



# Waimate

# 2012/13 Summary Annual Report

## Introduction from the Mayor & CEO



It is with pleasure that we present the 2012/13 Annual Report.

This past year has been a mix of highs and lows with many challenges for Council. As always, with rising costs and inflation, we do our utmost to keep our rate increases as low as possible for our ratepayers, yet keep our district moving ahead.

It has been another busy year for Council as is reflected in this annual report. We have incurred a final deficit of \$314,000 against a budgeted surplus of \$57,000. The major items causing this shortfall are reduced subsidy revenue relating to delays to the various Drinking Water Standards projects while confirming exact specifications, we have an agreement with the Ministry of Health that the subsidy is receivable in future years. There was a one-off revenue reduction when we had to refund rates penalties as a result of the technical irregularity when setting rates for the 2012/13 financial year. Additionally we have incurred legal costs of \$206,000 in defence of a court case. The heavy rains in July and August 2012 and also in June 2013 caused widespread disruption to the roading infrastructure and resulted in some \$339,000 emergency repairs that was only 53% funded from New Zealand Transport Agency. While having a strong cash balance Council has also been able to repay some term debt. For more explanation of variances refer to the full Annual Report.

**New Kurow Bridges** - In March 2013, the turning of the first sod for the new bridges across the Waitaki River at Kurow took place. The replacement of these two bridges was well overdue, and construction is now underway. Council played a big part in making this a reality through submission and being a member of the Regional Transport Committee.

**Flooding Events** - Heavy rains in July and August 2012, and again in June 2013, caused widespread surface flooding, bridge approach damage, scour damage, disruption and loss of level of service throughout the District. The June 2013 flooding event caused the destruction of Bradshaws Bridge.

**Drinking Water Standards** - Council continues to work with its Rural Water Scheme Committees to achieve compliance with the New Zealand Drinking Water Standards. We are currently reviewing the Draft Rural Agricultural Drinking-water Supply Guideline and will make a submission accordingly. Once adopted, this guideline will be assessed for its suitability and later determine whether a Standard is indeed required and in either case, Council hopes that more affordable pathways to compliance will be made available as a result.

**Major Sewer, Water and Stormwater Upgrade** - The new sewer and water main upgrade between Queen and Shearman Streets and the new stormwater drainage on High Street is nearing completion. A new sewer main replacement for the full length of Slee Street started in July 2013 which should alleviate the flooding that has

occurred in the Harris and High Street area. There has been a significant amount of kerb and channel, and footpath renewal work undertaken in this upgrade.

**Sports Stadium** - Consultants are progressing options for the consideration of Council. The focus is on comparisons and values of refurbishment, remodelling and extending the existing facility. While progress has been slow there is a need for Council to get it right, first time, to meet future demands of the users of the facility.

**District Plan** - The only outstanding appeal against the proposed Waimate District Plan is from Transpower NZ Limited. On 13 August 2013, a second mediation meeting was held which also included section 274 of the Resource Management Act parties but no agreement was reached. The matter is now set down for a potential hearing by the Environment Court in early December 2013.

**2013 Civic Awards Recipients** - The Waimate District Civic Awards 2013 were held in March to recognise the district's outstanding volunteers. This year's recipients were Christine Bailey, Barry Morgan, Steve Venrooy and David White.

**Skate Park** - It is pleasing to see our young people actively enjoying the new \$140,000 Skate Park situated on Boland Park. Council granted \$100,000 towards this new facility, with the balance of \$40,000 being provided by the Aoraki Foundation and by the Waimate Skatepark Committee.

**Waitaki Lakes Camping** - The Caretaker's facility at Waitangi East Camping Reserve has now been completed and is ready for occupation this coming camping season. This will have the advantage that the Caretaker will be onsite at peak times to address any issues and assist with any enquiries.

**New Victoria Park Glasshouse** - Covering of the Glasshouse (the first stage) has been completed with stage two, consisting of revamping the heating and the irrigation, due to be undertaken during the 2014 financial year.

**Yili Dairy Factory** - Construction is well underway for the new Yili Dairy Factory at Glenavy. Resource consents have been granted and Council has been busy processing the various building consents for the different stages of the construction. The new factory is expected to provide significant employment opportunities in the District. Council have had talks with Yili on how Yili could become more involved in the community.

**Thank You** - On behalf of my Councillors and the team at Council, I would like to thank all of those people who work so hard to keep Waimate a great community to work and live in. We look to the coming financial year with a positive and enthusiastic attitude. We thank our retiring Councillors, Jim Anderson, Mike Balchin, Peter Foley and Matt Henderson and look forward to welcoming a new Council led by a new Mayor after the October 2013 Local Government elections.

**Mayor John Coles**  
(retired from office 11 October 2013)  
& **CEO Tony Alden**

This Summary Annual Report  
is dated 7 November 2013  
and is authorised by  
His Worship the Mayor Craig Rowley  
and CEO Tony Alden

## Summary Financial Statements

Waimate District Council is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and is domiciled in New Zealand.

The Council consists of the Council operations, forestry joint ventures (53% owned) and Downlands joint venture (14.81% owned). Council is a separate legal entity and does not have any subsidiaries.

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

The financial statements are for the Council, which is an individual entity and includes the Councils forestry joint ventures and the Downlands joint venture.

The financial statements are for the year ended 30 June 2013, are in New Zealand Dollars and rounded to the nearest thousand (\$000). The financial statements of the Council have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities.

The 2013 Annual Report and 2012 Annual Report have been audited by Audit New Zealand and received unmodified opinions for each report.

The financial statements were authorised for issue by Council on 22 October 2013.

The following information has been extracted from the full Annual Report 2013.

## Reporting on the Community's Wellbeing

The Annual Report includes reporting on progress made towards achieving community outcomes as set out in the Long Term Plan 2012-22. The five high level outcomes are: Wealthy Community, Sustainable District and Environment, A Place of Culture and Learning, Safe and Healthy People and Active and Supportive Community.

Progress is monitored by way of specific indicators in the form of performance measures for each of Council's 24 activities. Detail of the measures and reporting is shown in the full Annual Report document. Measures are reported as either achieved or not achieved and the following table lists the results for each group of activities:

Group	Achieved	Not Achieved	% Achieved
Water Supply	4	3	57%
Waste Management	3	3	50%
Stormwater	2	1	67%
Sewerage & Sewage	2	2	50%
Roading & Footpaths	5	3	63%
Property & Investments	5	1	83%
Parks & Recreation	14	0	100%
Governance & Leadership	5	2	71%
Environmental Services	10	7	59%
Community Services	11	1	92%
<b>Totals</b>	<b>61</b>	<b>23</b>	<b>73%</b>

The 23 measures not achieved were a combination of: survey results showing customer satisfaction below performance measures, some measures set too high and circumstances beyond Councils control. Other measures not achieved highlight the need to make improvements.

## Major Financial Variances

**Water Supply** - Revenue is significantly below budget due to New Zealand Drinking Water Standards upgrade works only partially completed. Subsidy grants of \$212,000 were received in the 2013 financial year against a budget of \$662,000.

Capital expenditure is significantly below budget as the various Drinking Water Standards projects were deferred to determine exact specifications. The Otaio/Makikihi project had begun at 30 June, with the Hook/Waituna and Lower Waihao schemes having contracts just put in place.

**Sewerage & Sewage** - Revenue has exceeded budget by \$44,000, due to a small line of trees being harvested for \$21,000 in addition to capital contributions and general recoveries income exceeding budget by \$22,000.

**Roading** - The New Zealand Transport Agency subsidy income is below budget by \$85,000 due to lower maintenance and renewals expenditure. This resulted in the NZTA subsidy claims being lower than anticipated.

Capital expenditure is below budget by \$325,000 with several projects deferred to the 2014 financial year or delays experienced because of storms where these will be undertaken in the 2014 financial year.

**Forestry** - Revenue from harvest of two Reserves blocks of \$190,000 exceeded budget of \$41,000. Other expenses include a loss on revaluation of Reserves forests of \$17,000 and the cost/valuation of the two Reserves blocks that were harvested at \$198,000.

**Investments & Finance** - Other revenue has increased following recognition of Internal Interest income of \$196,000 charged to the various internal loans. Finance expenses have increased against budget following the separate recognition of interest income charged on internal loans referred to above. Other expenses have decreased against budget due to a reduction to Bank Fees and less Rates remissions than expected.

**Property** - There were no section sales at the Eric Batchelor Place subdivision this year, whereas the budget included provision for sale of sections to the value of \$127,000. This is partially offset by a provision in the budget for section inventory costs to the value of \$88,000 for sale of sections at Eric Batchelor Place.

**Building Control** - Other expenses are unfavourable to budget by \$298,000, this is predominately due to legal fees exceeding budget by \$187,000 for defence of a court case, and consultancy fees exceeding budget by \$80,000. The use of consultants was for staff shortages and to process outstanding code of compliance certificates and building consents.

**Resource Management** - Revenue from activities exceeded budget by \$100,000 due to a large reserve contribution being received during the year which was not anticipated when the budget was set. Other expenses are favourable against budget by \$37,000, predominately due to monitoring expenses being below budget by \$23,000 and other small savings.

**Community Support** - Other expenses include community grants which exceeded budget by \$100,000 which is the result of the Waimate Skatepark Grant which was budgeted for in the 2014 financial year however has been paid early with the completion of the Skatepark at Boland Park. Also there was an unbudgeted grant for Waimate 50 for \$8,967.





## Points of Significance

**Water Supply** - A significant leak was detected within the Waimate Urban scheme which has had an impact on the reservoir recharge rates. Results support the use of water conservation measures rather than restrictions in the summer months.

The first stage of the rising main renewal is completed and is an important step towards pressure management and leak reduction within the township.

Contracts have been let to complete the upgrades on both the Otaio-Makikihi and Hook/Waituna rural water schemes with commissioning programmed around December 2013.

Considerable advancement in asset management practices including the successful deployment of infield technology has occurred during the year.

**Waste Management** - Upgrades to site signage have occurred at the Waimate Resource Recovery Park and various rural drop off locations operated by Council. Significant upgrades have occurred at the Waimate Resource Recovery Park Re-Use Shop. Council participated in the TV Takeback scheme run by Ministry for the Environment.

**Stormwater** - Stage 1 Installation of significant infrastructure on High Street has commenced to mitigate known flooding issues.

**Sewerage & Sewage** - The programmed renewal of aged waste water assets on High Street has been completed. A failing waste water pipe on Slee Street was identified during the year. This is being attended to in the 2013/14 financial year.

**Roading & Footpaths** - Rain storms in August 2012 and June 2013 resulted in widespread disruption to the roading network and an emergency repair expense of \$339,000. This received a subsidy from NZTA of 53%.

The 17 June 2013 flood flows in the Waihao River caused the washout of Bradshaws Bridge.

Installation of new stormwater piping, kerb and channel replacement and footpath renewal on High Street has commenced to mitigate flooding issues at Harris Street.

**Forestry** - During the year two Reserve Forest Blocks were harvested yielding just over \$190,000 of revenue.

With another year of growth recorded an additional \$146,000 of value to the forest was recognised.

Investments & Finance - Due to having strong cash reserves available an amount of \$180,000 of external debt was repaid leaving total external debt now of \$1,100,000.

**Property** - Following confirmation that council is not able to sell the existing stadium or land, Council resolved the stadium project would focus on the current site. A targeted rate has been introduced which is providing funding for investigation and/or improvement of the existing stadium. Council staff are working with consultants who will provide Council with options for upgrading the stadium, using the information which has been gathered over a long period of time. This information will enable a final decision to be made on the future of the facility.

The Regent Theatre Trust advised they did not wish to progress ownership of the asset, therefore the lease arrangement has continued.

**Camping** - Due to increased demand at the Victoria Park Camping ground, Ensuite Cabins were built during the year and were operational from April 2013.

To facilitate management and collection of Waitaki Lakes camping revenue a Caretakers Facility was constructed during the end of the financial year and will be operational for the coming 2013/14 lakes season.

**Parks & Public Spaces** - A skatepark and climbing net situated at Boland Park was constructed in April 2013 by the Waimate Skatepark Committee. Council's Parks and Reserves Department cleared a section of trees surrounding the Skatepark on Queen Street so that the area is open and visual to the public.

The glass house situated at Victoria Park is currently under re-construction and this project will be completed in the next financial year.

**Swimming** - The Norman Kirk Memorial Pool continues to be well used by the public and visitors to the District. The local swimming club and schools continue to utilise the pool for swimming lessons and swim groups.

The re-establishment of water aerobics has proved popular this year.

**Building Control** - Expenditure for the Building Control Department has exceeded budget by a large amount due to legal costs and the use of consultants to assist during staff shortages to process mainly outstanding Code of Compliance certificates and Building Consents.

**Resource Management** - Council has completed its 2nd generation District Plan, with only one appeal outstanding before completion.

Council were involved in land use consents for a new dairy factory near Glenavy and the new Waitaki bridges.

**Emergency Management** - Council responded to two large rain events, one which necessitated the use of the Emergency Operations Centre. This major event caused voluntary evacuation of a dwelling and infrastructural damage, including destruction of Bradshaws Bridge.

**Regulatory Services** - The Regulatory Department has been involved in work associated with the new Local Alcohol legislation mainly around Local Alcohol Policies and Local Alcohol Committees.

**Dog & Animal Control** - There have been large increases in the number of animal control related issues.

Council employed an after-hours Animal Control Officer during the year to ease the workload of Council's part time Animal Control Officer.

**Economic Development & Promotions** - The construction of a new dairy factory at Glenavy has progressed. It is expected to provide significant employment for the district.

Promotion of the Waimate tea-towel has been extremely effective. Photos of local people holding the tea-towel at spots worldwide are displayed on the website [www.waimate.org.nz](http://www.waimate.org.nz).

**Community Support** - A special funding round in June 2013 was held for the balance of Creative NZ funds. This special round prevented the funds from being refunded to Creative NZ.

Pro-ject Waimate is an organisation Council have supported since their inception in 1996. During the period 2012/13 the organisation was in recess, therefore their grant was not allocated.

**Library** - This year the library introduced e-books as an option for borrowers. The library now offers over 700 titles which can be loaned electronically for 3 weeks and extended if necessary (as with hard copy books).

## Statement of Comprehensive Income for the year ended 30 June 2013

### Operating Income

Rates other than targeted rates for Water Supply	\$6,140	\$6,146	\$5,675
Targeted rates for Water Supply	1,603	1,603	1,531
Development and Financial contributions	237	86	73
Subsidies and Grants	1,841	2,372	2,131
Other revenue	2,582	2,455	3,942
Other gains	157	121	131

**Total Operating Income**

### Operating Expenditure

Employment benefit expenses	2,980	3,146	3,325
Depreciation	3,621	3,594	3,945
Amortisation	17	20	15
Other expenses	6,158	5,796	5,553
Finance costs	42	82	113
Other losses	56	88	64

**Total Operating Expenditure**

Operating Surplus/(Deficit) before Taxation

Taxation expense

**Total Surplus/(Deficit)**

### Other Comprehensive Income

Increase/(decrease) in restricted assets	(27)	-	58
Increase/(decrease) in revaluation reserves	-	-	2,350
Impairment of revalued assets and reversal of a prior year value	227	(275)	(329)
Financial assets at fair value through other comprehensive income	2,525	-	-

**Total Other Comprehensive Income**

**Total Comprehensive Income**

## Statement of Changes in Equity for the year ended 30 June 2013

Equity as at 1 July

Total Comprehensive Income

**Equity at 30 June**

## Statement of Financial Position as at 30 June 2013

### Assets

#### Current Assets

Cash and cash equivalents	\$ 2,302	\$ 1,334	\$ 1,234
Trade and other receivables	1,338	886	1,584
Inventories	539	432	506
Other financial assets	251	235	251
Total Current Assets	4,430	2,887	3,575

#### Non-Current Assets

Trade and other receivables	-	22	-
Infrastructural assets	334,941	336,033	335,783
Operational assets	17,995	14,923	17,929
Forestry assets	1,714	1,715	1,766
Intangible assets	92	48	83
Other financial assets	12,306	9,736	9,800
Total Non-Current Assets	367,048	362,477	365,361

**Total Assets**

### Liabilities

#### Current Liabilities

Trade and other payables	\$ 1,731	\$ 923	\$ 1,363
Public debt	1,100	35	-
Provisions	5	6	6
Derivative financial instruments	41	99	12
Employee benefit liabilities	411	269	410
Total Current Liabilities	3,288	1,332	1,791

#### Non-Current Liabilities

Public Debt	-	1,209	1,280
Provisions	71	204	73
Derivative financial instruments	14	-	98
Total Non-Current Liabilities	85	1,413	1,451

### Equity

Public Equity	83,520	82,837	83,857
Special separate and trust funds	1,139	359	1,143
Asset revaluation reserve	280,173	278,675	279,946
Other reserves	3,273	748	748
Total Equity	368,105	362,619	365,694

**Total Liabilities and Equity**

## Statement of Cash Flows for the year ended 30 June 2013

### Cash flows from operating activities

#### Cash was received from:

Receipts from rates revenue	\$7,810	\$6,696	\$7,185
Interest received	50	85	44
Dividends received	578	578	576
Receipts from other revenue	3,977	5,746	3,289
	<b>12,415</b>	<b>13,105</b>	<b>11,094</b>

#### Cash was applied to:

Payments to suppliers and employees	8,605	9,469	8,455
Interest paid	97	82	113
	<b>8,702</b>	<b>9,551</b>	<b>8,568</b>

### Net Cash Flows from operating activities

### Cash flows from investing activities

#### Cash was received from:

Proceeds from sale of property, plant and equipment	21	25	43
Proceeds from sale of harvested forests	211	-	46
Proceeds from sale of investment property	-	127	-
Proceeds from sale of investments	21	2	(9)
	<b>253</b>	<b>154</b>	<b>80</b>

#### Cash was applied to:

Purchase of property, plant and equipment	2,660	4,028	2,470
Purchase of intangible assets	12	-	24
Purchase of silviculture	17	-	-
Acquisition of investments	-	-	19
Payment of prior surplus to community board	29	-	-
	<b>2,718</b>	<b>4,028</b>	<b>2,513</b>
	<b>(2,465)</b>	<b>(3,874)</b>	<b>(2,433)</b>

### Net Cash Flows from investing activities

### Cash flows from financing activities

#### Cash was applied to:

Repayment of public debt	180	36	-
	<b>180</b>	<b>36</b>	<b>-</b>

### Net Cash Flows from financing activities

Net increase/(decrease) in cash held	1,068	(356)	93
Add opening cash balance (1 July)	1,234	1,690	1,141
	<b>\$2,302</b>	<b>\$1,334</b>	<b>\$1,234</b>

### Closing cash (30 June)

#### Represented by:

Cash, cash equivalents and bank overdrafts	2,302	1,334	1,234
	<b>\$2,302</b>	<b>\$1,334</b>	<b>\$1,234</b>

Note: Users of the Summary Financial Report should note that the information contained herein cannot be expected to provide as complete an understanding as that provided by the full financial reports contained in the full Annual Report.

## Events After Balance Date

On 10 September 2013 the Waimate area was affected by severe winds that have damaged a large number of trees in the district. Assessments of potential damage to Council forests and property is on-going as the priority has been on safety and securing property in the first instance. The geographical nature of the District and resources available means a complete assessment is yet to be determined.

Council has insurance coverage for windstorm damage up to a maximum of \$342,733 with an excess of \$5,000. An insurance claim has been lodged and assessments are still being made of the various forest blocks to determine the value for the insurance claim. If the assessed loss is greater than the \$342,733 then there will be a cost incurred in the 2014 financial year. Also, from the same event, an insurance claim has been lodged against Council's Material Damage and, potentially, the Business Interruption policies. Both policies have an excess of \$5,000.

The office building at Victoria Park was severely damaged with sundry buildings and structures District-wide suffering minor to moderate damage. The Parks Office is fully insured for replacement. Otherwise there are no other significant events after balance date.



## Independent Auditor's Report To the readers of Waimate District Council's summary annual report for the year ended 30 June 2013

The summary annual report was derived from the annual report of the Waimate District Council (the District Council) for the year ended 30 June 2013. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 1 to 3:

the summary statement of financial position as at 30 June 2013;  
the summaries of the statement of comprehensive

income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013; the notes to the summary financial statements that include accounting policies and other explanatory information; and the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 22 October 2013.

### Opinion

In our opinion:

the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and the summary statements comply with FRS43 (PBE): Summary Financial Statements.

### Basis of opinion

Our audit was carried out in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the

## Funding Impact Statement for the year ended 30 June 2013

### Sources of operating funding

General rates, UAGC and rates penalties	\$ 5,056	\$ 5,089	\$ 4,641	\$ 4,627
Targeted rates (other than water supply)	1,641	1,641	1,611	1,593
Grants, subsidies and donations	875	773	2,587	923
Fees, charges and target rates for water supply	1,839	1,775	1,779	1,794
Interest and dividends from investments	628	663	621	623
Local authority fuel tax, fines, infringement fees other	1,161	1,036	799	1,143

#### Total sources of operating funding

	<b>11,200</b>	<b>10,977</b>	<b>12,038</b>	<b>10,703</b>
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### Applications of operating funding

Payments to staff and suppliers	9,040	8,936	8,399	10,671
Finance costs	42	82	113	543
Other operating funding applications	100	-	-	-
Total applications of operating funding	<b>9,182</b>	<b>9,018</b>	<b>8,512</b>	<b>11,214</b>

### Surplus/(deficit) of operating funding

### Sources of capital funding

Grants, subsidies and donations	982	1,599	1,241	1,415
Development and financial contributions	236	86	72	82
Increase/(decrease) in debt	(180)	(36)	-	3,357
Gross proceeds from sale of assets	21	25	43	190
Lump sum contributions	-	-	-	-

#### Total sources of capital funding

	<b>1,059</b>	<b>1,674</b>	<b>1,356</b>	<b>5,044</b>
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### Applications of capital funding

Capital expenditure - meet additional demand	21	25	31	884
Capital expenditure - improve level of service	635	1,640	2,281	826
Capital expenditure - replace existing assets	2,016	2,363	1,837	2,745
Increase/(decrease) in reserves	405	(395)	714	78
Increase/(decrease) in investments	-	-	19	-

#### Total applications of capital funding

	<b>3,077</b>	<b>3,633</b>	<b>4,882</b>	<b>4,533</b>
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### Surplus/(deficit) of capital funding

	<b>(2,018)</b>	<b>(1,959)</b>	<b>(3,526)</b>	<b>511</b>
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### Funding balance

	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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## Commitments, Contingencies, Related Party Disclosures & Insurance

There are capital commitments in relation to four projects from Council's capital programme - Capital expenditure contracted for at balance date not yet incurred for property, plant and equipment totalling \$1,416,000.

Contracts reviewed on an annual basis have been accepted for:

Roading - roading contracts area contractual commitment with a right of renewal for a further year and also one year beyond that. In May 2012 Council signed a new three year contract commencing 1 July 2012.

Refuse Collection - the contract was entered into with Metallic Sweeping (1998) Limited on 1 October 2009. This five year contract has consolidated all refuse and recycling collection and processing.

Following registration with the Emissions Trading Scheme Council has applied for carbon credits for both the pre- 1990 forests it operates and post-1989 forests it operates. The credits received have been classified as an Intangible asset as at 30 June 2013. These were included as Contingent Assets in 2012. There are no Contingent Assets as at 30 June 2013.

Council has a potential liability, pending the outcome of an appeal to the High Court, for additional costs relating to the court case that has been defended during the year. An amount has already been provided for in these accounts and while this is subject to appeal this contingent liability is unquantified.

Timaru District Council (TDC) is a related party of the Council through the Downlands rural water scheme (DRWS). Council collects rates on behalf of the DRWS and distributes them to TDC.

Insurance cover for all New Zealanders has become a prominent issue following the 2010/11 Canterbury earthquakes, and this includes Local Government. International reinsurance companies have reassessed their view of disaster events in New Zealand and a return to pre 2010 price levels is nowhere in sight. During the 2012/13 year Council has cover in place for its below ground infrastructure assets, provided by the Local Authority Protection Programme Disaster Fund (LAPP). In the event of a claim during this year Council would have had to fund 5 times its annual contribution before the LAPP Fund would pay 40% of the reinstatement costs of the loss, with Central Government meeting the remaining 60%.

International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 22 October 2013 on the full audited statements.

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

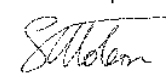
## Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary

annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

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

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



Scott Tobin, Audit New Zealand  
On behalf of the AuditorGeneral  
Christchurch, New Zealand  
7 November 2013