnel costs

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Salaries and wages	23,729	21,537	24,455	22,230
Defined contribution plan employer contributions	776	831	776	831
Increase/(decrease) in employee benefit liabilities	288	89	296	89
Total personnel costs	24,793	22,457	25,527	23,150

Defined Benefit Scheme

The Council contributes to a multi-employer defined benefit superannuation scheme (the scheme), operated by the National Provident Fund. The funding level (solvency ratio) of the Scheme is the ratio of the net assets available to pay benefits to the value of the past service liabilities. The Actuary estimates the funding level triennially and this was last assessed as at 31 March 2021, at 106.6% (March 2018: 106.6%) based on the valuation results and membership data as at 31 March 2021.

Employer contributions to defined contributions plans include contributions to Kiwisaver.

Notes to the Financial Statements for the year ended 30 June 2023

Remuneration

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Chief Executive	423,225	367,760	423,225	367,760
Elected representatives				
Mayor Bowen	136,845	129,131	136,845	129,131
Deputy Mayor Wills (to 8 October 2022)	19,011	65,834	19,011	65,834
Deputy Mayor Shannon (from 27 October 2022)	52,024	-	52,024	-
Councillor Booth	52,171	47,750	62,171	47,750
Councillor Burt	58,569	53,777	93,569	88,777
Councillor Jackson (from 14 October 2022)	38,147	-	38,147	-
Councillor Oliver	52,171	47,867	52,171	47,867
Councillor Parker	58,569	53,777	93,569	72,677
Councillor Piddington	52,171	47,750	52,171	47,750
Councillor Pye (from 14 October 2022)	42,773	-	42,773	-
Councillor Scott (from 14 October 2022)	42,773	-	52,773	-
Councillor Gilchrist (to 8 October 2022)	15,529	53,777	15,529	53,777
Councillor Lyon (to 8 October 2022)	15,529	53,951	15,529	70,151
Councillor O'Reilly (to 8 October 2022)	13,788	47,897	13,788	47,897
	650,070	601,510	740,070	671,610

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

	Council 2023		Council 2022
Less than \$60,000	100	Less than \$60,000	156
\$60,000 - \$79,999	107	\$60,000 - \$79,999	101
\$80,000 - \$99,999	79	\$80,000 - \$99,999	50
\$100,000 - \$119,999	28	\$100,000 - \$119,999	25
\$120,000 - \$139,999	19	\$120,000 - \$139,999	13
\$140,000 - \$159,999	6	\$140,000 - \$179,999	9
\$160,000 - \$219,999	6	\$180,000 - \$369,999	6
\$220,000 - \$429,999	6		
	351		360

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 231 full-time employees (2022: 222), with the balance of staff representing 48.5 full-time equivalent employees including part-time and casual staff (2022: 44). A full-time employee is determined on the basis of working a 40-hour working week.

For the year ended 30 June 2023, the Council made 2 (2022: 1) severance payment to employees totalling \$87,000 (2022: \$79,829).

5 Finance Costs

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Interest expense on borrowings	7,402	4,135	7,739	4,280
Total Finance Costs	7,402	4,135	7,739	4,280

6 Other Expenses

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Expenses include:				
Fees to Audit NZ				
Audit fees for financial statement audit	268	234	312	262
Audit fees for Debenture Trust audit	-	5	-	5
Fees to other auditors	-	-	8	13
Impairment of receivables	18	98	18	98
Bad debts written off	28	7	28	7
Rates remissions	219	209	219	209
Minimum lease payments under operating leases	270	280	270	280
Other operating expenses	60,163	52,669	62,210	54,997
Total other expenses	60,966	53,502	63,065	55,871

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	-	-	7	76
Later than one year and not later than five years	-	-	9	137
Total non-cancellable operating leases	-	-	16	213

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is Nil (2022: Nil).

Leases can be renewed at the option of Timaru District Council and Group, with rents set by reference to current market rates for items of equivalent age and condition. Timaru District Council and Group 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.

Notes to the Financial Statements for the year ended 30 June 2023

7 Tax

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus/(deficit) before tax	(16,689)	5,435	2,045	16,745
Tax at 28% (202: 28%)	(4,673)	1,522	573	4,689
Non-taxable income @ 28%	(31,475)	(31,843)	(37,279)	(35,416)
Non-deductible expenditure @ 28%	36,150	30,601	37,441	31,011
Impact of imputation credits	-	(280)	(638)	(571)
Adjustments to current tax	-	-	4	(354)
Tax expense/(benefit)	-2	-0	101	(642)
Comprising of:				
Current tax	2	-	(123)	514
Deferred tax	-	-	224	(354)
Tax expense/(benefit)	2	-	101	160
Deferred tax benefit/(liability)				
Opening balance	-	-	356	2
Temporary differences				
Long Term assets	-	-	(227)	352
Employee entitlements	-	-	2	2
Closing balance	-	-	131	356
Future tax benefit/(deferred taxation)				
Long term assets	-	-	125	352
Employee entitlements	-	-	6	4
Net future tax benefit/(deferred taxation)	-	-	131	356

During the year, Timaru District Council made no subvention payments to Timaru District Holdings Limited (2022: Nil). As at 30 June 2023, there were no subvention payments payable by Timaru District Council (2022: Nil).

The Timaru District Council Group has total imputation credits available of \$21,530,478 (2022: \$21,591,705) with \$1,138,618 (2022: \$1,356,045) which can be used to impute dividend payments to Council.

8 Cash and cash equivalents

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash at bank and in hand	14,296	5,648	17,050	6,883
Term deposits with maturities of less than three months at acquisition	25,000	10,000	25,000	11,441
Total cash and cash equivalents per Statement of Financial Position and the Statement of Cash Flows	39,296	15,648	42,050	18,324

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

Cash and cash equivalents and other financial assets have deviated from budget due to the Council holding shorter term investments or holding cash on call while interest rates were rising.

Assets recognised in a non-exchange transaction that are subject to restrictions

The Council holds unspent funds, included in cash and investments, of \$402,722 (2022: \$94,760) that are subject to restrictions. These unspent funds relate to trust and bequests and other funds received with restrictions where the spending of the funds is separately monitored.

The restrictions generally specify how the funds are required to be spent.

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

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus/(deficit) after tax	(16,691)	5,435	1,944	16,585
Add/(less) non-cash items:				
Share of associate surplus/(deficit)	-	-	(9,242)	(10,461)
Depreciation and amortisation	34,179	29,761	34,236	29,959
Impairment charges	18	106	5	122
Vested assets	(5,996)	(4,529)	(5,996)	(4,529)
Prior period adjustments	-	-	-	2,597
(Gains)/losses in fair value of biological assets	-	445	-	445
(Gains)/losses in fair value of investment property	-	(246)	(10,167)	(2,458)
Increase/(decrease) in deferred taxation	-	-	225	(354)
(Gains)/losses in fair value of derivatives	-	(5,821)	-	(5,821)
(Gains)/losses Other	3,037	(3,299)	3,006	(3,299)
Movement in provision	(1,529)	6,178	(1,565)	7,174
Other movements	-	(2,468)	334	(2,330)
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	-	2,372	(30)	2,372
(Gains)/losses on disposal of investment	-	-	-	-
(Gains)/losses on investment	-	(114)	-	(114)
Add/(less) movements in working capital items:				
Accounts receivable	7,857	(7,999)	7,882	(7,888)
Inventories	(9)	(17)	(9)	(17)
Accounts payable	(4,989)	212	(4,417)	838
Employee benefit liability	737	754	745	740
Income tax payable	-	-	(176)	(1)
Net cash inflow/(outflow) from operating activities	16,615	20,769	16,776	23,559

Notes to the Financial Statements for the year ended 30 June 2023

Changes in liabilities arising from financing activities:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance as at 1 July				
Secured loans	-	-	2,500	3,500
LGFA debt	164,835	99,484	164,835	99,484
Total loans	164,835	99,484	167,335	102,984
Total derivatives: interest rate swaps (cash flow hedges)	(2,914)	2,907	(2,914)	2,907
Total opening balances	161,921	102,391	164,421	105,891
Cash outflows				
Secured loans	-	-	(1,500)	(1,500)
LGFA debt	-	-	-	-
Total loans	-	-	(1,500)	(1,500)
Cash inflows/new loans				
Secured loans	-	-	500	500
LGFA debt	40,000	65,351	40,000	65,351
Total loans	40,000	65,351	40,500	65,851
Non-cash changes				
Total derivatives: interest rate swaps (cash flow hedges)	(1,349)	(5,821)	(1,349)	(5,821)
Closing balance as at 30 June				
Secured loans	-	-	1,500	2,500
LGFA debt	204,835	164,835	204,835	164,835
Total loans	204,835	164,835	206,335	167,335
Total derivatives: interest rate swaps (cash flow hedges)	(4,263)	(2,914)	(4,263)	(2,914)
Total closing balances	200,572	161,921	202,072	164,421

10 Receivables

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Rates receivables	2,760	2,868	2,760	2,868
Other receivables	9,490	17,398	10,309	17,941
Related party receivables	360	77	193	0
less allowance for credit losses for other receivables	(283)	(269)	(283)	(269)
	12,327	20,074	12,979	20,540
Prepayments	393	503	397	533
Total receivables	12,720	20,577	13,376	21,073
Total receivables comprise:				
Receivables from exchange transactions including outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	6,225	6,528	6,872	7,142
Receivables from non-exchange transactions including outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	6,102	13,547	6,107	13,399
	12,327	20,074	12,979	20,540

The Council does not provide for expected credit losses on rates receivable.

Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debt arising from rates. These powers allow the Council to commence legal proceedings to recover any rates which remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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 Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$1 (2022: \$1).
- Section 90B: \$1 (2022: \$1).

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$18,642 (2022: \$56,716).

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

	2023			2022		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	8,627	-	8,627	16,125	-	16,125
Past due 1 - 60 days	754	(63)	691	863	(58)	805
Past due 61 - 120 days	41	(12)	29	18	(6)	13
Past due > 120 days	428	(110)	318	469	(122)	347
Total	9,850	(185)	9,665	17,475	(185)	17,290
Group						
Not past due	9,279	-	9,279	16,591	-	16,591
Past due 1 - 60 days	754	(63)	691	863	(58)	805
Past due 61 - 120 days	41	(12)	29	18	(6)	13
Past due > 120 days	428	(110)	318	469	(122)	347
Total	10,502	(185)	10,317	17,941	(185)	17,756

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

	2023			2022		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	2,456	-	2,456	2,607	-	2,607
Past due 1 year	73	-	73	51	-	51
Past due 2 years	59	-	59	34	-	34
Past due 3 years	40	(10)	31	45	(12)	33
Past due > 3 years	132	(88)	44	132	(71)	60
Total	2,760	(98)	2,662	2,868	(83)	2,784

Notes to the Financial Statements for the year ended 30 June 2023

Expected credit loss rates for other receivables are based on the payment profile of revenue on credit in previous periods and the corresponding historical credit losses experienced, including a review of specific debtors; and current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables, however given the short period of credit risk exposure the effects of this is generally considered insignificant.

There have been no significant changes in the year in the estimation techniques or significant assumptions in measuring the loss allowance.

Movements in the allowance for credit losses are as follows:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
As at 1 July	269	171	269	171
Additional provisions made/(released) during the year				
Receivables written off during year	14	98	14	98
At 30 June	283	269	283	269

The Council and Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

It has been determined that there are no significant changes to ECLs due to the adoption of PBE IPSAS 41.

11 Inventories

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Pool shop inventories	34	25	34	25
Total Inventories	34	25	34	25

The writedown of inventory during the year was nil (2022: Nil). There have been no reversals of previous writedowns. The carrying amount of inventories pledged as security for liabilities is nil (2022: Nil).

12 Assets for Sale

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current				
Land	2,120	-	2,120	-
Buildings	-	317	432	1,296
Assets held for sale: current	2,120	317	2,552	1,296
Non-current				
Buildings	-	-	-	432
Assets held for sale: non-current	-	-	-	432

Current assets held for sale:

Timaru District Council – Four properties held at Meadows Road Washdyke, purchased prior to 30 June 2023 will be up for sale in 2023-2024

Current/Non-current assets held for sale:

Timaru District Holdings Limited – Timaru District Holdings Limited had land at the Showgrounds Property available for sale.

13 Derivative Financial Instruments

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current liability portion	-	-	-	-
Non-current liability portion	-	-	-	-
Current asset portion				
Interest rate swaps: cash flow hedges	1,644	478	1,644	478
	1,644	478	1,644	478
Non-current asset portion				
Interest rate swaps: cash flow hedges	2,619	2,436	2,619	2,436
	2,619	2,436	2,619	2,436

The notional principal Total amounts of the outstanding interest rate swap contracts at 30 June 2023 were \$61,000,000 (2022: \$71,000,000). Maturity dates range from May 2024 to December 2028.

At 30 June 2023, the interest rates for interest rate swaps vary from 1.98% to 4.70% (2022: 1.98% to 4.70%).

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.

Timing of nominal principal amounts and average fixed rates of interest rate swaps	Less than 1 year	1-2 years	3-5 years	Greater than 5 years	Total
Council 2023					
Interest rate swaps: hedge accounted					
Nominal amount (\$000)	4,000	37,000	0	20,000	61,000
Average fixed rate	4.7%	3.51%	0%	2.67%	3.06%
Group 2023					
Interest rate swaps: hedge accounted					
Nominal amount (\$000)	4,000	37,000	0	20,000	61,000
Average fixed rate	4.7%	3.51%	0%	2.67%	3.06%

14 Other financial assets

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current portion				
Short term deposits	(0)	17,318	1,995	17,318
Community loans	32	132	32	132
Investments in debt securities	-	1,786	-	5,114
Investments in LGFA	435	256	435	256
Total Current Portion	467	19,492	2,462	22,820
Non-current portion				
Investments in CCOs and similar entities				
Unlisted shares in Civic Financial Services	218	218	218	218
Investment in Timaru District Holdings Limited	31,000	31,000	-	-
Investment in Venture Timaru Limited	260	260	-	-
Loans to other local authorities	2,430	1,915	2,430	1,915
Loans to subsidiaries and associates	21,681	21,681	-	-
Total investments in CCOs and similar entities	55,589	55,074	2,648	2,133
Investments in other entities				
Unlisted shares in Opuha Water Limited	50	50	50	50
Unlisted shares in Greenfield's Co-operative				
Community loans	113	101	113	101
Investments in LGFA	4,080	2,865	4,080	2,865
Investments in debt securities	1,068	6,082	1,068	6,082
Total investment in other entities	5,310	9,098	5,310	9,098
Future tax benefits	-	-	131	-
Total Non-Current Portion	60,899	64,172	8,089	11,231

Fair Value

Short term deposits

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

Loans to subsidiaries and associates

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.

Debt securities

Fair value has been determined using quoted market bid prices from independently sourced market information for the listed bonds.

Unlisted shares

Unlisted shares are held to support infrastructure and communities within the District and are valued at cost and are reviewed annually for impairment.

Civic Financial Services Ltd and Opuha Water Ltd assets are recorded at fair value. Where there is no active market, net asset backing has been used to approximate the fair value of these assets. Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing at 30 June. LGFA investments are recognised through the FVTOCI.

Community loans

The Council's community loan scheme is designed to help not-for-profit organisations in the Timaru District communities to develop or improve new or existing facilities and other significant projects. Only organisations with the ability to repay are granted loans.

The fair value of community loans is \$83,044 (2022: \$168,349). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2022: 10.0%).

The face value of community loans is \$99,399 (2022: \$197,638).

Loans are for a maximum of 10 years and interest is 3% per annum.

Movements in the carrying value of community loans are as follows:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
At 1 July	233	433	233	433
Fair value adjustment on initial recognition	18	(62)	18	(62)
Loans repaid during the year (principal and interest)	(105)	(138)	(105)	(138)
At 30 June	146	233	146	233

Credit risk, including expected credit losses

Term deposits

The Council and Group consider there has not been a significant increase in credit risk for investments in term deposits because the banks continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments. No impairment has been recognised for term deposits as the potential loss allowance is trivial.

Community Loans

Council manages credit risk associated with community loans in accordance with its Treasury Management Policy.

To access community loans applicants must demonstrate a reasonable credit history and ability to make repayments. As part of the application process Council completes due diligence checks to confirm the credit risk associated with each applicant. Council does not enter into any loan agreements that result in credit-impaired loans on origination.

Council monitors increases in credit risk by performing regular credit checks, completing regular debtor payment performance analyses and review of macroeconomic changes in the Timaru District. Council considers a debtor's credit risk to have significantly increased if the information suggests they will be unable to make loan repayments.

Other financial assets

Expected credit losses measured for other financial assets are trivial. They are low-risk and the Council and Group has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

The Council does not hold any collateral for any of its loan assets.

There are no significant restrictions on the ability of the controlled entities to transfer funds to the Council in the form of cash distributions or to repay loans or advances.

15 Investments in associates

PrimePort Timaru Ltd

The Group has a 50% interest in PrimePort Timaru Limited through Timaru District Holdings Limited.

PrimePort Timaru Limited is a New Zealand based company and its principal activity is the efficient and cost effective transfer of commodities between land and water transport systems

The strategic investment is held due to the intergenerational nature of these assets, the value they add and their strategic importance to the Timaru District community. The investment is held to support and enable the growth of the local economy through its connection to world markets.

The investment in the associate company is included in the carrying value of Timaru District Holding Company in the Council's (parent entity) statement of financial position.

The following table summarises the financial information of PrimePort Timaru Limited in its own financial statements, adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the company.

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Summarised statement of the financial position of PrimePort Timaru Limited on a gross basis		
Current assets	4,211	5,467
Non-current assets	106,061	94,855
Current liabilities	30,511	5,374
Non-current liabilities	24,070	42,401
Net assets	55,691	52,547
Summarised statement of comprehensive revenue and expense of PrimePort Timaru Limited on a gross basis		
Revenue	28,977	30,739
Expense	22,000	19,017
Tax expense	2,044	2,565
Total comprehensive revenue and expense	5,344	9,068
Equity accounted share of the company's financial information		
Net assets	55,691	52,547
Proportion of Group's Interest	50.00%	50.00%
Historical Difference	-	-
Equity accounted carrying amount	27,846	26,274
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

Alpine Energy Limited

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

Alpine Energy Limited is a New Zealand based company and its principal activity is electricity distribution to households and businesses in the South Canterbury region via its electricity distribution system. The group, comprising Alpine Energy Limited and its subsidiary and associated entities, also undertakes asset management and contracting services.

The strategic investment is held due to the intergenerational nature of these assets, the value they add and their strategic importance to the Timaru District community. The investment is held to ensure the provision of a secure reliable electricity supply in South Canterbury.

The investment in the associate company is included in the carrying value of Timaru District Holding Company in the Council's (parent entity) statement of financial position.

The financial statements for Alpine Energy are prepared for the year to March 2023 and there have been no significant transactions or events between that date and 30 June 2023 that require adjustments for equity accounting purposes.

The following table summarises the financial information of Alpine Energy Limited in its own financial statements, adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the company.

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Summarised statement of the financial position of Alpine Energy Limited on a gross basis		
Current assets	21,806	22,256
Non-current assets	318,403	299,401
Current liabilities	17,387	19,733
Non-current liabilities	135,446	127,705
Net assets	187,376	174,219

Summarised statement of comprehensive revenue and expense of Alpine Energy Limited on a gross basis

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Revenue	81,034	68,589
Expense	61,484	55,774
Tax expense	4,847	3,991
Total comprehensive revenue and expense	16,094	11,711

Equity accounted share of the company's financial information

Net assets	187,376	174,219
Proportion of Group's Interest	47.50%	47.50%
Historical Difference	-	-
Equity accounted carrying amount	89,470	82,754
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

Notes to the Financial Statements for the year ended 30 June 2023

16 Investment in joint operations

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

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Current assets	477	3,049
Non-current assets	62,736	51,695
Current liabilities	3,350	3,019
Non-current liabilities	8,610	8,610
Revenue	2,049	2,049
Expenses	2,673	1,635
Gain/(loss) on revaluation of non-current assets	7,851	11,471

The Council's investment in joint operations in Downlands Water Supply as stated in Note 16 is estimated as at 30 June with the final results being included in the subsequent financial year.

17 Property, plant and equipment

Core infrastructure asset disclosures

Included in the Council infrastructure assets are the following core assets:

	Closing Book Value \$000	Additions: constructed by Council \$000	Additions: transferred to Council \$000	Most recent replacement cost estimate for revalued assets* \$000
2023				
Water:				
- treatment plants and facilities	100,293	16,481		159,383
- other assets (such as reticulation systems)	209,361	9,485	1,892	403,993
Sewerage:				
- treatment plants and facilities	80,010	1,387		111,530
- other assets (such as reticulation systems)	220,862	1,689	1,233	403,137
Stormwater	176,173	1,163	927	353,688
Roads and footpaths	718,677	17,863	1,944	1,065,379
2022				
Water:				
- treatment plants and facilities	68,524	17,474	-	136,776
- other assets (such as reticulation systems)	193,364	10,669	1,459	372,684
Sewerage:				
- treatment plants and facilities	75,307	-	-	103,024
- other assets (such as reticulation systems)	210,073	2,462	528	379,576
Stormwater	165,359	1,036	1,848	329,979
Roads and footpaths	711,069	16,237	694	1,065,379

* Council holds some assets at deemed cost and others have recently been revalued.

The potential impact of assets not specifically identified as Three Waters assets which may be reclassified as that as part of the proposed 3 Waters changes is estimated at \$4,200,000, particularly related to land and buildings.

Capital Commitments

The amount of contractual commitments for the acquisition of property, plant and equipment is:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Water system	3,209	7,076	3,209	7,076
Sewerage system	319	966	319	966
Stormwater network	77	219	77	219
Roading network	924	1,087	924	1,087
Waste Minimisation	273	-	273	-
Other assets	4,089	1,406	4,089	1,406
	<u>8,891</u>	<u>10,754</u>	<u>8,891</u>	<u>10,754</u>

Insurance on Assets

The following information relates to the insurance of Council assets as at 30 June

	Council	
	Actual 2023 \$000	Actual 2022 \$000
The maximum amount to which insured assets are insured	447,747	362,440
The total value of all Council assets covered by insurance contracts*	249,476	108,628
The total value of all Council assets covered by financial risk-sharing arrangements	728,831	732,209
Maximum amount available to the Council under financial risk-sharing arrangements	320,000	320,000
Total value of assets that are self-insured**	730,055	799,957
Value of funds maintained for self-insurance	408	1,454

* The carrying value of assets is calculated on deemed cost, separate insurance valuations are obtained for significant assets.

** Restricted land, roads and footpaths, land under roads and bridges are not insured. Council anticipates that most events would receive government support and the balance would be funded from debt.

The maximum amount to which insured assets are insured previously used the current year insurance policy, however it has been recognised in 2023 that the date of application for the new policy is 30 June and therefore the maximum amount available should be that of the succeeding year. If the previous method had been used the value would have been \$378.601m. The total value of all Council assets covered by insurance contracts under the previous method would have been \$219.790m.

The total value of assets covered by insurance contracts and available under risk-sharing arrangements are for a specified number of events occurring within one year.

The total value of all Council assets covered by insurance contracts was previously expressed at their net written down book value or at their revaluation where this had been performed, however from 2023 this will be the indemnity value as included in the insurance contracts.

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Roading network	5,579	4,172	5,579	4,172
Water system	17,188	27,949	17,188	27,949
Drainage system	1,797	1,559	1,797	1,559
Sewerage system	1,456	2,682	1,456	2,682
Waste minimisation	4,123	1,595	4,123	1,595
Buildings and improvements	-	5,987	-	5,987
Plant and equipment	3,858	4,586	3,858	4,586
	<u>34,001</u>	<u>48,530</u>	<u>34,001</u>	<u>48,530</u>

Artworks

The artworks held at the Aigantighe Art Gallery owned by the council have been valued at \$15.348m as at 30 June 2023 by the Gallery Director

2023	Cost/Revaln 1 July 2022	Accum depn and impairment charges 1 July 2022	Carrying amount 1 July 2022	Current year additions	Current year transfers	Reclassification of Cost/Reval	Current year disposals	Current year impairment charges	Current year depn	Revaln's	Cost/Reval 30 June 2023	Accum depn and impairment charges 30 June 2023	Carrying amount 30 June 2023
Council restricted assets													
Land	23,940	0	23,940								23,940	0	23,940
Buildings and improvements	7,953	(4,634)	3,319	0					(128)		7,953	(4,762)	3,191
Total restricted assets	31,893	(4,634)	27,259	0	0	0	0	0	(128)	0	31,893	(4,762)	27,131
Council operational assets													
Land and Building	99,890	(22,716)	77,174	13,159		320	(421)		(1,652)		112,733	(24,154)	88,579
Furniture and equipment	13,033	(9,293)	3,740	650		0	(24)		(880)		9,234	(5,747)	3,487
Art Works	3,112	(2)	3,110	78		0	0		(1)		3,187	0	3,187
Heritage assets	1,542	(415)	1,127	0		0			(19)		1,542	(434)	1,108
Library collections	3,390	(880)	2,510	428		0			(278)	6	2,666	0	2,666
Plant and equipment	25,868	(15,855)	10,013	1,507		(457)	(178)		(1,392)		26,072	(16,579)	9,493
Work in progress	8,253	0	8,253	2,503	(6,803)	0					3,953	0	3,953
Total operational assets	155,088	(49,161)	105,927	18,325	(6,803)	(137)	(624)	0	(4,222)	6	159,386	(46,915)	112,472
Council infrastructural assets													
Land and buildings	39,614	(6,706)	32,908	3,649		(1,106)	(600)		(859)		55,892	(7,367)	48,524
Sewerage system	285,295	0	285,295	4,309		0	(103)		(5,056)	16,427	300,872	0	300,872
Water system	263,105	(314)	262,791	27,858		0	(2,391)		(6,659)	28,055	309,654	0	309,654
Stormwater network	165,847	0	165,847	2,090		0	(105)		(3,158)	11,499	176,173	0	176,173
Roads and footpaths	622,281	0	622,281	18,066		1,133			(10,889)		641,796	(11,205)	630,591
Bridges	76,909	0	76,909	1,548		1			(1,710)		78,458	(1,710)	76,748

2023	Cost/Revaln 1 July 2022	Accum depn and impairment charges 1 July 2022	Carrying amount 1 July 2022	Current year additions	Current year transfers	Reclassification of Cost/Reval	Current year disposals	Current year impairment charges	Current year depn	Revaln's	Cost/Reval 30 June 2023	Accum depn and impairment charges 30 June 2023	Carrying amount 30 June 2023
Land under roads	172,060	0	172,060	0	0	0	0	0	(734)		172,060	0	172,060
Lighting	11,879		11,879	193		0					12,072	(734)	11,338
Landfill - post closure costs	3,781	(1,724)	2,057	0	0	0	0	0	(163)	(103)	3,678	(1,887)	1,791
Work in progress	40,277	0	40,277	17,762	(27,991)	0	0	0			30,048	0	30,048
Total infrastructural assets	1,681,048	(8,744)	1,672,304	75,475	(27,991)	28	(3,199)	0	(29,228)	55,878	1,766,170	(22,903)	1,743,267
Total Timaru District Council property, plant and equipment	1,868,029	(62,539)	1,805,490	93,800	(34,794)	(109)	(3,822)	0	(33,578)	55,884	1,957,449	(74,580)	1,882,870
Subsidiaries property, plant and equipment													
Buildings	4,249	(3,932)	317	6		0	(97)		(47)		4,158	(3,979)	179
Furniture and equipment	32	22	54	17		0			(16)		143	(88)	55
Work in progress	0	0	0			0					0	0	0
Total subsidiaries	4,281	(3,910)	371	17	0	0	(97)	0	(63)	0	4,301	(4,067)	234
Total group property, plant and equipment	1,872,310	(66,449)	1,805,861	93,817	(34,794)	(109)	(3,919)	0	(33,641)	55,884	1,961,750	(78,647)	1,883,105

2022	Cost/Revaln 1 July 2021	Accum depn and impairment charges 1 July 2021	Carrying amount 1 July 2021	Current year additions	Current year transfers	Reclassification of Cost/Reval	Current year disposals	Current year impairment charges	Current year depn	Revaln's	Cost/ Reval 30 June 2022	Accum depn and impairment charges 30 June 2022	Carrying amount 30 June 2022
Council restricted assets													
Land	23,940	0	23,940						(128)		23,940	0	23,940
Buildings and improvements	7,888	(4,506)	3,382	65							7,953	(4,634)	3,319
Total restricted assets	31,828	(4,506)	27,322	65	0	0	0	0	(128)	0	31,893	(4,634)	27,259
Council operational assets													
Land and Building	97,535	(21,064)	76,471	2,764		(318)	(91)		(1,652)		99,890	(22,716)	77,174
Furniture and equipment	11,925	(7,363)	4,562	1,365			(257)		(1,930)		13,033	(9,293)	3,740
Art Works	2,588	(1)	2,587	524			0		(1)		3,112	(2)	3,110
Heritage assets	1,542	(391)	1,151	0			0		(24)		1,542	(415)	1,127
Library collections	2,915	(588)	2,327	384			0		(292)	91	3,390	(880)	2,510
Plant and equipment	24,072	(12,517)	11,555	1,807			(11)		(3,338)		25,868	(15,855)	10,013
Work in progress	1,555	0	1,555	8,253	(1,555)						8,253	0	8,253
Total operational assets	142,132	(41,924)	100,208	15,096	(1,555)	(318)	(358)	0	(7,237)	91	155,088	(49,161)	105,927
Council infrastructural assets													
Land and buildings	39,443	(5,730)	33,713	397			(226)		(975)		39,614	(6,706)	32,908
Sewerage system	193,834	(6,523)	187,311	2,990			(154)		(3,320)	98,468	285,295	0	285,295
Water system	156,277	(7,989)	148,288	29,602			(1,871)		(4,174)	90,946	265,105	(314)	262,791
Stormwater network	108,686	(3,920)	104,766	2,884			(271)		(2,027)	60,495	165,847	0	165,847
Roads and footpaths	519,840	(7,883)	511,957	16,822					(7,706)	101,208	622,281	0	622,281
Bridges	61,476	(1,344)	60,132						(1,334)	18,111	76,909	0	76,909
Land under roads	172,060	0	172,060								172,060	0	172,060

2022	Cost/Revaln 1 July 2021	Accum depn and impairment charges 1 July 2021	Carrying amount 1 July 2021	Current year additions	Current year transfers	Reclassification of Cost/Reval	Current year disposals	Current year impairment charges	Current year depn	Revaln's	Cost/ Reval 30 June 2022	Accum depn and impairment charges 30 June 2022	Carrying amount 30 June 2022
Lighting	10,650	(542)	10,108	109					(686)	2,348	11,879	0	11,879
Landfill - post closure costs	590	(456)	134	2,468					(545)		3,781	(1,724)	2,057
Work in progress	27,809	0	27,809	33,793	(21,324)						40,277	0	40,277
Total infrastructural assets	1,290,665	(34,387)	1,256,277	89,065	(21,324)	0	(2,522)	0	(20,767)	371,576	1,681,048	(8,744)	1,672,305
Total Timaru District Council	1,464,624	(80,817)	1,383,807	104,226	(22,879)	(318)	(2,880)	0	(28,132)	371,667	1,868,029	(62,539)	1,805,490
Subsidiaries property, plant and equipment													
Buildings	4,250	(3,756)	494					(1)	(176)		4,249	(3,932)	317
Furniture and equipment	114	(55)	59	1		(1)			(6)		32	22	54
Work in progress	0	0	0								0	0	0
Total subsidiaries	4,364	(3,811)	553	1	0	(1)	0	(1)	(182)	0	4,281	(3,910)	371
Total group property, plant and equipment	1,468,988	(84,628)	1,384,360	104,227	(22,879)	(319)	(2,880)	(1)	(28,314)	371,667	1,872,310	(66,449)	1,805,861

18 Intangible assets

	Council and Group		
	Computer Software \$000	Carbon Credits \$000	Total \$000
Balance as at 1 July 2022			
Cost	6,534	4,605	11,139
Accumulated amortisation and impairment	(5,450)	-	(5,450)
Opening carrying value	1,084	4,605	5,689
Year ended 30 June 2023			
Additions	43	4,949	4,992
Disposals	-	(2,798)	(2,798)
Amortisation charge and impairment	(601)	-	(601)
Other movements	455	-	455
Gain/(loss) on change in fair value	-	(2,661)	(2,661)
Movement for the year	(103)	(510)	(613)
Balance as at 30 June 2023			
Cost	7,032	4,095	11,127
Accumulated amortisation and impairment	(6,051)	0	(6,051)
Closing carrying value	981	4,095	5,076
Balance as at 1 July 2021			
Cost	6,471	1,300	7,771
Accumulated amortisation and impairment	(3,969)	-	(3,969)
Opening carrying value	2,502	1,300	3,802
Year ended 30 June 2022			
Additions	166	2,492	2,658
Disposals	(103)	(2,488)	(2,591)
Amortisation charge and impairment	(1,481)	-	(1,481)
Gain/(loss) on change in fair value	-	3,301	3,301
Movement for the year	(1,418)	3,305	1,887
Balance as at 30 June 2022			
Cost	6,534	4,605	11,139
Accumulated amortisation and impairment	(5,450)	0	(5,450)
Closing carrying value	1,084	4,605	5,689

Summary of current and non-current intangible assets:

	Council and Group	
	Actual 2023 \$000	Actual 2022 \$000
Current intangible assets	1,568	5
Net non-current intangible assets	3,507	5,684
Net total intangible assets	5,075	5,689

As at 30 June 2023 carbon credits allocated by the government for forestry assets held prior to 1990, totalling 45,057 credits, are treated as non-current assets and retained to cover potential future deforestation liabilities. On receipt the carbon credits allocated for pre-1990 forest estates were valued at fair value at that time for \$0.968m or \$21.48 per credit.

Carbon credits do not expire and therefore have an indefinite life and are not subject to amortisation.

Carbon credits utilised during the year, including those immediately expensed after purchase in 2021:

	Council and Group 2023		Council and Group 2022	
	Volume credits utilised	Value \$000	Volume credits utilised	Value \$000
Purpose of application				
Landfill emissions	35,925	2,798	45,738	2,488

19 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Corporate Support	1,693	2,903
Governance and Strategy	-	3
Community Support	788	949
District Planning and Regulatory Services	14	24
Recreation and Leisure	2,637	4,286
Roading and Footpaths	13,435	10,224
Waste Minimisation	739	1,850
Sewer	5,056	3,320
Stormwater	3,158	2,027
Water Supply	6,659	4,175
	34,179	29,761

20 Investment forestry

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance as at 1 July	975	1,420	975	1,420
Increases due to purchases	-	25	-	25
Gains/(losses) arising from changes in fair value due to growth	-	72	-	72
Gains/(losses) arising from changes in fair value due to log price changes	109	(447)	109	(447)
Gains/(losses) arising from changes in fair value due to discount rate changes and remodelling	239	-	239	-
Gains/(losses) arising from changes in fair value due to silvicultural cost changes	-	(48)	-	(48)
Gains/(losses) arising from changes in fair value due to remapping	50	(47)	50	(47)
Balance as at 30 June	1,373	975	1,373	975

Timaru District Council owns 185.1 (2022: 176.0) hectares of radiata pine, Douglas fir and macrocarpa forest, which is at varying stages of maturity ranging from 0 to 40 years.

Allan C Laurie RMNZIF, registered forestry consultant, of Laurie Forestry Ltd has valued the forestry assets as at 30 June 2023. A pre-tax discount rate of 8.0% (2022: 7.0%) has been used in discounting the present value of expected cash flows.

No provision has been made in the valuation of the forests for potential liabilities if they were not to be replanted arising from the government grant of carbon credits relating to pre-1989 forests. It is anticipated that replanting will follow logging indefinitely.

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 and 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. There are no restrictions over the title of forestry assets and no forestry assets are pledged as security.

21 Investment property

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance as at 1 July	1,560	1,739	47,048	46,448
Additions from acquisitions	-	-	7,029	-
Disposals	-	(425)	-	(1,858)
Fair value gains/(losses) on valuation (note 8)	395	246	10,562	2,458
Balance as at 30 June	1,955	1,560	64,639	47,048

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2023 for the financial year by Mark Foster Bcom (VPM), ANZIV, SPINZ of Telfer Young by CBRE. 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 2023 for the financial year by Hayden Doody (VPM), SPINZ, ANZIV a registered valuer at Telfer Young (Canterbury) Limited. The valuation is based on fair value.

The fair value of the Council properties have been assessed on the basis of market value where this is the consideration of market based evidence for the determination of the value with reference to the "highest and best use" being defined as the most probable use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value.

The fair value of properties held by Timaru District Holdings Limited is determined using the rental capitalisation approach which uses unobservable inputs (level 3 as defined by NZ IFRS 13). This method is based upon assumptions including future rental income and appropriate discount rates. Where property is leased as land and buildings (generally on short-term lease terms), the property has been valued at freehold land value and where land is subject to a ground lease, the property has been valued at the lessor's interest in the land.

The properties valued are predominantly land where values were assessed with reference to market transactions, at between \$372.55 and \$500.00 per square metre (2022: \$70 and \$450). Some properties were assessed at lower land value rates reflecting the limited utility of the properties.

22 Payables and deferred revenue

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables and accrued expenses	11,046	15,667	12,229	15,115
Amounts due to subsidiaries and associates and other related parties	(12)	(135)	(372)	(135)
Contract retentions	1,044	1,165	1,044	1,165
Revenue in Advance	1,511	1,382	2,137	2,834
Accrued interest expense	1,206	833	1,370	833
	<u>14,795</u>	<u>18,912</u>	<u>16,408</u>	<u>19,812</u>
Payables and deferred revenue under non-exchange transactions:				
Income tax payable	2	-	901	-
Deposits and bonds	712	1,143	712	1,143
Revenue in advance	2,355	2,798	2,355	2,798
	<u>3,069</u>	<u>3,941</u>	<u>3,968</u>	<u>3,941</u>
Total current portion	<u>17,864</u>	<u>22,853</u>	<u>20,376</u>	<u>23,753</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying

Notes to the Financial Statements for the year ended 30 June 2023

value of trade and other payables approximates their fair value.

23 Borrowings and other financial liabilities

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current				
Bank overdraft	-	-	-	-
Secured loans	-	-	-	-
LGFA Debt	40,548	44,835	40,548	44,835
Total current borrowings	40,548	44,835	40,548	44,835
Non-current				
Secured loans	-	-	6,400	2,500
LGFA Debt	164,984	120,000	164,984	120,000
Total non-current borrowings	164,984	120,000	171,384	122,500

The Group'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

No overdraft facility has been arranged and therefore the maximum overdraft available for use is nil (2022: Nil). No requests for an overdraft facility have been made or declined.

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 36-99 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values of borrowings

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Carrying Amount				
Secured loans	-	-	6,400	2,500
LGFA Debt	205,532	164,835	205,532	164,835
	205,532	164,835	211,932	167,335
Fair Value				
Secured loans	-	-	6,400	2,500
LGFA Debt	205,548	164,792	205,548	164,792
	205,548	164,792	211,948	167,292

The fair values are based on borrowing rates ranging from 1.38% to 6.22% (2022: 1.30% to 5.50%).

The carrying amounts of borrowings repayable within one year approximate their fair values, as the impact of discounting is not significant.

Most borrowings are at floating rates, therefore carrying amounts approximate their fair values.

24 Employee entitlements

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current portion				
Accrued salaries and wages	1,040	664	1,040	683
Annual leave	2,409	1,958	2,486	2,005
Long service leave	73	80	73	80
Retiring gratuities	65	114	65	114
	<u>3,587</u>	<u>2,816</u>	<u>3,664</u>	<u>2,882</u>
Non-current portion				
Long service leave	-	42	-	42
Retiring gratuities	407	399	407	399
	<u>407</u>	<u>441</u>	<u>407</u>	<u>441</u>
Total employee benefits	<u>3,994</u>	<u>3,257</u>	<u>4,071</u>	<u>3,323</u>

25 Provisions

a Landfill aftercare provision

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	11,683	4,943	11,683	4,943
Additional provisions made during the year	(560)	7,717	(560)	7,717
Amounts used during the year	(762)	(143)	(762)	(143)
Increase/(decrease) due to discount rate changes and assessment of liability	(415)	(946)	(415)	(946)
Discount unwinding	208	112	208	112
Closing balance	<u>10,154</u>	<u>11,683</u>	<u>10,154</u>	<u>11,683</u>

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 1,527,722 tonnes (refuse, clean fill and cover) (2022: 1,610,942).

The estimated remaining useful life is 29 years (2022: 25 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 between 2023 and 2079. 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 the risk-free discount rates as at 30

Notes to the Financial Statements for the year ended 30 June 2023

June 2023 published by the Treasury.

The Peel Forest landfill operated adjacent to the Rangitata River from the mid-1960s until it was formally closed as a landfill in 2004. The landfill measured 0.4ha with a fill volume of approximately 20,000m³ to a depth of 5m (ECan Listed Land Use Register). A significant flooding event occurred in 2019 which increased the risk that the contents of the landfill may be exposed. Remediation work has commenced and a provision of \$500,000 was made in 2021, of which \$193,000 has been utilised.

While wider consideration, including community consultation, has been made for future options, a fuller provision for \$7,340,176 (2022: \$7,900,000) has been made in anticipation of full remediation of the site including shipment of the waste to the Redruth landfill.

b Risk pool provision

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	38	38	38	38
Closing balance	38	38	38	38

The New Zealand Mutual Liability Riskpool scheme ("Riskpool") provided public liability and professional indemnity insurance to its members. The Council was a member of Riskpool until 30 June 2017. The Council received a notice in 2009 in respect of the 2002/03 and 2003/04 Fund years as those funds are exhibiting deficits due to the non-weathertight defects ("leaky buildings") issue with a further notice received in May 2019 for a call on 1 July 2019 and the anticipated final call, estimated at \$37,500 was expected in 2022/23.

The Scheme is in wind-down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire but as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects).

Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point the final potential liability is unable to be quantified.

c Maintenance provision

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	-	-	1,411	416
Additional provisions made during the year	-	-	-	1,060
Amounts used during the year	-	-	(22)	(65)
Closing balance	-	-	1,389	1,411

Aorangi Stadium Trust is a Council Controlled Organisation which owns the Timaru stadium. Following the receipt of a report assessing maintenance requirements for the stadium, costs for which the Trust is responsible have been

assessed and provided for.

d Impairment Provision

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	-	562	-	562
Increase/(decrease) due to discount rate changes and assessment of liability	-	(562)	-	(562)
Closing balance	-	-	-	-

Following a review of the value of capitalised assets an impairment provision has been made for estimated reductions in value.

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Total Provisions	10,192	11,721	11,581	13,132

26 Contingencies

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Contingent Liabilities				
Housing NZ social housing advance	1,100	1,100	1,100	1,100
	1,100	1,100	1,100	1,100

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2023 (2022: \$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.

Following the significant flooding event in 2019 which endangered the integrity of the closed Peel Forest landfill a wider closed landfill risk assessment of the 40 closed landfills identified in Timaru District is being conducted to evaluate the risk related to these and future costs associated with the management of identified risks.

Timaru District Council has 18,550,000 shares, (2022: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2022: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$19m (2022: \$25m) with ANZ Bank for the credit facilities with Timaru District Holdings Limited.

Council is reviewing buildings owned or controlled by it to assess their seismic rating under the new building standards (NBS). Council's buildings are categorised as either 'priority' or 'non-priority' buildings under the NBS. Council has identified all priority and non-priority buildings as required by the NBS. Seismic assessments on all priority buildings have been commenced although not completed in all cases. Council is also developing a strategy and prioritisation methodology to inform its future decisions on earthquake prone buildings. There is currently no estimate of the potential cost of work required. A review for Aorangi Stadium Trust of the stadium has been completed and the cost estimated at \$12m (2022: \$3.85m to \$6.05m range; \$4.63m average).

On 8 June 2023 Council was advised it had been named as one of four Respondents in an adjudication claim to the Weathertight Homes Resolution Tribunal. A preliminary conference was set down for 6 July 2023 and at the date of the

Annual Report being adopted no final adjudication has been determined in regard to Council's final liability. Council's maximum liability is capped at \$254,000 (rounded).

Requirements for the identification, reporting, management and reduction of greenhouse gas emissions, measured on the standard measurement basis of carbon emissions, are being progressively introduced. Currently the Council and Group buy carbon credits to cover the estimated emissions for specified activities. It is anticipated that in the next financial year a comprehensive emissions inventory will be prepared identifying all sources of emissions within the Council and separately for each member of the Group. Following completion of this it is expected that strategies for reducing or mitigating emissions will be developed, however to that extent that emissions continue, further carbon credits will be required to offset the emissions measured.

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 AAA.

Together with the shareholders of LGFA and other guarantors, Timaru District Council is a guarantor of all of LGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$18.6 billion (2022: \$16.8 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. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Joint operation contingent liabilities

There are no contingent liabilities associated with Downlands Water Supply joint operation (2022: Nil).

Share of associates' contingent liabilities

Timaru District Council's share of contingent liabilities of PrimePort Timaru Limited and Alpine Energy Limited, incurred jointly with other investors, is nil (2022: Nil).

Alpine Energy Limited group has contingent liabilities as at 31 March 2023 of \$0.73m in the form of performance and import guarantees to cover ongoing project work (2022: \$4.09m).

Contingent assets

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

27 Equity

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Retained earnings				
As at 1 July	801,575	800,749	902,774	890,798
Surplus/(deficit) for the year	(16,691)	5,435	1,944	16,585
Reserve Transfers				
Restricted reserves	(2,062)	(2,571)	(2,062)	(2,571)
Designated reserves	1,295	(2,038)	1,295	(2,038)
As at 30 June	784,117	801,574	903,951	902,774
Restricted reserves				
As at 1 July	15,035	12,464	18,086	15,515
Transfers from Retained Earnings	14,059	11,786	14,059	11,786
Transfers to Retained Earnings	(11,997)	(9,215)	(11,997)	(9,215)
As at 30 June	17,097	15,035	20,148	18,086
Designated reserves				
As at 1 July	25,166	23,128	25,166	23,128
Transfers from Retained Earnings	14,913	21,057	14,913	21,057
Transfers to Retained Earnings	(16,208)	(19,019)	(16,208)	(19,019)
As at 30 June	23,871	25,166	23,871	25,166
Total Other Reserves	40,968	40,201	44,019	43,252
Asset revaluation reserves				
As at 1 July	892,416	520,774	892,416	520,774
Revaluation gains/(losses)	55,987	371,642	55,987	371,642
As at 30 June	948,404	892,416	948,403	892,416
Total Equity	1,773,490	1,734,193	1,896,373	1,838,442

Restricted Reserves

Name of Fund	Activity	Purpose	2023				2022			
			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	Recreation and Leisure	Funds donated towards to Aquatic centre facility to be used for its construction and funding of interest payments.	0	0	0	0	4	0	4	0
Collett Bequest (Museum)	Recreation and Leisure	For museum items.	589	13	0	602	579	9	0	589
Dowling Bequest	Recreation and Leisure	For the purchase of Christian fiction literature for the library.	20	0	0	20	20	0	0	20
Downlands Asset Replacement Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	0	0	0	0	0	0	0	0
Downlands Capital Contribution Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	0	1,301	1,301	0	202	707	909	0
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	527	12	0	539	816	11	300	527
George Barclay Bequest	Recreation and Leisure	Original bequest was \$600. Interest to be used for the purchase of reference books for the Timaru Children's Library.	2	0	0	2	2	0	0	2
Joan & Percy Davis Library Trust (Geraldine)	Recreation and Leisure	Interest to be used to purchase books for the Geraldine Library. (8/7/82)	1	0	0	1	1	0	0	1
Jordan Bequest (Art Gallery)	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	496	11	10	497	501	8	13	496
Jordan Bequest (Museum)	Recreation and Leisure	For the purchase of articles for the Museum.	239	5	0	245	235	4	0	239
Lattimore WA (Timaru) Bequest	Recreation and Leisure	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	3	0	2	1	15	0	12	3
Mackay Bequest (Art Gallery)	Recreation and Leisure	For the purchase of paintings.	227	11	10	228	234	19	25	227
Mackay Bequest (Library)	Recreation and Leisure	For the purchase of books relating to art for the Timaru Library.	136	0	3	133	149	0	13	136
McCarthy Bequest - Library	Recreation and Leisure	For general purposes at the Timaru Public library	14	0	0	15	14	0	0	14
McCarthy Bequest - Parks	Recreation and Leisure	For general purposes at the Timaru gardens	51	1	0	53	51	1	0	51
Museum Acquisition Fund/Alan Ward Fund	Recreation and Leisure	For the purchase of articles for the Museum.	10	0	0	11	10	0	0	10

Name of Fund	Activity	Purpose	2023			2022		
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000
Temuka Community Board	Governance and Strategy	Each community board area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated board. Each individual reserve balance is only available for use by that board.	57	12	6	48	10	1
								57
Fairview Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that community hall.	(8)	4	6	(10)	6	4
								(8)
Claremont Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that community hall.	2	5	6	1	5	4
								2
Otipua Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that community hall.	0	1	2	(0)	2	1
								0
Kingsdown Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that community hall.	1	4	5	(0)	5	3
								1

Name of Fund	Activity	Purpose	2023				2022			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Seadown Hall	Recreation and Leisure	Each community hall (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated hall. Each individual reserve balance is only available for use by that community hall.	13	5	6	12	12	5	4	13
Waste Minimisation	Waste Minimisation	Each waste collection area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that waste collection area.	760	16	0	777	747	13	0	760
Geraldine Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	202	115	317	0	455	194	447	202
Rural Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	350	80	30	400	250	100	0	350
Temuka Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	650	251	132	769	352	346	48	650

Name of Fund	Activity	Purpose	2023			2022		
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000
Timaru Works and Services	Roading and Footpaths and Stormwater	Each works and services area (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that works and services area.	3,736	1,453	2,990	1,944	3,155	1,364
								3,736
District Sewer	Sewer	Each sewerage scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	4,192	5,187	1,762	3,423	3,381	2,612
								4,192
Beautiful Valley Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	93	15	0	84	9	0
								93
Orari Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	290	13	0	281	9	0
								290
Rangitata Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	22	16	116	15	131
								0

Name of Fund	Activity	Purpose	2023			2022			
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Seadown Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	1,110	218	0	1,328	146	13	1,110
Te Moana Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	235	248	483	(0)	173	1,029	235
Urban Water Supply	Water Supply	Each water supply scheme (for which targeted rates are levied) retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated area. Each individual reserve balance is only available for use by that scheme.	0	4,879	4,879	0	3,148	2,274	0
Dog Control	Environmental Services	Council's dog control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity.	489	143	0	632	171	0	489
Total Restricted Reserves			15,035	14,060	11,997	17,098	11,786	9,215	15,035

Designated Reserves

Name of Fund	Activity	Purpose	2023			2022		
			Balance 1 July	Transfer into fund	Transfers out of fund	Balance 1 July	Transfer into fund	Transfers out of fund
			\$000	\$000	\$000	\$000	\$000	\$000
Cemetery Future (Timaru) Fund	Community Support	Development of future cemetery for Timaru.	94	2	0	94	2	0
Community Development Interest Fund	Community Support	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.	97	46	39	65	40	8
Community Development Loan Fund	Community Support	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.	353	0	0	353	0	0
Contingency Fund	All of Council	For emergency purposes as determined by Council	1,296	29	0	1,275	21	0
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.	718	13,710	14,521	(1,384)	18,874	16,771
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.	0	0	0	0	1	1
Depreciation Fund - Geraldine	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).	0	0	0	0	0	0
Depreciation Fund – Orari / Waihi Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	1	0	0	1	0	0
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.	0	0	0	0	0	0
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.	0	0	0	0	0	0

Name of Fund	Activity	Purpose	2023			2022				
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000		
Economic Development Fund	Community Support	For economic development support.	217	5	15	207	218	3	4	217
Election Expenses Fund	Governance and Strategy	To provide for meeting election expenses.	79	125	117	87	36	66	23	79
Forestry Development Fund	Recreation and Leisure	To provide funding for the development of forests within the District.	420	0	111	310	161	260	0	420
Grants & Donations Fund	Community Support	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	402	231	107	526	249	244	91	402
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.	13,614	306	2	13,917	13,399	217	2	13,614
Main Creative Communities NZ Fund	Community Support	Carried forward balance of Creative Communities NZ fund – main committee.	16	0	5	11	16	0	0	16
Main Drains Cost Sharing Fund	Sewer, Stormwater and Water Supply	Extension of main drains on a cost sharing basis.	1,467	33	0	1,500	1,444	23	0	1,467
Mayor's Welfare Fund	Governance and Strategy	Help out the needy as determined by the Mayor.	27	6	2	31	23	5	1	27
National Libraries Partnership	Recreation and Leisure	For the purpose of funding for the National Libraries Partnership	0	0	0	0	153	(0)	153	0
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.	307	7	5	308	368	5	67	307
Parking Improvement (Timaru) 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.	463	98	243	319	222	241	0	463
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	1,849	42	0	1,891	1,820	30	0	1,849

Name of Fund	Activity	Purpose	2023			2024				
			Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000	Balance 1 July \$000	Transfer into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Reserves Development (Timaru) Fund	Recreation and Leisure	For the planting of trees and general development of reserves owned by the District Council within Timaru.	13	0	0	13	12	0	0	13
Safer Community Funds	Community Support	For Safer Communities projects.	310	51	0	361	292	18	(0)	310
Social Housing Fund (TDC)	Community Support	Funding of new social housing units and major maintenance.	0	18	18	0	0	289	289	0
Sport and Recreation Loan Fund	Community Support	Sport and Recreation loans for facilities and/or major plant items in excess of \$2,000 total value.	877	20	0	897	862	15	0	877
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	0	0	0	0	0	0	0	0
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.	22	0	0	22	22	0	0	22
Winchester Domain Fund	Recreation and Leisure	For maintenance and Development of the Winchester Domain area	43	1	1	43	43	1	0	43
Total Designated Reserves			25,166	14,871	16,165	23,872	23,128	21,057	19,018	25,166

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

28 Related party transactions

During the year to 30 June 2023, the Council entered into various transactions with its associate companies (PrimePort Timaru Limited and Alpine Energy Limited) and subsidiaries (Timaru District Holdings Limited, Aorangi Stadium Trust and Venture Timaru Limited), including transactions with the associates and subsidiaries of those companies.

Related party disclosures have not been made for transactions with related parties that are within normal supplier or client/recipient relationships and on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

During the financial year Timaru District Holdings Limited purchased industrial land assets from Timaru District Council for a purchase price of \$1.1 million, being the original cost price incurred by Timaru District Council. These assets are classified as investment property by Timaru District Holdings Limited and were independently revalued at 30 June 2023 as part of their investment property portfolio. The fair value of the assets at 30 June 2023 was independently assessed at \$8.945 million. The increase in value has been recognised by them as a gain on investment property in the surplus and deficit in line with their investment property accounting policy. No outstanding amount was owing to the Timaru District Council as at 30 June 2023 relating to the Properties.

	2023 \$000	2022 \$000
Timaru District Holdings Limited		
Interest paid to Timaru District Council	1,270	565
Loans payable to Timaru District Council	21,681	21,681
Dividends paid to Timaru District Council	1,000	1,000

The loan payable to Timaru District Council is secured by a debenture over the company's assets.

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).

During the year, Timaru District Council purchased goods and services from South Canterbury Ale House Limited, an organisation in which Mayor Nigel Bowen and his family have a significant interest. The transactions amounted to \$357.40 (2022: \$1,038). The balance outstanding as at 30 June 2023 is nil (2022: Nil).

During the year Council contributed to YMCA South & Mid Canterbury an organisation in which Councillor Stacey Scott is the chairperson. The transactions amounted to \$18,312.50 post Councillor Scott's election as a Councillor and \$14,375 prior to her election (2022: \$28,750). The balance outstanding as at 30 June 2023 is nil (2022: nil).

During the year Council contributed to Netball South Canterbury an organisation in which Councillor Stacey Scott is the chairperson. The transactions amounted to \$1,324 (2022: Nil). The balance outstanding as at 30 June 2023 is nil (2022: Nil).

During the year Council made legal road reserve available to South Park Farm Limited and South Stream Dairy Limited which are related entities of Councillor Pye for nil consideration. Council has multiple similar arrangements, numbering in the hundreds, and is legally unable to lease the land. Council does reserve the right to charge an inspection fee of \$100 (GST incl) if an inspection is undertaken. The licence to occupy arrangements have a material benefit to Council as the occupier is responsible for maintenance, such as mowing and weed control. The terms and conditions are the same for all occupiers. The terms and conditions had been agreed prior to Councillor Pye becoming an elected member and have not altered since she has taken office in October 2022 and are no different to the terms and conditions of other parties who have agreements to occupy road reserve.

During the year Council had an arrangement with Rangitata South Irrigation Limited (RSIL), a company in which a close member of the family of Michelle Pye is a director and in which related parties of Michelle Pye and a close member of the family are shareholders in RSIL. RSIL has the co-use of Council's stock water races and water use consents for nil consideration. This agreement has been in place since 2013 and has not altered since Michelle Pye became a Councillor. Council pays a party unrelated to itself and Councillor Pye for the maintenance of the stock water races under a separate arrangement. At balance date no obligations are outstanding with RSIL.

During the year, Timaru District Council contributed funds to Pleasant Point Promotions (Talking Point), a community

newspaper, an organisation in which Community Board Member Anna Lyon receives remuneration for services rendered. The transaction amounted to \$3,500 (2022: \$3,500). The balance outstanding as at 30 June 2023 is nil (2022: Nil).

During the year the Temuka Community Board contributed funds to the Temuka District Community Vehicle Trust (Trust) an organisation in which Charles Scarbrook is the Chair and Alison Talbot is a Trustee. Charles Scarbrook and Alison Talbot are also members of the Temuka Community Board. The transaction amount was \$5,000 (2022: Nil). The balance outstanding as at 30 June 2023 is nil (2022: Nil).

During the year, Timaru District Council contributed to Aoraki Multicultural Council Inc. (trading as Aoraki Migrant Centre), an organisation of which Group Manager Beth Stewart became Chair of the Board during the financial year. The transactions amounted to \$10,000 (2022: \$11,714). The balance outstanding as at 30 June 2023 is nil (2022: nil).

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 (2022: Nil).

Key management personnel compensation

	Council	
	Actual 2023 \$000	Actual 2022 \$000
Remuneration	3,020	2,461
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	84	-
Total key management personnel compensation	3,104	2,461

Key management personnel include the Mayor and Councillors, (13 FTE), the Chief Executive and other senior management personnel, (8 FTE).

29 Explanation of major variances against budget

Timaru District Council made a net deficit of -\$16,691m (budgeted surplus of \$0.241m).

Revenue and expenditure	2023 \$000
Long Term Plan surplus	241
Increases/(Reductions)	
Rates revenue	749
Fees and charges	(812)
Subsidies and grants	341
Finance revenue	2,398
Development and financial contributions	953
Vested assets	5,996
Other revenue	2,159
Other gains / (losses)	(3,037)
Depreciation and amortisation	(8,980)
Finance costs	(2,995)
Other expenditure	(13,702)
	(16,930)
Annual Report surplus	(16,689)

Notes to the Financial Statements for the year ended 30 June 2023

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

- Rates revenue is \$0.749m above budget due to growth in the District and additional water by meter income received.
- Fees and charges are \$0.812m below budget are largely attributed to waste minimisation fees as a result of lower tonnes received than budgeted. Building consent fees were also under budget as a result of changing market conditions within the construction industry.
- Subsidies and grants are \$0.341m above budget largely a result of Waka Kotahi subsidies towards unbudgeted roading emergency works arising from weather events and the Streets for People funding.
- Finance revenue has a favourable variance of \$2.398m due to the increase in interest rates received on cash reserves and deposits.
- Financial contributions of \$0.953m were received during the year relating to sewer, stormwater and water supplies and are unbudgeted due to their uncertainty.
- Vested assets of \$5.996m from residential developments were vested in Council during the year which were unbudgeted.
- Other revenue included donations of \$1.0m received towards construction of the CPlay project previously held in Trust, and unbudgeted 3 waters transition support and stimulus funding from the Crown of \$0.982.
- Losses on disposal of property, plant and equipment mainly from water renewals of \$2.485m has been recognised within other gains / (losses) of (\$3.037m).
- A loss in fair value of carbon credits of \$2.661m has been recognised within other gains / (losses) of (\$3.037m).
- Depreciation is \$8.980m above budget largely as a result of the prior year roading and water asset revaluation which increased total fixed assets by \$370,500m, which therefore increased depreciation required in proceeding years.
- Finance costs were \$2.99m above budget due to the increase in interest rates over the financial year.

Other expenses were above budget due to the following:

- Internal charges consisting of personnel costs on-charged to capital projects were budgeted within Other expenditure, however the actual charge had been recognised against Personnel costs. The effect of this re-categorisation is a reduction of \$1.229m to personnel costs and increase of other costs by the same amount.
- Roading maintenance was \$3.720m above budget attributable to emergency works response and increased sealed pavement maintenance required as a result of the May 2021 flooding event.
- Waste management expenses \$3.370m over budget largely due to higher collection costs, increased carbon credit prices and landfill and aftercare remediation costs associated with the closed Peel Forest landfill.
- Economic development grants paid were \$0.515m above budget, largely related to an unbudgeted grant provided to fund development at Fraser Park.
- Corporate activities professional and consultancy fees were \$1.970m above budget, largely attributable to providing support for vacant positions within the council, in addition to providing specialist advice.
- Water and stormwater costs \$1.740m over budget largely due to increased reticulation costs.
- Payments made by Council to the CPlay project of \$1.400m (offset by donations received) have been treated as contributions and expensed this year as Council does not have ownership of this asset.
- These other operating variances were offset by \$1.122m under budgeted spend on District Plan Review due to timing changes to the overall project.

Statement of financial position

- Cash and cash equivalents and other financial assets have deviated from budget due to the Council holding shorter term investments or holding cash on call while interest rates were rising.
- Trade receivables and payables have decreased from budget as a result of regular trading and timing of income and expenditure.
- Property, plant and equipment and the asset revaluation reserve are above budget due to revaluation of roading and water assets in the 2022 and 2023 financial years.
- Borrowings and other financial liabilities are lower than budget, largely a result of lower capital expenditure than budgeted.
- Derivative financial instruments after measure have become an asset as opposed to a liability.
- Provisions are greater than budget due to the landfill provision that was provided for in the prior year.

30 Financial instruments

Financial Instrument categories

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
FINANCIAL ASSETS				
Mandatorily measured at FVTSD				
Derivative financial instrument assets	4,263	2,914	4,263	2,914
Other financial assets:				
- Investments in debt securities	1,068	6,082	1,068	11,196
	5,331	8,996	5,331	14,110
Amortised Cost				
Cash and cash equivalents	39,296	15,648	42,050	18,324
Trade and other receivables	12,327	20,074	12,979	20,540
Other financial assets:				
- Term deposits	-0	17,318	1,995	17,318
- Community loans	146	233	146	233
- Loans to related parties	21,681	23,596	-	1,915
	73,449	76,870	57,169	58,331
Fair value through other comprehensive revenue				
Other financial assets:				
- Listed bonds				
- Listed and unlisted shares	35,608	34,393	4,348	3,389
FINANCIAL LIABILITIES				
Mandatorily measured at FVTSD				
Derivative financial instrument liabilities	-	-	-	-
Amortised cost				
Trade and other payables	13,998	18,673	15,884	18,121
Borrowings:				
- Secured loans	-	-	6,400	2,500
- Bonds	205,532	164,835	205,532	164,835
- Redeemable Preference Shares	-	-	-	-
	219,530	183,508	227,816	185,456

Notes to the Financial Statements for the year ended 30 June 2023

Fair value

The Council carries certain financial assets and financial liabilities at fair value. In accordance with PBE IPSAS 30 - Fair Value Measurement, Council uses various methods in estimating the fair value of its financial instruments. The methods comprise:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 Jun 2023 - Council				
Financial assets				
Derivatives	4,263	-	4,263	-
Investments in debt securities	1,068	-	1,068	-
Shares	35,608	-	-	35,608
Financial liabilities				
Derivatives	-	-	-	-
30 Jun 2023 - Group				
Financial assets				
Derivatives	4,263	-	4,263	-
Investments in debt securities	1,068	-	1,068	-
Shares	4,348	-	-	4,348
Financial liabilities				
Derivatives	-	-	-	-
30 Jun 2022 - Council				
Financial assets				
Derivatives	2,914	-	2,914	-
Investments in debt securities	6,082	-	6,082	-
Shares	34,393	-	-	34,393
Financial liabilities				
Derivatives	-	-	-	-
30 Jun 2022 - Group				
Financial assets				
Derivatives	2,914	-	2,914	-
Investments in debt securities	11,196	-	11,196	-
Shares	3,389	-	-	3,389
Financial liabilities				
Derivatives	-	-	-	-

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:

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance as at 1 July	34,649	33,031	3,389	2,031
Purchases	959	1,618	959	1,358
Balance as at 30 June	35,608	34,649	4,348	3,389

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 and is risk averse and seeks to minimise exposure from its treasury activities. The Council has a Treasury Management Policy which does 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

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 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.

Notes to the Financial Statements for the year ended 30 June 2023

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

	Council		Group	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash at bank and term deposits	39,296	32,966	44,045	35,642
Trade and other receivables	12,327	20,074	12,979	20,540
Community loans	146	233	146	233
Related party loans	21,681	23,596	-	1,915
Investments in debt securities	1,068	6,082	1,068	11,196
Derivative financial instrument assets	4,263	2,914	4,263	2,914
Total credit risk	78,780	85,866	62,500	72,441

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 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 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 Timaru District Council has a maximum amount that can be drawn down against its overdraft facility of \$nil (2022: \$nil). There are no restrictions on the use of this facility.

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	Contractual Cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2023						
Trade and other payables	13,996	14,857	14,857	-	-	-
Bonds	205,532	236,056	41,565	28,618	107,812	58,061
Finance leases	-	-	-	-	-	-
Total	219,528	250,913	56,422	28,618	107,812	58,061
Group 2023						
Trade and other payables	15,884	15,884	14,857	-	-	-
Secured loans	6,400	6,400	6,400	-	-	-
Bonds	205,532	236,056	41,565	28,618	107,812	58,061
Total	227,816	258,341	62,822	28,618	107,812	58,061
Council 2022						
Trade and other payables	18,673	18,673	18,673	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-
Bonds	164,484	178,828	45,277	15,758	54,360	63,433
Finance leases	-	-	-	-	-	-
Total	183,157	197,501	63,950	15,758	54,360	63,433
Group 2022						
Trade and other payables	18,121	18,121	18,121	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	2,500	2,500	2,500	-	-	-
Bonds	164,484	178,828	45,277	15,758	54,360	63,433
Redeemable Preference shares	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-
Total	185,105	199,449	65,898	15,758	54,360	63,433

Notes to the Financial Statements for the year ended 30 June 2023

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 2023	(1,644)	(1,759)	(931)	(112)
Group 2023	(1,644)	(1,759)	(931)	(112)
Council 2022	(209)	(1,359)	(947)	(581)
Group 2022	(209)	(1,359)	(947)	(581)

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	Contractual Cashflows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2023					
Cash and cash equivalents	39,296	39,296	39,296	-	-
Trade and other receivables	9,567	9,567	9,567	-	-
Loans to related parties	21,681	21,681	-	-	21,681
Unlisted shares	35,608	35,608	-	-	35,608
Other financial assets:					
- term deposits	-0	-	-	-	-
- community loans	145	145	32	113	-
- investment in debt securities	1,068	1,068	1,068	-	-
Total	107,364	107,364	49,963	113	57,289
Group 2023					
Cash and cash equivalents	42,050	42,050	42,050	-	-
Trade and other receivables	12,979	12,979	12,979	-	-
Unlisted shares	4,348	4,348	-	-	4,348
Other financial assets:					
- term deposits	1,995	1,995	1,995	-	-
- community loans	145	145	32	113	-
- investment in debt securities	1,068	1,068	1,068	-	-
Total	62,584	62,584	58,124	113	4,348
Council 2022					
Cash and cash equivalents	15,648	15,648	15,648	-	-
Trade and other receivables	17,206	17,206	17,206	-	-
Loans to related parties	23,596	23,596	-	-	23,596
Unlisted shares	34,393	34,393	-	-	34,393
Other financial assets:					
- term deposits	17,318	22,599	17,263	5,336	-
- community loans	233	233	132	101	-
- investment in debt securities	6,082	6,082	6,082	-	-
Total	114,477	119,758	56,332	5,437	57,989
Group 2022					
Cash and cash equivalents	18,324	18,324	18,324	-	-
Trade and other receivables	20,540	20,540	20,540	-	-
Unlisted shares	3,133	3,133	-	-	3,133
Other financial assets:					
- term deposits	17,318	22,599	17,263	5,336	-
- community loans	233	233	132	101	-
- investment in debt securities	6,082	6,082	6,082	-	-
Total	65,631	70,912	62,342	5,437	3,133

31 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. 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
- trust and bequest reserves.

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

Self-insurance reserves are built up annually from general rates for specific possible events.

Trust and bequest reserves are set up where Council has received 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 purpose for which they were donated.

32 Events after balance date

Three waters reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.

The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

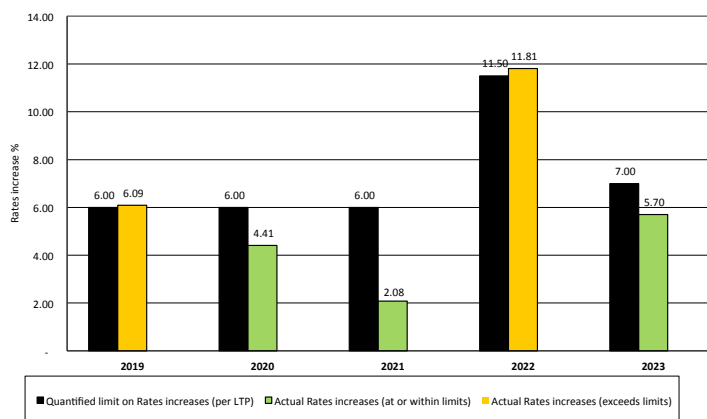
Disclosure Statement

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

1. Rates (increase) affordability benchmark

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's long-term plan. The quantified limit is 12% plus inflation.

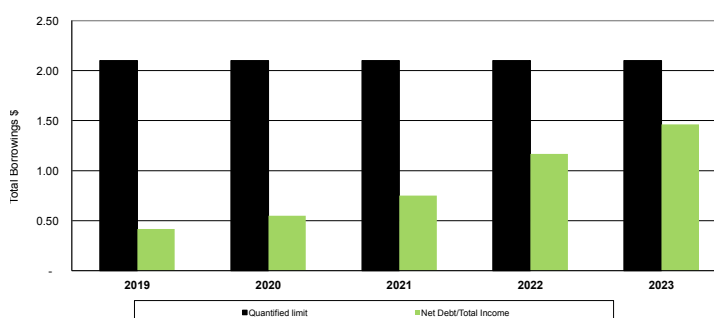
Benchmark met.



2. Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is below a ratio of 210% net debt to total income.

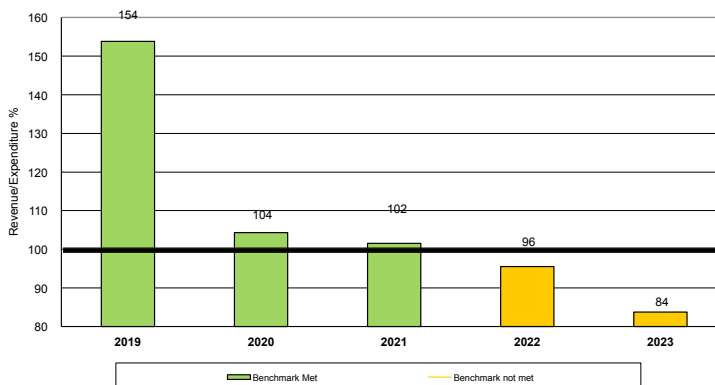
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Benchmark met.



3. Balanced budget benchmark

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

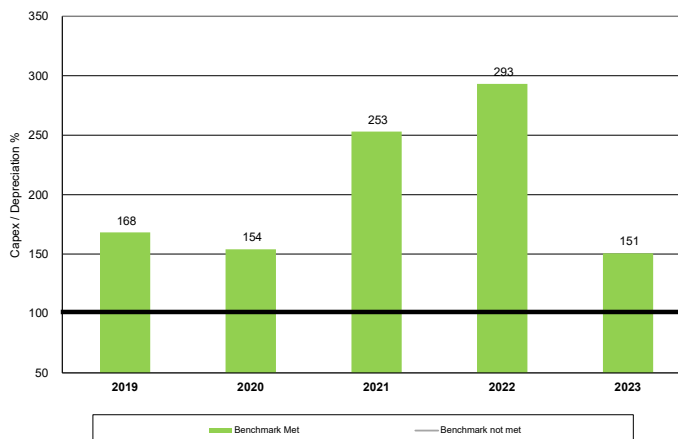
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Benchmark not met.



Disclosure Statement

4. Essential services benchmark

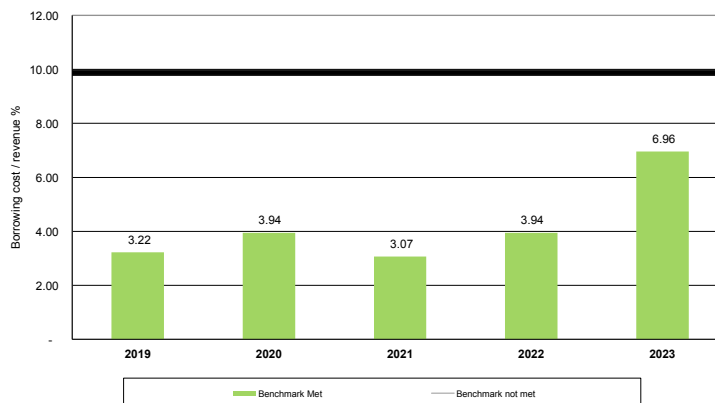
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Benchmark met.



5. Debt servicing benchmark

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

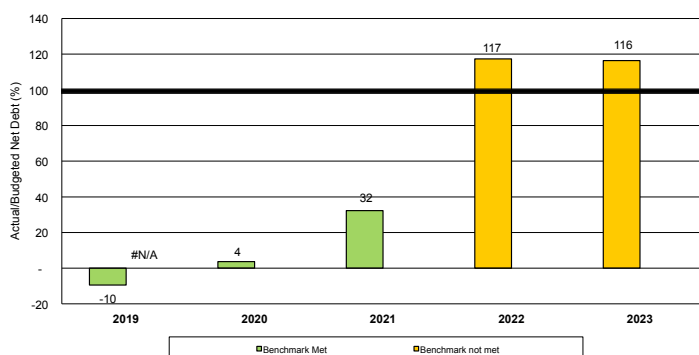
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue. Benchmark met.



6. Debt control benchmark

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

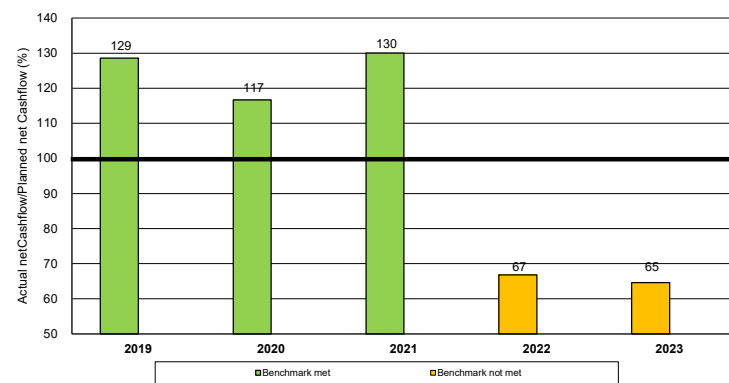
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. Benchmark not met.



7. Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. Benchmark not met.





Other information



Directory

Timaru District Council

Timaru District Council
PO Box 522
Timaru 7940

Timaru Main Office:

2 King George Place
Timaru 7910
Telephone: (03) 687 7200
Email: enquiry@timdc.govt.nz
Website: www.timaru.govt.nz
Hours (except statutory holidays)
Monday – Friday 8.30am – 5pm

Temuka Library, Service and Information Centre

72-74 King Street, Temuka 7920
Telephone: (03) 687 7591
Email: temuka.library@timdc.govt.nz
Hours (except statutory holidays):
Monday – Friday 8.30am – 5pm

Geraldine Library and Service Centre

78 Talbot Street, Geraldine 7930
Telephone: (03) 693 9336
Email: libger@timdc.govt.nz
Hours (except statutory holidays):
Monday – Friday 8.30am – 5pm

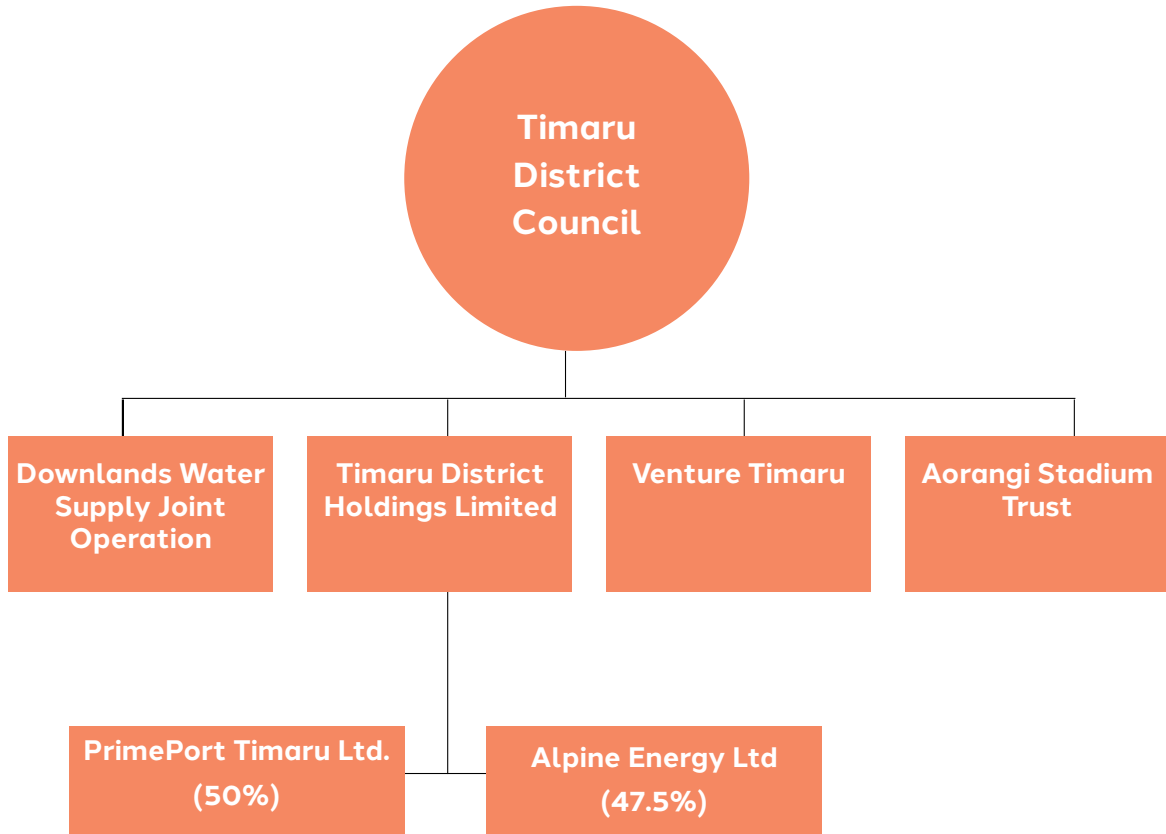
Bankers

Bank of New Zealand
247 Stafford Street
Timaru 7910

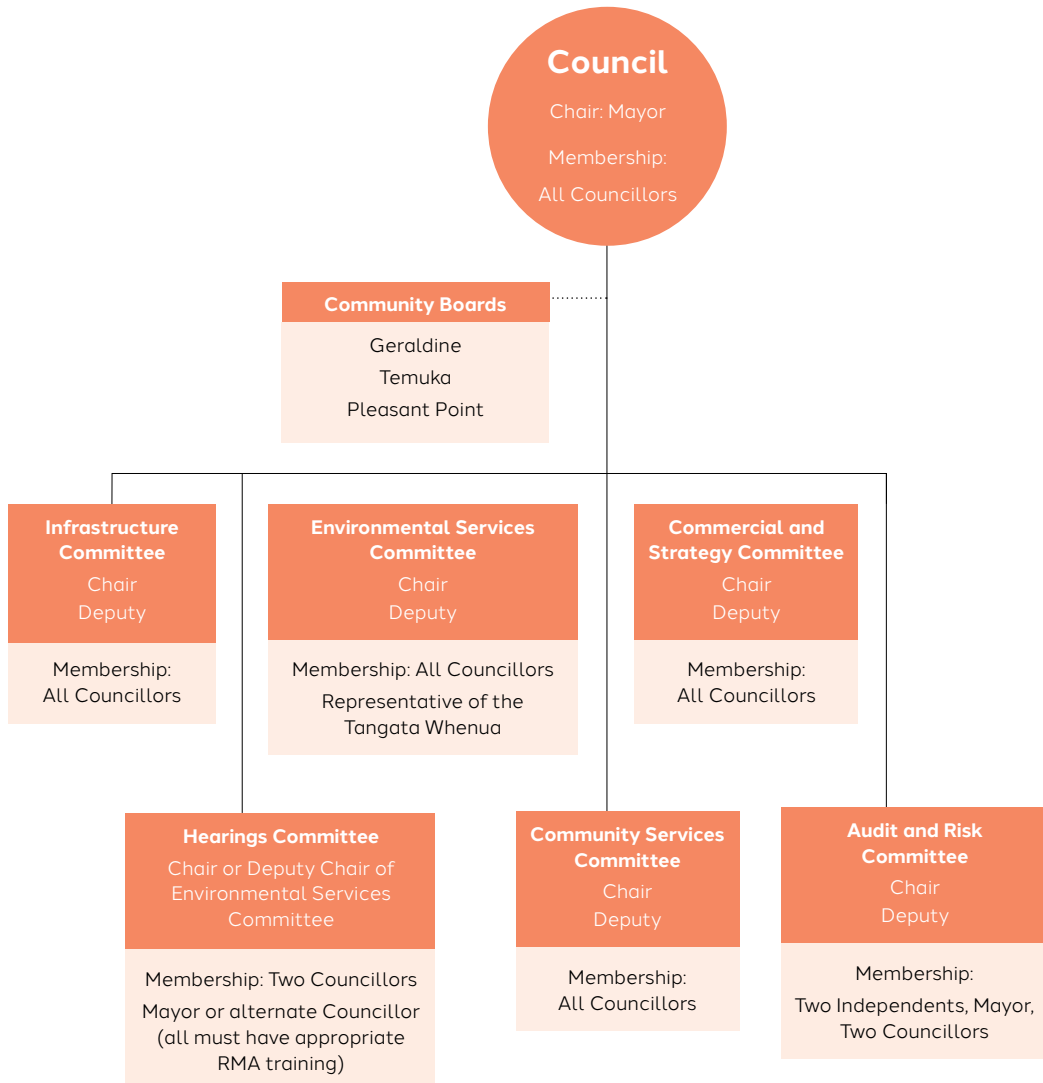
Auditors

Audit New Zealand
on behalf of the Controller and Auditor-General
PO Box 99
Wellington 6140

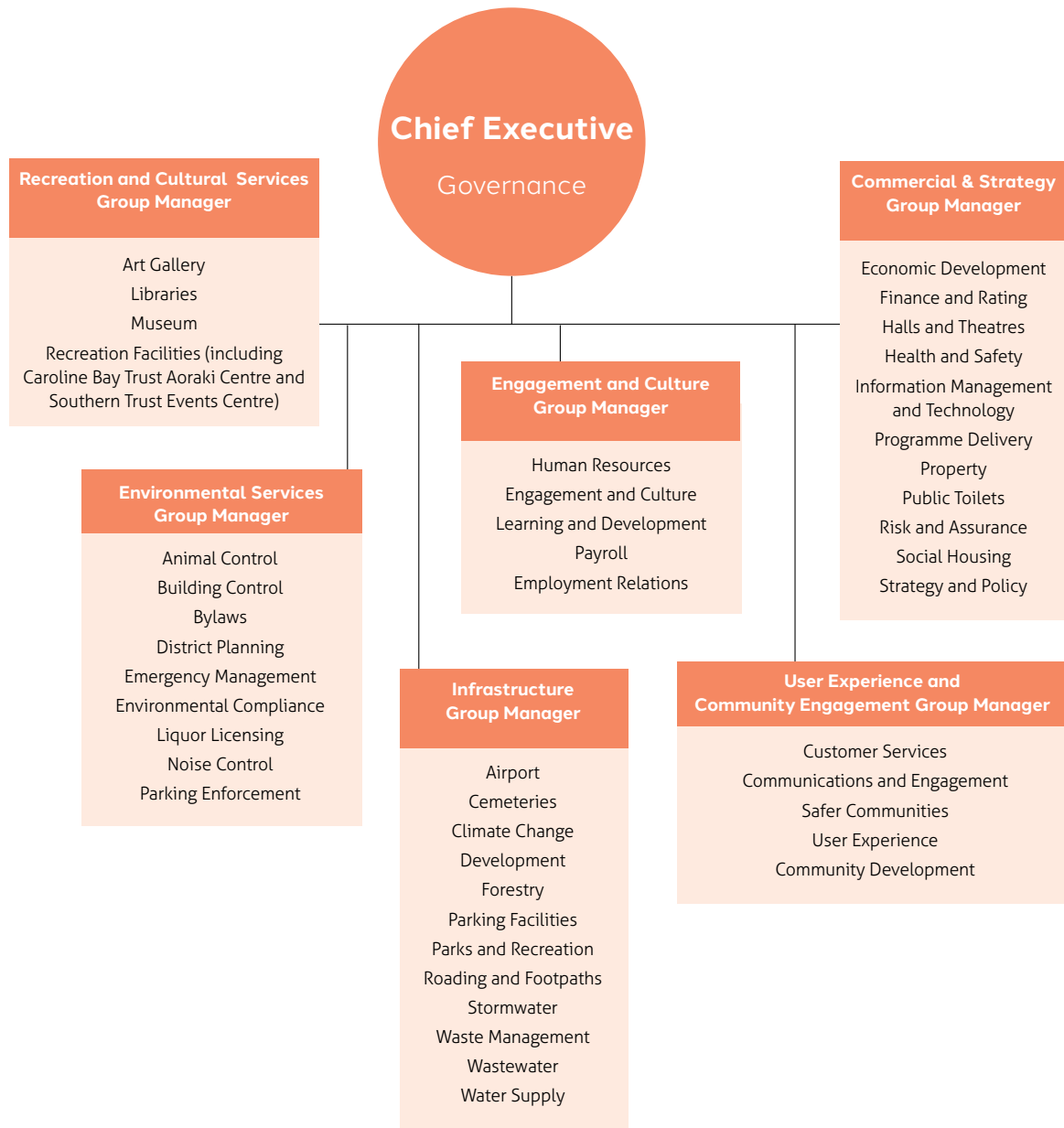
Group Organisation Structure



Council Committees (as at August 2023)



Council Management (as at August 2023)



Our Workforce

Timaru District Council employs a total of 347 staff members.

There are 116 casual, short term and part time staff. Overall there are 231 full time equivalent staff members.

Council has a strong commitment to its staff, recognising that our people are one of our most important assets, and play a huge role in delivering results for our community.

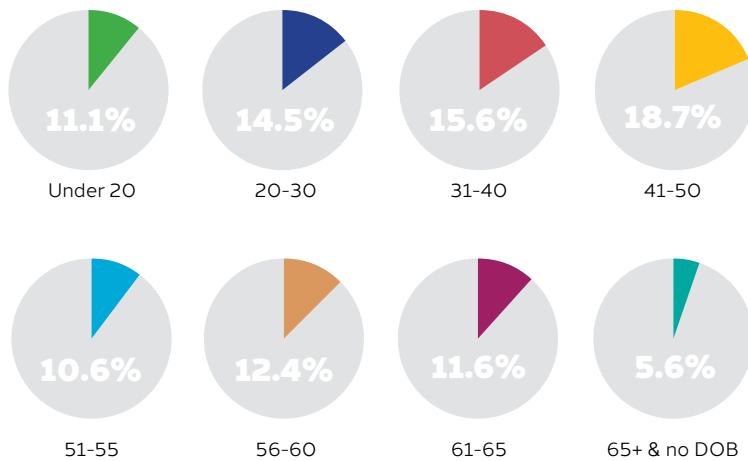
Staff are supported through an inhouse group with a focus on promoting and instilling the positive corporate values of Customer Focus – One Team – Successful – Integrity (COSI) within the people of the Timaru District Council.

Our Mission Statement

The COSI Committee will seek to promote and instil the positive corporate values of Customer Focus – One Team – Successful – Integrity within the people of the Timaru District Council

Our staff – some quick facts

Age profile %



Length of Service

We have a good mix of experienced staff and staff new to the organisation.



Glossary

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. The first year of a Long Term Plan cycle represents the Annual Plan for that year.

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.

Activity/Asset Management Plan

A plan for managing an activity to ensure that its capacity to provide a service is maintained, future strategy is established, work is planned for and costs to provide an activity are identified.

Borrowing

The raising of loans for capital items, such as a sewerage scheme.

Capital Expenditure

Expenditure that will increase the value of the Council's assets. It generally involves building a new asset or replacing an existing asset.

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 Wellbeing Outcomes

Community Wellbeing Outcomes are the social, economic, environmental, and cultural outcomes Council is seeking to promote for the communities it represents.

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 Strategy

Guides Council's financial direction, including information around revenue, expenditure, rating, debt and investments. It is required under Section 101A of the Local Government Act.

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. Recreation and Leisure).

Infrastructure Strategy

A 30 year strategy that sets out significant infrastructure issues, expenditure forecasts, principal options and planned projects under Section 101B of the Local Government Act. At a minimum, the strategy must cover roading and footpaths, sewer, stormwater, flood control and water supply.

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, performance framework, funding approach and budget for the next ten years.

Operating Expenditure

Money the Council spends on day to day expenditure items such 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 assistance to ensure particular services or goods are provided. Examples include NZTA financial assistance, 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 used for gathering funds (e.g. general rate, targeted rates, fees, user charges, grants).

Significance

In relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision or matter, as assessed by the local authority.

Significance and Engagement Policy

The Significance and Engagement Policy (SEP) enables the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities. It also provides clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters.

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 Revenue and Expense

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.

Subsidies

Amounts received from other agencies for the provision of services.

Targeted Rates

Any rate levied other than the general rate, which is targeted at users of a service such as water supply, sewer and waste minimisation.

Transfer to/from Reserves

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

User Charges

Charges levied for use of Timaru District Council services (e.g. building consent fees, swimming pool entry fees).

Working Capital

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.



Timaru District Council

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

Temuka Service Centre

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

Geraldine Service Centre

73 Talbot Street, Geraldine
T (03) 693 9336

5 Public Forum Items Requiring Consideration