

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe  
o Te Tihi o Maru

# ANNUAL REPORT 2021/2022



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# From the Mayor and Chief Executive

E aku nui, e aku rahi, tēnā koutou

Nau mai, pānui mai i tēnei pūrongo

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

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

## Community resilience and wellbeing

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

## Health and Safety

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

## Major Milestones

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

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

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

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

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

## Levels of Service

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

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

## Progress on Significant Projects

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

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

Some of the most significant infrastructure projects included:

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

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

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

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

### Financial Position

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

### Preparing our district for change

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

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

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

### Thank you Timaru District

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

Nō reira e ngā iwi o tēnei rohe

Tēnā koutou, tēnā koutou, tēnā tātou  
katoa



**Nigel Bowen**  
Mayor  
Koromatua

**Bede Carran**  
Chief Executive  
Kaiwhakahaere



# Overview

# About the Annual Report

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

The diagram below shows our planning and reporting cycle:



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

## GOVERNANCE AND STRATEGY

### COMMUNITY SUPPORT

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

## ENVIRONMENTAL SERVICES

Building Control  
District Planning  
Environmental Compliance (environmental health, animal control, parking enforcement)

## RECREATION AND LEISURE

Cultural and Learning Facilities (includes art gallery, halls, Theatre Royal, libraries, museum)  
Parks (includes parks, fishing huts, motor camps, forestry)  
Recreational Facilities (includes Caroline Bay Trust Aoraki Centre, swimming pools, Aorangi Parks Stadium)

## ROADING AND FOOTPATHS

Cycleways and Walkways  
Roading and Footpaths (includes parking facilities)

## SEWER

## STORMWATER

## WASTE MINIMISATION

## WATER SUPPLY

## CORPORATE ACTIVITIES



# Our Strategic Direction

## Vision

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

## Our Values and Role

### Inclusive Leadership

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

### Cultural Caretakers

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

### Transition Navigators

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

## Community Wellbeing Outcome **Connected Citizens**

### GOALS

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

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

### FOCUS AREAS

#### 1. Open to Ideas

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

#### 2. Sharing Stories

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

#### 3. Enabling Community

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

#### 4. Foster Iwi Relationships

We will develop collaborative relationships with papatipu runanga.

#### 5. Advocacy and Leadership

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

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## 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.



# Relationship with Te Rūnanga o Ngāi Tahu

## Te Rūnanga o Ngāi Tahu as Mana Whenua of Timaru District

Te Rūnanga o Ngāi Tahu (Ngāi Tahu) are a Treaty Partner of the Crown and 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). They hold ancestral and contemporary relationships with the lands, waters, and ecosystems of their takiwā. Mana whenua are hapū or whānau who, through a combination of whakapapa and occupation (ahi ka) hold customary authority over the land and resources of an area or takiwā. Associated with mana whenua status are the rights and duties of rangatiratanga and kaitiakitanga.

## Ngāi Tahu Takiwā

The Te Rūnanga o Ngāi Tahu Act 1996 acknowledges the takiwā of Ngāi Tahu as extending over most of the South Island south of a line from Kahurangi Point on the West Coast and Te Parinui o Whiti (White Bluff) near Cloudy Bay on the East Coast; and including offshore islands. The contemporary structure and membership of Ngāi Tahu is set out in the Te Rūnanga o Ngāi Tahu Act 1996. The Act recognises Ngāi Tahu as being descended from five primary hapū: Ngāti Kurī, Ngāti Tūāhuriri, Ngāti Irakehu, Ngāti Huirapa and Ngāi Te Ruahikihiki. Chiefs from these hapū occupied and established themselves as mana whenua in various parts of the takiwā: Kati Huirapa in the Timaru District.

## Ngāi Tahu and Papatipu Rūnanga (ngā rūnanga)

The Te Rūnanga o Ngāi Tahu Act 1996 recognises Te Rūnanga o Ngāi Tahu as the iwi authority within the Ngāi Tahu takiwā. Ngāi Tahu is comprised of 18 papatipu (main) rūnanga who represent the whānau and hapū who hold mana whenua within the Ngāi Tahu takiwā. The takiwā of each rūnanga is described in the Te Rūnanga o Ngāi Tahu (Declaration of Membership) Order 2001. The papatipu rūnanga who represent those who hold mana whenua in the Timaru District and their respective takiwā are:

- Te Rūnanga o Arowhenua (Arowhenua) – whose takiwā centres on Arowhenua and extends from the south bank of the Rakaia River in the north to the north bank of the Waitaki River in the south and from the coast in the east to Aoraki and the main divide in the west. Te Rūnanga o Arowhenua share interests with Te Rūnanga o Waihao – whose takiwā centres on Morven and extends from the Waitaki River in the east to Omarama and the Main Divide in the west.

Under s15 of the Te Rūnanga o Ngāi Tahu Act, Ngāi Tahu must consult with papatipu rūnanga in forming a view on any matter. In practice, Ngāi Tahu encourages councils, other Government Agencies, and individuals to consult directly with papatipu rūnanga on issues in their takiwā.

Ngāi Tahu supports ngā rūnanga in these matters when requested by them and represents Ngāi Tahu whānui in tribal matters and in negotiations with the Crown. Ngāi Tahu whānui also have shareholdings and interests in commercial activities and entities. These commercial entities may make applications or lodge submissions on Resource Management Act 1991 (RMA) processes from time to time, but they are not mana whenua or the iwi authority.

## Treaty of Waitangi and Duties of Local Authorities

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 (s4) and the RMA (s8). The relationship between Ngāi Tahu whānui and the Timaru District Council reflects, at a local level, the partnership relationship between the Crown and its Treaty Partners.

Council is also required to engage directly with mana whenua in relation to policy-making and decision-making under both the LGA and the RMA.

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

The RMA has specific requirements for Council to engage with tangata whenua through the iwi authority when preparing and reviewing the district plan and to consider tangata whenua values as part of decision-making on resource consent applications. While engagement with tangata whenua 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 Ngāi Tahu 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 mana whenua in any government legislative reforms process.

## Council Relationship with Mana Whenua

Council considers it important to further develop relationships with the papatipu rūnanga who represent those who hold mana whenua in the Timaru District. Fostering these relationships is key to enabling Council to meet its statutory requirements under the LGA and RMA. 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 Rūnanga, 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 Rūnanga 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 papatipu rūnanga to discuss matters of common interest and foster general relationships.

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

## Key Projects

Mana whenua interests in Council activities are broad. Arowhenua have a strong connection to the land including within the Timaru District. Arowhenua Rūnanga have developed a deep sense of responsibility to care for it, as it has cared for them and those who came before them. This way of life is known as kaitiakitanga and incorporates the responsibility to ensure that the whenua and wai will continue to provide for their mokopuna – 'for those who come after us'.

For Arowhenua Rūnanga, exercising kaitiakitanga supports the philosophy of rangatiratanga, the value and practice of people exercising their independence, determining their choices for governing themselves, their lands, and all their treasures. Rangatiratanga has particular prominence, as it is the basis of Article 2 of Te Tiriti o Waitangi/The Treaty of Waitangi (1840).

Rangatiratanga is associated with sovereignty, leadership, autonomy to make decisions, and self-determination. This includes leadership within the whānau and community, as well as leadership within business activities in the private and public sectors. For Arowhenua Rūnanga, rangatiratanga in the cultural sphere relates to stewardship of others, advocating for others and the community, doing the right thing for their people, and ensuring wellbeing and generosity of spirit. In relation to the environment, rangatiratanga is about caring for wāhi tapu and wāhi taonga (sacred places and objects) and ensuring co-governance and co-management of natural resources. This in turn ensures that rangatahi (the younger generations) and the community know the history of the land and reserves that surround them, and that the land is safe, appreciated and used.

Mana whenua interests are not limited to 'culturally significant sites.' A township may have buildings or places that are prized for their architectural history, or providence, but a council is interested in all aspects of how the town functions. Similarly for mana whenua, wāhi tapu and wāhi taonga (sacred and treasured places) are highly valued and require special protection, but kaitiakitanga is a duty that extends over the entire takiwā and to all those living within it.

Mana whenua is interested in all aspects of local governance; however, it is accepted that there are limitations on individual's time and resources. Consequently, some projects may have to be prioritised from time to time.

Current priorities 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 mahinga kai (traditional food and other natural resources and the places where those resources are obtained).
- Management and protection of significant sites including rock art, wāhi tapu and wāhi taonga sites.
- Stormwater and sewerage management.
- Management of natural hazards including flooding and coastal erosion.
- Effects of industrial development/expansion at Washdyke.

# Your Councillors and Community Boards

As at June 2022



**Nigel Bowen**  
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**Steve Wills**  
Deputy Mayor  
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**Peter Burt**  
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**Paddy O'Reilly**  
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**Barbara Gilchrist**  
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**Sally Parker**  
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**Gavin Oliver**  
**Geraldine Ward**  
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**Richard Lyon**  
**Pleasant Point-  
Temuka Ward**  
(03) 614 7369  
0274 269 735  
richard.lyon@timdc.govt.nz

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## Geraldine Community Board

	Phone	Email
Wayne O'Donnell (Chairperson)	(03) 693 7066 027 221 1467	w.d.odonnell@xtra.co.nz
Janene Adams (Deputy Chairperson)	(03) 693 7693 022 614 1590	janeneadams@gmail.com
Jan Finlayson	(03) 693 7297 021 502 297	janfinlayson@xtra.co.nz
Jennine Maguire	022 045 8755	info@geraldineglass.co.nz
Natasha Rankin	021 902 501	natasharankin@hotmail.com
McGregor Simpson	(03) 696 3963 021 147 2014	

Plus Geraldine Ward Councillor: Gavin Oliver

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## Pleasant Point Community Board

	Phone	Email
John McDonald (Deputy Chairperson)	(03) 614 7619 027 860 7966	jdmcdonald60@gmail.com
Neville Gould	(03) 614 7760	tengawai@slingshot.co.nz
Raewyn Hessel	(03) 614 7356 027 385 5857	sturaehessel@gmail.com
Anne Lemmens	(03) 614 8914 0274 625 308	annelemmens2019@gmail.com
Ross Munro	(03) 614 7179 021 433 940	rossm@gmail.com

Plus Pleasant Point-Temuka Ward Councillors: Richard Lyon (Chairperson) and Paddy O'Reilly

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## Temuka Community Board

	Phone	Email
Alison Talbot (Deputy Chairperson)	(03) 615 9189 027 205 7604	steveali@xtra.co.nz
Gaye Broker	(03) 615 8376 0272 447 157	ggbroker@xtra.co.nz
Stephanie McCullough	(03) 615 7097 027 228 6311	mcculloughp@xtra.co.nz
Lloyd McMillan	(03) 615 8231 027 2282 079	mcmillan-clan@xtra.co.nz
Charles Scarsbrook	(03) 615 9444 027 615 5500	homemade@xtra.co.nz

Plus Pleasant Point-Temuka Ward Councillors: Richard Lyon and Paddy O'Reilly (Chairperson)

# Timaru District Profile

## Ngāi Tahu as Mana Whenua of Timaru District

Ngāi Tahu are a Treaty Partner of the Crown and 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

The estimated resident population of the Timaru District as at 30 June 2021\* was 48,400. The 2018 Census population was 46,296. Population projections, based on a medium growth scenario, project the district's population to increase to 49,400 (+8.8%) by 2028, peaking in 2038 at 49,800. The rate of natural increase will become negative from around 2028 meaning there will be more deaths than births. This reflects the age makeup of the district's population. Growth from 2028 will be reliant on net migration.

The population is expected to age in the future. Virtually all growth in future years is projected to be in age groups 65+, with the proportion of 65+ increasing from 20.1% in 2013 to 26.1% in 2028 and 30.24% in 2043.

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

\* Based on Statistics NZ Population Projections June 2021

## Our Economy

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.

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. Large scale investment in water storage, quality and management is continuing, helping to ensure a robust, diverse economic future for the District.

## Our Communities

Timaru is the largest community, housing nearly two thirds (29,600) of the total population of the district. The next largest community is Temuka (4,120), followed by Geraldine (2,310) and Pleasant Point (1,220).

Our communities are well serviced with education, health and recreational services along with a vast range of clubs and organisations. The South Canterbury District Health Board is the major health provider, with 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 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(7)(a) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe principally due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

## Responsibility

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

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

In the opinion of the Council and management of Timaru District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Timaru District Council.



Nigel Bowen  
Mayor  
25 July 2023

Bede Carran  
Chief Executive  
25 July 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.

### 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 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 control as it determines is necessary 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.
- We evaluate the overall presentation, structure, and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 18, 23 to 38, 104 to 106, 113 to 115, and 187 to 195, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's long-term plan and reported on an assurance engagement pursuant to its Debenture Trust Deed. These engagements are compatible with those independence requirements.

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



John Mackey

Audit New Zealand

On behalf of the Auditor-General

Christchurch, New Zealand



A night scene featuring a large, illuminated butterfly light display in shades of red, orange, and yellow. The background is dark with various colorful lights, including a red light on a string and a purple light. A large white circle is overlaid on the scene, containing the text "The Year in Review".

# The Year in Review

# Financial Overview

**\$110M**

**TOTAL EXPENDITURE**

(Compared with budget of \$96M)

**\$62M**

**RATES REVENUE LEVIED**

(Compared with budget of \$61M)

**\$1734M**

**TOTAL COUNCIL  
NET ASSETS**

(2020/21: \$1357M)

**\$933M**

**RESERVE FUNDS**

(2020/21: \$836M)



## Expenditure and Revenue

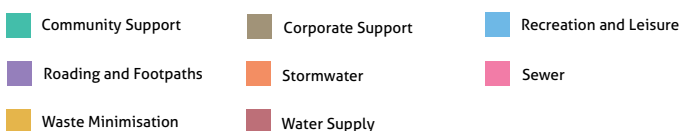
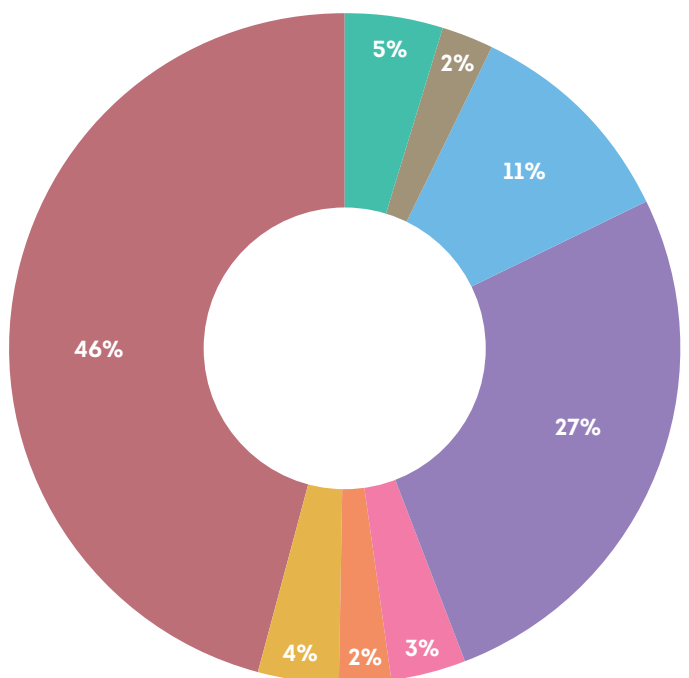
Overall operating expenditure was \$13.566m higher than budget. The major items in this unfavourable variance were:

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

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

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

### Capital Expenditure by Group of Activity



### Capital Expenditure programme

During 2021/22 capital expenditure on Council's infrastructure, facilities and services totalled \$74m. This provided numerous employment opportunities for our local workforce while keeping our facilities and infrastructure well maintained and fit-for-purpose.

Most of the expenditure happened on three waters infrastructure (51% of total capital expenditure), and on our roading network and footpaths (27% of total capital expenditure). Some significant spend also occurred in the recreation and leisure activity (11% of total capital expenditure).

## Contributing to the wellbeing of our community

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

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

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

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

### Social wellbeing

92.1%



social housing unit occupancy

88%

of residents consider the district as a safe place to live



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

### Cultural wellbeing

“Explore beyond the distant horizon and draw it near”

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



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

### Art Gallery

18 exhibitions hosted

### Safer Communities

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

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



## Economic Wellbeing

**12.14 days**

Average building consent processing time (statutory requirement 20 days)

**61%**

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

**7.67%**

of the local roading network resurfaced – exceeding 6% target



## Venture Timaru Initiatives

- ★ **Scott Base Antarctica redevelopment**  
Partnering with Council and Primeport to secure the Scott Base redevelopment project for the district
- ★ **Education to Employment**  
In partnership with the Ministry of Education and local industry, with a focus on retaining young people in the district
- ★ **Regional Energy Transition**  
Working with industry, iwi, and key stakeholders to reduce the carbon footprint of industrial processes.

## Environmental Wellbeing

**18,576 tonnes** of green waste diverted from the landfill

**91%**

User Satisfaction with Waste Minimisation services

**100%**

Compliance with stormwater and wastewater resource consents



## Hearing from our community

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

### How the survey works

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

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

## Key Results

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

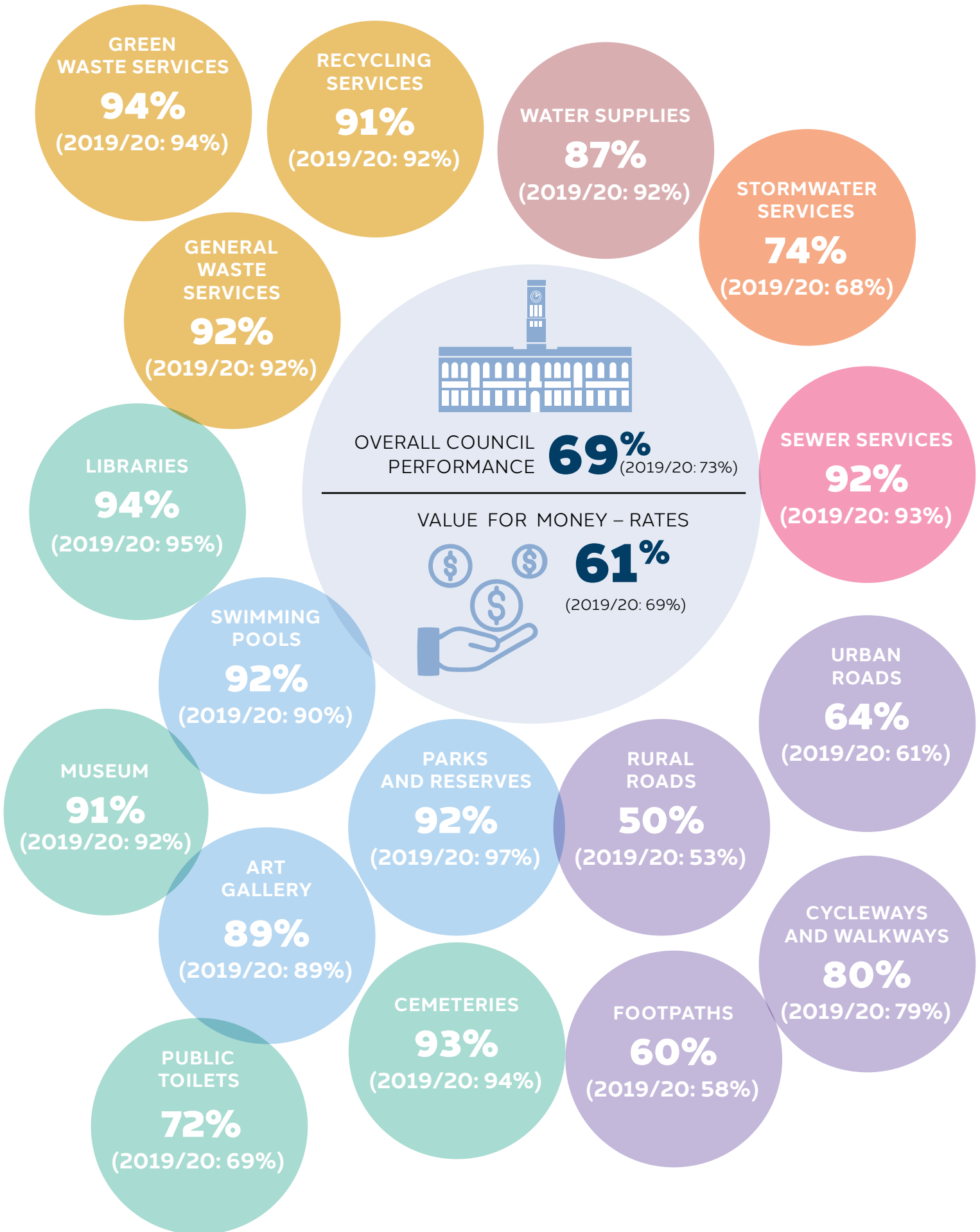
### Infrastructure Services

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

### Community Facilities

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

Resident satisfaction survey results with Infrastructure Services and Community Facilities



# How we measure our service performance

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

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

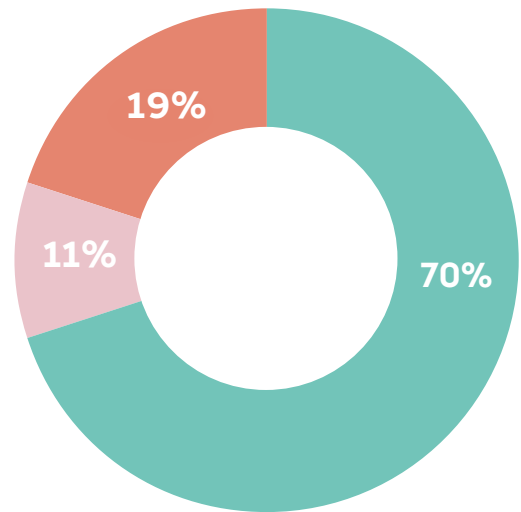
The impact of Covid-19 on some services, such as visitor attendance to cultural and recreation facilities is still apparent, and has impacted on some of these KPIs not being achieved.

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

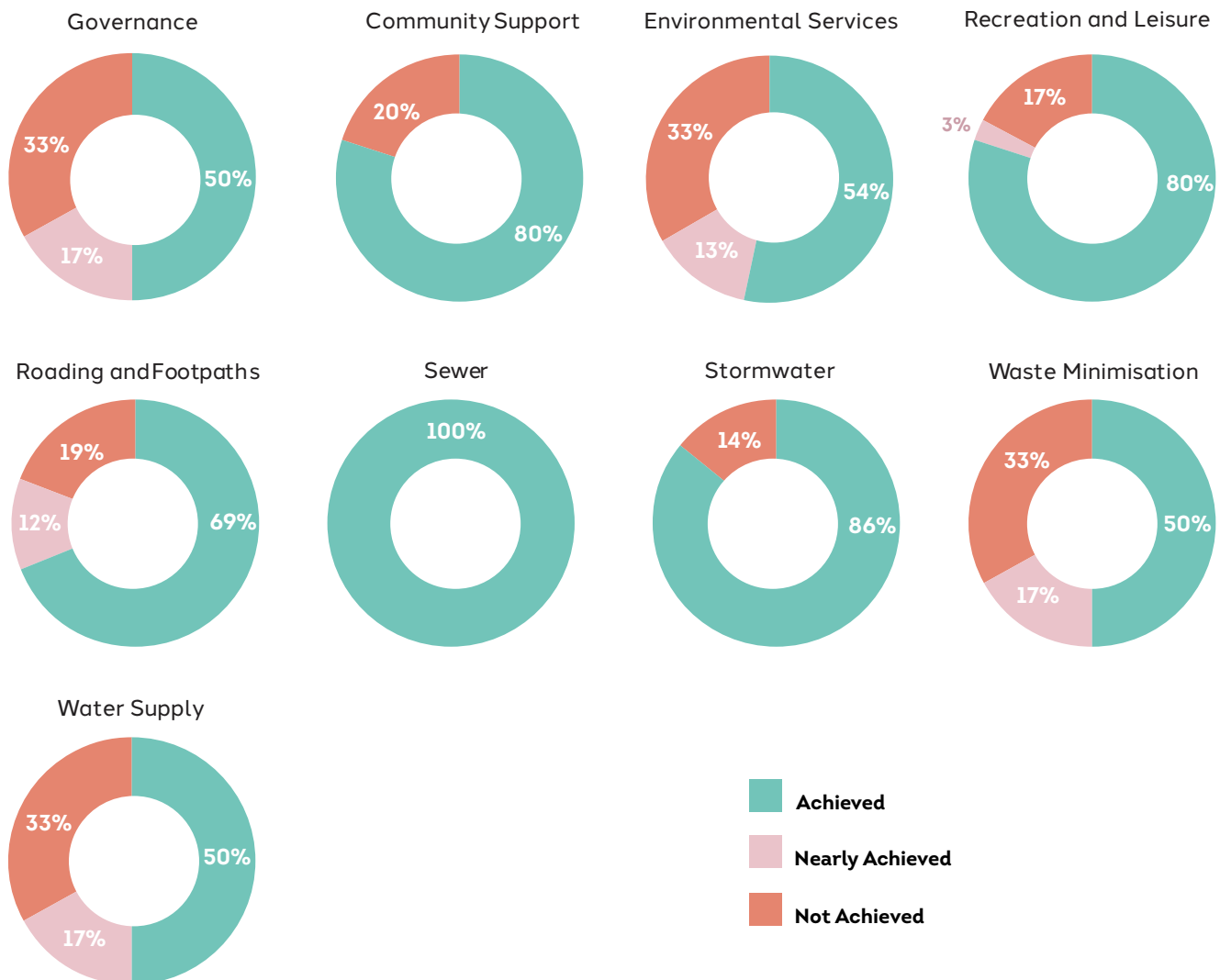
We have 111 performance measures with targets that we report on across 10 groups of activities. We achieved 70% of the targets (77 measures), nearly achieved 10% (11 measures) and 20% (23 measures) were not achieved.

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

## Overall Performance Summary



## Performance Summary by Group of Activities



# Highlights and challenges

## Capital Work Programme – \$74m spend

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

### Major projects in the construction phase include:

Downlands Water Supply Scheme upgrade

Te Moana Water Supply Scheme upgrade

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

Redruth Landfill – construction of a new landfill cell.

### Major Projects in the planning phase include:

Aorangi Park and the Stadium redevelopment

Theatre Royal and Heritage Facility redevelopment

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

### Sound Shell Seating (Bleachers) replacement

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

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



## Keep calm and knit on

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



## Timaru Airport

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



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

## Sunsational Summer Challenge

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

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





# Significant changes on the horizon for local government

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

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

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



## Three Waters Reform

Drinking water, stormwater and wastewater

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

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



## Future for Local Government Review

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





New stormwater culvert under construction at Taitarakahi Creek, Timaru.

An aerial photograph of a construction site, showing a yellow excavator working on a dirt embankment. A large white circle is overlaid on the image, containing the text 'Council Activities'. The background is a mix of green vegetation and brown earth, with a blue-tinted circular graphic element in the bottom right corner.

# Council Activities

# Section Overview

This section describes the work and performance of the Council's Groups of Activities, for the 2021/22 year.

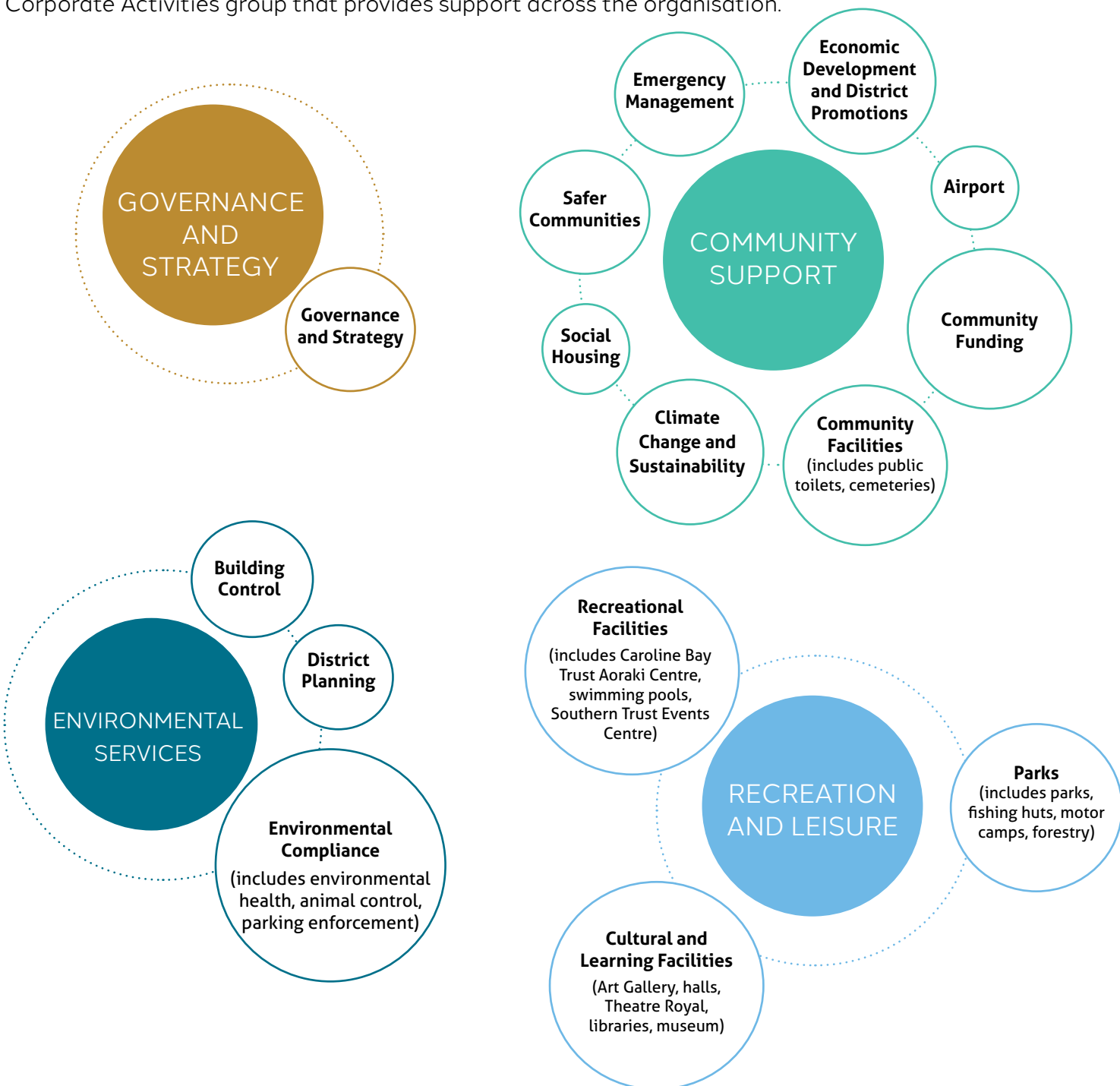
## What we do

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

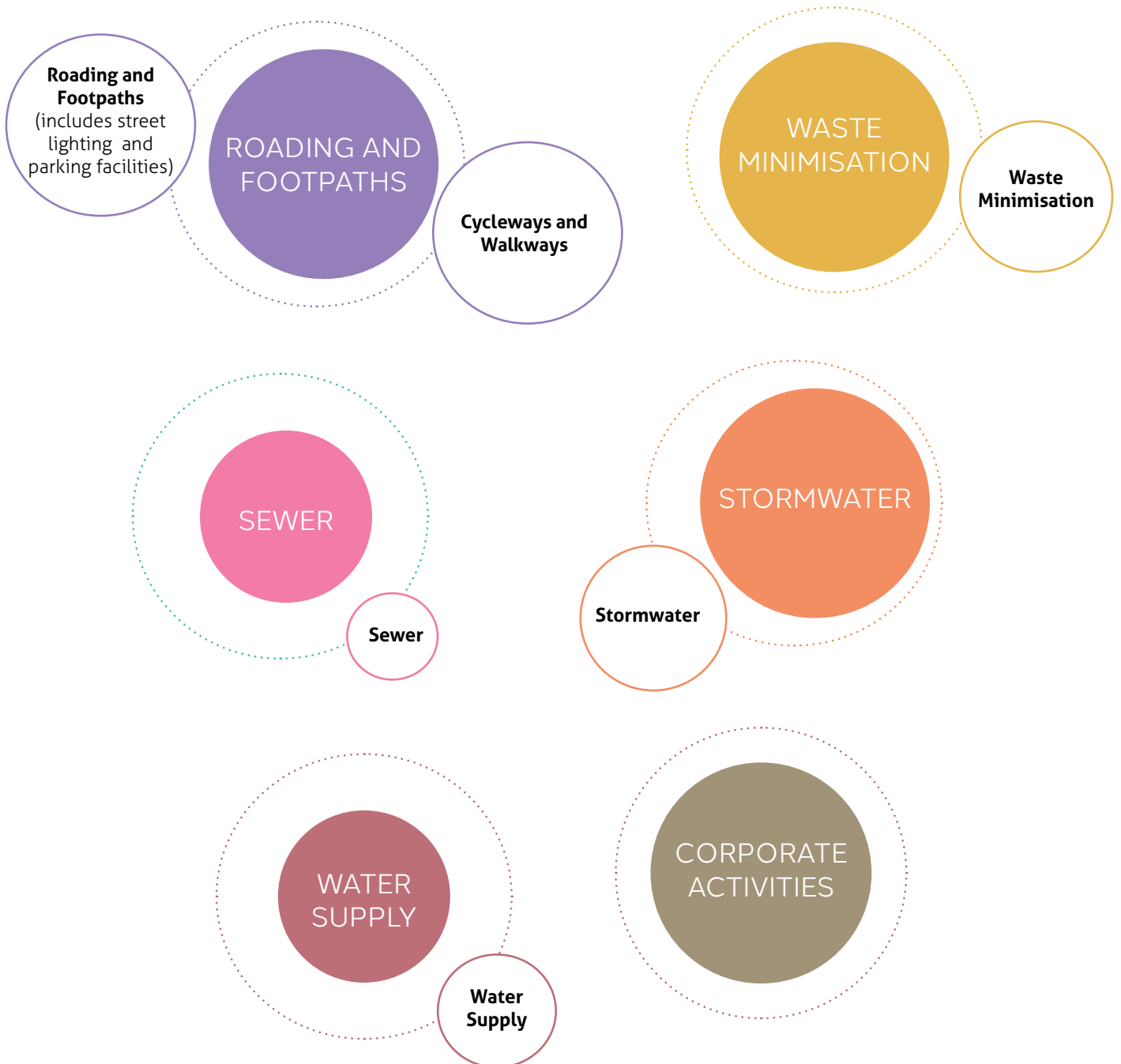
A description of some of the highlights and challenges for each activity.

### 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.





## **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 or 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 made do 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.

# 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, and 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.

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.



# Governance and Strategy Highlights

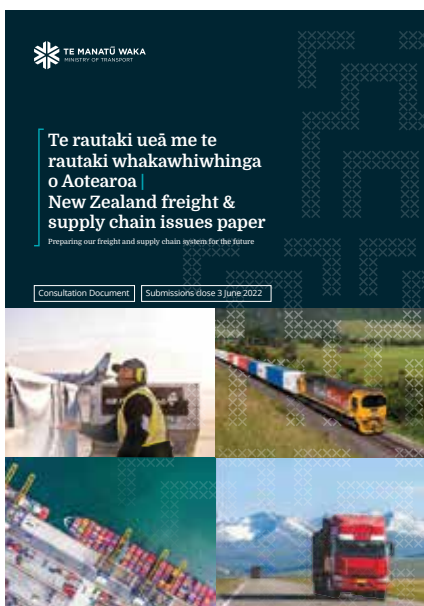
**Advocacy on behalf of the community**, to ensure that the districts views are heard on the significant legislative reform that is underway.

## Councillors met with:

- the Future for Local Government Panel members in early 2022 and put forward community views on how local government needs to change to better represent residents
- local and visiting Members of Parliament to highlight local issues, and local impacts of proposed legislative reforms
- the Finance and Expenditure Select Committee to present a submission on the proposed Water Services Entities Bill.

## Numerous submissions were lodged on other proposed legislative changes, including

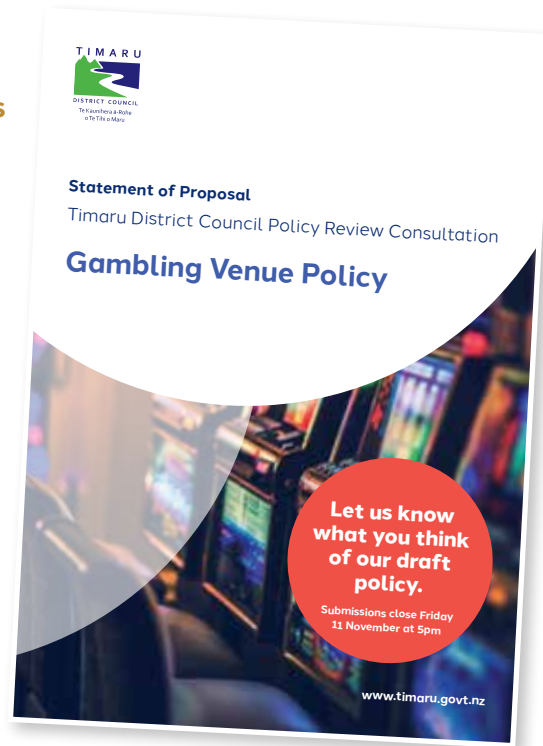
- the Ministry for the Environment Draft National Adaptation Plan
- Ministry of Transport Freight and Supply Chain Issues Paper
- Waka Kotahi NZ Transport Agency Guide to Temporary Traffic Management
- Ministry for the Environment Transforming Recycling





## Talking with the community about important local policies

The Local Alcohol Policy and Gambling Venue Policy are under review, and valuable community feedback is being used shape policies so that they are effective for our communities.



## 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 is developing 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.

## 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%	Nearly achieved 81% (2020/21: 86%)
	Resident satisfaction with influence on and involvement in Council decision making (biennial resident survey)	50%	Not achieved 47% (biennial – 2019/20: 47%)
*Agenda items on the full Council and four Standing Committee agendas			
Effective community engagement	Resident satisfaction with information provided by Council (biennial resident survey)	60%	Achieved 66% (new measure)
Monitoring the Council organisation's performance	Annual Reports and Long Term plans receive 'unmodified' (clear) audit opinions	Unmodified audit opinion received	Achieved (2020/21: achieved)
Council processes comply with statutory requirements	Council processes comply with statutory requirements	Statutory timeframes achieved	Not Achieved The Annual Plan 2022/23 was adopted prior to the statutory deadline. However adoption of the Annual Report 2020/21 did not meet the statutory deadline due to audit delays. (2020/21: not achieved)
	Council and committee meeting agendas made available to the public within statutory timeframes	Statutory timeframes achieved	Achieved New measure

## Governance and Strategy Funding Impact Statement

for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	3,970	3,986	4,005
Targeted rates	-	27	27
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	244
<b>Total Operating Funding</b>	<b>3,973</b>	<b>4,013</b>	<b>4,276</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,320	1,384	1,323
Finance costs	-	-	-
Internal charges and overheads	2,592	2,629	3,065
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>3,912</b>	<b>4,013</b>	<b>4,388</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>61</b>	<b>-</b>	<b>( 112)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	24	183
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>24</b>	<b>183</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	61	24	72
Increase/(decrease) of investments	-	-	( 0)
<b>Total applications of capital funding</b>	<b>61</b>	<b>24</b>	<b>72</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>( 61)</b>	<b>-</b>	<b>111</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>( 0)</b>
<b>Internal Loans</b>			
Raised during year	183		
Repaid during year	0		
Balance as at 30/06/2022	183		
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

### Local authorities fuel tax, fines, infringement fees and other receipts \$0.244m above LTP

This relates to funds received from other councils as their share of unbudgeted legal costs paid for by Timaru District Council.

### Internal charges and overheads \$0.436m 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.

### Increase / (decrease) in debt \$0.159m above LTP

Additional debt funding above the LTP was required to support the increased operating expenditure.



## 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.

# 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



# Community Support Highlights

## Emergency Management

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

The big focus for the Emergency Management Team this year was supporting and training Council staff and volunteers in local communities, as the district continued the recovery from the May 2021 floods. With the next flood “just round the corner” (and it was – July 2022) the work supporting local community resilience through evacuation and response planning remains a top priority.

Council staff also assisted other South Island districts in their flood recovery work. This has a dual benefit, helping our neighbours and giving our staff valuable experience.



## Community Funding

By making a financial contribution to 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.

This year some of the successful applicants were:



**Family Support South Canterbury**  
– Repainting the Timaru premises



**Timaru Plunket Hub**  
– Operating costs



**Te Aitarakihi Trust** – Roof maintenance

**South Canterbury Aviation Heritage Centre** – showcasing historic aviation records and artefacts

**Pleasant Point Gymkhana Committee** – Children’s and Youth Activities for “Get to the Point”



**Geraldine Historical Society** – Museum operating costs



**South Canterbury Returned Services Association** – Civic ANZAC Day Service

**Rangitata Soldiers Memorial Hall** – Heat pump installation

**Temuka Promotions Association** – Great Christmas Tree Scramble event

## Safer Communities

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

**Working with Age Concern and Venture Timaru** to survey older residents about what matters to them, so we can create an Age Friendly Strategy to support our older residents

**Working on South Canterbury support directory**, which will help connect people with key services throughout the region.

## Public Toilets

72% satisfaction with public toilets!

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

This great result is a testament to the ongoing upgrading programme and the outstanding work the cleaners do. Toilet upgrades this year included Temuka domain and Cox Street in Geraldine.

## Economic Development and Tourism

With the challenges as a result of Covid-19 lockdowns, and supply chain disruptions still present, Venture Timaru, a Council Controlled Organisation, has focused on fostering economic development and re launching tourism in the district.

Some of the key achievements during the year included:

The launch of new tourism products and events, as the district recovers from the restrictions as a result of Covid-19, and assisting a variety of small retail, education and tourism businesses to establish in the district.

Expanding the range and value of central government funding for the district, including the Regional Apprenticeship Initiative, transport and logistics training, MyNextMove youth transition to employment initiatives, and new visitor products and events, like the Timaru trails app, Brews on the Bay, the Seaside Festival, and SCOFF (South Canterbury Outstanding Food Festival) events.



**Selection as a Regional Energy Transition Accelerator pilot – with central government funding to work collaboratively with industry, iwi, lines companies to decarbonise process heat in the region.**

Partnering with PrimePort and Timaru District Council to secure the Scott Base Antarctica redevelopment project for the district.

The project, due to start in 2023, will bring significant benefits, including new employment opportunities.



## Social Housing upgrades

With housing standards and affordability becoming a significant issue across the country, Council has prioritised completing Healthy Homes assessments, and taken 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, and we continue to liaise with other providers in the district to find suitable accommodation for those in need.

## 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%	<b>Achieved 72%</b> (biennial – 2019/20: 69%)
	- District Cemeteries	85%	<b>Achieved 93%</b> (biennial – 2019/20: 94%)
	Social Housing occupancy rate	90% + of units available for tenancy	<b>Achieved 92%</b> (2020/21: 94%)
	Airport		
- Number of flights in and out of Timaru Airport	5% increase per year	<b>Not achieved</b> 9% decrease in aircraft movements	
- Number of passengers using Timaru Airport	5% increase per year	9% decrease in passenger numbers Covid-19 restrictions resulted in less flights and passengers. (new measure)	
- Civil Aviation Authority (CAA) accreditation	CAA airport certification is maintained at all times	<b>Achieved</b> Certification confirmation was achieved in March 2021 for a further 5 years. (2020/21: 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	<b>Not achieved 6</b> (2020/21:12) 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	<b>Achieved 70</b> (2020/21: Nearly achieved)
	Recruit and train volunteers to maintain team capacity and capability	80	<b>Achieved 111</b> New measure
Effectively managed and allocated community funding	Funding rounds held	General donations, Grants and Loans: 2	<b>Achieved 2</b> (2020/21:2)
		TDC Youth Initiatives: 2	<b>Achieved 2</b> (2020/21:2)
		Creative Communities Fund: 4	<b>Achieved 4</b> (2020/21:3)
		Trust Fund distributions: ■ Thomas Hobson Trust: 1 ■ AD Hally Trust: 2* <i>LTP figure incorrect - target is 2, not 4</i>	<b>Achieved 3</b> (new measure)
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	<b>Achieved</b> (new measure)
		100% performance targets in SOI met	<b>Achieved</b> (2020/21: 57% not achieved)



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

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	3,058	3,525	3,525
Targeted rates	-	-	-
Subsidies and grants for operating purposes	289	6	47
Fees and charges	2,000	2,061	2,261
Internal charges and overheads recovered	-	184	-
Local authorities fuel tax, fines, infringement fees and other receipts	29	45	148
<b>Total Operating Funding</b>	<b>5,376</b>	<b>5,821</b>	<b>5,981</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,924	5,235	5,004
Finance costs	271	127	139
Internal charges and overheads	617	-	599
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>4,812</b>	<b>5,362</b>	<b>5,742</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>563</b>	<b>459</b>	<b>239</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,305	3,203	1,236
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>1,305</b>	<b>3,203</b>	<b>1,236</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	851	700	-
- to improve the level of service	1,006	22	18
- to replace existing assets	131	3,110	3,566
Increase/(decrease) in reserves	(120)	(170)	(2,109)
Increase/(decrease) of investments	-	-	0
<b>Total applications of operating funding</b>	<b>1,868</b>	<b>3,662</b>	<b>1,475</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(563)</b>	<b>(459)</b>	<b>(239)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	1,236		
Repaid during year	0		
Balance as at 30/06/2022	5,824		
Finance Costs for year	139		

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

### Fees and charges \$0.200m above LTP

The main contributors to this is additional community housing rental income as a result of rent increases and recovery of rent arrears.

### Internal charges and overheads recovered \$0.184m below LTP

The LTP had assumed Community Support activities required funding from other activities, however this was not required because operating expenditure was funded from other sources of operating funding for 2022.

### Local authorities fuel tax, fines, infringement fees and other receipts \$0.103m above LTP

The main contributor to this is cemetery plots which were \$81,000 above budget, due to the increase in plot fees.

### Payments to staff and suppliers \$0.231m below LTP.

The below LTP spend is largely attributed to

- salaries and wages being \$0.493m below budget due to vacancies within Climate and Sustainability, and Airport
- Civil Defence emergency events were \$0.216m below LTP. These below LTP spends were offset by above budgeted spend within Economic Development, which included an unbudgeted
- \$0.500m grant to PrimePort Timaru for the Scott Base Antarctica redevelopment project.

### Internal charges and overheads \$0.599m 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

### Increase / (decrease) in debt \$1.967m below LTP

Less debt funding was required due to an increase in funds received and capital expenditure funded via reserves.

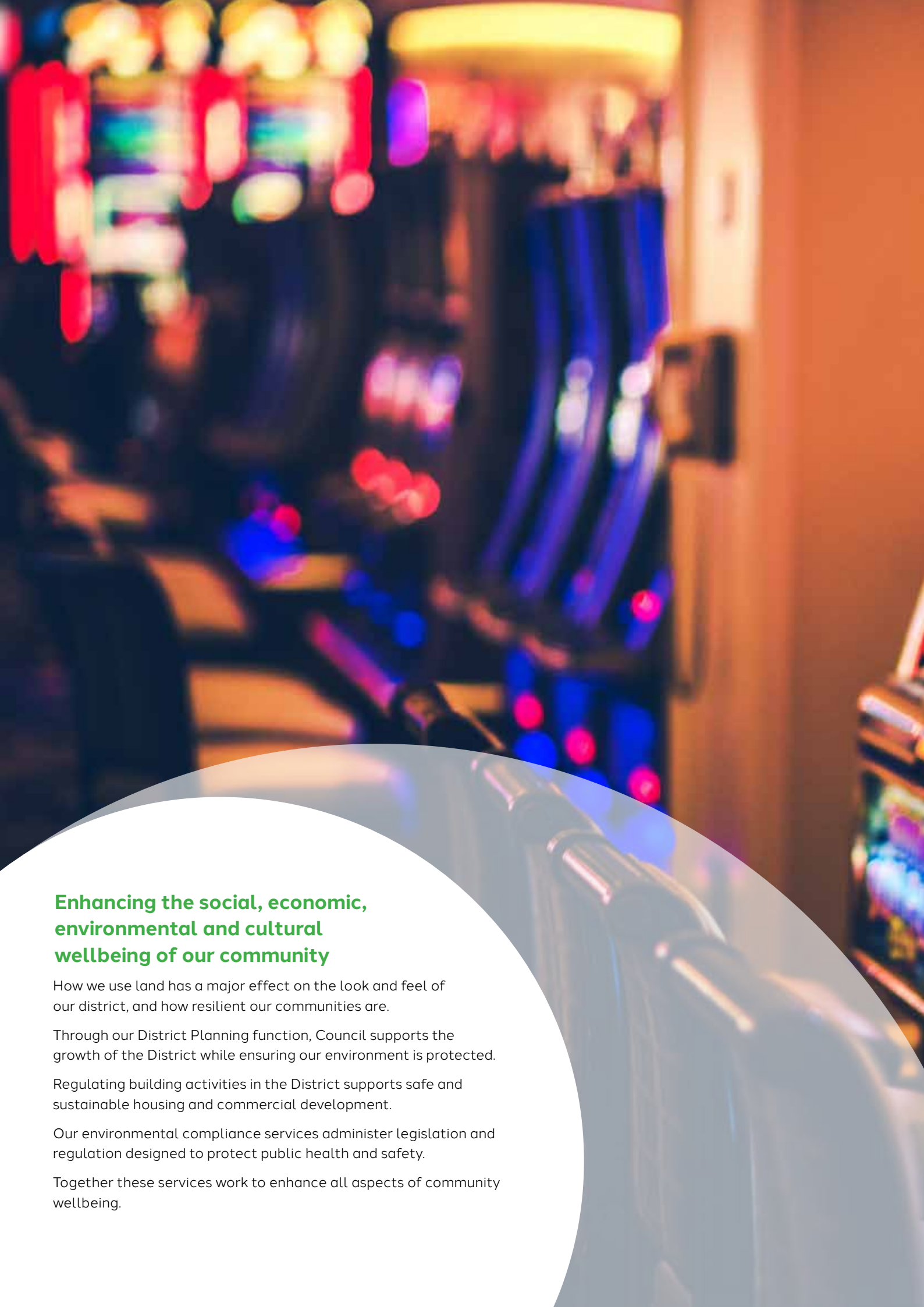
### Capital expenditure \$0.248m below LTP

Airport runway extension and terminal upgrades project completion was delayed and re-budgeted into the 2022/23 Annual Plan.

### Increase / (decrease) in reserves \$1.939m below LTP

Transfers from reserves decreased due to capital expenditure renewals being funded via reserves instead of debt.





## **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

## 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.

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

### 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.

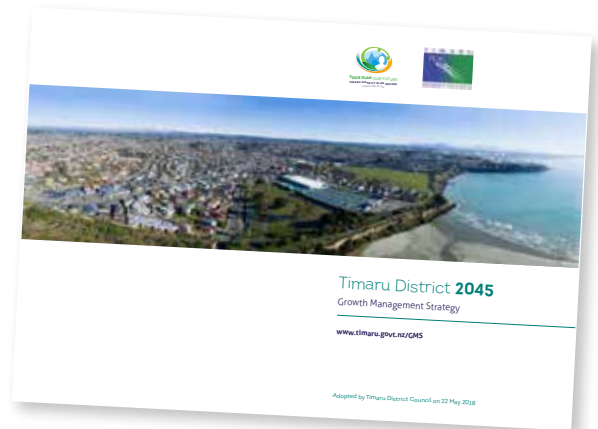


# Environmental Services Highlights

## District Planning

A big focus for the year was updating the Growth Management Strategy – a 30 strategy to guide the sustainable management of growth in residential, commercial and industrial activities in the district’s main towns, and to guide the density of development in existing zoned land.

The Proposed District Plan – “the rule book” to help achieve this sustainable growth, is nearing completion and public feedback will be invited later in the year.



## Building Control

At a time when the construction sector and the associated consenting authorities are under pressure, Timaru District Council has again received confirmation of a further two year Building Consent Authority accreditation.

The value of regular internal audit processes, and taking action on opportunities for improvements along with ongoing staff training were highlighted by IANZ, the accreditation organisation.



## Environmental Compliance

### Local Food businesses excel

Our eateries are well known for the great food and service they produce for residents and visitors to the district. Behind the scenes they also excel in terms of meeting food premise licencing regulations!

Council’s verifiers carried out 178 verifications of food premises for the year and only needed to escalate one issue for follow up by the Food Safety Officer.



## 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	<b>Achieved</b> (2020/21: Achieved)
	Building Control consent average processing time	< 12 days	<b>Nearly Achieved 12.1 days</b> (2020/21: 12.9 days)
	% of Code of Compliance Certificates issued within statutory time frame	100%	<b>Nearly achieved 97%</b> (new measure)
	Resource Consent processing within statutory timeframes	100%	<b>Not achieved 73%*</b> (2020/21: 99% )
	Land Use consents monitoring	150 pa	<b>Not achieved 20*</b> (2020/21: 99)
Provide useful, timely and consistent information and education on building, planning and regulatory services	Building consent applicants satisfaction with consent process	80%	<b>Achieved 81%</b> (2020/21:90%)
	Customer satisfaction with information and education from district planning services	90%	<b>Not Achieved 0%*</b> (2020:21: no survey undertaken)
	Customer satisfaction with information and education from environmental health services	80%	<b>Achieved 100%</b> (2020/21:92.98%)
Support responsible dog ownership	Percentage of known dogs in District registered	95%	<b>Achieved 98%</b> (2020/21: 99.70%)
	Number of Dog Control education initiatives completed	5	<b>Achieved 15</b> (2020/21: 15)
Ensure buildings with a Building Warrant of Fitness (BWOFF), swimming pools, food and liquor premises are safe and comply with legislation	% of non compliant BWOFF audits achieved compliance within two months	100%	<b>Not achieved 0%*</b> No audits undertaken due to staffing constraints (2020/21:100%)
	% of non compliant swimming pool audits that achieve compliance or enforcement action taken within two months of audit	100%	<b>Achieved 100%</b> (2020/21:97%)
	% of scheduled audits of registered food premises completed	90%	<b>Achieved 100%</b> (2020/21:79%)
	% of Alcohol regulated premises that have been inspected	80%	<b>Not achieved 41%**</b> (2020/21:49%)
	Number of Food Businesses requiring escalation to the Registration Authority and/or Food Safety Officer for follow up	number to be reported	<b>Achieved 1</b> New measure

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

\*\* 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 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	2,615	1,963	1,967
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,548	3,373	3,838
Internal charges and overheads recovered	28	139	20
Local authorities fuel tax, fines, infringement fees and other receipts	30	99	53
<b>Total Operating Funding</b>	<b>6,221</b>	<b>5,574</b>	<b>5,877</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,000	5,509	5,612
Finance costs	-	69	58
Internal charges and overheads	1,267	1,112	1,822
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,267</b>	<b>6,690</b>	<b>7,493</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>( 46)</b>	<b>( 1,116)</b>	<b>( 1,616)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	1,153	1,802
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>1,153</b>	<b>1,802</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	3	20	-
- to replace existing assets	3	12	11
Increase/(decrease) in reserves	( 52)	5	176
Increase/(decrease) of investments	-	-	( 0)
<b>Total applications of operating funding</b>	<b>( 46)</b>	<b>37</b>	<b>186</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>46</b>	<b>1,116</b>	<b>1,616</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	1,802		
Repaid during year	0		
Balance as at 30/06/2022	3,739		
Finance Costs for year	58		

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

### **Fees and charges \$0.465m above LTP**

Planning revenue was \$0.210m above LTP, largely relating to subdivision fees. Building control revenue was \$0.103m above LTP largely relating to consent fees, and animal control revenue was \$0.121m above LTP largely relating to infringements and fines.

### **Internal charges and overheads recovered \$0.119m 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 2022.

### **Payments to staff and suppliers \$0.103m above LTP**

The above LTP spend is largely because of increased consultancy costs offsetting a reduction in salaries and wages.

### **Internal charges and overheads \$0.710m 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.

### **Increase / (decrease) in debt \$0.649m above LTP**

Additional debt funding above the LTP was required to fund increased operating and capital expenditure.

### **Increase / (decrease) in reserves \$0.171m above LTP**

The revenue from Dog control enforcement that was above LTP revenue has been transferred to reserves.



## 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.

# 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 predominately 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 in Geraldine, Pleasant Point and Temuka
- Southern Trust Events Centre.



# Recreation and Leisure Highlights

Out of the challenges of Covid-19 restrictions came innovative community events outside the four walls of our community facilities, and services outside what has been traditionally provided.

## Art Gallery

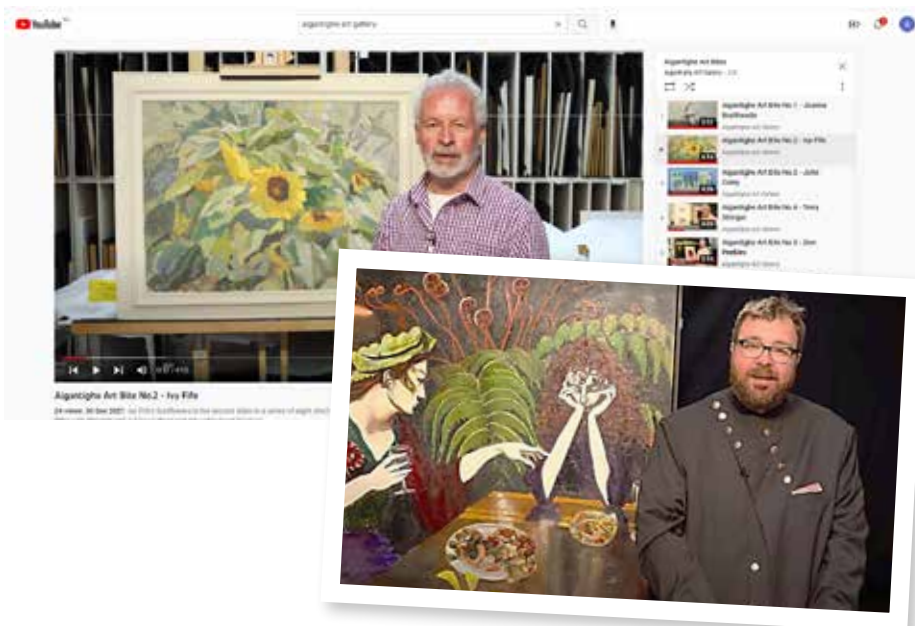
### Matariki Ki Te Tihio Maru

An inaugural Matariki light event held in the Gallery Gardens attracted 4,214 visitors. This collaborative and hugely successful event was an opportunity to highlight the importance of Matariki, and to increase access to the arts.



### Over 20 videos produced for the Art Gallery's You Tube channel

This included artist interviews and guest art historians discussing artworks and overviews of exhibitions.



## Swimming Pools

Once Covid-19 restrictions were lifted visits to Cbay swimming complex were again a popular choice for residents and visitors.

**273,075**

Visitors to the CBay pool complex

**2,787**

Learn to Swim students

**458**

Aqua Fitness classes

**2,949**

Swim for Life participants

## Libraries

For a number of years now our Libraries have been providing far more than a book loan service.

Our library staff excel at exploring and innovating services to support community connections.



**The services provided at the Geraldine Library and Service Centre are an example of what's available at all the libraries in the district.**

### Geraldine Library and Service Centre Services

- + Security concierge
- + Mobile eftpos
- + Books4U
- + Device advice, smart phone and computer classes
- + Rates Rebates
- + Dog registrations
- + Cemetery enquiries
- + School Holiday Programmes
- + Maker spaces
- + Plunket
- + Karitane Nurses
- + Knitting & Crocheting club
- + JP Service
- + AA Driver licensing



## Museum

**Heritage Education – an Enriching Local Curriculum** programme funded by the Ministry of Education, means our Museum staff can continue to provide some exciting learning experiences for over 5,000 younger residents. Many of the programmes are out and about at natural or historical sites across the district.

# 2,700+

Members of the Museum Explorers Club for kids. The children got to take part in the annual Museum in the Dark event over winter, had the chance to earn badges and participate in holiday programmes.



## Theatre Royal and Heritage Facility Project

Following the 2018 Council decision to refurbish the Theatre Royal and co-locate a new Heritage Facility on the site a lot of work has been happening behind the scenes, including investigation, design, community and stakeholder engagement, land purchase, contract negotiations, site investigations and initial works.

The project was always going to be complex, but given the additional complexities that have emerged, Council has decided to discuss the redevelopment options with community again. This is consultation is scheduled for late 2022.





# 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.

## A big focus on walkways

### Dashing Rocks Timaru

Improvements to the path, and fencing to keep stock off the track.

### Geraldine Domain

A new path from the pavilion to the sports courts.

### Temuka Domain

Opening and dedication of the Allan Jones walkway.



Geraldine Sculpture Trail – with pathways, seating, signage and new planting.

## What's new in our parks

The new **Temuka Aviary** site was cleared and levelled in preparation for construction of the facility. Design and consents have been approved.

**New vehicle barrier fences** were installed at Ashbury Park, West End Park, Centennial Park carpark in Timaru, and Fergusson Drive in Temuka, to protect the grassed areas.

**Family friendly picnic tables and barbecues** at Centennial Park and Timaru Botanic Gardens in Timaru, and Halstead Reserve in Pleasant Point.

**Caroline Bay** paddling pool filtration pumps were replaced.



Timaru Botanic Gardens Education and Interpretive Centre building was modernised, including interior and exterior painting.

## And our playgrounds

### St Leonards Road, Temuka

A natural play area was completed.

### New playground equipment

Ashbury Park and Alexandra Square.



### CPlay

Council staff worked alongside the CPlay group to progress the design work and project plan.

## Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Recreation and leisure facilities, programmes and materials are accessible to residents and visitors	<b>Museum</b>		
	Number of museum service users (includes museum visitors, attendees at on site and off site programmes, information or collection requests)	25,000	<b>Not achieved* 17,572</b> Visitor numbers below pre Covid levels, schools reluctant to recommence indoor site visits, major event cancellation and lower tourist visitor numbers. (new measure)
	Public programmes and events	12	<b>Achieved 12</b> (new measure)
	Touring and regional exhibitions	3	<b>Achieved 4</b> (new measure)
	<b>Libraries</b>		
	Visitors to Libraries	200,000	<b>Achieved 237,072</b> (2020/21: 294,105)
	Online website and catalogue searches	400,000	<b>Achieved 771,040</b> (2020/21: 665,408)
	Library issues (physical & digital) of materials	550,000	<b>Not achieved *498,907</b> (2020/21: 542,115)
	Community Programme interactions – held on site and in the community*	1,500	<b>Achieved 7,637</b> (new measure)
	*a non traditional library service		
<b>Art Gallery</b>			
Visitors to Art Galleries	19,000	<b>Not achieved* 15,642</b> (2020/21: 14,654)	
Online website searches and social media interactions	800	<b>Achieved 13,240</b> (new measure)	
Community Programmes – held on site and in the community	12	<b>Achieved 15</b> (new measure)	
<b>CBay Complex</b>			
Visitors to CBay	325,000	<b>Not achieved 273,075</b> Visitor numbers down due to Covid restrictions. Post lockdown restrictions on numbers permitted in the facilities at any one time. Cancellation of Caroline Bay carnival meant less visitors. (2020/21: 338,317)	
Aqua Fitness classes	400	<b>Achieved 458</b> (2020/21: 467)	
Aquatic swim for life participants	2,000	<b>Achieved 2,949</b> (2020/21: 3,460)	
Aquatic learn to swim enrolments	3,000	<b>Not Achieved* 2,787</b> (2020/21: 3,086)	



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%	Achieved 89% (biennial – 2019/20: 89%)
	Libraries	95%	Nearly achieved 94% (biennial – 2019/20: 95%)
	Museum	90%	Achieved 91% (biennial – 2019/20: 92%)
	Parks	92%	Achieved 92% (biennial – 2019/20: 97%)
	Swimming pools	75%	Achieved 92% (biennial – 2019/20: 90%)
	Facilities meet legislative safety requirements	Legislative requirements are met	Achieved (2020/21: Achieved)
Collections of local and heritage and art objects, records and information preserved for and available to the community and visitors	<b>Art Gallery</b>		
	Number of Art Gallery exhibitions (including touring, regional and permanent art works)	10	Achieved 18 (2020/21:16)
	Art works conserved	5	Achieved 7 (2020/21:6)
	Collection item records recorded and updated	50%	Achieved 100% (new measure)
	<b>Museum</b>		
	Collection items available online	18,500	Achieved 21,302 (new measure)
Acquisitions recatalogued within 6 months of acquisition	150	Achieved 353 (new measure)	
Parks are maintained and developed to meet current and future community needs	Kilometres of off-road walking and biking tracks	62	Achieved 76 (2020/21: 63)
	Number of playgrounds per 1,000 residents under 15 years of age	5.3	Achieved 5.38 (2020/21: 5.38)
	Park hectares per 1,000 residents	14.4ha	Achieved 14.45 (2020/21: 14.45)
	Trevor Griffiths Rose Garden and Timaru Botanic Gardens retained as Gardens of National Significance	2 gardens of national significance	Achieved (2020/21: Achieved)

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

## Recreation and Leisure Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	13,418	13,486	13,556
Targeted rates	-	20	21
Subsidies and grants for operating purposes	2	88	-
Fees and charges	3,479	1,323	1,125
Internal charges and overheads recovered	317	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	119	2,142	2,213
<b>Total Operating Funding</b>	<b>17,335</b>	<b>17,059</b>	<b>16,915</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,539	13,248	13,496
Finance costs	1,108	499	427
Internal charges and overheads	1,772	1,108	4,592
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>14,419</b>	<b>14,855</b>	<b>18,515</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>2,916</b>	<b>2,204</b>	<b>( 1,599)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	7,368	1,065
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,162	3,904	12,468
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>2,162</b>	<b>11,272</b>	<b>13,533</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	81	50	-
- to improve the level of service	2,131	6,247	1,805
- to replace existing assets	2,902	7,421	6,766
Increase/(decrease) in reserves	( 36)	( 242)	3,363
Increase/(decrease) of investments	-	-	0
<b>Total applications of operating funding</b>	<b>5,079</b>	<b>13,476</b>	<b>11,934</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>( 2,916)</b>	<b>( 2,204)</b>	<b>1,599</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	11,690		
Repaid during year	0		
Balance as at 30/06/2022	26,567		
Finance Costs for year	427		

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

### Fees and charges \$0.198m below LTP

CBAY Swim & Aquatics revenue was below budget due to the impact of COVID-19.

### Payments to staff and suppliers \$0.248m above LTP

Salaries and wages were above budget within recreation and leisure activities, but were offset by a below budgeted spend in parks maintenance.

### Internal charges and overheads \$3.484m 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 \$6.303m below LTP

The variance is due to Theatre Royal grants, where \$3.800m of actual grants received during the year have been treated as revenue in advance. As at 30 June 2022 this project was pending community consultation, where grant funding would need to be returned in one of the three options being consulted on.

### Increase / (decrease) in debt \$8.564m above LTP

Additional debt funding above the LTP was required to support the increased operating and capital expenditure.

### Capital expenditure \$5.147m below LTP

The main contributing areas to the variance were the following:

- Theatre Royal is \$4.700m below budget as at 30 June 2022 and has been re-budgeted into 2022/23 and 2023/24.
- This project is delayed until community consultation on the future of the project is complete.
- Art Gallery unspent budget of \$0.239m relates to earthquake strengthening works to be completed in 2022/23.
- Aorangi Stadium Phase 1 of the Master Plan were \$0.158m below budget and was re-budgeted into 2022/23. Parks & Recreation projects were \$1.100m below budget overall and were re-budgeted into 2022/23 relating to CPlay, Pareora Dam, general renewals and Caroline Bay retaining wall. Fishing Huts water treatment system of \$0.200m was unspent and re-budgeted into 2022/23.

### Increase / (decrease) in reserves \$3.605m above LTP

Transfers from reserves increased above LTP due to capital expenditure renewal appropriations from reserves being below LTP.



## **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 personal 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.

# 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.

This 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

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.



# Roading and Footpaths **Highlights**

## Road Renewal and Improvement Programme

**\$17.2 M budget**

100% completed as at 30 June 2022

**72kms**

of roading  
resurfaced

**484m**

of new kerb  
and channel  
installed

**2km**

of new footpaths completed,  
including the King Street,  
Temuka footpath, and a new  
pathway in Peel Forest

**2.2km** of kerb and channel renewed

## Washdyke Roding

Planning is well underway for improvements focused on safety. There is a big focus on the interaction of State Highway One with local roads and on walking and cycling transport options.

Repair and renewal of bridges was a big focus this year.

Construction of a new bridge on Farm Road over Coopers Creek, is underway

Repairs to the Canal Road Bridge, damaged during the May 2021 floods were completed

The Winchester Hanging Rock bridge was also flood damaged, and repairs are underway



**The deteriorated  
Horsfall Road  
bridge was rebuilt**

## 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	<b>Not achieved 62%</b> New systems, staff shortages and competing priorities affected response times. (2020/21: 78%)
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	<b>Achieved 95%</b> (2020/21: 95%)
	Resident satisfaction with sealed roads	60% of residents satisfied that sealed roads are fit for purpose and well maintained	<b>Achieved 61%</b> (2020/21: 68.5%)
	Resident satisfaction with unsealed roads	50% of residents satisfied that unsealed roads are fit for purpose and well maintained	<b>Achieved 53%</b> (2020/21: 66%)
	Resurfacing of road network (Mandatory)	6% sealed road network resurfaced annually	<b>Achieved 7.67%</b> (2020/21: 7%)
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	<b>Achieved 68%</b> (2020/21: 77%)
	Footpath condition (Mandatory)	75% of footpaths average or better condition	<b>Achieved 92%</b> (2020/21:90%)
	Footpath network resurfaced	4% footpath networks resurfaced annually	<b>Not achieved 3.41%</b> (2020/21:7.7%) 6.9km resurfaced (2020/21: 7.7km)
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	<b>Nearly achieved 83%</b> (2020/21:84%)
	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	<b>Not achieved</b> 6 serious injury and 4 fatal crashes (2020/21: 7 serious injury and 0 fatal crashes)
	Road safety awareness	40% residents aware of road safety programs or advertisements	<b>Achieved 63%</b> (2020/21:18%)
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	<b>Nearly achieved 73%</b> (2020/21:69.5%)

## Roading and Footpaths Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	9,770	11,650	11,690
Targeted rates	2,558	-	-
Subsidies and grants for operating purposes	2,990	2,903	3,735
Fees and charges	1,186	1,042	1,115
Internal charges and overheads recovered	1,970	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	82	(0)
<b>Total Operating Funding</b>	<b>18,474</b>	<b>15,677</b>	<b>16,539</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,320	7,974	9,201
Finance costs	827	552	547
Internal charges and overheads	2,738	1,085	3,518
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>11,885</b>	<b>9,611</b>	<b>13,265</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>6,589</b>	<b>6,066</b>	<b>3,274</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	6,076	7,606	8,463
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,480	508	8,285
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	165	-	-
<b>Total sources of capital funding</b>	<b>8,721</b>	<b>8,114</b>	<b>16,748</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	526	50	665
- to improve the level of service	4,213	4,214	3,996
- to replace existing assets	10,050	10,988	14,981
Increase/(decrease) in reserves	521	(1,072)	379
Increase/(decrease) of investments	-	-	0
<b>Total applications of operating funding</b>	<b>15,310</b>	<b>14,180</b>	<b>20,021</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(6,589)</b>	<b>(6,066)</b>	<b>(3,274)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	8,285		
Repaid during year	0		
Balance as at 30/06/2022	26,364		
Finance Costs for year	547		

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 \$0.832m above LTP**

Waka Kotahi operating subsidies were above budget largely relating to emergency costs due to the May 2021 flooding.

### **Payments to staff and suppliers \$1.227m above LTP**

Maintenance costs were \$1.800m above budget mainly because of bridge and roading repairs required due to the May 2021 flooding. Traffic services costs were also \$0.203m above budget. These above budget costs were offset by reductions in road side lighting electricity, footpaths maintenance and street cleaning costs, professional fees and community programmes and events.

### **Internal charges and overheads \$2.433m 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 \$0.857m above LTP**

Waka Kotahi capital expenditure subsidies are above budget largely relating to emergency costs due to the May 2021 flooding.

### **Increase / (decrease) in debt \$7.777m above LTP**

Additional debt funding above the LTP was required to support the increased operating and capital expenditure.

### **Capital expenditure \$4.390m above LTP**

Footpaths new and renewals were \$1.200m below budget, largely relating to footpaths in Timaru.

City Hub project costs were \$0.514m above budget as the spending on this project has been brought forward from future years.

Subsidised Roading costs were \$2.900m above budget, which was partially offset by the Waka Kotahi subsidy received.

### **Increase / (decrease) in reserves \$1.451m above LTP**

Depreciation appropriations were above budget due to the timing of capital expenditure for renewals.



## **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.

# Sewer

## What we do

Council collects and treat 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.

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
- 24 sewer pump stations
- approximately 354km of pipeline
- approximately 4,000 manholes

Contributions to Community  
Wellbeing Outcomes

Sustainable Environment

Resilient Infrastructure

Left: Geraldine Sewer ponds construction

## Sewer Highlights

Geraldine oxidation pond embankment improvements were completed.

**Dawson Street Timaru pump station replacement is almost finished – with expected completion in October 2022.**

**User satisfaction with sewer services**

**92%**

**TARGET: 85%**

Butler Street Timaru, Water and Sewer renewal project completed



## 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	<b>Achieved 2.31</b> (2020/21: 2.74)
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	<b>Achieved</b> (2020/21: Achieved)
<b>Maintain excellent customer service</b> *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	<b>Achieved 0.36</b> (2020/21: 0.31)  <b>Achieved 5.1</b> (2020/21: 3.5)
	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	<b>Achieved 6.99</b> 1. Odour 0.91 2. System faults 0.36 3. Blockages 5.72 4. TDC response 4 (2020/21: 7.49)
	Satisfaction with sewer services	85% user satisfaction	<b>*Achieved 92%</b> (biennial – 2019/20: 93%)

\* •A robust survey conducted by telephone (79% landline and 21% mobile) with a sample of 402 residents across the Timaru District Council area

•Data collection was managed to quota targets by age, ward and ethnicity, and post data collection, the sample has been weighted so it is aligned with known population distributions as contained in the 2018 Census.

•At an aggregate level the sample has an expected 95% confidence interval with a margin of error of +/- 4.9%. All statistical significance testing has used a 95% confidence interval unless otherwise stated.

## Sewer Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	7,130	6,672	6,657
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,679	2,600	2,727
Internal charges and overheads recovered	-	-	4
Local authorities fuel tax, fines, infringement fees and other receipts	210	87	11
<b>Total Operating Funding</b>	<b>10,019</b>	<b>9,359</b>	<b>9,399</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,236	3,110	2,362
Finance costs	2,374	1,237	1,345
Internal charges and overheads	1,861	1,112	1,468
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,471</b>	<b>5,459</b>	<b>5,175</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>3,548</b>	<b>3,900</b>	<b>4,224</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	650
Development and financial contributions	-	-	140
Increase/(decrease) in debt	( 1,651)	( 1,736)	( 1,610)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>( 1,651)</b>	<b>( 1,736)</b>	<b>( 821)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	104	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2,153	3,216	2,612
Increase/(decrease) in reserves	( 361)	( 1,052)	791
Increase/(decrease) of investments	-	-	0
<b>Total applications of operating funding</b>	<b>1,896</b>	<b>2,164</b>	<b>3,404</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>( 3,547)</b>	<b>( 3,900)</b>	<b>( 4,224)</b>
<b>FUNDING BALANCE</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	0		
Repaid during year	1,610		
Balance as at 30/06/2022	42,717		
Finance Costs for year	1,345		

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

### **Fees and Charges \$0.127m above LTP**

Tradewaste and other user charges are above budgeted.

### **Payments to staff and suppliers \$0.748m below LTP**

Sewer treatment and pump station maintenance costs, and reticulation costs are below budget.

### **Internal charges and overheads \$0.356 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 Subsidies and grants for capital expenditure \$0.650m above LTP.

Unbudgeted three waters grants were received from the Department of Internal Affairs.

### **Development and financial contributions \$0.140m above LTP**

Unbudgeted local capital contributions were received towards three water assets for property developments.

### **Increase / (decrease) in debt \$0.126m above LTP**

Additional debt funding above the LTP was required to support the increased operating and capital expenditure.

### **Capital expenditure \$0.604m below LTP**

Sewer projects including the industrial wastewater plant, and new sewer reticulation at Broughs Gully are to be completed in 2022/23.

### **Increase / (decrease) in reserves \$1.843m above LTP**

Transfers from reserves increased above LTP due to capital expenditure renewal appropriations from reserves being below LTP.



## **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

## 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 146km of pipeline and 33km of open channel
- Six detention dams and 1 retention and filtration basin 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

Contributions to Community  
Wellbeing Outcomes

Sustainable Environment

Resilient Infrastructure

# Stormwater **Highlights**

The Temuka 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.



**Improvements works on Serpentine creek in Geraldine were completed and received very positive feedback from residents.**

Whales Creek Stormwater Improvements at Caroline Bay to provide more capacity and reduce flooding.



**Work on the Taitarakihi Creek Stormwater Culvert Enhancement under the railway line has been completed.**

This will help mitigate flooding in the area.

## Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
<b>Maintain excellent stormwater network services</b>  *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	<b>Achieved 0</b> (2020/21: 0)
	Number of habitable floors** affected by flooding events in the Timaru district (Mandatory)	Zero habitable floors affected by a flooding event	<b>Achieved 0</b> (2020/21: 0)
<b>Deliver stormwater services according to required environmental standards</b>	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	<b>Achieved</b> (2020/21: Achieved)
<b>Maintain excellent customer service</b>  ***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	<b>Not achieved 1.5*</b> *1 property affected by a rain event (note: the rain event was less than a 1 in 5 year return period) (2020/21: Achieved)
	Total complaints received about performance of stormwater system (Mandatory)	10 or fewer per 1,000 connected properties	<b>Achieved</b> No complaints received (2020/21: 1 complaint received)
	Satisfaction with stormwater services	65% resident satisfaction	<b>*Achieved 74%</b> (biennial – 2019/20: 68%)

\* •A robust survey conducted by telephone (79% landline and 21% mobile) with a sample of 402 residents across the Timaru District Council area

•Data collection was managed to quota targets by age, ward and ethnicity, and post data collection, the sample has been weighted so it is aligned with known population distributions as contained in the 2018 Census.

•At an aggregate level the sample has an expected 95% confidence interval with a margin of error of +/- 4.9%. All statistical significance testing has used a 95% confidence interval unless otherwise stated.

## Stormwater Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,820	3,737	3,774
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	-	-	-
<b>Total Operating Funding</b>	<b>1,820</b>	<b>3,737</b>	<b>3,774</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	490	1,547	1,455
Finance costs	75	46	37
Internal charges and overheads	235	197	260
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>800</b>	<b>1,790</b>	<b>1,752</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>1,019</b>	<b>1,947</b>	<b>2,022</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	308
Development and financial contributions	-	-	164
Increase/(decrease) in debt	321	210	(267)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	63	-	-
<b>Total sources of capital funding</b>	<b>384</b>	<b>210</b>	<b>205</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	626	275	-
- to replace existing assets	205	1,818	1,837
Increase/(decrease) in reserves	572	64	390
Increase/(decrease) of investments	-	-	0
<b>Total applications of operating funding</b>	<b>1,403</b>	<b>2,157</b>	<b>2,228</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(1,019)</b>	<b>(1,947)</b>	<b>(2,022)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	0		
Repaid during year	267		
Balance as at 30/06/2022	967		
Finance Costs for year	37		

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 capital expenditure \$0.308m above LTP

Unbudgeted three waters grants were received from Department of Internal Affairs.

### Development and financial contributions \$0.164m above LTP

Unbudgeted local capital contributions were received towards three water assets for property developments.

### Increase / (decrease) in debt \$0.477m below LTP

Less debt funding was required due to an increase in funds received and decrease in capital expenditure.

### Capital expenditure \$0.256m below LTP

Costs were below LTP due to construction delays to stormwater projects and has been re-budgeted into 2022/23.

### Increase / (decrease) in reserves \$0.326m above LTP

Transfers from reserves increased above LTP due to capital expenditure renewal appropriations from reserves being below LTP.



## **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.

# 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. From 1 July 2021, 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)
- Reduction – community education for schools and businesses, public place recycling, zero waste events
- Reuse – Crow's Nest shop
- Recycling – via MRF and non-MRF recycling Recovery – composting, metal recovery and pyrolysis
- Treatment – hazardous waste drop-offs
- Disposal – Class A landfill (Redruth)



# Waste Minimisation Highlights

A higher than usual tonnage of compost was generated at Redruth due to the warm and wet summer. As well as good sales to local residents, the compost is also being sold to business customers.

As part of the new Envirowaste contract an education team has started work with local businesses, schools and community groups. The big focus is giving tips and tricks to minimise waste, and ways to operate in a more sustainable way.



The new Materials Recovery Facility at Redruth is fully operational and working exceptionally well.

Recyclables from neighbouring Ashburton, Mackenzie and Waimate districts are now able to be processed at the facility.





## Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Waste Minimisation services meet customer expectations	User satisfaction with waste minimisation services	95%	<b>Nearly achieved 91%</b> (biennial – 2019/20: 92%)
No adverse effects on the environment or human health from the operation of waste minimisation services	Compliance with Resource Consent conditions+ <small>+ Excluding all minor non-compliance as reported by Environment Canterbury</small>	No abatement notices, infringement notices, enforcement orders and convictions	<b>Not achieved</b> One non compliance notice issued during the year for stormwater leachate breakout into the stormwater system at Redruth landfill in February 2022 (2020/21: Achieved)
Waste is diverted from landfill	Materials Recovery Facility (MRF) – recycling nett tonnages diverted	4,000 nett tonnes	<b>Achieved 5059</b> (2020/21:2,922)
	Compost Facility – osrganic nett tonnages diverted	15,000 nett tonnes	<b>Achieved 18,576</b> (2020/21: 14,479) As part of the new contract, (effective July 2021) Council is now receiving organics from the Waimate and Mckenzie districts. The KPI target was set before the new contract was in place.
	Recycling nett tonnages diverted via recycling other than for MRF recyclables	300	<b>Achieved 382</b> (2020/21:377)
	MRF – level of contamination of recycling	Less than 10%	<b>Not achieved 26.48%*</b> New measure

\* Since the central government decision to send all material to landfill during the COVID-19 lockdown, contamination levels have remained higher than prior to lockdown. Several strategies are underway to reduce contamination, including a refresh of the public education material and consideration of a policy that helps address repeated contamination.

## Waste Minimisation Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	0
Targeted rates	6,831	3,124	3,164
Subsidies and grants for operating purposes	175	165	256
Fees and charges	3,406	5,852	4,742
Internal charges and overheads recovered	-	-	0
Local authorities fuel tax, fines, infringement fees and other receipts	-	53	606
<b>Total Operating Funding</b>	<b>10,412</b>	<b>9,194</b>	<b>8,769</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,116	7,113	8,736
Finance costs	305	151	185
Internal charges and overheads	573	1,286	695
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>8,994</b>	<b>8,550</b>	<b>9,616</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>1,418</b>	<b>644</b>	<b>( 847)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	( 373)	3,368	3,635
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>( 373)</b>	<b>3,368</b>	<b>3,635</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	951	3,573	1,313
- to replace existing assets	130	1,430	1,525
Increase/(decrease) in reserves	( 36)	( 991)	( 50)
Increase/(decrease) of investments	-	-	( 0)
<b>Total applications of capital funding</b>	<b>1,045</b>	<b>4,012</b>	<b>2,788</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>( 1,418)</b>	<b>( 644)</b>	<b>847</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Loans</b>			
Raised during year	3,635		
Repaid during year	0		
Balance as at 30/06/2022	9,717		
Finance Costs for year	185		

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

### **Fees and charges \$1.110m below LTP**

This variance relates to a \$0.679m decrease in refuse fees due to lower tonnes into landfill than budgeted, and \$0.450m please income budgeted which is no longer being charged due to a change in supplier and re-structured service agreement.

### **Local authorities fuel tax, fines, infringement fees and other receipts \$0.553m above LTP**

Waste Minimisation received unbudgeted funding of \$0.550m towards the construction of the South Canterbury Eco-Centre.

### **Payments to staff and suppliers \$1.623m above LTP**

Waste minimisation and kerbside collection contractor costs are above budget, partially because of initial set up costs of new supplier providing services.

Government waste levy costs attributable to kerbside collections were \$0.356m above budget.

Carbon credits were \$0.487m above budget as the carbon credit price per unit has increased.

### **Internal charges and overheads \$0.591m below 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.

### **Increase/(decrease) in debt \$0.267m above LTP**

Additional debt funding above the LTP was required to support the increased operating and capital expenditure.

### **Capital expenditure \$2.165m below LTP**

Landfill cell development, gas flare, site building and capital equipment were below budget due to delays in construction. The under spend on these projects was partially offset by above budgeted spend on landfill roading works, glass bin purchases for kerbside collection, and construction costs relating to the South Canterbury Eco Centre.

### **Increase/(decrease) in reserves \$0.941m above LTP**

Transfers from reserves increased above LTP due to capital expenditure renewal appropriations from reserves being below LTP.



## **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.

# 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 are required to comply with the New Zealand Drinking Water Standards.

Over 19,000 residential and non-residential properties are served through the following individual water supplies:

- Urban Water Supply Schemes: Geraldine, Peel Forest, Pleasant Point, Temuka, Timaru, Winchester Rural
- Drinking Water and Stockwater Supply Schemes: Downlands, Orari, 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:

- 19 water intakes
- 12 treatment plants
- 35 reservoirs
- 24 pump stations
- Approximately 1,850 kilometres of water supply pipelines

Contributions to Community  
Wellbeing Outcomes

Sustainable Environment

Resilient Infrastructure

# Water Supply Highlights

## Under construction

Davison Road to Taiko Trunk-main replacement section 2.

Te Ana Wai Trunk-main Upgrade Stage 2 Pipeline. Pipe installation has now passed all of the identified archaeological risk areas on the project. Successful river crossings have been completed under the two branches of the Little Opawa River, the Opawa River, and Rocky Gully Stream.

## Significant work is also underway on other water supply schemes in the District.

Te Moana Water Supply Scheme – including work on the Pleasant Valley Water Treatment Plant, treated water reservoir, Pleasant Valley Te Moana watermain renewal, and new booster pump stations in Wooding Road and Tripp Street. This work is scheduled for completion in late 2022.

**\$3.86M total budget**, as at 30 June 2022:

- \$3.39M spent
- 100% design work completed
- 75% construction work completed



## Te Ana Wai (Downlands) Water Supply scheme

A multi year upgrade to improve water quality to a large number of Downlands water users

**\$25.6m total budget**, as at 30 June 2022:

(including 3 waters stimulus funding)

- \$20.3m spent
- 100% design work completed
- 90% construction work completed

## Service Performance

Level of Service	Performance Measure	Target	Result/Achievement
Provide safe drinking water	Compliance with Drinking Water Standards (Part 4) Bacterial Compliance (Mandatory)	Bacterial compliance – All drinking water supply schemes (8 schemes)	<p><b>Not achieved</b></p> <p>3 of the 8 water supply schemes were compliant for the full year. Other than an e – coli detection in the Geraldine and Te Moana water supplies, the non compliance was of a technical nature – lack of a water safety plan, sampling intervals, and data interruptions.</p> <p><b>Downlands:</b> Pareora, St Andrews, Tengawai, Waitohi not compliant due to the interval between samples being exceeded in the Waimate Rural Reticulation and the treatment plants of Pareora, St Andrews, Tengawai and Waitohi. Camerons fully compliant.</p> <p><b>Pleasant Point:</b> Fully compliant.</p> <p><b>Seadown:</b> Fully compliant.</p> <p><b>Temuka:</b> Not compliant for the whole year due to 1 instance when 3 days data was lost. In all other respects the scheme complied with the treatment processes for a small water supply. Reticulation was compliant.</p> <p><b>Geraldine:</b> Not compliant for the whole year due to not all required days of the week being sampled and days between samples being exceeded.</p> <p><b>Timaru:</b> Not compliant for the whole year due to the interval between sampling exceeding 6 days on one occasion within one of the two zones. In all other respects the scheme was compliant.</p> <p><b>Peel Forest:</b> Fully compliant.</p> <p><b>Te Moana:</b> Not compliant for the whole year due to e coli being detected in all three zones. There were also instances of non compliance when the sampling interval was exceeded.</p> <p><b>Note</b></p> <ul style="list-style-type: none"> <li>■ 25.2% of the population were supplied with water that complied with the bacterial compliance requirements of the DWSNZ.</li> <li>■ 66% of the population were supplied with water that complied with the DWSNZ, 98% of the time, but not 100% of the time.</li> <li>■ 8.8% of the population were supplied with water that did not comply with the bacterial compliance requirements of the DWSNZ. Treatment Plan upgrades have commenced and once completed, compliance should be achieved.</li> </ul> <p>(2020/21: 8 of the 12 treatment plants were compliant)</p>

Level of Service	Performance Measure	Target	Result/Achievement
	Drinking Water Standards (Part 5) – Protozoal Compliance (Mandatory)	Protozoal Compliance – All drinking water supply schemes (8 schemes)	<p><b>Not achieved</b></p> <p>3 of the 8 water supply schemes achieved full compliance for the 12 month period.</p> <p><b>Downlands:</b> Pareora not compliant for the whole year due to the Water Safety Plan not being current. The scheme complied with treatment processes for disinfection for protozoa for a small water supply. St Andrews, Tengawai, Waitohi and Camerons non-compliant as protozoa treatment process not installed. Upgrades are underway.</p> <p>An upgrade to the Water Treatment Plant is underway. This will enable the Pareora Treatment Plant to have records every 1 minute, (currently every 15 minutes) and comply with main body of Drinking Water Standards for NZ (DWSNZ) rather than section 10 of DWSNZ.</p> <p><b>Pleasant Point:</b> Fully compliant.</p> <p><b>Seadown:</b> Fully compliant.</p> <p><b>Temuka:</b> Not compliant for the whole year due to one instance when 3 days data was lost.</p> <p>1 day with generator failure preventing the full treatment process from operating.</p> <p><b>Geraldine:</b> Not compliant for the whole year due to 1 day with flow through UV with intensity monitor issues. The UV intensity probe was immediately replaced, meaning that the monthly verification could not be achieved in that month.</p> <p><b>Timaru:</b> Not compliant for the whole year due to 1 instance for power being lost to the turbidity monitor for 3 days. An alarm system is now set up so that notification is sent if turbidity fails to record.</p> <p><b>Peel Forest:</b> Fully compliant</p> <p><b>Te Moana:</b> Not compliant as there is currently no protozoal treatment. A new treatment plan is under construction with part funding from the 3 water stimulus fund. Commissioning is programmed to commence in October/November 2022.</p> <p><b>Note</b></p> <ul style="list-style-type: none"> <li>■ 8% of the population were supplied with water that complied with protozoal requirements of the DWSNZ.</li> <li>■ 72.6% of the population were supplied with water that complied with protozoal requirements of the DWSNZ, 98% of the time, but not 100% of the time.</li> <li>■ 19.4% of the population were supplied with water that did not comply with the protozoal requirements of the DWSNZ. Treatment Plan upgrades have commenced and once completed, compliance should be achieved.</li> </ul> <p>(2020/21: 4 of the 8 treatment plants were fully compliant.)</p>



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	Nearly achieved 25.71% (2020/21:25.1%)
	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: 0.33 hours rural: 0.47 hours (2020/21: urban 0.32 hours, rural 0.55 hours)
		The median time to resolve urgent: – urban callouts – less than 4 hours – rural callouts – less than 8 hours	Achieved urban: 2.55 hours Not achieved **rural: 19.9 hours (2020/21: urban 2.17 hours, rural 8.8 hours)
		The median time to attend and resolve all non-urgent callouts will be reported	Achieved Attendance time: 6.2 hours Resolution time: 14.6 hours (2020/21: attendance 7.9 hours, resolution 14.26 hours)
	Total complaints received about drinking water (Mandatory)	26 or fewer complaints received per 1,000 connections	Not Achieved 33.18 (clarity 17.73, taste 0.47, odour 0.19, water pressure/flow 2.15, continuity of supply 11.15, TDC response to complaints 1.49). Many of the complaints related to the manganese water discoloration issue affecting the Timaru supply. (2020/21: 14.57)
Satisfaction with water supply services	85% user satisfaction	*Achieved 87% (biennial – 2019/20: 92%)	
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 (2020/21: 312)
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2020/21: Achieved)

*\*\*A robust survey conducted by telephone (79% landline and 21% mobile) with a sample of 02 residents across the Timaru District Council area*

*•Data collection was managed to quota targets by age, ward and ethnicity, and post data collection, the sample has been weighted so it is aligned with known population distributions as contained in the 2018 Census.*

*•At an aggregate level the sample has an expected 95% confidence interval with a margin of error of +/- 4.9%. All statistical significance testing has used a 95% confidence interval unless otherwise stated.*

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

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

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	9,838	12,064	12,165
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,830	-	1
Internal charges and overheads recovered	80	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	52	67	32
<b>Total Operating Funding</b>	<b>11,800</b>	<b>12,131</b>	<b>12,197</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,954	4,872	4,571
Finance costs	2,421	513	683
Internal charges and overheads	1,448	2,136	2,593
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>7,823</b>	<b>7,521</b>	<b>7,847</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>3,977</b>	<b>4,610</b>	<b>4,351</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	2,828
Development and financial contributions	-	-	451
Increase/(decrease) in debt	7,125	25,025	26,026
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	161	-	-
<b>Total sources of capital funding</b>	<b>7,286</b>	<b>25,025</b>	<b>29,304</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	7,273	6,238	2,400
- to improve the level of service	5,197	6,266	6,974
- to replace existing assets	( 1,207)	17,714	24,430
Increase/(decrease) in reserves	-	( 583)	( 149)
Increase/(decrease) of investments	-	-	( 0)
<b>Total applications of operating funding</b>	<b>11,263</b>	<b>29,635</b>	<b>33,655</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>( 3,977)</b>	<b>( 4,610)</b>	<b>( 4,351)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internal Loans			
Raised during year	26,026		
Repaid during year	( 0)		
Balance as at 30/06/2022	52,689		
Finance Costs for year	683		

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 \$0.101m above LTP

Water charged by consumption was above budgeted for 2021/22.

### Payments to staff and suppliers \$0.301m below LTP

Salary and wages, electricity costs, water treatment and pump station maintenance costs were below budget.

### Internal charges and overheads \$0.457m 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

### Subsidies and grants for capital expenditure \$2.828m above LTP

Unbudgeted three waters grants were received from Department of Internal Affairs.

### Development and financial contributions \$0.451m above LTP

Unbudgeted local capital contributions were received towards three water assets for property developments.

### Increase/(decrease) in debt \$1.001m above LTP

Additional debt funding above the LTP was required to support the increased use of operating and capital funds.

### Capital expenditure \$3.586m above LTP

Construction costs have increased above LTP due to numerous factors, including cost escalation and changes to timing of capital expenditure undertaken.

### Increase/(decrease) in reserves \$0.434m above LTP

Transfers to reserves were higher than capital expenditure renewal.



# 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.



## Corporate Support Funding Impact Statement for the year ended 30 June 2022

	2020-21 LTP \$000	2021-22 LTP \$000	2021-22 Actual \$000
General Rates, Uniform annual general charges, rates penalties	-	1,214	1,428
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	345	178
Fees and charges	-	669	868
Internal charges and overheads recovered	-	-	18,069
Local authorities fuel tax, fines, infringement fees and other receipts	-	3,216	4,222
<b>Total Operating Funding</b>	-	<b>5,444</b>	<b>24,765</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	-	1,134	21,931
Finance costs	-	188	844
Internal charges and overheads	-	6,899	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	-	<b>8,221</b>	<b>22,775</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	-	<b>( 2,777)</b>	<b>1,990</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	9,122	11,720
Gross proceeds from the sale of assets	-	-	48
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	-	<b>9,122</b>	<b>11,768</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	680	41
- to replace existing assets	-	1,649	1,746
Increase/(decrease) in reserves	-	4,016	1,745
Increase/(decrease) of investments	-	-	10,226
<b>Total applications of operating funding</b>	-	<b>6,345</b>	<b>13,758</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	-	<b>2,777</b>	<b>( 1,990)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internal Loans			
Raised during year	1,418		
Repaid during year	0		
Balance as at 30/06/2022	5,003		
Finance Costs for year	113		

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 \$0.223m above LTP

This variance is largely due to penalties above budgeted.

### Subsidies and grants for operating purposes \$0.167m below LTP

Land Transport Unit subsidies received from Waka Kotahi were below budget.

### Fees and charges \$0.190m above LTP

This variance is largely due to LIM revenue received being above budget.

### Internal charges and overheads recovered \$18.069m 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 2021-22 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 \$1.006m above LTP

This variance consists of unbudgeted income of \$0.405m being funds collected and held on behalf of other councils in a trust fund by Timaru District Council. Internal interest received was also \$0.656m above budget relating to internal interest charges, a result of higher financial assets held during the 2022 year than budgeted and increasing commercial interest rates.

### Payments to staff and suppliers \$20.797m 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 \$0.656m above LTP

Finance costs for corporate support is above budget due to increased debt within Corporate Support.

### Internal charges and overheads \$6.899m 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 \$2.598m above LTP

Additional debt funding above the LTP was required to support the increased use of operating and capital funds.

### Capital expenditure \$0.542m below LTP

The main contributing areas to the variance were the following:

- Information Technology and Programme Delivery software expenditure, District Council Building and Property capital expenditure below budgeted spend for 2021/22. A total of \$0.636m from these projects was re-budgeted into 2022/23.

### Increase / (decrease) in reserves \$2.271m below LTP

Transfers to reserves were below LTP due to increased operating surpluses transferred to reserves

### Increase / (decrease) in investments \$10.226m above LTP

Movements in investments were not budgeted. The increase in investments relates to operating funding surplus not required to meet capital expenditure, debt repayment or be transferred to reserves.





An aerial photograph of a town with various buildings, green spaces, and a road. A large white circle is superimposed over the center of the image, containing the text 'Financial Reporting' in a blue, sans-serif font. The background is a mix of green trees and buildings under a blue sky with light clouds. A large, semi-transparent blue shape is overlaid on the right side of the image, partially overlapping the white circle.

# Financial Reporting

## Section Overview

This section outlines the financial results of Council activities for 2021/22. 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 2022

		Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>REVENUE</b>	<b>Note</b>					
Rates revenue	3	61,979	61,467	55,433	61,620	55,129
Fees and charges	3	16,676	16,920	16,253	16,676	16,253
Subsidies and Grants	3	17,529	18,481	17,263	19,484	19,291
Development and financial contributions	3	755	-	865	755	865
Finance Revenue	3	1,321	723	948	809	619
Other Revenue	3	10,608	5,066	12,642	11,933	14,977
Other gains/(losses)	3	6,422	29	1,594	8,634	5,460
<b>TOTAL REVENUE</b>		<b>115,290</b>	<b>102,686</b>	<b>104,997</b>	<b>119,910</b>	<b>112,593</b>
<b>EXPENDITURE</b>						
Personnel costs	4	22,457	23,825	20,994	23,150	21,599
Other Expenses	6	53,502	44,541	46,624	55,871	49,348
Finance Costs	5	4,135	3,381	2,937	4,280	3,358
Depreciation and amortisation expense by group of activity	19	29,761	24,543	23,754	29,961	23,946
<b>TOTAL OPERATING EXPENDITURE</b>		<b>109,856</b>	<b>96,290</b>	<b>94,309</b>	<b>113,263</b>	<b>98,251</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>						
<b>BEFORE TAX</b>		5,434	6,396	10,688	6,648	14,342
Share of associate surplus/(deficit) (restated)	15	-	-	-	10,097	10,724
<b>SURPLUS / (DEFICIT) BEFORE TAX</b>		<b>5,434</b>	<b>6,396</b>	<b>10,688</b>	<b>16,745</b>	<b>25,066</b>
Income Tax credit/(expense)	7	-	-	-	( 160)	( 635)
<b>SURPLUS / (DEFICIT) AFTER TAX</b>		<b>5,434</b>	<b>6,396</b>	<b>10,688</b>	<b>16,585</b>	<b>24,431</b>
<b>OTHER COMPREHENSIVE REVENUE</b>						
Gains on Revaluation of Assets	17,27	371,642	-	291,888	371,642	291,888
<b>TOTAL OTHER COMPREHENSIVE REVENUE</b>		<b>371,642</b>	<b>-</b>	<b>291,888</b>	<b>371,642</b>	<b>291,888</b>
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSE</b>		<b>377,076</b>	<b>6,396</b>	<b>302,576</b>	<b>388,227</b>	<b>316,319</b>

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 2022

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

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 2022

	Note	Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	15,648	19,394	4,107	18,324	5,999
Receivables	10	20,577	10,234	14,494	21,073	14,008
Inventories	11	25	35	8	25	8
Assets for Sale	12	317	-	-	1,296	-
Other financial assets	14	19,492	28,339	21,950	22,820	24,777
Derivative Financial Instruments	13	478	-	-	478	-
<b>Total current assets</b>		<b>56,537</b>	<b>58,002</b>	<b>40,559</b>	<b>64,016</b>	<b>44,792</b>
<b>Non-current assets</b>						
Property, plant and equipment	17	1,805,490	1,435,215	1,383,805	1,805,861	1,384,357
Intangible assets	18	5,688	3,513	3,802	5,689	3,803
Investment forestry	20	975	1,241	1,420	975	1,420
Investment property	21	1,560	1,661	1,739	47,048	46,448
Investments in associates	15	-	-	-	109,029	102,764
Investment in CCOs and other similar entities	14	55,074	53,659	53,659	2,133	478
Assets for Sale	12	-	-	-	432	-
Other financial assets	14	9,098	4,785	4,430	9,098	4,430
Derivative Financial Instruments	13	2,436	-	-	2,436	-
Future tax benefits	14	-	-	-	-	2
<b>Total non-current assets</b>		<b>1,880,322</b>	<b>1,500,074</b>	<b>1,448,855</b>	<b>1,982,702</b>	<b>1,543,702</b>
<b>Total assets</b>		<b>1,936,859</b>	<b>1,558,076</b>	<b>1,489,414</b>	<b>2,046,718</b>	<b>1,588,494</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables and deferred revenue	22	22,853	15,641	21,861	23,752	23,881
Employee entitlements	24	2,816	2,192	2,045	2,882	2,089
Borrowings and other financial liabilities	23	44,835	-	38,500	44,835	38,500
Derivative Financial Instruments	13	-	3,976	1,016	-	1,016
<b>Total current liabilities</b>		<b>70,504</b>	<b>21,809</b>	<b>63,422</b>	<b>71,469</b>	<b>65,486</b>

## Statement of Financial Position

for the year ended 30 June 2022

	Council			Group		
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
<b>Non-current liabilities</b>						
Provisions	25	11,721	8,511	5,543	13,132	5,959
Employee entitlements	24	441	130	458	441	458
Borrowings and other financial liabilities	23	120,000	162,763	60,984	122,500	64,484
Tax	7	-	-	-	734	-
Derivative Financial Instruments	13	-	-	1,891	-	1,891
<b>Total non-current liabilities</b>		<b>132,162</b>	<b>171,404</b>	<b>68,876</b>	<b>136,807</b>	<b>72,792</b>
<b>Total liabilities</b>		<b>202,666</b>	<b>193,213</b>	<b>132,298</b>	<b>208,276</b>	<b>138,278</b>
<b>Net assets</b>		<b>1,734,193</b>	<b>1,364,863</b>	<b>1,357,116</b>	<b>1,838,442</b>	<b>1,450,216</b>
<b>EQUITY</b>						
Retained earnings	27	801,574	816,930	800,749	902,774	890,798
Other reserves	27	40,201	19,108	35,593	43,252	38,644
Asset revaluation reserves	27	892,418	528,825	520,774	892,417	520,774
<b>Total equity</b>		<b>1,734,193</b>	<b>1,364,863</b>	<b>1,357,116</b>	<b>1,838,443</b>	<b>1,450,216</b>

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 2022

	Council			Group	
	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from rates	61,639	59,160	55,271	61,280	54,967
Receipts from other revenue	28,072	41,379	38,068	34,085	43,767
Interest received	1,320	723	948	1,360	620
Dividends Received	1,000	1,040	2,022	2,428	3,464
Payment to suppliers and employees	(67,127)	(67,822)	(66,512)	(70,152)	(69,756)
Interest Paid	(4,135)	(3,381)	(2,937)	(5,442)	(3,357)
<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>20,769</b>	<b>31,099</b>	<b>26,860</b>	<b>23,559</b>	<b>29,705</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts from sale of property, plant and equipment	48	-	389	48	389
Receipts from sale of investments	(1,701)	-	28,521	(1,601)	35,037
Purchase of property, plant and equipment	(72,926)	(75,693)	(58,951)	(72,932)	(58,970)
Purchase of investments	-	-	(21,950)	(600)	(23,650)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(74,579)</b>	<b>(75,693)</b>	<b>(51,991)</b>	<b>(75,085)</b>	<b>(47,194)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>					
Cash was Provided from					
Proceeds from borrowings	65,351	44,782	10,000	65,351	10,000
Repayment of borrowings	-	-	-	(1,500)	(7,904)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>65,351</b>	<b>44,782</b>	<b>10,000</b>	<b>63,851</b>	<b>2,096</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>11,541</b>	<b>188</b>	<b>(15,131)</b>	<b>12,325</b>	<b>(15,393)</b>
Opening Cash Balance 1 July	4,107	19,206	19,238	5,999	21,392
	<b>15,648</b>	<b>19,394</b>	<b>4,107</b>	<b>18,324</b>	<b>5,999</b>
<b>REPRESENTED BY</b>					
Cash & cash equivalents	15,648	19,394	4,107	18,324	5,999

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

## Funding Impact Statement

for the year ended 30 June 2022

	Annual Plan 2020-21 \$000	Actual 2020-21 \$000	Annual Plan 2021-22 \$000	Actual 2021-22 \$000
<b>OPERATING FUNDING</b>				
<b>Sources of operating funding</b>				
General Rates, Uniform annual general charges, rates penalties	27,609	27,654	35,823	36,171
Targeted Rates	27,698	27,779	25,644	25,808
Subsidies and grants for operating purposes	7,156	9,245	3,507	4,215
Fees and charges	15,308	16,253	16,920	16,676
Interest and dividends from investments	3,619	2,970	1,763	2,321
Local authorities fuel tax, fines, infringement fees and other receipts	2,842	4,659	4,026	5,079
<b>Total Operating Funding</b>	<b>84,232</b>	<b>88,559</b>	<b>87,683</b>	<b>90,271</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	62,839	64,881	68,365	74,209
Finance costs	3,133	2,937	3,381	4,135
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>65,972</b>	<b>67,818</b>	<b>71,746</b>	<b>78,345</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>18,260</b>	<b>20,741</b>	<b>15,937</b>	<b>11,927</b>
<b>CAPITAL FUNDING</b>				
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6,852	9,094	14,974	13,313
Development and financial contributions	182	865	-	754
Increase/(decrease) in debt	47,569	10,000	44,782	63,479
Gross proceeds from the sale of assets	-	389	-	48
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>54,603</b>	<b>20,347</b>	<b>59,756</b>	<b>77,594</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,773	-	7,038	3,065
- to improve the level of service	29,353	1,598	21,297	14,148
- to replace existing assets	48,497	57,355	47,358	59,429
Increase/(decrease) in reserves	(6,760)	2,956	-	4,608
Increase/(decrease) of investments	-	(20,821)	-	8,271
<b>Total applications of capital funding</b>	<b>72,863</b>	<b>41,088</b>	<b>75,693</b>	<b>89,521</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(18,260)</b>	<b>(20,741)</b>	<b>(15,937)</b>	<b>(11,927)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 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 (2021: \$22.2m).

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

	Dividends 2021/22 \$000	Interest 2021/22 \$000	Total 2021/22 \$000
<b>Subsidiaries</b>			
Timaru District Holdings Limited	1,000	565	1,565

### 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. It is 100% owned by Timaru District Council (2021: 100%).

#### 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.

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

#### Performance Measures and Targets

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
<b>Performance Measures 2021/22</b>			
Earnings before interest, tax, depreciation and amortisation	\$3.115m	\$3.908m	Yes
Net Profit after tax to shareholders funds	2%	2%	Yes
Net tangible assets per share	4.07	4.82	Yes*
Earnings per fully paid share	0.08	0.10	Yes
Dividends paid per fully paid share	0.03	0.03	Yes
Shareholder funds to total assets	83%	85%	Yes

At 30 June 2022 total share capital comprised of 49,550,000 shares, however, 18,550,000 shares issued at a price of \$1.35 each have been paid to \$185.50, therefore, fully paid shares total 31,000,000.

# Statement of Financial Involvement in Council Controlled Organisations

for the year ended 30 June 2022

## Venture Timaru

Venture Timaru is a Council Controlled Organisation focused on regional economic development. It is 100% owned by Timaru District Council (2021: 100%).

### Vision

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

### Key Objectives

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

Performance Measures 2021/22	Target	Result	Achieved
Value of Venture Timaru interactions with local businesses	GDP Contribution Timaru District vs NZ year on year growth	Up 5.1% on previous year 0.9% higher than NZ as a whole	Yes
Value of Venture Timaru work to shareholder	Unemployment Rate Timaru District vs NZ year on year improvement	3.1%, down from 4.1% in previous year 0.1% 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>	5.95x, 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: 4% increase compared with Canterbury region 2.8% Tourism spend: 0.6% increase compared with -2.7% Canterbury region, -6.6% 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.

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 2021/22	Target	Result	Achieved
Ratio of equity to total assets remains above 90%	90%	-50%*	No
Development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve	Development and maintenance is undertaken	Yes	Yes
Regular liaison occurs with the tenant, Timaru District Council	At least six monthly	Yes	Yes
Audited annual report	Completed within 3 months of end of financial year	No	No
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	No

\* The ratio of equity to total assets performance measure was not achieved due to a provision for deferred maintenance work required. The full cost of the work required has been provided for however future income flows required to cover the future costs have not been provided for.

## 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 2022.

The financial statements were authorised for issue by the Council on 25 July 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).

The financial statements 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 related party transactions in Note 28, remuneration disclosures and severance payment disclosures in Note 4, which are rounded to the nearest dollar. Contingencies in Note 26 are as stated in the Note.

#### Changes in accounting policies and disclosures

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

##### *PBE IPSAS 41 Financial Instruments*

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

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

Information about the transition to PBE IPSAS 41 is disclosed in Note 30.

#### Other changes in accounting policies

There have been no other changes in accounting policy.

#### Changes in disclosures

##### *Amendment to PBE IPSAS 2 Cash Flow Statement*

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new information required by this amendment has been disclosed where significant, in Note 9.

##### *PBE IPSAS 40 PBE Combinations*

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective from this year is applied prospectively. There are no changes in disclosure required by this change

#### Standards issued and not yet effective and not adopted early

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

### *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 Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance and does not plan to adopt the standard early.

## 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 2021/22 long-term 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 (see Note 17).
- Donated or vested land and buildings with use or return conditions (see Notes 3 and 17)

**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.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- 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.

*Entrance fees*

Entrance fees are fees charged to users of the Council's local facilities, such as the pools, museum, and art gallery, with revenue from entrance fees being 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 and subsequently revalued on the same basis as other infrastructure assets.

For long-lived assets that must be used for a specific use, for example, land which 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, for example, as the funds are spent for the nominated purpose.

#### *Crown suspensory loans*

The Council considers that a suspensory loan from the Crown is, in substance, a grant with conditions, and recognises the funds received as a liability and releases the liability to revenue on a straight-line basis over the 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 KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and 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 substantially transfer 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, laws and regulators 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 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 (ECLs).

The Council and Group apply the simplified model of recognising lifetime ECLs 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.

#### Previous accounting policy

Previously the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

#### 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 and interest rate risks arising from the Council and Group's operational and financial activities respectively. The Council does 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 new hedge accounting requirements of PBE IPSAS 41 as permitted under the transitional provisions of PBE IPSAS 41. 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 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 at 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. However, 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 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). 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 (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.

##### *Previous accounting policy*

In previous years the classification of investments are determined at initial recognition which is reviewed annually at balance date. The classification depends on the purpose for which the investments were acquired.

##### *Term deposits*

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

#### *Investments in debt and quoted equity securities*

Investments in debt and quoted equity securities are financial instruments classified as held for trading and are measured at fair value at balance 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.

#### **Note 15: Investments in Associates**

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. The Council'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 Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.

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

The Council has a joint arrangement with 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, 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 includes all items that are required for the network to function and include: sewer, stormwater and water systems; roads, bridges and lighting, and land under roads; unoccupied land held specifically for infrastructure purposes.

Land and buildings (operational and restricted) are measured at cost or deemed cost, less accumulated depreciation and impairment losses. Library books and infrastructural assets (except land under roads) are measured at fair value, less accumulated depreciation and impairment losses. All other asset classes are measured at cost or deemed cost, less accumulated depreciation and impairment losses.

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.

#### Revaluation

For infrastructure assets, 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

The Timaru District Library, Temuka Library and Geraldine Library collections have been revalued as at 30 June 2022 at depreciated replacement cost calculated in accordance with the library collection valuation guidelines prepared by the New Zealand Library Association in May 1992.

The Library collections are revalued on an annual basis.

#### Art Works

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

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.

### *Three waters reform programme*

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.

### *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.

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	2% - 5% Straight line
Plant and equipment: pools and parks	2% - 33% Straight line
Plant and equipment: motor vehicles	5% - 25% 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 generally not expected to be held for longer than 12 months and are not acquired or held for trading purposes except that carbon credits which were received from the Crown were recognised as non-current intangible assets valued at fair value at acquisition. From 1 July 2021 carbon credit acquisitions are treated as a current intangible asset and written off through surplus/deficit at cost or fair value. Carbon credits 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 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:

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Computer software	20% to 33.3% Straight line
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#### *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.

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.

### 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.

#### *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 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 as a liability relating to the ongoing costs of a landfill over its expected life following its discontinuance and arises from the inception of the landfill.



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.

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.

### 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 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 – early adoption of PBE IPSAS 41

The Council and Group have elected to early adopt PBE IPSAS 41.

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

The accounting policies for the year ended 30 June 2022 have been updated to comply with PBE IPSAS 41. The main changes to the Council and Group's accounting policies are:

- Note 10: Receivables - This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 14: Other financial assets - This policy has been updated to reflect the new classification categories; the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 13: Derivatives financial instruments remains unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

### 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 2022 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Revenue</b>			
Corporate Support	( 800)	12,315	2,286
Governance and Strategy	5,096	4,457	4,891
Community Support	6,223	6,121	5,218
Environmental Services	5,845	5,857	6,016
Recreation and Leisure	26,961	20,731	17,447
Roading and Footpaths	25,606	25,644	28,355
Waste Minimisation	8,527	8,742	12,151
Sewer	9,359	10,559	11,040
Stormwater	3,737	5,801	3,919
Water Supply	12,132	15,063	13,675
<b>Total activity revenue</b>	<b>102,686</b>	<b>115,290</b>	<b>104,998</b>
<b>Expenditure</b>			
Corporate Support	3,323	4,172	3,888
Governance and Strategy	4,897	4,391	7,336
Community Support	6,288	6,640	5,634
Environmental Services	6,974	7,497	6,791
Recreation and Leisure	19,536	22,786	16,491
Roading and Footpaths	21,960	23,489	21,537
Waste Minimisation	8,527	16,590	9,578
Sewer	9,359	8,490	8,901
Stormwater	3,737	3,779	2,990
Water Supply	11,689	12,021	11,163
<b>Total Expenditure</b>	<b>96,290</b>	<b>109,856</b>	<b>94,309</b>

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 2022 for the purpose of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
General rates	35,549	27,102	35,190	26,798
Targeted Rates:				
Water, excluding metered water supply rates	10,101	9,353	10,101	9,353
Metered water supply rates	2,064	1,778	2,064	1,778
Sewerage	6,657	6,719	6,657	6,719
Waste Management	3,164	6,472	3,164	6,472
Community works and services	3,813	3,457	3,813	3,457
Rates Penalties	631	552	631	552
	<u>61,979</u>	<u>55,433</u>	<u>61,620</u>	<u>55,129</u>

#### Ratings base

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

	Council	
	Actual 2022 \$000	Actual 2021 \$000
Number of rating units at end of preceding year	23,063	22,944
Total capital value of rating units at end of preceding year	15,246,613	14,315,411
Total land value of rating units at end of preceding year	7,722,509	7,216,928

Total rates written off, including penalties, for the 2022 financial year are \$108,400 (2021: \$73,964).

### 3.2 Fees and charges

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Trade waste	2,727	2,736	2,727	2,736
Landfill use	4,742	5,132	4,742	5,132
Consent fees	2,703	2,500	2,703	2,500
Social housing rent	1,592	990	1,592	990
Parking fees	1,094	1,212	1,094	1,212
Swimming pool admission fees	819	1,082	819	1,082
Other fees and charges	2,999	2,601	2,999	2,601
<b>Total Fees, Charges and Metered Water Supply</b>	<b>16,676</b>	<b>16,253</b>	<b>16,676</b>	<b>16,253</b>

### 3.3 Subsidies and Grants

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Waka Kotahi (NZ Transport Agency) roading subsidies	11,971	13,297	11,971	13,297
Manatu Hauora (Ministry of Health) drinking water related subsidies	2,828	1,414	2,828	1,414
Other subsidies and grants	2,730	2,552	4,685	4,580
<b>Total Subsidies and Grants</b>	<b>17,529</b>	<b>17,263</b>	<b>19,484</b>	<b>19,291</b>

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

### 3.4 Finance Revenue

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Interest revenue:				
Term deposits	718	570	770	606
Related party loans	565	365	0	-
Community loans	9	13	9	13
Unsecured loans to other local authorities	28	-	28	-
Investments in debt securities	1	-	1	-
<b>Total Finance Revenue</b>	<b>1,321</b>	<b>948</b>	<b>809</b>	<b>619</b>

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)

### 3.5 Development and Financial Contributions

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Recreation and Leisure	-	18	-	18
Sewer	140	207	140	207
Stormwater	164	460	164	460
Water Supply	451	180	451	180
<b>Total Development and financial contributions</b>	<b>755</b>	<b>865</b>	<b>755</b>	<b>865</b>

### 3.6 Other Revenue

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Vested assets	4,529	5,961	4,529	5,961
Infringements	631	600	631	600
Other Contributions	-	-	-	36
Petrol tax	455	463	455	463
Rental revenue from investment properties	707	234	3,482	3,179
Dividends	1,000	2,022	-	1,579
Other	3,286	3,362	2,836	3,159
<b>Total Other Revenue</b>	<b>10,608</b>	<b>12,642</b>	<b>11,933</b>	<b>14,977</b>

#### 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Not later than one year	280	120	2,307	2,250
Later than one year and not later than five years	501	397	5,376	4,487
Later than five years	8	243	14,250	15,819
<b>Total non-cancellable operating leases</b>	<b>789</b>	<b>760</b>	<b>21,933</b>	<b>22,556</b>

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

### 3.7 Other gains/(losses)

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Gain/(loss) on changes in fair value of forestry assets	(445)	203	(445)	203
Gain/(loss) on disposal of property, plant and equipment	(2,372)	(943)	(2,372)	(1,032)
Gain/(loss) on changes in fair value of investment property	246	111	2,458	3,871
Gain/(loss) in disposal of investments classified as fair value through equity	114	(6)	114	(6)
Gain/(loss) on changes in fair value of derivative financial instruments	5,821	2,413	5,821	2,608
Other gains/(losses)	3,058	(184)	3,058	(184)
<b>Total gains/(losses)</b>	<b>6,422</b>	<b>1,594</b>	<b>8,634</b>	<b>5,460</b>

### 4 Personnel costs

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Salaries and wages	21,537	20,247	22,230	20,852
Defined contribution plan employer contributions	831	562	831	562
Increase/(decrease) in employee benefit liabilities	89	185	89	185
<b>Total personnel costs</b>	<b>22,457</b>	<b>20,994</b>	<b>23,150</b>	<b>21,599</b>

#### 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: 108.6%) based on the valuation results and membership data as at 31 March 2021.

Employer contributions to defined contributions plans include contributions to Kiwisaver.

## Remuneration

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Chief Executive	367,760	324,529	367,760	324,529
Elected representatives				
Mayor Bowen	129,131	128,298	129,131	135,498
Deputy Mayor Wills	65,834	64,370	65,834	64,370
Councillor Booth	47,750	46,545	47,750	46,545
Councillor Burt	53,777	52,486	88,777	73,286
Councillor Gilchrist	53,777	52,486	53,777	52,486
Councillor Lyon	53,951	52,621	70,151	79,421
Councillor Oliver	47,867	47,141	47,867	47,141
Councillor O'Reilly	47,897	46,677	47,897	46,677
Councillor Parker	53,777	52,486	72,677	52,486
Councillor Piddington	47,750	46,545	47,750	46,545
	<u>601,510</u>	<u>589,655</u>	<u>671,610</u>	<u>644,455</u>

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

	Council 2022		Council 2021
Less than \$60,000	156	Less than \$60,000	194
\$60,000 - \$79,999	101	\$60,000 - \$79,999	90
\$80,000 - \$99,999	50	\$80,000 - \$99,999	40
\$100,000 - \$119,999	25	\$100,000 - \$119,999	22
\$120,000 - \$179,999	22	\$120,000 - \$139,999	8
\$180,000-\$369,999	6	\$140,000 - \$199,999	6
	<u>360</u>	\$200,000 - \$329,999	4
			<u>364</u>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 222 full-time employees (2021: 201), with the balance of staff representing 44 full-time equivalent employees including part-time and casual staff (2021: 57). A full-time employee is determined on the basis of working a 37.5 or 40-hour working week.

For the year ended 30 June 2022, the Council made 1 (2021: 8) severance payment to employees totalling \$79,829 (2021: \$163,642).

5 Finance Costs

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Interest expense on borrowings	4,135	2,937	4,280	3,358
<b>Total Finance Costs</b>	<b>4,135</b>	<b>2,937</b>	<b>4,280</b>	<b>3,358</b>

6 Other Expenses

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Expenses include:</b>				
Fees to Audit NZ				
Audit fees for financial statement audit	234	224	262	250
Audit fees for Long Term Plan audit	-	135	-	135
Audit fees for Debenture Trust audit	5	5	5	5
Fees to other auditors	-	-	13	11
Impairment of receivables	98	40	98	40
Bad debts written off	7	-	7	5
Rates remissions	209	189	209	189
Minimum lease payments under operating leases	280	151	280	151
Other operating expenses	52,669	45,880	54,997	48,562
<b>Total other expenses</b>	<b>53,502</b>	<b>46,624</b>	<b>55,871</b>	<b>49,348</b>

A provision for post-closure costs relating to the landfill is recognised as a liability and calculated annually. As this provision is for future economic benefits it also generates an asset which should also be reassessed annually however this reassessment has not been fully completed previously. Following completion of this for the 2022 financial year an adjustment has been made to Other Expenses which is the net impact of the increase in the value of the asset by \$2.469m as a reduction in expenses for the year.

**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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Not later than one year	-	-	76	64
Later than one year and not later than five years	-	-	137	207
<b>Total non-cancellable operating leases</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>271</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is Nil (2021: Nil).

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



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

## 7 Tax

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual Restated 2021 \$000
Surplus/(deficit) before tax	5,434	10,689	16,745	25,067
Tax at 28% (2021: 28%)	1,522	2,993	4,689	7,019
Non-taxable income @ 28%	(31,843)	(29,399)	(35,416)	(33,150)
Non-deductible expenditure @ 28%	30,601	26,926	31,011	27,074
Impact of imputation credits	(280)	( 560)	(571)	(436)
Adjustments to current tax	-	41	(354)	48
<b>Tax expense/(benefit)</b>	-	-	(642)	554
Comprising of:				
Current tax	-	-	514	621
Deferred tax	-	-	(354)	14
<b>Tax expense/(benefit)</b>	-	-	160	635
<b>Deferred tax benefit/(liability)</b>				
Opening balance	-	-	2	16
Temporary differences				
Long Term assets	-	-	352	(4)
Employee entitlements	-	-	2	1
Others	-	-	-	(11)
<b>Closing balance</b>	-	-	356	2
<b>Future tax benefit/(deferred taxation)</b>				
Long term assets	-	-	352	(4)
Employee entitlements	-	-	4	2
Other	-	-	-	4
<b>Net future tax benefit/(deferred taxation)</b>	-	-	356	2

During the year, Timaru District Council made no subvention payments to Timaru District Holdings Limited (2021: Nil). As at 30 June 2022, there were no subvention payments payable by Timaru District Council (2021: Nil).

The Timaru District Council Group has total imputation credits available of \$21,591,705 (2021: \$19,763,225) with \$1,356,045 (2021: \$1,338,270) which can be used to impute dividend payments to Council.

8 Cash and cash equivalents

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and in hand	5,648	4,107	6,883	4,955
Short term deposits maturing 3 months or less from date of acquisition	10,000	-	11,441	1,044
<b>Total cash and cash equivalents per Statement of Financial Position and the Statement of Cash Flows</b>	<b>15,648</b>	<b>4,107</b>	<b>18,324</b>	<b>5,999</b>

Although cash and cash equivalents at 30 June 2022 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

*Assets recognised in a non-exchange transaction that are subject to restrictions*

The Council holds unspent funds, included in cash and investments, of \$94,760 (2021: \$25,567) 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Surplus/(deficit) after tax	5,434	10,689	16,585	24,432
<b>Add/(less) non-cash items:</b>				
Share of associate surplus/(deficit)	-	-	(10,461)	(11,031)
Depreciation and amortisation	29,761	23,754	29,959	23,946
Impairment charges	106	602	122	603
Vested assets	(4,529)	(5,961)	(4,529)	(5,961)
Adjustment 2019 Assets	-	-	2,597	-
(Gains)/losses in fair value of biological assets	445	(203)	445	(203)
(Gains)/losses in fair value of investment property	(246)	(111)	(2,458)	(200)
Increase/(decrease) in deferred taxation	-	-	(354)	(2)
(Gains)/losses in fair value of derivatives	(5,821)	(2,413)	(5,821)	(2,608)
(Gains)/losses Other	(3,299)	(184)	(3,299)	123
Movement in provision	6,178	(1,834)	7,174	(1,418)
Other movements	(2,468)	(197)	(2,330)	(182)
<b>Add/(less) items classified as investing or financing activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	2,372	943	2,372	943
(Gains)/losses on disposal of investment properties	-	-	-	89
(Gains)/losses on investment	(114)	6	(114)	6
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	(7,999)	(4,555)	(7,888)	(2,745)
Inventories	(17)	27	(17)	405
Accounts payable	212	6,116	837	3,310
Employee benefit liability	754	181	740	200
Income tax payable	-	-	(1)	(2)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>20,769</b>	<b>26,860</b>	<b>23,559</b>	<b>29,705</b>

Changes in liabilities arising from financing activities:

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Opening balance as at 1 July</b>				
Secured loans	-	-	3,500	11,400
LGFA Debt	99,484	89,484	99,484	89,484
<b>Total loans</b>	<b>99,484</b>	<b>89,484</b>	<b>102,984</b>	<b>100,884</b>
Total derivatives: interest rate swaps (cash flow hedges)	2,907	5,110	2,907	2,907
<b>Total opening balance</b>	<b>102,391</b>	<b>94,594</b>	<b>105,891</b>	<b>103,791</b>
<b>Cash outflows</b>				
Secured loans	-	-	(1,500)	(7,900)
LGFA Debt	-	-	-	-
<b>Total loans</b>	<b>-</b>	<b>-</b>	<b>(1,500)</b>	<b>(7,900)</b>
<b>Cash inflows/new loans</b>				
Secured loans	-	-	500	-
LGFA Debt	65,351	10,000	65,351	10,000
<b>Total loans</b>	<b>65,351</b>	<b>10,000</b>	<b>65,851</b>	<b>10,000</b>
<b>Non-cash changes</b>				
Total derivatives: Interest rate swaps (cash flow hedges)	(5,821)	(2,203)	(5,821)	(2,203)
<b>Closing balance as at 30 June</b>				
Secured loans	-	-	2,500	3,500
LGFA Debt	164,835	99,484	164,835	99,484
<b>Total loans</b>	<b>164,835</b>	<b>99,484</b>	<b>167,335</b>	<b>102,984</b>
Total derivatives: interest rate swaps (cash flow hedges)	(2,914)	2,907	(2,914)	2,907
<b>Total closing balances</b>	<b>161,921</b>	<b>102,391</b>	<b>164,421</b>	<b>105,891</b>

10 Receivables

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Rates receivables	2,868	2,528	2,868	2,528
Other receivables	17,398	11,286	17,941	11,420
Related party receivables	77	645	-	-
less allowance for credit losses for other receivables	(269)	(171)	(269)	(171)
	20,074	14,288	20,540	13,777
Prepayments	503	206	533	231
<b>Total receivables</b>	<b>20,577</b>	<b>14,494</b>	<b>21,073</b>	<b>14,008</b>
Total receivables comprise:				
Receivables from exchange transactions including outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	6,528	10,610	7,142	10,610
Receivables from non-exchange transactions including outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	13,547	3,678	13,399	3,167
	20,074	14,288	20,540	13,777

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 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 (2021: \$1).
- Section 90B: \$1 (2021: \$1).

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$56,716 (2021: \$30,413).

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

	2022			2021		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	16,125	-	16,125	10,592	-	10,592
Past due 1 - 60 days	863	(58)	805	1,135	(44)	1,091
Past due 61 - 120 days	18	(6)	13	4	(1)	3
Past due > 120 days	469	(122)	347	199	(52)	147
<b>Total</b>	<b>17,475</b>	<b>(185)</b>	<b>17,290</b>	<b>11,930</b>	<b>(97)</b>	<b>11,833</b>
<b>Group</b>						
Not past due	16,591	-	16,591	10,017	-	10,017
Past due 1 - 60 days	863	(58)	805	1,199	(44)	1,155
Past due 61 - 120 days	18	(6)	13	8	(1)	7
Past due > 120 days	469	(122)	347	196	(52)	144
<b>Total</b>	<b>17,941</b>	<b>(185)</b>	<b>17,756</b>	<b>11,420</b>	<b>(97)</b>	<b>11,323</b>

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

	2022			2021		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	2,607	-	2,607	2,340	-	2,340
Past due 1 year	51	-	51	31	-	31
Past due 2 years	34	-	34	41	-	41
Past due 3 years	45	(12)	33	36	(9)	27
Past due > 3 years	132	(71)	60	80	(65)	15
<b>Total</b>	<b>2,868</b>	<b>(83)</b>	<b>2,784</b>	<b>2,528</b>	<b>(74)</b>	<b>2,454</b>

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
As at 1 July	171	137	171	137
Additional provisions made/(released) during the year				
Receivables written off during year	98	34	98	34
At 30 June	269	171	269	171

It has been determined that there are no significant changes to ECLs due to the adoption of PBE IPSAS 41.

The Council and Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## 11 Inventories

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Pool shop inventories	25	8	25	8
<b>Total Inventories</b>	25	8	25	8

The writedown of inventory during the year was Nil (2021: Nil). There have been no reversals of previous writedowns. The carrying amount of inventories pledged as security for liabilities is Nil (2021: Nil).

## 12 Assets for Sale

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Current</b>				
Buildings	317	-	1,296	-
<b>Asset held for sale – current</b>	317	-	1,296	-
<b>Non current</b>				
Buildings	-	-	432	-
<b>Assets held for sale – Non current</b>	-	-	432	-

### Current assets held for sale:

#### *Timaru District Council*

The Council owned property at 57 Vine Street, Temuka, has been presented as held for sale following the approval by the Council on 1 September 2020 to sell the property as it is superfluous to future requirements. The completion date for sale is expected to be August 2022.

**Current/Non-current assets held for sale:**

*Timaru District Holdings Limited*

Timaru District Holdings Company owns investment properties and a number of these may be actively for sale. The current combined estimated value of properties for sale at 30 June 2022 total \$1,052,000.

**13 Derivative Financial Instruments**

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Current liability portion				
Interest rate swaps: cash flow hedges	-	1,016	-	1,016
	-	1,016	-	1,016
Non-current liability portion				
Interest rate swaps: cash flow hedges	-	1,891	-	1,891
	-	1,891	-	1,891
Current asset portion				
Interest rate swaps: cash flow hedges	478	-	478	-
	478	-	478	-
Non-current asset portion				
Interest rate swaps: cash flow hedges	2,436	-	2,436	-
	2,436	-	2,436	-

The notional principal Total amounts of the outstanding interest rate swap contracts at 30 June 2022 were \$71,000,000 (2021: \$46,000,000). Maturity dates range from April 2023 to December 2028.

At 30 June 2022, the interest rates for interest rate swaps vary from 1.98% to 4.70% (2021: 0.97% to 4.7%).

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
<b>Council 2022</b>					
<b>Interest rate swaps: hedge accounted</b>					
Nominal amount (\$000)	10,000	26,000	15,000	20,000	71,000
Average fixed rate	2.94%	4.04%	1.98%	2.67%	3.06%
<b>Group 2022</b>					
<b>Interest rate swaps: hedge accounted</b>					
Nominal amount (\$000)	10,000	26,000	15,000	20,000	71,000
Average fixed rate	2.94%	4.04%	1.98%	2.67%	3.06%

## 14 Other financial assets

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Current portion</b>				
Short term deposits	17,318	21,820	17,318	24,647
Community loans	132	130	132	130
Investments in debt securities	1,786	-	5,114	-
Investments in LGFA	256	-	256	-
<b>Total Current Portion</b>	<b>19,492</b>	<b>21,950</b>	<b>22,820</b>	<b>24,777</b>
<b>Non-current portion</b>				
<i>Investments in CCOs and similar entities</i>				
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	-	260
Loans to other local authorities	1,915	-	1,915	-
Loans to subsidiaries and associates	21,681	22,181	-	-
<b>Total investments in CCOs and similar entities</b>	<b>55,074</b>	<b>53,659</b>	<b>2,133</b>	<b>478</b>
<i>Investments in other entities</i>				
Unlisted share in Opuha Water Limited	50	50	50	50
Unlisted shares in Greenfield's Co-operative Society Limited	-	1	-	1
Community loans	101	305	101	305
Investments in LGFA	2,865	1,502	2,865	1,502
Investments in debt securities	6,082	2,572	6,082	2,572
<b>Total investment in other entities</b>	<b>9,098</b>	<b>4,430</b>	<b>9,098</b>	<b>4,430</b>
Future tax benefits	-	-	-	2
<b>Total Non-Current Portion</b>	<b>64,172</b>	<b>58,089</b>	<b>11,231</b>	<b>4,910</b>

### 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.

#### 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 \$168,349 (2021: \$368,417). Fair value has been determined using cash flows discounted at a rate based on the loan recipients risk factors of 10.0% (2021: 10.0%).

The face value of community loans is \$197,638 (2021: \$331,904).

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
At 1 July	433	566	433	566
Amount of new loans granted during the year	-	110	-	110
Fair value adjustment on initial recognition	(62)	21	(62)	21
Loans repaid during the year (principal and interest)	(138)	(254)	(138)	(254)
Unwind of discount and interest charged	-	(10)	-	(10)
<b>At 30 June</b>	<b>233</b>	<b>433</b>	<b>233</b>	<b>433</b>

#### 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 2022 \$000	Actual 2021 \$000
<b>Summarised statement of the financial position of PrimePort Timaru Limited on a gross basis</b>		
Current assets	5,467	4,070
Non-current assets	94,855	83,631
Current liabilities	5,374	5,533
Non-current liabilities	42,401	36,190
Net assets	52,547	45,978
<b>Summarised statement of comprehensive revenue and expense of PrimePort Timaru Limited on a gross basis</b>		
Revenue	30,739	26,948
Expense	19,107	16,572
Tax expense	2,565	3,227
Total comprehensive revenue and expense	9,068	7,149
<b>Equity accounted share of the company's financial information</b>		
Net assets	52,547	45,978
Proportion of Groups Interest	50.00%	50.00%
Historical Difference	-	(378)
Equity accounted carrying amount	26,274	22,612
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 2022 and there have been no significant transactions or events between that date and 30 June 2022 that require adjustments for equity accounting purposes.

The following table summaries 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 2022 \$000	Actual 2021 \$000
<b>Summarised statement of the financial position of Alpine Energy Limited on a gross basis</b>		
Current assets	22,256	18,215
Non-current assets	299,401	287,886
Current liabilities	19,733	18,364
Non-current liabilities	127,705	122,748
Net assets	174,219	164,989

	Council	
	Actual 2022 \$000	Actual 2021 \$000
<b>Summarised statement of comprehensive revenue and expense of Alpine Energy Limited on a gross basis</b>		
Revenue	68,589	86,902
Expense	55,774	62,122
Tax expense	3,991	5,460
Total comprehensive revenue and expense	11,711	19,320

<b>Equity accounted share of the company's financial information</b>		
Net assets	174,219	164,989
Proportion of Group's Interest	47.50%	47.50%
Historical Difference	-	1,782
Equity accounted carrying amount	82,754	80,152
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

## 16 Investment in joint operations

Timaru District Council has an 82% interest in the Downslands 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 2022 \$000	Actual 2021 \$000
Current assets	3,049	1,943
Non-current assets	51,695	30,517
Current liabilities	3,019	1,228
Non-current liabilities	8,610	-
Revenue	2,049	1,992
Expenses	1,635	1,442
Gain/(loss) on revaluation of non-current assets	11,471	-

## 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
<b>2022</b>				
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
<b>2021</b>				
Water:				
- treatment plants and facilities	31,416	3,613	-	88,058
- other assets (such as reticulation systems)	116,872	689	1,134	227,797
Sewerage:				
- treatment plants and facilities	56,937	104	-	77,668
- other assets (such as reticulation systems)	130,374	2,586	557	230,072
Stormwater	104,852	844	1,147	205,170
Roads and footpaths	582,195	19,622	3,133	862,107

\* 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 Three 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Water system	7,076	31,220	7,076	31,220
Sewerage system	966	813	966	813
Stormwater network	219	737	219	737
Roading network	1,087	411	1,087	411
Buildings and improvements	-	140	-	140
Other assets	1,406	-	1,406	-
	<u>10,754</u>	<u>33,321</u>	<u>10,754</u>	<u>33,321</u>

Contract 2522 relating to roading is a joint contract with Waimate District Council with a supplier which does not require minimum spend under that contract but which specifies the rates chargeable up to an agreed limit. The amount expended under that contract for 2022 was \$2.90m.

### Insurance on Assets

The following information relates to the insurance of Council assets as at 30 June

	Council	
	Actual 2022 \$000	Actual 2021 \$000
The maximum amount to which insured assets are insured	362,440	349,965
The total value of all Council assets covered by insurance contracts*	108,628	131,357
The total value of all Council assets covered by financial risk-sharing arrangements	732,209	736,311
Maximum amount available to the Council under financial risk-sharing arrangements	320,000	300,000
Total value of assets that are self-insured**	799,957	484,912
Value of funds maintained for self insurance	1,454	2,729

\* 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 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.

## Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Roading network	4,172	798	4,172	798
Water system	27,949	22,695	27,949	22,695
Drainage system	1,559	751	1,559	751
Sewerage system	2,682	2,460	2,682	2,460
Waste minimisation	1,595	-	1,595	-
Buildings and improvements	5,987	1,680	5,987	1,680
Plant and equipment	4,586	979	4,586	979
	<u>48,530</u>	<u>29,363</u>	<u>48,530</u>	<u>29,363</u>

## Change in depreciation calculation method

In prior years a number of assets were being depreciated on the diminishing value basis of depreciation resulting in many of these assets not being written off prior to the end of their determined useful lives. For 2022 all assets were moved to the straight line depreciation method and the depreciation on assets where the depreciation had changed was recalculated on the straight line basis from their acquisition date. There was a one-off adjustment in the depreciation expense of \$4.524m as a result of this change. The estimated annual depreciation prior to the change was \$1.80m and the estimated depreciation after the change was \$2.64m.

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
<b>Council restricted assets</b>													
Land	23,940	-	23,940								23,940	-	23,940
Buildings and improvements	7,888	(4,506)	3,382	65					(128)		7,953	(4,634)	3,319
Total restricted assets	31,828	(4,506)	27,322	65	-	-	-	-	(128)	-	31,893	(4,634)	27,259
<b>Council operational assets</b>													
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			-		(1)		3,112	(2)	3,110
Heritage assets	1,542	(391)	1,151	-			-		(24)		1,542	(415)	1,127
Library collections	2,915	(588)	2,327	384			-		(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	-	1,555	8,253	(1,555)						8,253	-	8,253
Total operational assets	142,132	(41,924)	100,208	15,096	(1,555)	-	(358)	-	(7,237)	91	155,088	(49,161)	105,927
<b>Council infrastructural assets</b>													
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	-	285,295
Water system	156,277	(7,989)	148,288	29,602			(1,871)		(4,174)	90,946	263,105	(314)	262,791
Stormwater network	108,686	(3,920)	104,766	2,884			(271)		(2,027)	60,495	165,847	-	165,847
Roads and footpaths	519,840	(7,883)	511,957	16,822					(7,706)	101,208	622,281	-	622,281
Bridges	61,476	(1,344)	60,132						(1,334)	18,111	76,909	-	76,909
Land under roads	172,060	-	172,060								172,060	-	172,060
Lighting	10,650	(542)	10,108	109					(686)	2,348	11,879	-	11,879
Landfill - post closure costs	590	(456)	134						(545)		3,781	(1,724)	2,057
Work in progress	27,809	-	27,809	33,793	(21,324)						40,277	-	40,277
Total infrastructural assets	1,290,665	(34,387)	1,256,277	89,065	(21,324)	-	(2,522)	-	(20,767)	371,576	1,681,048	(8,744)	1,672,305

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
Total Timaru District Council property, plant and equipment	1,464,624	(80,817)	1,383,807	104,226	(22,879)	(318)	(2,880)	-	(28,132)	371,667	1,868,029	(62,539)	1,805,490
<b>Subsidiaries property, plant and equipment</b>													
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	-	-	-								-	-	-
Total subsidiaries	4,364	(3,811)	553	1	-	(1)	-	(1)	(182)	-	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

2021	Cost/Revaln 1 July 2020	Accum depn and impairment charges 1 July 2020	Carrying amount 1 July 2020	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 2021	Accum depn and impairment charges 30 June 2021	Carrying amount 30 June 2021
<b>Council restricted assets</b>													
Land	23,926	-	23,926	14							23,940	-	23,940
Buildings and improvements	7,802	(4,335)	3,467	86				(171)			7,888	(4,506)	3,382
<b>Total restricted assets</b>	<b>31,728</b>	<b>(4,335)</b>	<b>27,393</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(171)</b>	<b>-</b>	<b>-</b>	<b>31,828</b>	<b>(4,506)</b>	<b>27,322</b>
<b>Council operational assets</b>													
Land and Building Furniture and equipment	91,493	(19,504)	71,989	3,542	2,500	-	-	(1,566)			97,535	(21,064)	76,471
Art Works	10,895	(6,837)	4,058	711	319	-	-	(526)			11,925	(7,363)	4,562
Heritage assets	2,543	-	2,543	45		-	-	(1)			2,588	(1)	2,587
Library collections	1,542	(366)	1,176			-	-	(25)			1,542	(391)	1,151
Plant and equipment	4,799	(2,670)	2,129	382		(2,352)		(263)		86	2,915	(588)	2,327
Work in progress	23,153	(11,428)	11,725	786	131	54	(52)	(1,033)			24,072	(12,517)	11,555
	3,402	-	3,402	1,103	(2,950)						1,555	-	1,555
<b>Total operational assets</b>	<b>137,827</b>	<b>(40,805)</b>	<b>97,022</b>	<b>6,569</b>	<b>-</b>	<b>(2,298)</b>	<b>(52)</b>	<b>(3,414)</b>	<b>-</b>	<b>86</b>	<b>142,132</b>	<b>(41,924)</b>	<b>100,208</b>
<b>Council infrastructural assets</b>													
Land and buildings	35,887	(5,047)	30,840	2,844	645	493	(400)	-	(637)		39,469	(5,755)	33,714
Sewerage system	190,960	(3,246)	187,714	3,049	197	10	-	(3,276)		(383)	193,834	(6,523)	187,311
Water system	151,567	(3,936)	147,631	4,311	1,125	-	(299)	-	(4,053)	(427)	156,277	(7,989)	148,288
Stormwater network	106,970	(1,944)	105,026	1,558	347	(4)	(50)	(1,976)		(135)	108,686	(3,920)	104,766
Roads and footpaths	290,097	(69,354)	220,743	20,762	166	(69,798)	-	(7,905)		278,613	519,840	(7,883)	511,957
Bridges	64,733	(11,853)	52,880	814		(11,856)		(1,344)		7,785	61,476	(1,344)	60,132
Land under roads	171,857	-	171,857	203		-	-	-			172,060	-	172,060
Lighting	5,420	(2,212)	3,208	1,013		(2,218)		(550)		6,435	10,650	(544)	10,106
Landfill - post closure costs	590	(425)	165			-	-	(31)			590	(456)	134
Work in progress	7,492	-	7,492	22,797	(2,480)						27,809	-	27,809
<b>Total infrastructural assets</b>	<b>1,025,573</b>	<b>(98,017)</b>	<b>927,556</b>	<b>57,351</b>	<b>-</b>	<b>(83,373)</b>	<b>(749)</b>	<b>(19,772)</b>	<b>-</b>	<b>291,888</b>	<b>1,290,690</b>	<b>(34,414)</b>	<b>1,256,276</b>



2021	Cost/ Revaln 1 July 2020	Accum depn and impairment charges 1 July 2020	Carrying amount 1 July 2020	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 2021	Accum depn and impairment charges 30 June 2021	Carrying amount 30 June 2021
<b>Total Timaru District Council property, plant and equipment</b>	1,195,128	(143,157)	1,051,971	64,020	-	(85,671)	(801)	-	(23,357)	291,974	1,464,649	(80,844)	1,383,805
<b>Subsidiaries property, plant and equipment</b>													
Buildings	4,251	(3,584)	667			(1)	(1)	(172)		4,250	(3,756)	494	
Furniture and equipment	181	(123)	58	16		-	-	(15)		114	(55)	59	
Work in progress	-	-	-							-	-	-	
<b>Total subsidiaries</b>	4,432	(3,707)	725	16	-	(1)	(1)	(187)		4,364	(3,811)	553	
<b>Total group property, plant and equipment</b>	1,199,560	(146,864)	1,052,696	64,036	-	(85,671)	(802)	-	(23,544)	291,974	1,469,013	(84,655)	1,384,358

18 Intangible assets

	Council and Group		
	Computer Software \$000	Carbon Credits \$000	Total \$000
<b>Balance as at 1 July 2021</b>			
Cost	6,471	1,300	7,771
Accumulated amortisation and impairment	(3,969)	0	(3,969)
Opening carrying amount	2,502	1,300	3,802
<b>Year ended 30 June 2022</b>			
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
<b>Balance as at 30 June 2022</b>			
Cost	6,534	1,304	7,838
Accumulated amortisation and impairment	(5,450)	0	(5,450)
Gain/(loss) on change in fair value	0	3,301	3,301
Closing carrying amount	1,084	4,605	5,689
<b>Balance as at 1 July 2020</b>			
Cost	5,579	1,300	6,879
Accumulated amortisation and impairment	(3,572)	-	(3,572)
Opening carrying amount	2,007	1,300	3,307
<b>Year ended 30 June 2021</b>			
Additions	892	-	892
Amortisation charge and impairment	(397)	-	(397)
Movement for the year	495	-	495
<b>Balance as at 30 June 2021</b>			
Cost	6,471	1,300	7,771
Accumulated amortisation and impairment	(3,969)	0	(3,969)
Closing carrying amount	2,502	1,300	3,802

## Summary of current and non-current intangible assets:

	Council and Group	
	Actual 2022 \$000	Actual 2021 \$000
Current intangible assets	5	0
Net non-current intangible assets	5,684	3,802
Net total intangible assets	5,689	3,802

As at 30 June 2022 carbon credits allocated by the government for forestry assets held prior to 1990, totalling 45,057 credits, are treated as non-current assets (2022: \$3.4m; 2021: \$1.0m) 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 \$1.0m 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 2022		Council and Group 2021	
	Volume credits utilised	Value \$000	Volume credits utilised	Value \$000
Purpose of application				
Landfill emissions	45,738	2,488	43,788	1,871

## 19 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2022 \$000	Actual 2021 \$000
Corporate Support	2,903	1,162
Governance and Strategy	3	1
Community Support	949	530
District Planning and Regulatory Services	24	7
Recreation and Leisure	4,286	2,151
Roading and Footpaths	10,224	9,958
Waste Minimisation	1,850	637
Sewer	3,320	3,279
Stormwater	2,027	1,976
Water Supply	4,175	4,053
	29,671	23,754

## 20 Investment forestry

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Balance as at 1 July</b>	1,420	1,217	1,420	1,217
Increases due to purchases	25	-	25	-
Gains/(losses) arising from changes in fair value due to growth	72	125	72	125
Gains/(losses) arising from changes in fair value due to log price changes	(447)	332	( 447)	332
Gains/(losses) arising from changes in fair value due to harvest or sale	-	(254)	-	( 254)
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	(47)	-	( 47)	-
<b>Balance as at 30 June</b>	<b>975</b>	<b>1,420</b>	<b>975</b>	<b>1,420</b>

Timaru District Council owns 176 hectares of radiata pine, Douglas fir and macrocarpa forest, which is at varying stages of maturity ranging from 0 to 40 years.

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2022. A pre-tax discount rate of 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Balance as at 1 July</b>	1,739	1,628	46,448	49,110
Disposals	( 425)	-	( 1,858)	( 6,533)
Fair value gains/(losses) on valuation (note 8)	246	111	2,458	3,871
Properties held for sale	-	-	-	-
<b>Balance as at 30 June</b>	<b>1,560</b>	<b>1,739</b>	<b>47,048</b>	<b>46,448</b>

Timaru District Council's investment properties are valued annually at fair value effective 30 June 2022 for the financial year by Ian Fairbrother VP (Urban) FNZIV, FPINZ, registered valuer, of Telfer Young (Canterbury) Limited. 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 2022 for the financial year by Ian Fairbrother VP (Urban) FNZIV, FPINZ and Tom Patterson B.Com (VPM), MIPINZ, registered valuers, of 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 \$70 and \$450 per square metre. Some properties were assessed at lower land value rates reflecting the limited utility of the properties.

## 22 Payables and deferred revenue

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Current portion</b>				
<b>Payables and deferred revenue under exchange transactions:</b>				
Trade payables and accrued expenses	15,667	16,349	15,115	17,627
Amounts due to subsidiaries and associates and other related parties	(135)	67	(135)	67
Contract retentions	1,165	743	1,165	743
Revenue in Advance	1,382	-	2,834	-
Accrued interest expense	833	347	833	347
	<u>18,912</u>	<u>17,506</u>	<u>19,812</u>	<u>18,784</u>
<b>Payables and deferred revenue under non-exchange transactions:</b>				
Deposits and bonds	1,143	739	1,143	1,481
Revenue in advance	2,798	3,616	2,798	3,616
	<u>3,941</u>	<u>4,355</u>	<u>3,941</u>	<u>5,097</u>
<b>Total current portion</b>	<u>22,853</u>	<u>21,861</u>	<u>23,753</u>	<u>23,881</u>

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

23 Borrowings and other financial liabilities

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Current</b>				
Bank overdraft	-	-	-	-
Secured loans	-	-	-	-
LGFA Debt	44,835	38,500	44,835	38,500
<b>Total current borrowings</b>	<b>44,835</b>	<b>38,500</b>	<b>44,835</b>	<b>38,500</b>
<b>Non-current</b>				
Secured loans	-	-	2,500	3,500
LGFA Debt	120,000	60,984	120,000	60,984
<b>Total non-current borrowings</b>	<b>120,000</b>	<b>60,984</b>	<b>122,500</b>	<b>64,484</b>

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 (2021: 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 35 to 104 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Carrying Amount</b>				
Secured loans	-	-	2,500	3,500
LGFA Debt	164,835	99,484	164,835	99,484
	<b>164,835</b>	<b>99,484</b>	<b>167,335</b>	<b>102,984</b>
<b>Fair Value</b>				
Secured loans	-	-	2,500	3,500
LGFA Debt	164,792	99,560	164,792	99,560
	<b>164,792</b>	<b>99,560</b>	<b>167,292</b>	<b>103,060</b>

The fair values are based on borrowing rates ranging from 1.30% to 5.50% (2021: 0.54% to 6.00%).

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Current portion</b>				
Accrued salaries and wages	664	5	683	22
Annual leave	1,958	1,800	2,005	1,827
Long service leave	80	133	80	133
Retiring gratuities	114	107	114	107
	<u>2,816</u>	<u>2,045</u>	<u>2,882</u>	<u>2,089</u>
<b>Non-current portion</b>				
Long service leave	42	-	42	-
Retiring gratuities	399	458	399	458
	<u>441</u>	<u>458</u>	<u>441</u>	<u>458</u>
<b>Total employee benefits</b>	<u>3,257</u>	<u>2,503</u>	<u>3,323</u>	<u>2,547</u>

## 25 Provisions

### a Landfill aftercare provision

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Opening balance</b>	4,943	7,377	4,943	7,377
Additional provisions made during the year	7,717	97	7,717	97
Amounts used during the year	(143)	(50)	(143)	(50)
Increase/(decrease) due to discount rate changes and assessment of liability	(946)	(2,498)	(946)	(2,498)
Discount unwinding	112	17	112	17
<b>Closing balance</b>	<u>11,683</u>	<u>4,943</u>	<u>11,683</u>	<u>4,943</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 1,610,942 tonnes (refuse, clean fill and cover) (2021: 1,175,568).

The estimated remaining useful life is 25 years (2021: 26 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 2022 to 2072. 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 June 2022 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 20,000m<sup>3</sup> 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 \$7,900,000 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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Opening balance	38	-	38	-
Additional provisions made during the year	-	38	-	38
<b>Closing balance</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>

RiskPool provides public liability and professional indemnity insurance to its members. The Council was a member of RiskPool until 30/6/2017. The Trust Deed of RiskPool provides that if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the fund year. The Council received a notice in 2009 in respect of the 2002/03 and 2003/04 Fund years as those funds are exhibiting deficits due to the "leaky buildings" issue with a further notice received in May 2019 for a call on 1 July 2019. The anticipated final call, estimated at \$37,500 is expected in 2022/23.

**c Maintenance provision**

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Opening balance	-	-	416	-
Additional provisions made during the year	-	-	1,060	416
Amounts used during the year	-	-	(65)	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>1,411</b>	<b>416</b>

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Opening balance	562	-	562	-
Additional provisions made during the year	-	562	-	562
Increase/(decrease) due to discount rate changes and assessment of liability	(562)	-	(562)	-
<b>Closing balance</b>	<b>-</b>	<b>562</b>	<b>-</b>	<b>562</b>

Following a review of the value of capitalised assets an impairment provision has been made for estimated reductions in value.



## 26 Contingencies

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Total Provisions</b>	11,721	5,543	13,132	5,959

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Contingent Liabilities</b>	1,100	1,100	1,100	1,100
Housing NZ social housing advance	1,100	1,100	1,100	1,100

Housing New Zealand Corporation has provided \$1,100,000 as at 30 June 2022 (2021: \$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 to be 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, (2021: 18,550,000) in Timaru District Holdings Limited at an issue price of \$1.35 each which have been paid to \$185.50 (2021: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25m (2021: \$19m) with ANZ Bank for the credit facilities with Timaru District Holdings Limited.

A review has commenced of properties owned or controlled by Council to assess their compliance with new earthquake standards. It is anticipated that the review will be completed over the next two years and that necessary remediation work will be prioritised and undertaken following the review process. There is currently no estimate of the potential cost of work required.

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 net 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 AA+.

Together with the shareholders of LGFA and other guarantors, Timaru District Council is a guarantor of all of LGFA's borrowings. At 30 June 2022, NZLGFA had borrowings totalling \$16.8 billion (2021: \$13.6 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 (2021: 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 (2021: Nil).

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

### Contingent assets

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

## 27 Equity

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>Retained earnings</b>				
As at 1 July	800,749	788,185	890,798	864,295
Surplus/(deficit) for the year	5,434	10,689	16,585	24,432
Reserve Transfers				
Restricted reserves	(2,571)	8,644	(2,571)	8,840
Designated reserves	(2,038)	(6,768)	(2,038)	(6,768)
<b>As at 30 June</b>	<b>801,574</b>	<b>800,750</b>	<b>902,774</b>	<b>890,799</b>
<b>Restricted reserves</b>				
As at 1 July	12,464	21,108	15,515	24,355
Transfers from Retained Earnings	11,786	14,495	11,786	14,495
Transfers to Retained Earnings	(9,215)	(23,139)	(9,215)	(23,335)
<b>As at 30 June</b>	<b>15,035</b>	<b>12,464</b>	<b>18,086</b>	<b>15,515</b>
<b>Designated reserves</b>				
As at 1 July	23,128	16,360	23,128	16,360
Transfers from Retained Earnings	21,057	21,743	21,057	21,743
Transfers to Retained Earnings	(19,019)	(14,975)	(19,019)	(14,975)
<b>As at 30 June</b>	<b>25,166</b>	<b>23,128</b>	<b>25,166</b>	<b>23,128</b>
<b>Total Other Reserves</b>	<b>40,201</b>	<b>35,592</b>	<b>43,252</b>	<b>38,643</b>
<b>Asset revaluation reserves</b>				
As at 1 July	520,774	228,886	520,774	228,886
Revaluation gains/(losses)	371,642	292,833	371,642	292,833
Revaluation reserve written off	-	(945)	-	(945)
<b>As at 30 June</b>	<b>892,416</b>	<b>520,774</b>	<b>892,416</b>	<b>520,774</b>
<b>Total Equity</b>	<b>1,734,193</b>	<b>1,357,116</b>	<b>1,838,442</b>	<b>1,450,216</b>

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

## Restricted Reserves

Name of Fund	Activity	Purpose	2022			2021			
			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
Aquatic Centre contributions	Recreation and Leisure	Funds donated towards to Aquatic centre facility to be used for its construction and funding of interest payments.	4	-	4	-	4	-	4
Collett Bequest (Museum)	Recreation and Leisure	For museum items.	579	9	-	589	6	-	579
Dowling Bequest	Recreation and Leisure	For the purchase of Christian fiction literature for the library.	20	-	-	20	1	-	20
Downlands Asset Replacement Fund	Water Supply	Replacement of infrastructural assets relating to Downlands Water Supply Scheme.	-	-	-	-	1,063	6,182	-
Downlands Capital Contribution Reserve	Water Supply	For the provision of capital expenditure financed from capital contributions.	202	707	909	-	55	-	202
Endowment Land Geraldine Fund	All of Council	From the proceeds of Endowment Land. For the purchase of similar land.	816	11	300	527	9	-	816
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	-	-	2	-	-	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	-	-	1	-	-	1
Jordan Bequest (Art Gallery)	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery.	501	8	13	496	6	28	501
Jordan Bequest (Museum)	Recreation and Leisure	For the purchase of articles for the Museum.	235	4	-	239	3	-	235
Lattimore W A (Timaru) Bequest	Recreation and Leisure	Interest to be used for the purchasing of art works for the Aigantighe Art Gallery.	15	-	12	3	-	1	15
Mackay Bequest (Art Gallery)	Recreation and Leisure	For the purchase of paintings.	234	19	25	227	2	6	234
Mackay Bequest (Library)	Recreation and Leisure	For the purchase of books relating to art for the Timaru Library.	149	-	13	136	2	-	149
McCarthy Bequest - Library	Recreation and Leisure	For general purposes at the Timaru Public library	14	-	-	14	-	-	14
McCarthy Bequest - Parks	Recreation and Leisure	For general purposes at the Timaru gardens	51	1	-	51	1	-	51
Museum Acquisition Fund/Alan Ward Fund	Recreation and Leisure	For the purchase of articles for the Museum.	10	-	-	10	-	-	10

Name of Fund	Activity	Purpose	2022			2021			
			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
Russell C Hervey Fund	Recreation and Leisure	For providing improved services to the Timaru Library.	81	1	-	83	1	-	81
Reserves from Subdivisions/ Development Levy	Recreation and Leisure	Development of reserves within the District as set out in the Local Government Act 1974 Section 288.	245	63	-	308	63	-	245
Sevicke-Jones Bequest	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery	3	-	-	3	1	-	3
Timaru Maritime and Transportation	All of Council	For the purpose of Timaru Maritime and Transportation	5	-	-	5	5	-	5
Fishing Huts - Rangitata	Recreation and Leisure	Each fishing hut area retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	(21)	30	-	9	-	10	(21)
Fishing Huts - Strathoena	Recreation and Leisure	Each fishing hut area retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	46	21	-	67	5	-	46
Geraldine 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.	28	13	-	41	8	32	28
Pleasant Point 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.	29	6	4	32	6	4	29
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.	48	10	1	57	10	17	48

Name of Fund	Activity	Purpose	2022				2021			
			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
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.	(10)	6	4	(8)	(6)	6	9	(10)
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.	1	5	4	2	1	5	4	1
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.	-	2	1	-	-	1	1	-
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.	-	5	3	1	-	4	4	-
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.	12	5	4	13	7	5	-	12

Name of Fund	Activity	Purpose	2022			2021			
			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	
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.	747	13	-	739	8	-	747
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.	455	194	447	275	401	220	455
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.	250	100	-	225	114	89	250
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.	352	346	48	328	341	317	352
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.	1,944	3,155	1,364	1,215	3,083	2,354	1,944

Name of Fund	Activity	Purpose	2022				2021			
			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
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.	3,423	3,381	2,612	4,192	4,149	4,939	5,665	3,423
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.	84	9	-	93	78	10	4	84
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.	281	9	-	290	281	7	7	281
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.	116	15	131	-	248	10	142	116
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.	977	146	13	1,110	930	139	92	977

Name of Fund	Activity	Purpose	2022			2021			
			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
<b>Te Moana Water Supply</b>	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.	1,091	173	1,029	1,091	764	829	1,091
<b>Urban Water Supply</b>	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.	( 874)	3,148	2,274	( 874)	3,387	7,122	( 874)
<b>Dog Control</b>	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.	318	171	-	489	19	-	318
<b>Total Restricted Reserves</b>			12,464	11,786	9,215	15,035	14,495	23,139	12,464



## Designated Reserves

Name of Fund	Activity	Purpose	2022			2021		
			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
Cemetery Future (Timaru) Fund	Community Support	Development of future cemetery for Timaru.	92	2	-	94	1	-
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.	65	40	8	65	49	290
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	-	-	353	-	-
Contingency Fund	All of Council	For emergency purposes as determined by Council.	1,275	21	-	1,296	14	-
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.	(1,384)	18,874	16,771	718	12,604	13,388
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.	-	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).	-	-	-	-	-	-
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	-	-	1	-	-
Depreciation Fund – Orari Township Water	Water Supply	For the renewal and/or replacement of Water depreciable assets and for the repayment of loans associated with such assets.	-	-	-	-	-	-
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.	-	-	-	-	-	-

Name of Fund	Activity	Purpose	2022			2021		
			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
Depreciation Fund - Rural	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Rural funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	-	-	-	-	-	-
Depreciation Fund - Seadown Water	Water Supply	For the renewal and/or replacement of depreciable assets and for the repayment of loans associated with such assets.	-	-	-	-	-	-
Depreciation Fund - Sewer	Sewer	For the renewal and/or replacement of depreciable assets and for the repayment of loans associated with such assets.	-	-	-	-	-	-
Depreciation Fund - Te Moana Downs Water	Water Supply	For the renewal and/or replacement of depreciable assets and for the repayment of loans associated with such assets.	-	-	-	-	-	-
Depreciation Fund - Temuka	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Temuka funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	-	-	-	-	-	-
Depreciation Fund - Timaru	Roading and Footpaths and Stormwater	For the renewal and/or replacement of Timaru funded depreciable assets and for the repayment of loans associated with such assets, (excludes water related assets).	-	-	-	-	-	-
Depreciation Fund - Urban Water	Water Supply	For the renewal and/or replacement of depreciable assets and for the repayment of loans associated with such assets.	-	-	-	-	-	-
Depreciation Fund (Housing)	Community Support	For the renewal and/or replacement of Housing depreciable assets and for the repayment of loans associated with such assets.	(162)	174	-	12	211	568 (162)
Development (Timaru) Fund	All of Council	Funding of major developments within Timaru. Interest on this fund to be credited to the Community Development Interest Fund.	90	150	-	240	(1)	147 90
Disaster Relief Fund	All of Council	For the replacement of infrastructural assets excluding subsidised roading in the event of a natural disaster.	2,729	332	1,607	1,454	328	37 2,729

Name of Fund	Activity	Purpose	2022			2021		
			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
District Recreation Facilities Fund	All of Council	To be used for the development of significant recreation facilities in the district.	729	47	-	729	8	-
Economic Development Fund	Community Support	For economic development support.	218	3	4	217	3	60
Election Expenses Fund	Governance and Strategy	To provide for meeting election expenses.	36	66	23	79	60	2
Forestry Development Fund	Recreation and Leisure	To provide funding for the development of forests within the District.	161	260	-	420	2	74
Grants & Donations Fund	Community Support	For the provision of grants & donations (created from the unspent grant allocation and carried forward balances)	249	244	91	402	116	97
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.	13,399	217	2	13,614	6,158	2
Main Creative Communities NZ Fund	Community Support	Carried forward balance of Creative Communities NZ fund – main committee.	16	-	-	16	-	-
Main Drains Cost Sharing Fund	Sewer, Stormwater and Water Supply	Extension of main drains on a cost sharing basis.	1,444	23	-	1,467	16	-
Mayor's Welfare Fund	Governance and Strategy	Help out the needy as determined by the Mayor.	23	5	1	27	5	-
National Libraries Partnership	Recreation and Leisure	For the purpose of funding for the National Libraries Partnership	153	-	153	-	153	-
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.	368	5	67	307	6	120

Name of Fund	Activity	Purpose	2022			2021			
			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
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.	222	241	-	463	609	190	222
Property Development Fund	All of Council	For the purchase or development of land and improvement projects within the District.	1,820	30	-	1,849	1,387	-	1,820
Reserves Development (Timaru) Fund	Recreation and Leisure	For the planting of trees and general development of reserves owned by the District Council within Timaru.	12	-	-	13	-	-	12
Safer Community Funds	Community Support	For Safer Communities projects.	292	18	-	310	3	-	292
Social Housing Fund (TDC)	Community Support	Funding of new social housing units and major maintenance.	-	289	289	-	-	-	-
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.	862	15	-	877	11	-	862
Te Moana Water Capital Contributions	Water Supply	For the provision of extensions to the Te Moana water network.	-	-	-	-	-	-	-
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	-	-	22	-	-	22
Winchester Domain Fund	Recreation and Leisure	For maintenance and Development of the Winchester Domain area	43	1	-	43	-	-	43
Total Designated Reserves			23,128	21,057	19,018	25,166	21,743	14,975	23,128

## 28 Related party transactions

During the year to 30 June 2022, 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.

	2022 \$000	2021 \$000
<b>Timaru District Holdings Limited</b>		
Interest paid to Timaru District Council	565	365
Loans payable to Timaru District Council	21,681	22,181
Dividends paid to Timaru District Council	1,000	2,000

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 has a significant interest. The transactions amounted to \$1,038 (2021: Nil). The balance outstanding as at 30 June 2022 is nil (2021: Nil).

During the year, Timaru District Council contributed to Aoraki Multicultural Council Inc. (trading as Aoraki Migrant Centre), an organisation in which Councillor Barbara Gilchrist is a member of the Board. The transactions amounted to \$11,714 (2021: Nil). The balance outstanding as at 30 June 2022 is nil (2021: 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 (2021: Nil).

### Key management personnel compensation

	Council	
	Actual 2022 \$000	Actual 2021 \$000
Remuneration	2,461	2,210
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	2,461	2,210

Key management personnel include the Mayor and Councillors, (10 FTE), the Chief Executive and other senior management personnel, (7 FTE).

29 Explanation of major variances against budget

Timaru District Council made a net surplus of \$5,434,000 (budgeted surplus of \$6,396,000).

Revenue and expenditure	2022 \$000
Long Term Plan surplus	6,396
<b>Increases/(Reductions)</b>	
Subsidies and grants	(952)
Finance revenue	598
Other revenue	2,036
Vested Assets	4,529
Other gains / (losses)	6,393
Depreciation	(5,218)
Personnel costs	1,368
Finance costs	(754)
Other expenditure	(5,091)
Landfill aftercare provision	(3,870)
	<u>(961)</u>
<b>Annual Report surplus</b>	<u>5,434</u>

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

- The Department of Internal Affairs provided a grant of \$3,785,000 for water stimulus projects, including amounts previously recorded as revenue in advance.
- Waka Kotahi subsidies for roading activities were \$1,521,000 above budget, largely a result of funding received towards emergency works as a result of the May 2021 flood event.
- The Ministry for Business, Innovation and Employment grants received for development of the Theatre Royal were \$6,348,000 below budget due to delayed stage of completion, with \$3,800,000 received recorded as revenue in advance.
- Finance revenue increased due to larger amounts of financial assets held than budgeted, with a lower overall capital expenditure spend a contributing factor.
- Other revenue includes unbudgeted capital contributions for sewer, stormwater and water supplies of \$754,000.
- Cost recovery of \$649,000 from other Councils for their share of unbudgeted consultancy costs paid for by Timaru District Council.
- Envirowaste Services Limited funding of \$550,000 was received towards construction of the South Canterbury Eco-Centre. This funding was paid to the Sustainable South Canterbury Trust.
- Vested assets of \$4,529,000 from residential developments were vested in Council during the year which were unbudgeted.
- An unrealised gain on interest rate swaps of \$5,754,000 were not budgeted for due to significant uncertainty in forecasting market conditions has been recognised within other gains / (losses).
- A gain in fair value of forestry of \$1,304,000, and a gain in fair value of forestry carbon credits of \$1,552,000 has been recognised within other gains / (losses).
- Loss on disposal of property, plant and equipment of \$2,624,000 has been recognised within other gains / (losses).
- Depreciation is above budget largely as a result of fixed assets previously accounted for on a diminishing value depreciation method being transferred to the straight line method, resulting in a once off adjustment.
- Internal charges consisting of personnel costs on-charged to capital projects were budgeted within Other expenditure, however the actual charge has been recognised against Personnel costs. The effect of this re-categorisation is a reduction of \$1,168,000 to personnel costs.

- Finance costs were \$754,000 under budget due to the budget being based on the closing 2021 financial position which had a \$65,000,000 lower debt position.
- Roading maintenance was \$1,821,000 above budget attributable to emergency works response and increased sealed pavement maintenance required as a result of the May 2021 flooding event.
- Waste minimisation and kerbside collection contractor costs were \$1,599,000 above budget, partially attributable to initial set up costs relating to changing suppliers.
- Economic development grants paid were \$755,000 above budget, which included an unbudgeted \$500,000 grant provided to PrimePort Timaru..
- Corporate activities professional and consultancy fees were \$988,000 above budget, largely attributable to providing support for vacant positions within the council, in addition to providing specialist advice.
- There has been an increase in the landfill aftercare provision of \$6,339,000 as a result of a reassessment of the costs to provide aftercare, and an offsetting decrease of \$2,469,000 as a result of reassessment of the post-closure asset..

### Statement of financial position

Trade receivables and payables have increased from budget as a result of regular trading and timing of income and expenditure.

Asset revaluation reserve accounts have increased by \$370,459,000 against a \$nil budget, from the revaluation of infrastructure assets at 30 June 2022.

## 30 Financial instruments

The Council has elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under

PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2021 (the date of initial application).

The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

- \* Note 10 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model
- \* Note 14 – Financial assets – This policy has been updated to reflect:
  - the new classification categories;
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

COUNCIL	Measurement Classification		30-Jun-21	1-Jul-22	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	Adjustment
			\$000	\$000	\$000
<b>Financial Assets</b>					
Listed and unlisted shares	FVtoCRE	FVtoCRE	1,771	1,771	-
Derivatives	FVTSD	FVTSD	-	-	-
Cash and cash equivalents	Loans and receivables	Amortised Cost	4,107	4,107	-
Receivables (excluding rates receivable)	Loans and receivables	Amortised Cost	11,759	11,759	-
Term deposits	Loans and receivables	Amortised Cost	21,820	21,820	-
Community loans	Loans and receivables	Amortised Cost	435	435	-
Loans to related parties	Loans and receivables	Amortised Cost	22,181	22,181	-
Listed Bonds	FVTOCRE/Held-to-maturity	FVTOCRE	2,572	2,572	-

FVTOCRE = Fair value through other comprehensive revenue and expense  
 FVTSD = Fair value through surplus or deficit

GROUP	Measurement Classification		30-Jun-21	1-Jul-22	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	Adjustment
			\$000	\$000	\$000
<b>Financial Assets</b>					
Listed and unlisted shares	FVtoCRE	FVtoCRE	1,771	1,771	-
Derivatives	FVTSD	FVTSD	-	-	-
Cash and cash equivalents	Loans and receivables	Amortised Cost	5,999	5,999	-
Receivables (excluding rates receivable)	Loans and receivables	Amortised Cost	11,249	11,249	-
Term deposits	Loans and receivables	Amortised Cost	24,647	24,647	-
Community loans	Loans and receivables	Amortised Cost	435	435	-
Loans to related parties	Loans and receivables	Amortised Cost	-	-	-
Listed Bonds	FVTOCRE/Held-to-maturity	FVTOCRE	2,572	2,572	-

FVTOCRE = Fair value through other comprehensive revenue and expense  
 FVTSD = Fair value through surplus or deficit

Unlisted shares do not include shares held in Council Controlled Organisations or investments in associate companies.

Receivables include receivables owed by related parties.

Rates receivable are excluded from financial assets as rates receivable are a statutory right, as opposed to a contractual right, therefore they do not meet the definition of a financial asset under PBE IPSAS 41.

\*Immaterial adoption adjustments and variances have not been included.

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held to collect.

Council's debt instruments are comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.



PBE IPSAS 41 requires equity instruments to be classified at FVTSD, however it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

#### Financial Instrument categories

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>FINANCIAL ASSETS</b>				
<b>Mandatorily measured at FVTSD (2021: Held for Trading)</b>				
Derivative financial instrument assets	2,914	-	2,914	-
Other financial assets:				
- Investments in debt securities	6,082	2,572	11,196	2,572
	<u>8,996</u>	<u>2,572</u>	<u>14,110</u>	<u>2,572</u>
<b>Amortised Cost (2021: Loans and Receivables)</b>				
Cash and cash equivalents	15,648	4,107	18,324	5,999
Trade and other receivables	20,074	14,288	20,540	13,777
Other financial assets:				
- Term deposits	17,318	21,820	17,318	24,647
- Community loans	233	433	233	433
- Loans to related parties	23,596	22,181	1,915	-
	<u>76,870</u>	<u>62,829</u>	<u>58,331</u>	<u>44,856</u>
<b>Fair value through other comprehensive revenue</b>				
Other financial assets:				
- Listed bonds				
- Listed and unlisted shares	34,393	33,031	3,389	2,031
<b>FINANCIAL LIABILITIES</b>				
<b>Mandatorily measured at FVTSD (2021: Held for trading)</b>				
Derivative financial instrument liabilities	-	2,907	-	2,907
<b>Amortised cost</b>				
Trade and other payables	18,673	18,245	18,121	20,597
Borrowings:				
- Secured loans	-	-	2,500	3,500
- Bonds	164,835	99,484	164,835	99,484
	<u>183,508</u>	<u>117,729</u>	<u>185,456</u>	<u>123,581</u>

### 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 \$000	Quoted market price \$000	Observable inputs \$000	Significant non-observable inputs \$000
<b>30 June 2022 - Council</b>				
<b>Financial assets</b>				
Derivatives	2,914	-	2,914	-
Investments in debt securities	6,082	-	6,082	-
Shares	34,393	-	-	34,393
<b>Financial liabilities</b>				
Derivatives	-	-	-	-
<b>30 June 2022 - Group</b>				
<b>Financial assets</b>				
Derivatives	2,914	-	2,914	-
Investments in debt securities	11,196	-	11,196	-
Shares	3,389	-	-	3,389
<b>Financial liabilities</b>				
Derivatives	-	-	-	-
<b>30 June 2021 - Council</b>				
<b>Financial assets</b>				
Derivatives	2,572	-	2,572	-
Investments in debt securities	33,031	-	-	33,031
Shares	-	-	-	-
<b>Financial liabilities</b>				
Derivatives	2,907	-	2,907	-
<b>30 June 2021 - Group</b>				
<b>Financial assets</b>				
Derivatives	-	-	-	-
Investments in debt securities	2,572	-	2,572	-
Shares	2,031	-	-	2,031
<b>Financial liabilities</b>				
Derivatives	2,907	-	2,907	-

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Balance as at 1 July	33,031	32,601	2,031	1,601
Purchases	1,618	430	1,358	430
Balance as at 30 June	34,649	33,031	3,389	2,031

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.

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

	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and term deposits	32,966	25,927	35,642	30,646
Trade and other receivables	20,074	14,288	20,540	13,777
Community loans	233	433	233	433
Related party loans	23,596	22,181	1,915	-
Investments in debt securities	6,082	2,572	11,196	2,572
Derivative financial instrument assets	2,914	-	2,914	-
<b>Total credit risk</b>	<b>85,866</b>	<b>65,401</b>	<b>72,441</b>	<b>47,428</b>

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

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

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

#### Liquidity risk

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

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

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

Timaru District Council has a maximum amount that can be drawn down against its overdraft facility of \$nil (2021: \$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
<b>Council 2022</b>						
Trade and other payables	18,673	18,673	18,673	-	-	-
Bonds	164,484	178,828	45,277	15,758	54,360	63,433
<b>Total</b>	<b>183,157</b>	<b>197,501</b>	<b>63,950</b>	<b>15,758</b>	<b>54,360</b>	<b>63,433</b>
<b>Group 2022</b>						
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
<b>Total</b>	<b>185,105</b>	<b>199,449</b>	<b>65,898</b>	<b>15,758</b>	<b>54,360</b>	<b>63,433</b>
<b>Council 2021</b>						
Trade and other payables	18,245	18,245	18,245	-	-	-

Bonds	99,484	103,766	39,843	17,131	36,646	10,146
<b>Total</b>	<b>117,729</b>	<b>122,011</b>	<b>58,088</b>	<b>17,131</b>	<b>36,646</b>	<b>10,146</b>
<b>Group 2021</b>						
Trade and other payables	20,561	20,561	20,561	-	-	-
Secured loans	3,500	3,500	3,500	-	-	-
Bonds	99,484	103,766	39,843	17,131	36,646	10,146
<b>Total</b>	<b>123,545</b>	<b>127,827</b>	<b>63,904</b>	<b>17,131</b>	<b>36,646</b>	<b>10,146</b>

#### 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
<b>Council 2022</b>	(209)	(1,359)	(947)	(581)
<b>Group 2022</b>	(209)	(1,359)	(947)	(581)
<b>Council 2021</b>	902	973	1,014	-
<b>Group 2021</b>	902	973	1,014	-

#### 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
<b>Council 2022</b>					
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	-	-
<b>Total</b>	<b>114,477</b>	<b>119,758</b>	<b>56,332</b>	<b>5,437</b>	<b>57,989</b>
<b>Group 2022</b>					
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	-	-
<b>Total</b>	<b>65,631</b>	<b>70,912</b>	<b>62,342</b>	<b>5,437</b>	<b>3,133</b>

**Council 2021**

Cash and cash equivalents	4,107	4,107	4,107	-	-
Trade and other receivables	14,287	14,287	14,287	-	-
Loans to related parties	22,181	22,181	-	-	22,181
Unlisted shares	33,031	33,031	-	-	33,031
Other financial assets:					
- term deposits	21,820	22,021	22,021	-	-
- community loans	433	433	130	303	-
- investment in debt securities	2,572	2,572	532	2,040	-
<b>Total</b>	<b>98,431</b>	<b>98,632</b>	<b>41,076</b>	<b>2,343</b>	<b>55,212</b>

**Group 2021**

Cash and cash equivalents	5,999	5,999	5,999	-	-
Trade and other receivables	13,777	13,777	13,777	-	-
Unlisted shares	2,031	2,031	-	-	2,031
Other financial assets:					
- term deposits	24,647	24,874	24,874	-	-
- community loans	433	433	130	303	-
- investment in debt securities	2,572	2,572	532	2,040	-
<b>Total</b>	<b>49,459</b>	<b>49,686</b>	<b>45,311</b>	<b>2,343</b>	<b>2,031</b>

**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

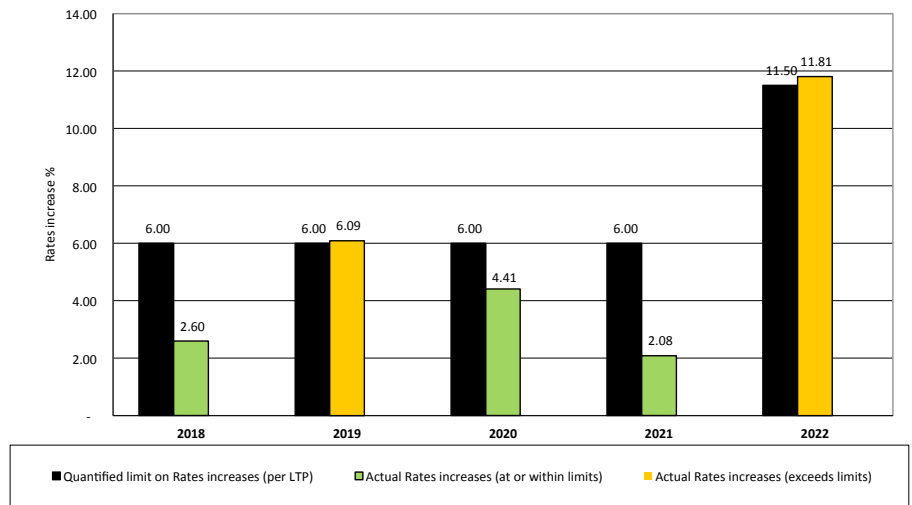
Investigations into the Sophia Street carpark have identified structural issues and consequently the top story of the carpark has been closed. The remainder of the carpark has been assessed as safe for use, but further investigations are underway to determine remedial work required, including against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

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

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

**1. Rates (increase) affordability benchmark**

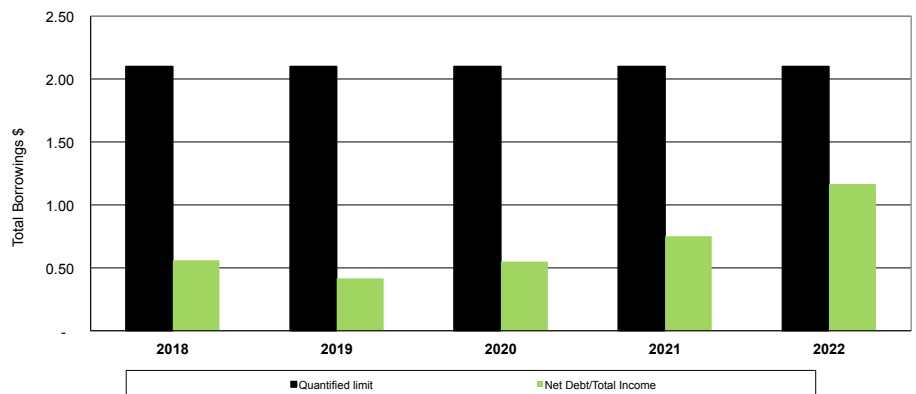
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's long-term plan. The quantified limit is 12% plus inflation. Benchmark not met.



**2. Debt affordability benchmark**

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is below a ratio of 210% net debt to total income. Benchmark met.

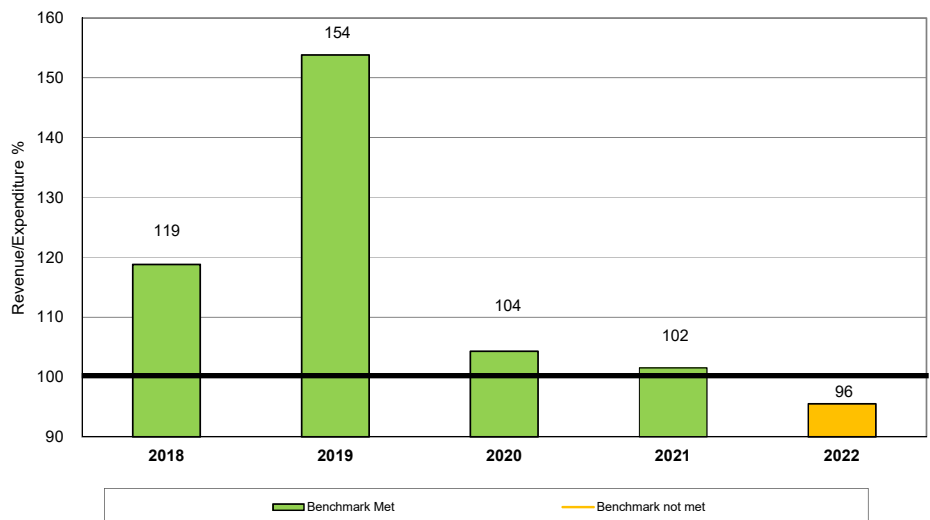
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Benchmark met.



**3. Balanced budget benchmark**

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

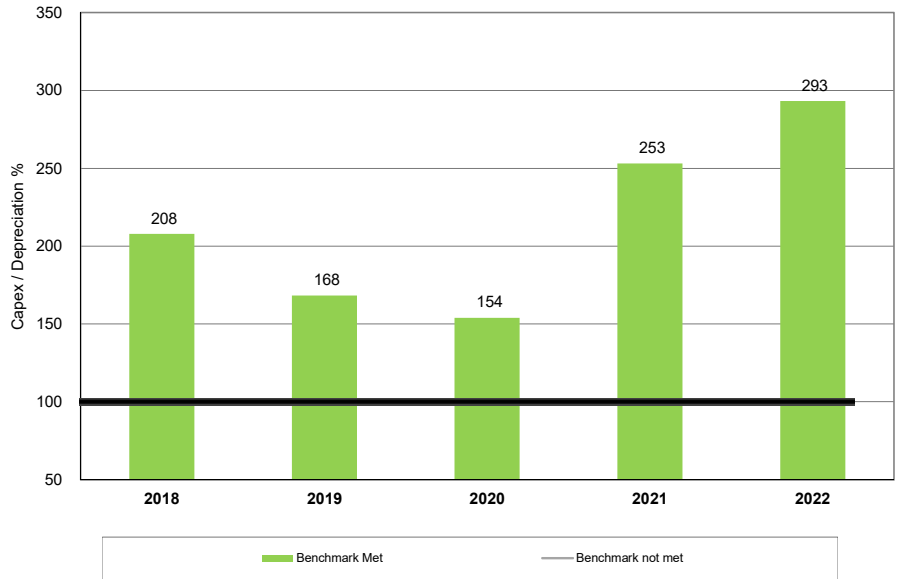
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Benchmark not met.





**4. Essential services benchmark**

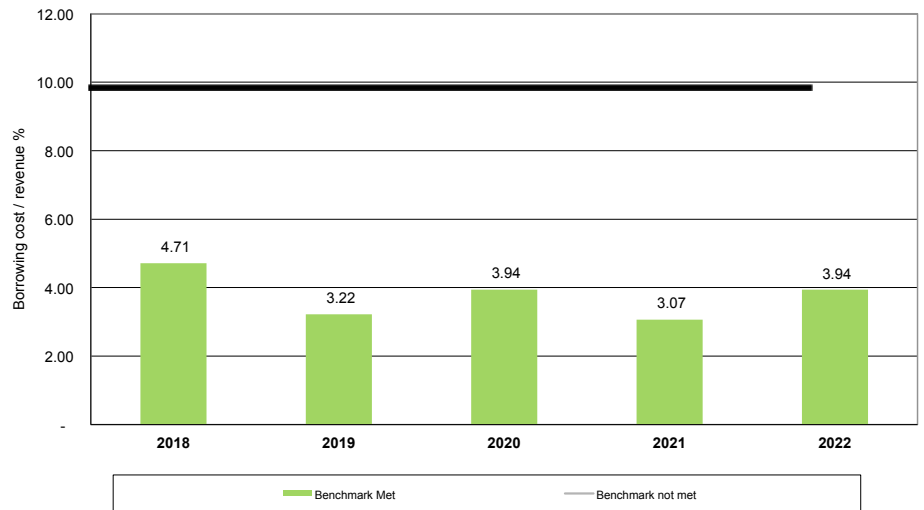
The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Benchmark met.



**5. Debt servicing benchmark**

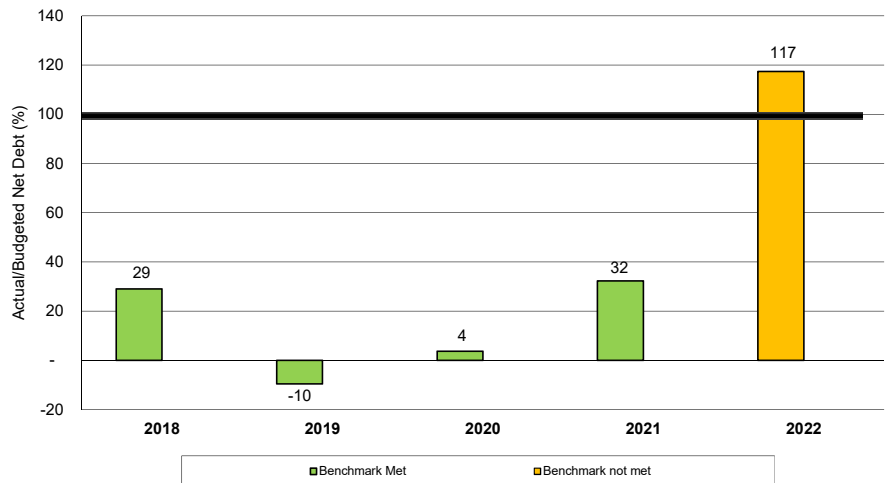
The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

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



**6. Debt control benchmark**

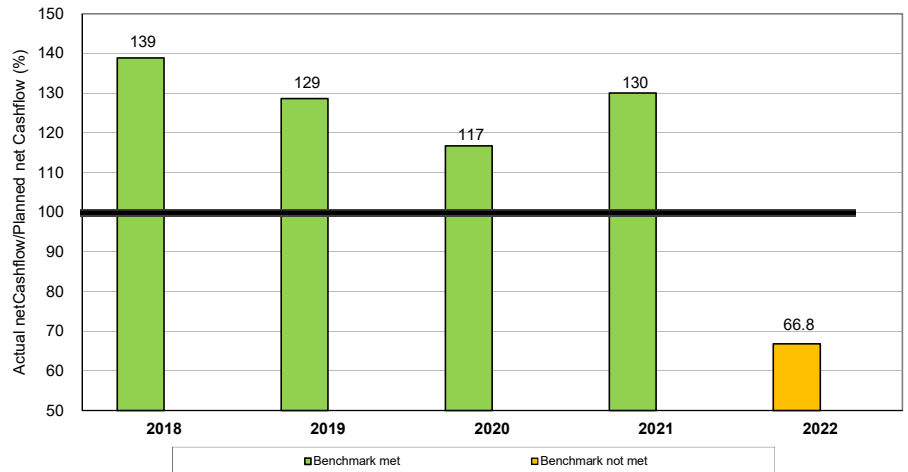
The following graph displays the Council’s actual net debt as a proportion of planned net debt as per Council’s long-term plan. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. Benchmark not met.



**7. Operations control benchmark**

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. Benchmark not met.



# 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](mailto:enquiry@timdc.govt.nz)  
Website: [www.timaru.govt.nz](http://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](mailto: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](mailto:libger@timdc.govt.nz)  
Hours (except statutory holidays):  
Monday – Friday 8.30am – 5pm

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### Bankers

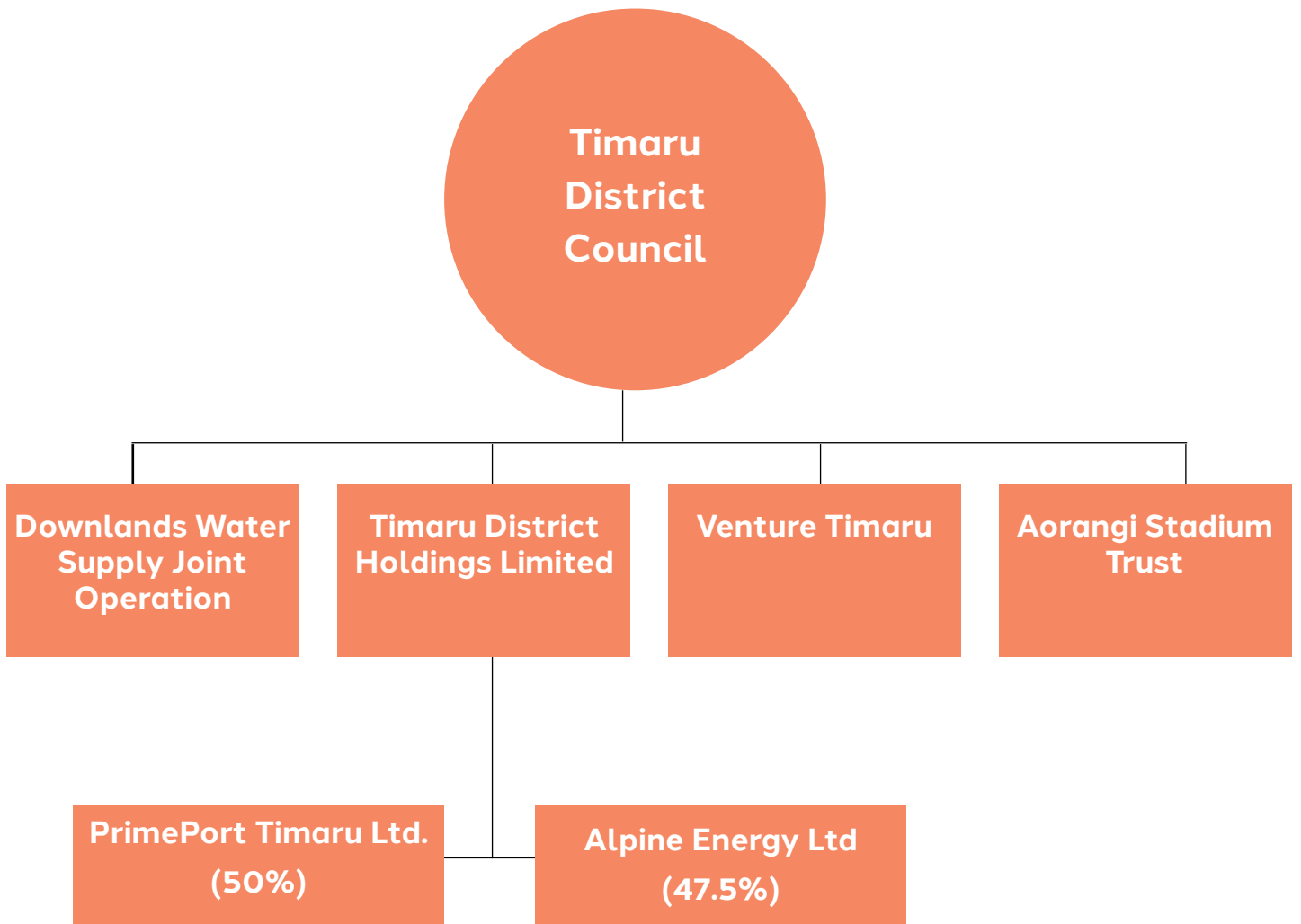
Bank of New Zealand  
247 Stafford Street  
Timaru 7910

### Auditors

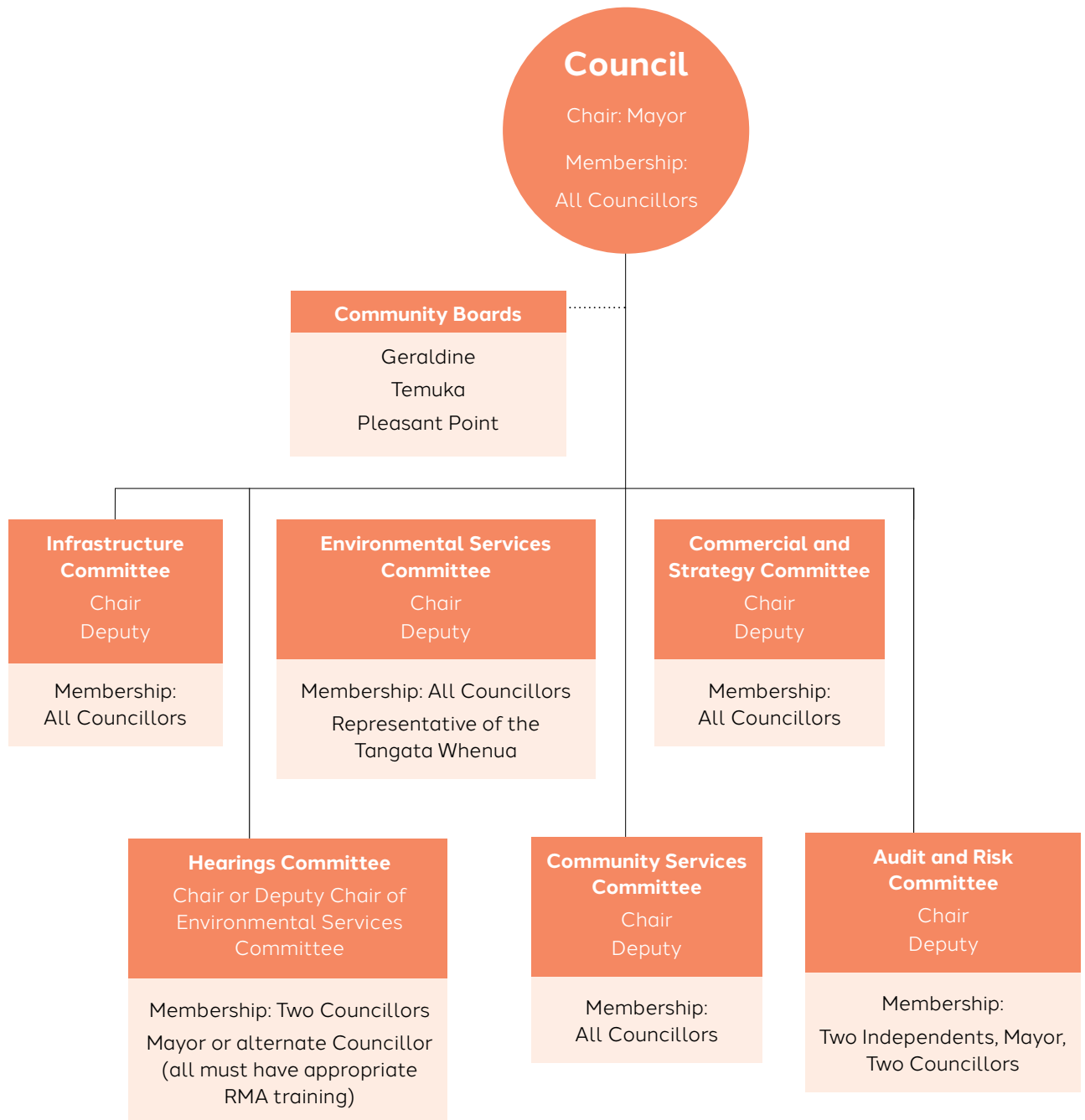
Audit New Zealand  
on behalf of the Controller and Auditor-General  
PO Box 99  
Wellington 6140

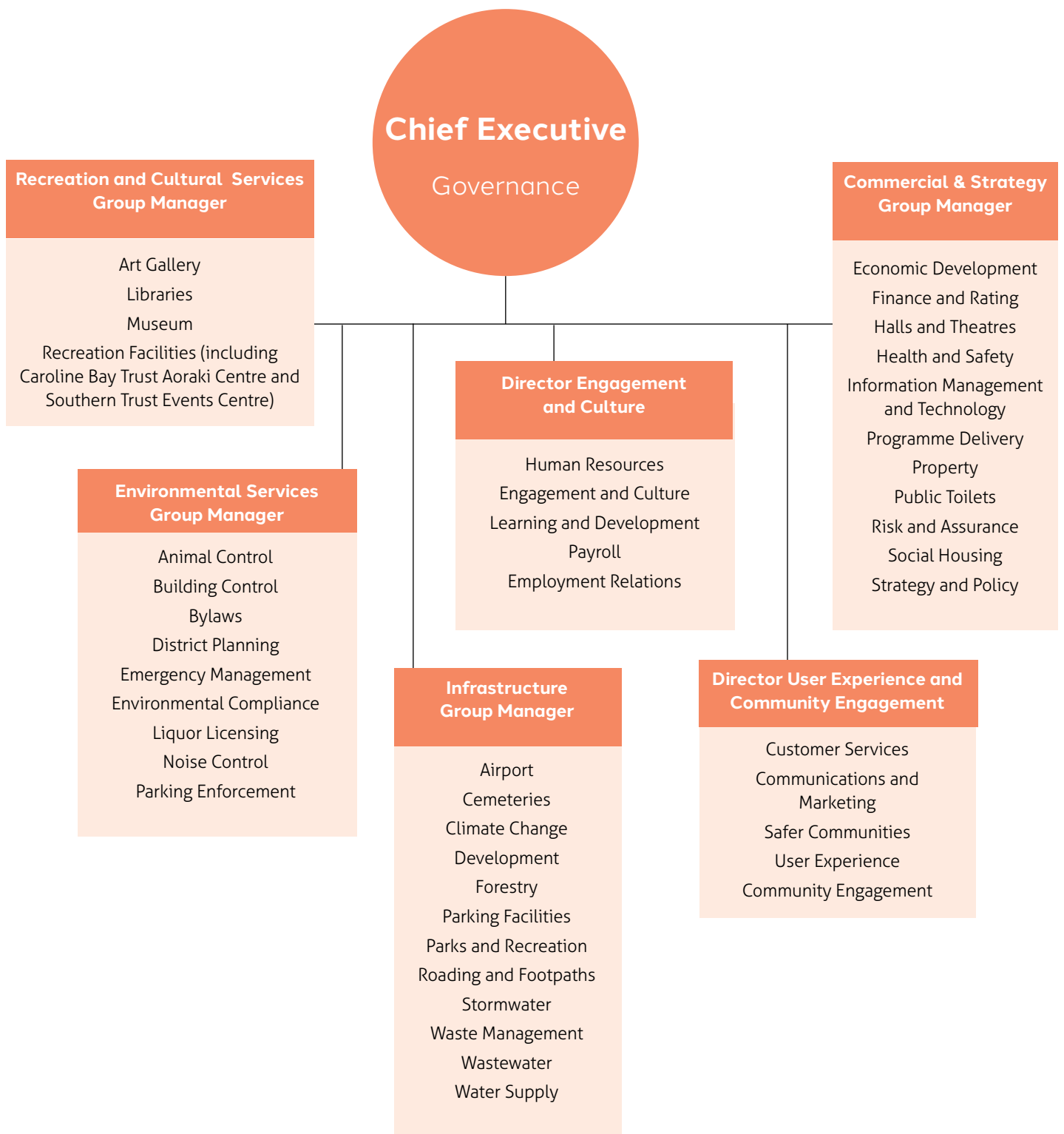
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Group Organisation Structure



Council Committees (as at September 2022)





## Our Workforce

Timaru District Council employs a total of 379 staff members.

There are 44 casual or short term positions, and a number of part time staff. Overall there are 222 full time equivalent staff members.

Council has a strong commitment to its staff, recognizing that our people are one of our most important assets, and play a huge role in delivering results for our community.

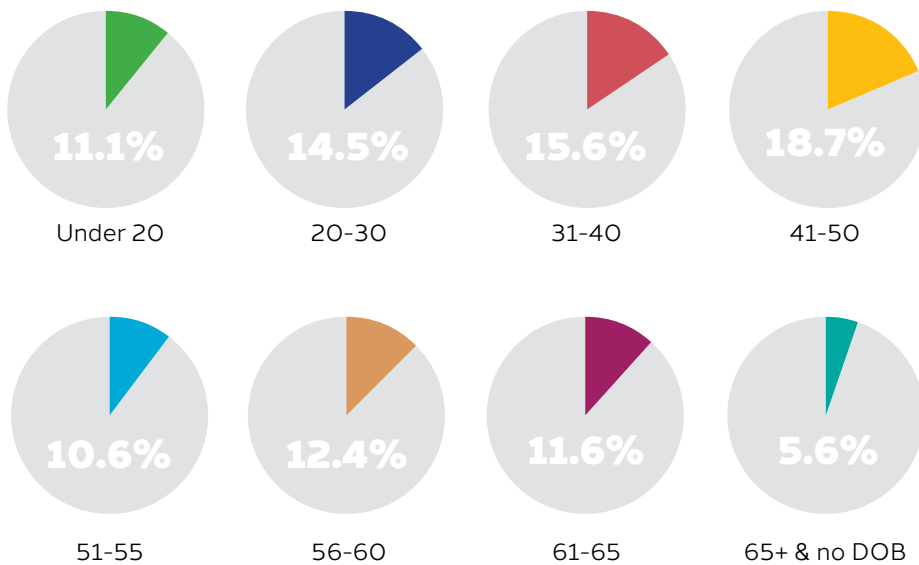
Staff are supported through an inhouse group with a focus on promoting and instilling the positive corporate values of Customer Focus – One Team – Successful – Integrity (COSI) within the people of the Timaru District Council.

### 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.

**26%**  
Less than one year

**31%**  
1-4 years

**21%**  
5-9 years

**15%**  
10-20 years

**4%**  
21-30 years

**4%**  
30+ years



## 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](mailto: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