



Notice of Meeting

A meeting of the Tararua District Council will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Wednesday 26 October 2016** commencing at **1.00 pm**.

Blair King
Chief Executive

Agenda

1. Present

2. Apologies

The Chief Executive will preside at the commencement of the meeting and will call for apologies.

3. Declarations Required of the Mayor and Councillors

- (a) The Chief Executive will witness the making and attesting of the declaration required of Her Worship the Mayor – Mrs T H Collis by Schedule 7 Clause 14 of the Local Government Act 2002.
- (b) Her Worship the Mayor will witness the making and attesting of the declarations required of the councillors by Schedule 7 Clause 14 of the Local Government Act 2002.

4. Council Meeting Date and Time

Recommendation

That the Tararua District Council schedule its meetings on the last Wednesday of each month (except December) commencing at 1.00 pm, and

That the December Council meeting be held on the second Wednesday of that month.

5. Appointment of the Deputy Mayor

The Mayor will provide details of this appointment at the meeting. All other appointments shall be referred as an item of business at the next Council meeting.

6.	Reports	
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6.2	Adoption of Standing Orders	35
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	Representatives from Audit New Zealand will attend the meeting to present their Audit opinion on the Council's Annual Report 2015/2016	
7.	Closure	



Report

Date : 19 October 2016

To : Mayor and Councillors
Tararua District Council

From : Blair King
Chief Executive

Subject : **Acts Pertaining to the Conduct of Business and to Members of Local Authorities**

Item No : **6.1**

1. Introduction

- 1.1 Schedule 7 Clause 21 of the Local Government Act 2002 requires that a general explanation be given at the first meeting of the Council and the Community Boards of:
- (a) The Local Government Official Information and Meetings Act 1987; and
 - (b) Other laws affecting members including the appropriate provisions of the Local Authorities (Members Interests) Act 1968, the Crimes Act 1961, the Secret Commissions Act 1910, and the Financial Markets Conduct Act 2013.
- 1.2 This report outlines the legislation referred to, and is provided for the information of members as part of this briefing. A copy of the Elected Members Governance Handbook 2016 prepared by Local Government New Zealand will be circulated when it is available, and is commended to you as a valuable resource to obtain further details on local government and the roles expected of elected members. For Council members Brookfields Lawyers produce a straightforward commentary guide on members standards, and a copy is provided to the Mayor and Councillors for their reference.

2. Local Government Official Information and Meetings Act 1987

- 2.1 *"This Act applies to every local authority in New Zealand. It has two main aspects. Parts 1 to 6 are concerned with "Official Information", its availability and the means of making it available. Part 7 deals with meetings of local authorities and their committees and, in particular, with rights to public access to such meetings".*

- 2.2 *“It can be said that local authorities are expected to act in accordance with the concept that official information is held by them on behalf of their citizens and the consumers of their services”.*
- 2.3 There are certain procedures to be followed in respect to official information, one of which is the appointment of an officer primarily responsible for the administration of the Act. The Governance Manager, Mr Richard Taylor, has been appointed to that position with the Tararua District Council.
- 2.4 The Act generally sets out the requirement for public notice of meetings, right to exclude the public and public access to agendas and minutes. There are stringent tests to be met before the public can be excluded from meetings.
- 2.5 Official information must be made available unless there is good reason for withholding it, and the Act provides the basis for determining if there are reasons where it is not appropriate to disclose information to the public. Reference should be made to Model Standing Orders where specific details are given.

3. Local Authorities (Members Interests) Act 1968

- 3.1 The Controller and Auditor-General has issued two guidance publications on conflicts of interest.
- “Managing conflicts of interest: Guidance for public entities” provides general guidance on the identification and management of conflicts of interest for all entities and individuals working in the public sector.
- “Guidance for members of local authorities about the law on conflicts of interest” provides detailed information for elected representatives concerning their statutory obligations relating to decision-making at authority meetings. A copy of these publications can be accessed through the website of the Office of the Auditor-General www.oag.govt.nz.
- 3.2 The purpose of the Local Authorities (Members Interests) Act 1968 is to:
- (a) Control the making of contracts between members and their authority, and
 - (b) Prevent members from participating in authority matters in which they have a pecuniary interest.
- 3.3 So far as contracts are concerned, no person can remain a member of a local authority if the member or member’s spouse is concerned or interested in any contract or contracts made by the local authority if the payment made on behalf of the local authority exceeds \$25,000 in any financial year. There are provisions relating to companies which include contracts made by companies if the member or the member’s spouse has any form of controlling interest in the company.
- 3.4 There are provisions to extend the limit provided that the prior approval of the Audit Office is obtained and the application for such extension is made by the local authority.

- 3.5 It is therefore necessary for any member of the Council who is likely to have business with the Council that in any one year would exceed \$25,000 to bring the matter to the attention of the Council and for the Council to make the necessary applications to the Audit Office. Generally this requirement is not applicable to community board members, except where a specific contract is under the jurisdiction or control of that Board.
- 3.6 Members may have pecuniary interests in matters before the Council which do not come within the term “contract” or do not exceed the limits of such contracts. However, the member is precluded from voting on or discussing any such questions. Again, pecuniary interest held by the member’s spouse are brought within this definition.
- 3.7 There are various exclusions which need to be studied in some detail. These are as follows:
- (a) Any payment to or for the benefit of a member where it is legally payable and the amount or maximum amount or the rate or maximum rate of the payment has already been fixed; or
 - (b) Any contract or insurance insuring members against personal accident; or
 - (c) An election or appointment of a member of the local authority to any office, notwithstanding that any remuneration or allowance is or may be payable in respect of that office; or
 - (d) Any formal resolution to seal or otherwise complete any contract or document in accordance with a resolution already adopted; or
 - (e) The preparation, recommendation, approval, or review of a district scheme under the Resource Management Act 1991 or any section of such a scheme, unless the matter relates to any variation or change of or departure from a district scheme or section thereof or to the conditional use of land as defined in that Act; or
 - (i) The preparation, recommendation, approval, or review of general schemes under the Soil Conservation and Rivers Control Act 1941 for the preventing or minimising of damage by floods and by erosion; or
 - (ii) The preparation, recommendation, approval, or review of reports as to the effect or likely effect on the environment of any public work or proposed public work within the meaning of the Public Works Act 1981; or
 - (f) Any matter in which in the opinion of the Auditor-General given before the vote or discussion and on written application to the Auditor-General for their opinion, the pecuniary interest of a member is so remote or insignificant that it cannot reasonably be regarded as likely to influence them in voting on or taking part in the discussion of that matter.

- 3.8 I believe that the onus is upon the member to disclose such interests because in general it is only the member who would have detailed knowledge of the circumstances. This is reinforced by Brookfields Lawyers that pecuniary interests are ones for members themselves to address and resolve, and it will be emphasised at the commencement of each Council meeting through a permanent item on the agenda "Declarations of conflicts of interest in relation to this meeting's items of business".

4. Crimes Act 1961

- 4.1 Sections 99, 105 and 105A of this Act are concerned with bribery and corruption.

- 4.2 The sections are quoted in full hereunder:-

- 4.2.1 **"99 Interpretation"** – In this part of this Act, unless the context otherwise requires:-

"Bribe" means any money, valuable consideration, office, or employment, or any benefit, whether direct or indirect:

"Judicial Officer" means a Judge of any Court, Coroner, or Justice of the Peace, or any other person holding any judicial office, or any person who is a member of any tribunal authorised by law to take evidence on oath:

"Law Enforcement Officer" means any constable, or any person employed in the detection or prosecution or punishment of offenders:

"Official" means any person in the service of Her Majesty in right of New Zealand (whether that service is honorary or not, and whether it is within or outside New Zealand), or any member or employee of any local authority or public body, or any person employed in the Education Service within the meaning of the State Sector Act 1988.

- 4.2.2 **"105 Corruption And Bribery Of Official**

1. Every official is liable to imprisonment for a term not exceeding 7 years who, whether within New Zealand or elsewhere, corruptly accepts or obtains, or agrees or offers to accept or attempts to obtain, any bribe for himself or any other person in respect of any act done or omitted, or to be done or omitted, by him in his official capacity.
2. Every one is liable to imprisonment for a term not exceeding 7 years who corruptly gives or offers or agrees to give any bribe to any person with intent to influence any official in respect of any act or omission by him in his official capacity".

- 4.2.3 **"105A Corrupt Use Of Official Information**

Every official is liable to imprisonment for a term not exceeding 7 years who, whether within New Zealand or elsewhere, corruptly uses (or discloses) any information, acquired by him in his official capacity, to obtain, directly or indirectly, an advantage or a pecuniary gain for himself or any other person".

5. Secret Commissions Act 1910

5.1 This Act includes in its title that it is “An Act for the Prohibition of Secret Commissions”.

5.2 **Section 2** of the Act is reproduced hereunder and defines, “Agent”, “Principal” and “Consideration”, while Section 16, also reproduced hereunder, further defines the term “Agent”.

“Interpretation – In this Act, unless a contrary intention appears:

“**Agent**” includes any person who is or has been, or desires or intends to be, employed by or acting for any other person, whether as agent, servant, broker, auctioneer, architect, solicitor, director, or in any other capacity whatever, either alone or jointly with any other person:

“**Principal**” includes any person by whom an agent is or has been, or intends or desires to be, employed, or for whom an agent acts or has acted, or intends or desires to act:

“**Consideration**” means valuable consideration of any kind; and particularly includes discounts, commissions, rebates, bonuses, deductions, percentages, employment, payment of money (whether by way of loan, gift, or otherwise howsoever), and forbearance to demand any money or valuable thing”.

“16 Persons Deemed to be Agents Within the Meaning of this Act

1. For the purposes of this Act:-

- (a) Every officer of a corporation and every member of a governing body of a corporation shall be deemed to be an agent of the corporation:
- (b) Every officer or member of any local authority, Board, Council, Committee, or other body of persons, whether incorporated or unincorporated, charged by statute with any public functions shall be deemed to be an agent of that local authority, Board, Council, Committee, or other body:
- (c) Every person in the service of the Crown, or acting for or on behalf of the Crown, or holding any office in the public service, shall be deemed to be an agent of the Crown:
- (d) Every partner in a firm shall be deemed to be an agent of the firm:
- (e) An executor, administrator, or trustee shall be deemed to be an agent of the beneficiaries under the will, intestacy, or trust:
- (f) The committee of the estate of a person of unsound mind shall be deemed to be the agent of that person:

(g) An arbitrator, umpire, or valuer shall be deemed to be an agent of every party to the arbitration or valuation:

(h) A liquidator of a company shall be deemed to be an agent of the company.

2. If by virtue of the provisions of this Act any agent is deemed to be the agent of 2 or more principals in respect of the same matter, this Act shall apply to each of those principals in the same manner as if he was the sole principal.

3. Nothing in this section shall be so construed as to restrict in any manner the meaning of the terms “agent” or “principal” as used in this Act.

5.3 The headings of the sections of the Act can largely explain its meaning and are reproduced hereunder:

3. Gifts to agent without consent of principal an offence

4. Acceptance of such gifts by agent an offence

5. Duty of agent to disclose pecuniary interest in contract

6. Giving false receipt, invoice etc. to agent an offence

7. Delivery of false receipt etc. to principal an offence

8. Receiving secret reward for procuring contracts an offence

9. Aiding and abetting offences

10. Offences by persons acting on behalf of agents

11. Customary nature of gift to be no defence

5.4 The consent of the Attorney General is necessary before any prosecution can proceed.

5.5 A person who commits an offence against this Act is liable to imprisonment for a term not exceeding seven years.

5.6 Section 15 states that no person shall in any civil or criminal proceedings be excused from answering any question, or from making any discovery of documents, on the grounds that the answer or discovery may criminate or tend to criminate him/her in respect of an offence against the Act; but his/her answer shall not be admissible in evidence against him/her in any criminal proceedings for an offence against this Act.

5.7 It appears that such gifts which are made or received or are reported to have been made or received in a public manner are permissible in terms of this Act. Elected members and employees of the Council must be extremely careful in these circumstances. The best defence is to refuse to have any part of commissions or gifts as defined in this Act.

6. Financial Markets Conduct Act 2013

- 6.1 The Financial Markets Conduct Act 2013 essentially places elected members in the same position as company directors whenever the Council offers financial products (such as an issue of debt or equity securities).
- 6.2 Elected members may be personally liable if documents that are registered under the Act, such as a product disclosure statement, contain false or misleading statements. Elected members may also be liable if the requirements of the Act are not met in relation to offers of financial products.

7. Local Government Act 2002

7.1 Local Governance Statement

- 7.1.1 Section 40 of the Local Government Act 2002 requires the Council to prepare and make publicly available a local governance statement which includes information concerning its functions, powers, bylaws, electoral matters, members roles, governance structures, meeting processes, consultation policies, policies in relation to Maori, management and employment policies, key approved planning and policy documents, systems for public access to the Council and its elected members, and processes to request official information.
- 7.1.2 A local governance statement must be issued by the Council within six months after each triennial election.

7.2 Code of Conduct

- 7.2.1 Schedule 7 Clause 15 of the Local Government Act 2002 requires the Council to adopt a Code of Conduct for members of the local authority.
- 7.2.2 This sets out the understandings and expectations adopted by the local authority about the manner in which its members may conduct themselves while acting in their capacity as elected representatives, including behaviour toward one another, staff and the public, and the disclosure of information by or in the possession of elected members.
- 7.2.3 A local authority may amend or replace its Code of Conduct, but may not revoke it without replacement.
- 7.2.4 At the Council meeting of 24 February 2016 Local Government New Zealand presented a report and recommendations on its fit for purpose review of the Council's governance process.
- 7.2.5 As part of the decisions arising from that process the Council resolved to review its Code of Conduct to incorporate recent best practice.

- 7.2.6 Local Government New Zealand facilitated this review through providing to all local authorities a new Code of Conduct template, and that has been used as the basis of the attached document presented for the Council's consideration.
- 7.2.7 Its purpose fulfils the statutory requirements to adopt a Code of Conduct, and establishes the manner in which Council members will work together, including matters such as collective responsibility and operating style.
- 7.2.8 All members of the Council must comply with the Code of Conduct, and any future amendment or its replacement can only proceed if 75% of the members present vote in support of this occurring.
- 7.2.9 A local authority must, when adopting a Code of Conduct, consider whether it requires a member or newly elected member to declare whether or not the member or newly elected member is an undischarged bankrupt. This matter is covered in Section 10.1 of the Code of Conduct.
- 7.2.10 To avoid doubt, a breach of the Code of Conduct does not constitute an offence under the Local Government Act 2002.
- 7.2.11 There is no statutory requirement for Community Boards to adopt the Code of Conduct, but the option is available if they decide to do so.

8. Health and Safety at Work Act 2015 (HSWA)

- 8.1 On 4 April 2016, the Health and Safety at Work Act 2015 came into force. The HSWA provides a significant change to New Zealand's current health and safety legislation and is a response to the scrutiny placed on New Zealand's health and safety practices following the Pike River tragedy.
- 8.2 The Act allocates duties to those people who are in the best position to control risks to health and safety as appropriate to their role in the workplace, and for the person conducting a business or undertaking (PCBU) (i.e. the Council) to ensure, as far as is reasonably practicable, the safety of workers and others who may be impacted by the work the business undertakes.
- 8.3 One of the significant changes is the introduction of "Officers", who is any person occupying a position in relation to the business or undertaking, that allows the person to exercise significant influence over the management of the business or undertaking.
- 8.4 For the purpose of the HSWA, elected Council members (which include the Mayor and Councillors but excludes Community Board members) and the Chief Executive are by default identified as "Officers". Only the Chief Executive can be accountable as an Officer of the PCBU in court proceedings as elected members are excluded from criminal liability except for negligence.

8.5 Officers have obligations of due diligence, which are:

1. KNOW: Keep up-to-date with health and safety matters
2. UNDERSTAND: Understand the nature of Council business and its hazards and risks associated
3. RESOURCE: Ensure Council has appropriate resources and processes to manage risks to health and safety
4. MONITOR: Ensure there are appropriate reporting and investigation processes in place
5. COMPLY: Ensure Council has and implements processes for complying with the Act
6. VERIFY: Verify the provision and use of the resources and processes referred to in points 3, 4 and 5

The duties of the Officers and of the PCBU are independent of each other. This means if a PCBU has failed to meet its duty but the Officers exercised due diligence then they would not be personally liable for the health and safety failings.

9. Conclusion

9.1 The laws which have been discussed here cover matters of common-sense and decency which would be automatically followed by most people. However, some people in the past have not and therefore the laws are in existence. Any unwary action by a member or employee of the Council could lead to the various penalties under this legislation being imposed.

10. Recommendation

That the report from the Chief Executive dated 19 October 2016 concerning a general explanation of Acts Pertaining to the Conduct of Business and to Members of Local Authorities with regard to the following (as circulated) be received and noted:

- (a) The Local Government Official Information and Meetings Act 1987***
- (b) The Local Authorities (Members Interests) Act 1968***
- (c) Sections 99, 105 and 105A of the Crimes Act 1961***
- (d) The Secret Commissions Act 1910***
- (e) The Financial Markets Conduct Act 2013***
- (f) The Local Government Act 2002 - provisions relating to local governance statements and the Code of Conduct***
- (g) The Health and Safety at Work Act 2015***

And that the Council adopt the draft Code of Conduct, and any previous Code of Conduct is hereby revoked.

Attachments

1. Draft Code of Conduct

Tararua District Council

Code of Conduct

Draft

Adopted on

1. Introduction

This Code of Conduct (the Code) sets out the standards of behavior expected from elected members in the exercise of their duties. Its purpose is to:

- enhance the effectiveness of the local authority and the provision of good local government of the district and its communities;
- promote effective decision-making and community engagement;
- enhance the credibility and accountability of the local authority to its communities; and
- develop a culture of mutual trust, respect and tolerance between the members of the local authority and between the members and management.

This purpose is given effect through the values, roles, responsibilities and specific behaviors agreed in this Code.

2. Scope

The Code has been adopted in accordance with clause 15 of Schedule 7 of the Local Government Act 2002 (LGA 2002) and applies to all members, including the members of any community boards that have agreed to adopt it. The Code is designed to deal with the behaviour of members towards:

- each other;
- the Chief Executive and staff;
- the media; and
- the general public.

It is also concerned with the disclosure of information that members receive in their capacity as elected members and information that impact on the ability of the local authority to give effect to its statutory responsibilities

This Code can only be amended (or substituted by a replacement Code) by a vote of at least 75 per cent of members present at a meeting when any amendment to the Code is being considered. The Code should be read in conjunction with the Council's Standing Orders.

3. Values

The Code is designed to give effect to the following values:

1. **Public interest:** members will serve the best interests of the people within their district or community, and discharge their duties conscientiously, to the best of their ability.
2. **Public trust:** members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.
3. **Ethical behaviour:** members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behavior.
4. **Objectivity:** members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
5. **Respect for others:** will treat people, including other members, with respect and courtesy, regardless of their race, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of officials.
6. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this Code of Conduct, and act in accordance with the trust placed in them by the public.
7. **Equitable contribution:** members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office, including attending meetings and workshops, preparing for meetings, attending civic events, and participating in relevant training seminars.
8. **Leadership:** members will actively promote and support these principles and ensure they are reflected in the way in which the Council operates, including a regular review and assessment of the Council's collective performance.

These values complement, and work in conjunction with, the principles of s.14 of the LGA 2002 and the governance principles of s.39 of the LGA 2002.

4. Role and responsibilities

Good governance requires clarity of roles and respect between those charged with the responsibility for the leadership of the Council and those responsible for advice and the implementation of Council decisions. The key roles are:

4.1 Members

The role of the governing body includes:

- representing the interests of the people of the district;
- developing and adopting plans, policies and budgets;
- monitoring the performance of the Council against stated goals and objectives set out in its Long Term Plan;
- providing prudent stewardship of the Council's resources;
- employing and monitoring the performance of the Chief Executive; and
- ensuring the Council fulfils its responsibilities to be a 'good employer' and meets the requirements of the Health and Safety at Work Act 2015.

4.2 Chief Executive

The role of the Chief Executive includes:

- implementing the decisions of the Council;
- ensuring that all responsibilities delegated to the Chief Executive are properly performed or exercised;
- ensuring the effective and efficient management of the activities of the local authority;
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority;
- providing leadership for the staff of the Council; and
- employing staff on behalf of the Council (including negotiation of the terms of employment for those staff).

Under s.42 of the LGA 2002 the Chief Executive is the only person *directly* employed by the Council itself. All concerns about the performance of an individual member of staff must in the first instance, be referred to the Chief Executive.

5. Relationships

This section of the Code sets out agreed standards of behaviour between members; members and staff; and members and the public.

5.1 Relationships between members

Given the importance of relationships to the effective performance of the Council, members will conduct their dealings with each other in a manner that:

- maintains public confidence;
- is open and honest;
- is courteous;
- is focused on issues rather than personalities;
- avoids abuse of meeting procedures, such as a pattern of unnecessary notices of motion and/or repetitious points of order; and
- avoids aggressive, offensive or abusive conduct, including the use of disrespectful or malicious language.

Any failure by members to act in the manner described in s.5.1 represents a breach of this Code.

Please note that nothing in this section of the Code is intended to limit robust debate within the Council as long as it is conducted in a respectful and insightful manner.

5.2 Relationships with staff

An important element of good governance involves the relationship between the Council and its Chief Executive. Members will respect arrangements put in place to facilitate this relationship, and:

- raise any concerns about employees, officers or contracted officials with the Chief Executive;
- raise any concerns about the performance or behaviour of the Chief Executive with the Mayor or the Chairperson of the Chief Executive's Performance Appraisal Committee;
- make themselves aware of the obligations that the Council and the Chief Executive have as employers and observe those requirements at all times, such as the duty to be a good employer;
- treat all employees with courtesy and respect and avoid publicly criticising any employee;
- observe any protocols put in place by the Chief Executive concerning contact between members and employees;

- avoid doing anything which might compromise, or could be seen as compromising, the impartiality of an employee.

Any failure by members to act in the manner described above represents a breach of this Code.

Please note: Elected members should be aware that failure to observe this portion of the Code may compromise the Council's obligations to be a good employer and consequently expose the Council to civil litigation or affect the risk assessment of the Council's management and governance control processes undertaken as part of the Council's audit.

5.3 Relationship with the public

Given that the performance of the Council requires the trust and respect of individual citizens, members will:

- interact with members of the public in a fair, respectful, equitable and honest manner;
- be available to listen and respond openly and honestly to community concerns;
- consider all points of view or interests when participating in debate and making decisions;
- treat members of the public in a courteous manner; and
- act in a way that upholds the reputation of the local authority.

Any failure by members to act in the manner described above represents a breach of this Code.

6. Contact with the media

The media play an important part in the operation and efficacy of local democracy. In order to fulfil this role the media needs access to accurate and timely information about the affairs of the Council.

From time to time individual members will be approached to comment on a particular issue either on behalf of the Council, or as an elected member in their own right. When responding to the media members must be mindful that operational questions should be referred to the Chief Executive and policy-related questions referred to the Mayor or the member with the appropriate delegated authority.

When speaking to the media more generally members will abide by the following provisions:

6.1 Media contact on behalf of the Council

- the Mayor is the first point of contact for an official view on any issue, unless delegations state otherwise. Where the Mayor is absent requests for comment will be referred to the Deputy Mayor or relevant committee chairperson or portfolio holder;
- the Mayor may refer any matter to the relevant committee chairperson or to the Chief Executive for their comment; and
- no other member may comment *on behalf of the Council* without having first obtained the approval of the Mayor.

6.2 Media comment on a member's own behalf

Elected members are free to express a *personal view* in the media at any time provided the following rules are observed:

- media comments must not state or imply that they represent the views of the Council;
- media comments which are contrary to a Council decision or policy must clearly state that they do not represent the views of the majority of members;
- media comments must observe the other requirements of the Code; for example, comments should not disclose confidential information, criticise, or compromise the impartiality or integrity of staff; and
- media comments must not be misleading and should be accurate within the bounds of reasonableness.

Any failure by members to meet the standards set out above represents a breach of this Code.

7. Information

Access to information is critical to the effective performance of a local authority and the level of public trust felt by the public.

7.1 Confidential information

In the course of their duties members will occasionally receive information that is confidential. This will generally be information that is either commercially sensitive or is personal to a particular individual or organisation. Accordingly, members agree not to use or disclose confidential information for any purpose other than the purpose for which the information was supplied to the member.

7.2 Information received in the capacity as an elected member

Members will disclose to other members and, where appropriate the Chief Executive, any information received in their capacity as an elected member that concerns the Council's ability to give effect to its responsibilities.

Members who are offered information on the condition that it remains confidential will inform the provider of the information that it is their duty to disclose the information and will decline the offer if that duty is likely to be compromised.

Any failure by members to act in the manner described above represents a breach of this Code.

Please note: failure to observe these provisions may impede the performance of the Council by inhibiting information flows and undermining public confidence. It may also expose the Council to prosecution under the Privacy Act and/or civil litigation.

8. Conflicts of Interest

Elected members will maintain a clear separation between their personal interests and their duties as elected members in order to ensure that they are free from bias (whether real or perceived). Members therefore must familiarise themselves with the provisions of the Local Authorities (Members' Interests) Act 1968 (LAMIA).

Members will not participate in any Council discussion or vote on any matter in which they have a pecuniary interest, other than an interest in common with the general public. This rule also applies where the member's spouse contracts with the authority or has a pecuniary interest. Members shall make a declaration of interest as soon as practicable after becoming aware of any such interests.

If a member is in any doubt as to whether or not a particular course of action (including a decision to take no action) raises a conflict of interest, then the member should seek guidance from the Chief Executive *immediately*. Members may also contact the Office of the Auditor General for guidance as to whether they have a pecuniary interest, and if so, may seek an exemption to allow that member to participate or vote on a particular issue in which they may have a pecuniary interest. The latter must be done before the discussion or vote.

Please note: Failure to observe the requirements of the LAMIA could potentially invalidate the decision made, or the action taken, by the Council. Failure to observe these requirements could also leave the elected member open to prosecution (see Appendix A). In the event of a conviction, elected members can be ousted from office.

9. Register of Interests

Members shall annually make a declaration of interest. These declarations are recorded in a Register of Interests maintained by the Council. The declaration must include information on the nature and extent of any interest, including:

- a) any employment, trade or profession carried on by the member or the members' spouse for profit or gain;
- b) any company, trust, partnership etc. for which the member or their spouse is a director, partner or trustee;
- c) the address of any land in which the member has a beneficial interest within the jurisdiction of the local authority; and
- d) the address of any land owned by the local authority in which the member or their spouse is:
 - a tenant; or
 - the land is tenanted by a firm in which the member or spouse is a partner, a company of which the member or spouse is a director, or a trust of which the member or spouse is a trustee;
- e) any other matters which the public might reasonably regard as likely to influence the member's actions during the course of their duties as a member (if the member is in any doubt on this, the member should seek guidance from the Chief Executive)

Please note: Where a member's circumstances change they must ensure that the Register of Interests is updated as soon as practicable.

10. Ethical behaviour

Members will seek to promote the highest standards of ethical conduct. Accordingly, members will:

- claim only for legitimate expenses as determined by the Remuneration Authority and any lawful policy of the Council developed in accordance with that determination;
- not influence, or attempt to influence, any Council employee, officer or member in order to benefit their own, or families personal or business interests;
- only use the Council resources (such as facilities, staff, equipment and supplies) in the course of their duties and not in connection with any election campaign or personal interests; and

- not solicit, demand, or request any gift, reward or benefit by virtue of their position and notify the Chief Executive if any such gifts are accepted. Where a member accepts a gift to the value of \$50 or more, that member must immediately disclose this to the Chief Executive for inclusion in the publicly available register of interests.

Any failure by members to comply with the provisions set out in this section represents a breach of this Code.

10.1 Undischarged bankrupt

In accordance with clause 15(5) of Schedule 7 (LGA 2002) any member who is an “undischarged bankrupt” will notify the Chief Executive prior to the inaugural meeting or as soon as practicable after being declared bankrupt. The member will also provide the Chief Executive with a brief explanatory statement of the circumstances surrounding the member’s adjudication and the likely outcome of the bankruptcy.

11. Creating a supportive and inclusive environment

In accordance with the purpose of this Code, members agree to take all reasonable steps in order to participate in activities scheduled to promote a culture of mutual trust, respect and tolerance. These include:

- Attending post-election induction programmes organised by the Council for the purpose of facilitating agreement on the Council’s vision, goals and objectives and the manner and operating style by which members will work.
- Taking part in any assessment of the Council’s overall performance and operating style during the triennium.
- Taking all reasonable steps to ensure they possess the skills and knowledge to effectively fulfill their Declaration of Office and contribute to the good governance of the district.

12. Breaches of the Code

Members must comply with the provisions of this Code (LGA 2002, schedule 7, s. 15(4)). Any member, or the Chief Executive, who believes that the Code has been breached by the behaviour of a member may make a complaint to that effect. All complaints will be considered in a manner that is consistent with the following principles.

12.1 Principles:

The following principles will guide any processes for investigating and determining whether a breach under this Code has occurred:

- that the approach for investigating and assessing a complaint will be proportionate to the apparent seriousness of the breach complained about;
- that the roles of complaint, investigation, advice and decision-making will be kept separate as appropriate to the nature and complexity of the alleged breach; and
- that the concepts of natural justice and fairness will apply in the determination of any complaints made under this Code. This requires, conditional on the nature of an alleged breach, that affected parties:
 - have a right to know that an investigation process is underway;
 - are given due notice and are provided with an opportunity to be heard;
 - have a right to seek appropriate advice and be represented; and
 - have their privacy respected.

12.2 Complaints

All complaints made under this Code must be made in writing forwarded to the Mayor and Chief Executive for their joint assessment. On receipt of a complaint, the Mayor and Chief Executive will decide whether the issue is sufficiently serious to warrant a full investigation. Where the Mayor and Chief Executive may have any possible conflict of interest in the complaint the matter shall be referred to the Chief Executive of Local Government New Zealand for review.

Complaints made under this Code can only be made by Council members and the Chief Executive.

12.3 Investigation, advice and decision

The process following receipt of a complaint will follow the steps outlined in Appendix B.

12.4 Materiality

An alleged breach under this Code is material if, through its investigation, it would, if proven, bring a member or the Council into disrepute or, if not addressed, reflect adversely on another member of the Council.

13. Penalties and actions

Where a complaint is determined to be material and referred to the Council the nature of any penalty or action will depend on the seriousness of the breach.

13.1 Material breaches

In the case of material breaches of this Code the Council, or a committee with delegated authority, may require one of the following:

1. a letter of censure to the member;
2. a request (made either privately or publicly) for an apology;
3. a vote of no confidence in the member;
4. removal of certain Council-funded privileges (such as attendance at conferences);
5. suspension from committees or other bodies; or
6. an invitation for the member to consider resigning from the Council.

The above options shall be considered as appropriate in circumstances whenever a material breach of this Code is deemed to have occurred.

A Council or committee may decide that a penalty will not be imposed where a respondent agrees to one or more of the following:

- attend a relevant training course; and/or
- work with a mentor for a period of time; and/or
- participate in voluntary mediation (if the complaint involves a conflict between two members); and/or
- tender an apology.

The process is based on the presumption that the outcome of a complaints process will be made public unless there are grounds such as those set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA) for not doing so.

It is acknowledged that where a material breach of this Code involves any matters concerning a Council member's relationship with staff, the Chief Executive in fulfilling their role and responsibilities can establish protocols concerning contact between elected members and employees. This includes restricted entry to Council offices such as no access to staff areas, and limitation on any dealings with Council staff so that they are confined to the Chief Executive only.

13.2 Statutory breaches

In cases where a breach of the Code is found to involve regulatory or legislative requirements, the complaint will be referred to the relevant agency. For example:

- breaches relating to members' interests (where members may be liable for prosecution by the Auditor-General under the LAMIA);
- breaches which result in the Council suffering financial loss or damage (where the Auditor-General may make a report on the loss or damage under s.30 of the LGA 2002 which may result in the member having to make good the loss or damage); or
- breaches relating to the commission of a criminal offence which will be referred to the Police (which may leave the elected member liable for criminal prosecution).

14. Review

Once adopted, a Code of Conduct continues in force until amended by the Council. The Code can be amended at any time but cannot be revoked unless the Council replaces it with another Code. Once adopted, amendments to the Code require a resolution supported by 75 per cent of the members of the Council present at a Council meeting where the amendment is considered.

The Council may formally review the Code as soon as practicable after the beginning of each triennium, and the results of that review will be considered in relation to potential changes for improving the Code.

Appendix A: Legislation bearing on the role and conduct of elected members

This is a summary of the legislative requirements that have some bearing on the duties and conduct of elected members. The full statutes can be found at www.legislation.govt.nz.

The Local Authorities (Members' Interests) Act 1968

The Local Authorities (Members' Interests) Act 1968 (LAMIA) provides rules about members discussing and voting on matters in which they have a pecuniary interest and about contracts between members and the Council.

A pecuniary interest is likely to exist if a matter under consideration could reasonably give rise to an expectation of a gain or loss of money for a member personally (or for their spouse or a company in which they have an interest). In relation to pecuniary interests, the LAMIA applies to both contracting and participating in decision-making processes.

With regard to pecuniary or financial interests, a person is deemed to be "concerned or interested" in a contract or interested "directly or indirectly" in a decision when:

- a person, or spouse or partner, is "concerned or interested" in the contract or where they have a pecuniary interest in the decision; or
- a person, or their spouse or partner, is involved in a company that is "concerned or interested" in the contract or where the company has a pecuniary interest in the decision.

There can also be additional situations where a person is potentially "concerned or interested" in a contract or have a pecuniary interest in a decision, such as where a contract is between an elected members' family trust and the Council.

Determining whether a pecuniary interest exists

Elected members are often faced with the question of whether or not they have a pecuniary interest in a decision and if so whether they should participate in discussion on that decision and vote. When determining if this is the case or not the following test is applied:

"...whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned." (OAG, 2001)

In deciding whether you have a pecuniary interest, members should consider the following factors:

- What is the nature of the decision being made?
- Do I have a financial interest in that decision - do I have a reasonable expectation of gain or loss of money by making that decision?
- Is my financial interest one that is in common with the public?
- Do any of the exceptions in the LAMIA apply to me?
- Could I apply to the Auditor-General for approval to participate?

Members may seek assistance from the Mayor or other person to determine if they should discuss or vote on an issue, but ultimately it is their own judgment as to whether or not they have a pecuniary interest in the decision. Any member who is uncertain as to whether they have a pecuniary interest is advised to seek legal advice. Where uncertainty exists, members may adopt a least-risk approach that is to not participate in discussions or vote on any decisions.

Members who do have a pecuniary interest will declare the pecuniary interest to the meeting and not participate in the discussion or voting. The declaration and abstention needs to be recorded in the meeting minutes. (Further requirements are set out in the Council's Standing Orders.)

The contracting rule

A member is disqualified from office if he or she is "concerned or interested" in contracts with their Council if the total payments made, or to be made, by or on behalf of the Council exceed \$25,000 in any financial year. The \$25,000 limit includes GST. The limit relates to the value of all payments made for all contracts in which you are interested during the financial year. It does not apply separately to each contract, nor is it just the amount of the profit the contractor expects to make or the portion of the payments personally received by you.

The Auditor-General can give prior approval, and in limited cases, retrospective approval for contracts that would otherwise disqualify you under the Act. It is an offence under the Act for a person to act as a member of the Council (or committee of the Council) while disqualified.

Non-pecuniary conflicts of interest

In addition to the issue of pecuniary interests, rules and common law govern conflicts of interest more generally. These rules apply to non-pecuniary conflicts of interest, including common law rules about bias. In order to determine if bias exists or not members need to ask:

"Is there a real danger of bias on the part of the member of the decision-making body, in the sense that he or she might unfairly regard with favour (or disfavour) the case of a party to the issue under consideration?"

The question is not limited to actual bias, but relates to the appearance or possibility of bias reflecting the principle that justice should not only be done, but should be seen to be done. Whether or not members believe they are not biased is irrelevant.

Members should focus on the nature of the conflicting interest or relationship and the risk it could pose for the decision-making process. The most common risks of non-pecuniary bias are where:

- members' statements or conduct indicate that they have predetermined the decision before hearing all relevant information (that is, members have a "closed mind"); and
- members have a close relationship or involvement with an individual or organisation affected by the decision.

In determining whether or not they might be perceived as biased members must also take into account the context and circumstance of the issue or question under consideration. For example if a member has stood on a platform and been voted into office on the promise of implementing that platform then voters would have every expectation that the member would give effect to that promise. However, he/she must still be seen to be open to considering new information (this may not apply to decisions made in quasi-judicial settings, such as a Resource Management Act hearing).

Local Government Official Information and Meetings Act 1987

The Local Government Official Information and Meetings Act 1987 sets out a list of meetings procedures and requirements that apply to local authorities and community boards. Of particular importance for the roles and conduct of elected members is the fact that the chairperson has the responsibility to maintain order at meetings, but all elected members should accept a personal responsibility to maintain acceptable standards of address and debate. No elected member should:

- create a disturbance or a distraction while another councillor is speaking;
- be disrespectful when they refer to each other or other people; or
- use offensive language about the Council, other members, any employee of the Council or any member of the public.

See Standing Orders for more detail.

Secret Commissions Act 1910

Under this Act it is unlawful for an elected member (or officer) to advise anyone to enter into a contract with a third person and receive a gift or reward from that third person as a result, or to present false receipts to the Council.

A person who commits an offence against this Act is liable to imprisonment for a term not exceeding seven years.

Crimes Act 1961

Under this Act it is unlawful for an elected member (or officer) to:

- accept or solicit for themselves (or anyone else) any gift or reward for acting or not acting in relation to the business of Council; and
- use information gained in the course of their duties for their, or another persons, monetary gain or advantage.

These offences are punishable by a term of imprisonment of seven years or more. Elected members convicted of these offences will automatically cease to be members.

Financial Markets Conduct Act 2013

The Financial Markets Conduct Act 2013 essentially places elected members in the same position as company directors whenever the Council offers financial products (such as an issue of debt or equity securities). Elected members may be personally liable if documents registered under the Act, such as a product disclosure statement, contain false or misleading statements. Elected members may also be liable if the requirements of the Act are not met in relation to offers of financial products.

Local Government Act 2002

The Local Government Act 2002 (LGA 2002) sets out the general powers of local government, its purpose and operating principles. Provisions directly relevant to this Code include:

Personal liability of members

Although having qualified privilege, elected members can be held personally accountable for losses incurred by a local authority where, following a report from the Auditor-General under s.44 LGA 2002, it is found that one of the following applies:

- a) money belonging to, or administered by, a local authority has been unlawfully expended; or
- b) an asset has been unlawfully sold or otherwise disposed of by the local authority; or
- c) a liability has been unlawfully incurred by the local authority; or
- d) a local authority has intentionally or negligently failed to enforce the collection of money it is lawfully entitled to receive.

Members will not be personally liable where they can prove that the act or failure to act resulting in the loss occurred as a result of one of the following:

- a) without the member's knowledge;
- b) with the member's knowledge but against the member's protest made at or before the time when the loss occurred;
- c) contrary to the manner in which the member voted on the issue; and
- d) in circumstances where, although being a party to the act or failure to act, the member acted in good faith and relied on reports, statements, financial data, or other information from professional or expert advisers, namely staff or external experts on the matters.

In certain situations members will also be responsible for paying the costs of proceedings (s.47 LGA 2002).

Appendix B: Process for the determination and investigation of complaints

Step 1: Mayor and Chief Executive receives complaint

On receipt of a complaint in writing under this Code, the Mayor and Chief Executive will jointly assess the complaint, and will decide whether the issue is sufficiently serious to warrant a full investigation. Where the Mayor and Chief Executive may have any possible conflict of interest in the complaint the matter shall be referred to the Chief Executive of Local Government New Zealand for review. In initiating this action, the Mayor and Chief Executive will also:

- inform the complainant that the complaint has been referred to the Chief Executive of Local Government New Zealand for review, and refer them to the process for dealing with complaints as set out in the Code; and
- inform the respondent that a complaint has been made against them, and refer them to the process for dealing with complaints as set out in the Code.

Step 2: Preliminary assessment of complaint

On receipt of a complaint, the Mayor and Chief Executive will assess whether:

1. the complaint is frivolous or without substance and should be dismissed;
2. the complaint is outside the scope of the Code and should be redirected to another agency or process;
3. the complaint is non-material;
4. the complaint is material and a full investigation is required; and
5. the subject of the complaint is regarding a matter where the Mayor and Chief Executive may have any possible conflict of interest requiring its referral to the Chief Executive of Local Government New Zealand for review.

In making the assessment, the Mayor and Chief Executive may make whatever initial inquiry is necessary to determine the appropriate course of action. The Mayor and Chief Executive have full discretion to dismiss any complaint that in their view fails to meet the test of materiality.

On determining the preliminary assessment, the Mayor and Chief Executive will:

1. where an investigation determines that a complaint is frivolous or without substance, inform the complainant and respondent directly and inform other members (if there are no grounds for confidentiality) of the decision;

2. in cases where the investigation finds that the complaint involves a potential legislative breach and outside the scope of the Code, forward the complaint to the relevant agency and inform both the complainant and respondent of the action.

Step 3: Actions where a breach is found to be non-material

If the subject of a complaint is found to be non-material through its investigation, the Mayor and Chief Executive, may take a course of action appropriate to the breach, such as;

- that the respondent seek guidance from the Mayor and Chief Executive;
- that the respondent attend appropriate courses or programmes to increase their knowledge and understanding of the matters leading to the complaint.

The Mayor and Chief Executive will advise both the complainant and the respondent of the decision and any actions taken, neither of which are open to challenge. Any recommendations made in response to a non-material breach are non-binding on the respondent and the Council.

Step 4: Actions where a breach is found to be material

If the subject of a complaint is found to be material through its investigation, the Mayor and Chief Executive will inform the complainant and respondent. The Mayor and Chief Executive will then prepare a report for the Council on the seriousness of the breach.

In preparing that report, the Mayor and Chief Executive may:

- consult with the complainant, respondent and any affected parties;
- undertake a hearing with relevant parties; and/or
- refer to any relevant documents or information.

On receipt of the investigation report, the Council or committee with delegated authority will meet to consider the findings and determine whether a penalty or some other form of action will be imposed.

Step 5: Process for considering the investigation report

The full Council, excluding the complainant, respondent and any other 'interested' members, may consider the investigation report depending upon the nature of the complaint and alleged breach, or it may be referred to a committee with delegated authority established for that purpose.

The Council or committee will consider the investigation report in open meeting except where the alleged breach concerns matters that justify the exclusion of the public. Such situations where this may apply are the misuse of confidential information or a matter that would otherwise be exempt from public disclosure under s.48 of the Local Government Official Information and Meetings Act 1987, in which case it will be a closed meeting.

Before making any decision in respect of the investigation report, the Council or committee will give the member against whom the complaint has been made an opportunity to appear and speak in his or her own defence. Members with an interest in the proceedings, including the complainant and the respondent, may not take part in these proceedings.

The form of penalty that might be applicable will depend on the nature of the breach and may include actions set out in section 13.1 of this Code.

In accordance with this Code, the Council will agree to implement the recommendations of a Code of Conduct Committee without debate.

Report

Date : 19 October 2016

To : Mayor and Councillors
Tararua District Council

From : Richard Taylor
Governance Manager

Subject : **Adoption of Standing Orders**

Item No : **6.2**

1. Reason for this Report

- 1.1 The reason for this report is to recommend to the Council and Community Boards the adoption of a set of standing orders which are to be followed in the conduct of their meetings.

2. Background

- 2.1 Schedule 7 Clause 27 of the Local Government Act 2002 requires that:
- (i) Every local authority shall adopt a set of standing orders for the conduct of its meetings and those of its committees.
 - (ii) The standing orders of a local authority shall not contravene any provisions of this Act, or of the Local Government Official Information and Meetings Act 1987, or of any other Act.
- 2.2 Community Boards are also required by statute to be bound by standing orders.
- 2.3 Schedule 7 Clause 16 of the Act requires that all members shall abide by standing orders.
- 2.4 After the adoption of the first standing orders of the local authority, an amendment of the standing orders or the adoption of a new set of standing orders requires in every case, a vote of not less than 75% of the members present.
- 2.5 A local authority or committee may temporarily suspend standing orders during a meeting through a vote of not less than 75% of the members present and voting, and the reason for the suspension must be stated by way of resolution.

3. Local Government New Zealand/Equip Standing Orders

- 3.1 Local Government New Zealand in partnership with Equip (its centre of excellence) has published a new set of standing orders for the use of local authorities.
- 3.2 These standing orders include the following differences from previous versions published by the Standards Association of New Zealand:
- the incorporation of legislative changes made since 2002;
 - the introduction of a new structure to make it easier to find items;
 - greater use of “plain English” to increase readability;
 - special versions for regional councils, territorial authorities and community boards
- 3.3 Standing orders are important to provide a framework of rules for making decisions that give effect to the principles of providing good local governance.
- 3.4 This ensures the way in which public decision-making is undertaken is open, transparent and fair, and it reflects key fundamental principles to a well-functioning democracy.
- 3.5 The standing orders recommended for adoption are fully compliant with the legislative requirements and best practice in the conduct of meetings.
- 3.6 New features included in the standing orders that represent changes from previous versions include:
- A member may address a meeting in English, te reo Maori or New Zealand Sign Language
 - Webcasting meetings
 - Mayor’s powers to appoint the Deputy Mayor, committee chairs and members
 - Right to attend by audio or audio visual link
 - Automatically provides the Mayor, Chairperson or any other person presiding at a meeting with a casting vote (this provision was previously discretionary, noting that this Council and the community boards adopted the casting vote option as an alteration to provide for this situation)
 - Electronic devices at meetings
 - General procedures for speaking and moving motions
 - Webcasting protocols

4. Significance Assessment

- 4.1 The adoption of standing orders is a procedural matter determined in accordance with statutory requirements, and the decision recommended in this report is therefore not considered to be significant in terms of the Council's policy on significance and engagement.

5. Conclusion

- 5.1 Local Government New Zealand/EquiP has produced the revised standing orders in liaison with a local authorities working party to provide an updated fit for purpose document.
- 5.2 This document is based on reflecting legislative requirements relating to meetings of councils and community boards, along with representing best practice to enable the orderly conduct of such meetings.
- 5.3 These standing orders are recommended for adoption to establish the basis and foundation to good local governance in a transparent and fair manner.

Recommendation

That the report from the Governance Manager dated 19 October 2016 concerning the Adoption of Standing Orders (as circulated) be received, and

That the Council adopt the Local Government New Zealand/EquiP standing orders for the conduct of its meetings, and any previous standing orders are hereby revoked.

Attachments

Nil.

Report

Date : 19 October 2016

To : Mayor and Councillors
Tararua District Council

From : Raj Suppiah
Chief Financial Officer

Subject : **Adoption of the 2015/2016 Annual Report**

Item No : **14.3**

Executive Summary

In accordance with Section 98 of the Local Government Act 2002 and as per the recommendations dated 4 October 2016 from the Audit and Risk Committee (copy of minutes attached), the audited Annual Report for the year ended 30 June 2016 is adopted by Council.

1. Reason for the Report

- 1.1 The reason for this report is to present for the Council to adopt the 2015/16 Annual Report in accordance with Section 98 of the Local Government Act 2002.

2. Background

- 2.1 The Annual Report aims to achieve the following:
- To compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and
 - To promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.
- 2.2 Each Annual Report must be completed and adopted by resolution within four months after the end of the financial year to which it relates.
- 2.3 The information contained in the Annual Report must include an auditor's report on the matters required by Section 99 of the Local Government Act 2002.

3. Significance Assessment

- 3.1 The decisions recommended in this report are not considered significant in terms of the Council's policy on significance and engagement.
- 3.2 This is a procedural matter required to be undertaken in accordance with statutory requirements.

4. Significant Change to the Draft Submitted to the Audit and Risk Committee on 4 October 2016

4.1 Eketahuna Earthquake Damage Claim

- 4.1.1 CCTV pipe survey of sewer pipe networks within Eketahuna following the earthquake on 20 January 2014 showed that major sections of the surveyed pipes were damaged. Godfrey Chartered Loss Adjusters had accepted that the pipe damage was due to the earthquake and we had successfully reached a settlement with our Insurers in 2014/15.
- 4.1.2 The total cost of repairs as at 30 May 2016 was \$1,323,030.91 excluding GST. Deducting the excess of \$342,793 leaves an eligible cost of \$980,238. Based on the 60% contribution from Central Government, we had lodged a claim with the Ministry of Civil Defence & Emergency Management (MCDEM) in May 2016 for \$588,143 excluding GST.
- 4.1.3 We discussed with the Auditors the treatment and recognition of this revenue. We agreed that we should recognise this revenue in accordance with the relevant accounting standards in the 2015/16 financial year.
- 4.1.4 Accordingly, we have made the necessary changes and the impact is that we have increased our Total Operating Revenue and Surplus/(deficit) for the period by \$588,000 (rounded), and our debtors balance by the same amount.

5. Conclusion

- 5.1 In accordance with Section 98 of the Local Government Act 2002, the audited Annual Report for the year ended 30 June 2016 is adopted subject to the correction of any typographical errors.

6. Recommendation

- 6.1 ***That the report from the Chief Financial Officer dated 19 October 2016 concerning the Adoption of the 2015/2016 Annual Report (as circulated) be received, and***
- 6.2 ***That in accordance with Section 98 of the Local Government Act 2002, the audited Annual Report for the year ended 30 June 2016 is adopted subject to the correction of any typographical errors.***

Attachments

1. Audit and Risk Committee Minutes 4 October 2016



Audit and Risk Committee

Minutes of the Audit and Risk Committee meeting held in the Council Chamber, 26 Gordon Street, Dannevirke on Tuesday 4 October 2016 commencing at 1.00 pm.

1. Present

Chairperson - Mr K Ross, Mayor Mr R A Ellis, Crs T H Collis and S A Hull.

In Attendance

Mr B King	- Chief Executive
Mr R Suppiah	- Chief Financial Officer
Mr P Wimsett	- Manager Strategy and District Development
Mr C Lunn	- Manager Regulatory Services
Miss S Lowe	- Health and Safety Officer
Mrs J Spencer	- Committee Secretary

2. Apologies

2.1 Nil

3. Notification of Items Not on the Agenda

3.1 Nil

4. Declaration of Conflicts of Interest

4.1 Nil

5. Worksafe Update

5.1 Sandy Lowe, Health and Safety Officer spoke to her report and answered questions from committee members.

Matters noted during discussion included:

- Following the initial pre-approved suppliers workshop new contractors will be inducted as and when required. The Council will be revalidating approved contractors every two years.

- The main focus has been on ensuring the Council is compliant with legislation under the Health and Safety at Work Act 2015 regarding safe work practices and documenting policies.
- The work with the MW Local Authority Shared Services (MW-LASS) has been on the ACC accreditation, and a gap analysis audit on health and safety practices and processes. The audit of the Work Safety Management Plan (WSMP) is being re-scheduled for later this year.
- A health and safety report will be a regular item on Audit and Risk Committee agendas.

5.2 ***That the report from the Health and Safety Officer dated 28 September 2016 concerning a health and safety update (as circulated) be received and the content is noted.***

Crs Hull/Collis

Carried

6. Draft Annual Report 2015/2016

- 6.1 Clint Ramoo, Director and John Whittal, Second Director from Audit New Zealand were welcomed to the meeting and asked to address the committee on the outcome of the audit of the Council's Annual Report 2015/2016.
- 6.2 Clint Ramoo thanked the committee for this opportunity and advised that he would be handing over the audit for Tararua District Council to John Whittal for the 2016/17 audit.
- 6.3 Clint Ramoo advised that they had appreciated the level of management preparedness for the audit, and it is pleasing that this year the audit had been a much smoother process. His comments included reference to the following matters:
- The additional financial resource meant that the links between financial files, assets and statement of service performance measures are significantly improved, making the audit process smoother.
 - Audit wish to acknowledge the significant strengthening between financial measures and asset delivery. This shows the community that the Council are focusing both on what service improvements will be delivered, and at what cost.
 - In the area of capital expenditure projects there has again been significant improvement with more oversight, robustness and regular reporting. Adequate planning, scheduling and information to the Council are in place.
 - NZTA supply a significant amount of funding and the audit has not identified any matters of concern with the processes being used.

- The audit team has met with Council and the Alliance and is very impressed with the quality of the Alliance management team, and also the reporting, monitoring, oversight and continuous improvements being made.
- The audit team is aware that further work is to be managed through the Alliance and they will want to ensure that the awarding of this work has followed due process regarding probity and getting value for money.
- There has been quite a significant drop in the valuation of certain asset classes. Audit will be discussing with Aon, Council's peer reviewer who assisted with the valuations, to ensure they agree with the assumptions/methods followed.
- It is noted that there seems to be a trend for reduced valuations, particularly in roading, where there is now more information on useful life etc. Valuations for bridges have tended to rise; however going forward when there are specific unit rates for each type of bridge, valuations will be more accurate.
- Although there are one or two issues regarding the service performance measurements, nothing of significance is noted.

6.4 ***That the report from the Chief Financial Officer dated 28 September 2016 concerning the Draft Annual Report 2015/2016 (as tabled) be received, and***

That the Draft Annual Report 2015/2016 be received subject to Audit New Zealand finalising work on the revaluation and that it be recommended to the Council for adoption, and

That Audit New Zealand staff be thanked for their presentation and Council staff be thanked for their work and the continuous improvements being made.

Crs Hull/Collis

Carried

7. Risk Management and Monitoring

7.1 Craig Lunn, Manager Regulatory Services advised that the Strategic Risk Register is presented for discussion. Kevin Ross asked members to spend some time after the meeting to ascertain if there are any strategic risks they felt are missing from the register that may be of concern. An Operational Risk Register is presently being drafted by management.

7.2 Peter Wimsett, Manager Strategy and District Development has been a member of the steering group for the establishment of the Local Government Risk Agency, which has presented a business case to the Minister. He said that it is not expected that the Agency will be established until after 1 July 2017, at which time the Council will have more access to risk material. He said that the role of the Agency will be to develop best practice, give advice and to provide training.

It is agreed that management would provide a briefing on the Agency back to the full Council, including how the Council can use it to better manage potential risk.

- 7.3 ***That the tabled Strategic Risk Register be received as a draft for further discussion at the next meeting of the Audit and Risk Committee.***

Crs Collis/Hull

Carried

8. Three-year Meeting Schedule

- 8.1 ***That the three-year meeting schedule (as circulated) be received as a draft for further discussion at the next meeting of the Audit and Risk Committee.***

Crs Hull/Collis

Carried

9. Closure

- 9.1 The outgoing Mayor, Roly Ellis thanked Kevin Ross for accepting the position of Chairperson of the Audit and Risk Committee, and said he was pleased that the Committee is now operational.

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 2.06 pm.

Chairperson

Report

Date : 19 October 2016
To : Mayor and Councillors
Tararua District Council
From : Raj Suppiah
Chief Financial Officer
Subject : **Draft 2015/2016 Summary Annual Report**
Item No : **6.4**

1. Reason for the Report

- 1.1 That the Council approve the Draft 2015/2016 Summary Annual Report, subject to changes arising from the quality review, to be provided to Audit New Zealand for their audit of the Report.

2. Background

- 2.1 The Annual Report aims to achieve the following:
- To compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long term plan and the annual plan; and
 - To promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.
- 2.2 The Summary Annual Report must represent, fairly and consistently, the information regarding the major matters dealt with in the Annual Report.
- 2.3 A Summary Annual Report must be made publicly available within one month after the date the full Annual Report has been adopted.
- 2.4 The information contained in the Summary Annual Report must include an auditor's report on the matters required by Section 99 of the Local Government Act 2002.

3. Significance Assessment

- 3.1 The decision recommended in this report is not considered significant in terms of the Council's policy on significance and engagement.
- 3.2 This is a procedural matter required to be undertaken in accordance with statutory requirements.

4. Conclusion

- 4.1 The Draft Summary Annual Report has been prepared in accordance with Section 99 of the Local Government Act 2002.
- 4.2 It is recommended that Council approve the Draft 2015/2016 Summary Annual Report, subject to changes arising from the quality review, to be provided to Audit New Zealand for their audit of the Report.

5. Recommendation

- 5.1 *That the report from the Chief Financial Officer dated 19 October 2016 concerning the Draft 2015/2016 Summary Annual Report (as circulated) be received, and*
- 5.2 *That the Council approve the Draft 2015/2016 Summary Annual Report, subject to changes arising from the quality review, to be provided to Audit New Zealand for their audit of the Report.*

Attachments

- 1. Draft Summary Annual Report 2015/2016

SUMMARY

OF THE ANNUAL REPORT

2015/16

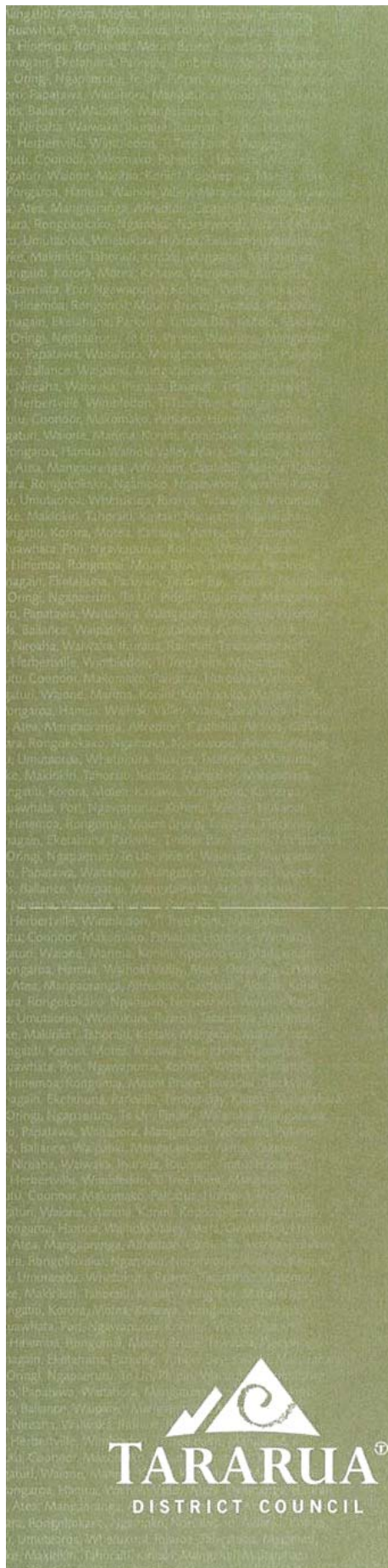
ABOUT THIS ANNUAL REPORT SUMMARY

This Annual Report Summary is the year end snapshot of the Council's activities and the group's finances and performance results for the financial year ended 30 June 2016.

The information this Summary contains is taken from the Annual Report 2015/16 itself, which was finalised on 26 October 2016. The Annual Report 2015/16 provides detailed information on the Council's service and financial performance at year end.

This summary report cannot be expected to provide as complete an understanding as provided by the Annual Report of the full financial statements and service performance of the Council. Both this summary and the full Annual Report can be viewed on the Council's website: www.tararua.govt.nz

This summary has been audited by the Council's independent auditors to ensure consistency with the full Annual Report for 2015/16. The Council received an "unmodified" opinion on the 2015/16 full Annual Report and Summary.



FROM YOUR MAYOR

The 2015/16 year was the first year of delivering the 2015–2025 Long Term Plan. The focus continues to be on improving core infrastructure and increasing efforts in economic development within a prudent financial management framework. This has been a consistent strategic focus since 2012.

Retirement

This is my last year as Mayor of Tararua, a position I have been honoured to hold over the last six years. We have come a long way and achieved much during this time by working together as a great team. The district is now in a much better position to attract and support future growth with improved infrastructure and business support – additionally, the Council is in a strong financial position. There is still much to be done and no doubt new challenges await us. A new Council governance team will face these challenges and I wish them well.

“
Councillors worked hard to hold the rate increase to 2.91%, while continuing with the infrastructure upgrade programme.
”

Highlights of the Year

Iwi relationships

A significant milestone for local iwi was achieved with the treaty settlement signed with Government in August 2016. Council has worked closely with both Rangitane and Ngati Kahungunu Iwi, the Office of Treaty Settlements and the Minister for Treaty of Waitangi Settlements on matters relating to the two local Iwi's treaty claims. The settlement is a major benefit to local iwi and Council looks forward to developing partnership opportunities in the future that are likely to generate benefits for all residents.

Rates affordability

As the district was impacted by historically low dairy prices, and the flow-on impacts of this on dairy farming and support business incomes, we were faced with some tough funding decisions when planning our services and activities as part of the 2015-2025 Long Term Plan. The impacts spread through to retailers, professional support businesses and those who work in these industries.

Councillors worked hard to hold the rate increase to 2.91%, while continuing with the infrastructure upgrade programme. For 2016/17, the rate increase is just 1.71%, with a rural sector rate increase of 0.96%. We are proud of these lower-than-forecast rate increases and our efforts to deliver modern and affordable services to residents.

Business and employment growth

The district has been struggling with population and employment decline for many years. Recent renewed efforts and strategic focus in economic development services have started to show some promising signs. Population, school student numbers and employment have all recorded positive trends in the last year. The significant positive change to migration trends, with families coming to live in Tararua from Australia and elsewhere, is a welcome sign and gives us confidence in the future of Tararua.

A stable to growing population is critical to rural communities in order to provide affordable services and infrastructure that meet accepted standards. Council recognises that business support and facilitation is integral to drive new employment opportunities, while visitor and resident attraction is an important component of the overall economic strategy.

It is important that the district continues to have an economic development team with a strong business focus, as well as sufficient resources to provide strategic direction and support local events, business and the wider community. Over the past year, the team has exceeded our targets and have some exciting programmes underway, including providing regular services through the Pahiatua Service Centre on a one-day-a-fortnight basis. To this end, Council has provided a modest increase in resources to deliver better outcomes.

Financial prudence

As a result of many years of hard work, the Council has a strong financial foundation. The 2015–2025 Long Term Plan features another prudent financial strategy. This great work has allowed us to continue with our significant investments in core infrastructure, while at the same time maintaining sufficient capacity for future development.

Infrastructure and partnerships

Council had an ambitious investment programme in urban water and wastewater networks to meet new mandatory standards and to improve the resilience and quality of the services.

Worth noting are Council's continued partnerships with Horizons Regional Council (or "Horizons"), Ministry of Health and the Ministry for the Environment, who support the planning and funding of these upgrade projects. Without their support and subsidies, the impact on the affordability of rates would have been significant.

66

*... a year of solid achievements
underpinning a clear vision
and sound strategies.*

99

A major highlight, and one that is ongoing, is the increased NZ Transport Agency (NZTA) subsidies for road maintenance that Council lobbied for in 2013/14 and commenced in 2014/15. This has resulted in substantial savings for local ratepayers to maintain the roading network.

The third town upgrade project was carried out in Eketahuna and involved substantial input from residents. Council is now planning for the Pahiatua Town Upgrade, which will complete the programme of upgrades over the four major townships.

Council has seen considerable improvement in the condition and investment value of the Council owned Birch North commercial forest. Revenue from the harvesting activities has built up cash reserves and further investments have been made in roading and replanting.

Improved governance

This year, following the review of our governance process undertaken by Local Government New Zealand, Council established

an Audit and Risk Committee in a manner consistent with sector best practice. An independent chairperson was appointed to bring sector knowledge and experience to guide the committee in fulfilling its functions.

The challenges

We had a long term goal to complete the water and wastewater upgrades this year - unfortunately, this has not been possible. A range of issues has delayed some of the upgrade projects and the upgrades will now be largely completed in the 2016/17 and 2017/18 years.

Last year we saw the "changing of the guard" in the delivery and management of roading services with the liquidation of Infracon and the establishment of a collaborative working agreement with Downer NZ Ltd (or "Downer"), known as the "Taranaki Alliance", which continues to deliver great results.

All in all, a year of solid achievements underpinning a clear vision and sound strategies.

I wish the current Councillors and Council staff all the best in the years to come, and look forward to seeing a new Mayor and Councillors take up the challenges of governing a complex organisation that is the Taranaki District Council.

Roly Ellis
Mayor

FROM YOUR CHIEF EXECUTIVE

The 2015/16 year saw Council make significant gains in operational capability and efficiency gains from structural changes.

Council staff were focused on the delivery of services in the most affordable way by reducing costs where possible. The key achievements were:

- A large capital investment programme in place;
- The Tararua Alliance bedding in and delivering increased efficiencies. During the year, stormwater, asset management and renewals for water and wastewater were added to the Tararua Alliance contract;
- An expansion of the economic development service with the Tararua Business Network established;
- Increased staff capability in project management; and
- Ongoing shared service investigations to improve efficiency.

A major focus on best practice project management and reporting skills was implemented

Infrastructure Investments

The Council had approved an ambitious capital investment programme for 2015/16, with a focus on the water and wastewater network upgrades. We delivered \$16.8 million of projects, significantly more than in the previous year (\$13.6 million). While an improvement, there was \$6 million of approved projects carried forward to the 2016/17 year. Many of these projects involve partnerships with Horizons, Ministry of Health and Ministry for the Environment.

A major focus on best practice project management and reporting skills was implemented across the Council this year. This move to build staff capability is delivering results and will take full effect in the 2016/17 year.

Details of specific projects are set out in the 'Highlights' section – including details of key investments in roading, solid waste and the three waters.

Structural changes and the benefits

We continue to strive for efficiencies within the organisation in order to provide affordable services. This focus is now a continuous process where we ensure that we are making efficiencies where we can and are open to providing services through different models. Over the last two years, there has been pressure from central government to reduce costs and – at the same time – increase service levels.

The benefits of the Tararua Alliance have been substantial

A number of new processes to review our services are now legally required. We have been doing this as normal business practice for some time and are incorporating the new review processes into our work programme. In most cases, further reviews will not be required and we are already moving forward on a number of shared services options.

Council has indicated that a review of how we deliver and fund our regulatory services will be undertaken over the next year. Throughout the year, structural changes put in place (or reviewed) included:

- Tararua Alliance (collaborative working agreement with Downer), operating on roading, footpaths and stormwater activity. This year, we have added to the partnership the management of assets and reticulation network for water and wastewater;
- Shared service investigations with MW LASS for building consent processing and information technology; and
- A Heads of Agreement was signed with Horowhenua District Council to explore shared services.

The benefits of the Tararua Alliance have been substantial, with Council gaining access to skilled staff, management processes and systems through Downer. This includes best practice asset management systems that will drive further efficiencies over time.

We are anticipating improved asset information that will underpin the next Long Term Plan process in 2017/18.

We are fortunate to have the services of some highly skilled staff that are recognised as experts in their fields on a national scale, including asset management, risk management, earthquake prone buildings and rating policies.

Financial Strength and Prudence

This year saw one of the largest infrastructure investment programmes the district has ever seen. Despite the large investment in infrastructure, Council is in a very strong financial position with low debt, positive internal cash balances and low rate increases. The outlook is stable and the new elected Council will have options for the future direction of the Council when developing the 2018–2028 Long Term Plan.

The hard work over the last few years, focusing on sound and prudent financial management places us in a position of strength going forward. Whilst work will always be required to reduce costs and deliver low rates increases, we now have healthy reserves and are in a position to respond to unexpected shocks and natural disasters; not all councils are in this position.

Challenges

As often happens with such a diverse and challenging range of services and projects, not everything has gone to plan. There have been a number of issues in delivering the water and wastewater upgrade projects on time and on budget.

“
This year saw one of the largest
infrastructure investment
programmes the district has
ever seen
”

Despite additional resources allocated, the programme was too ambitious relative to the staff resources available. In addition, problems with ground conditions, design regulations, bores being unsuitable and new design options have resulted in various changes in scope and costs required for a number of key projects.

These sorts of issues are common with projects involving underground services, the actual impact on each project is only known in hindsight. In order to optimise the design solution, reduce

the risks and improve project time and cost forecasts, Council has increased staff capability and support in project management and business case development. This will improve the planning process and risk management for all significant capital projects, as well as ensure timely, accurate advice and information for Councillors to make decisions.

Looking Ahead

Council is facing a number of potentially significant challenges over the next few years. Proposed new legislation could change how roading and the three waters are delivered and governed. The drive to share services across Councils and further reduce costs could also impact on staff. We will continue to provide advice to elected Councillors on how to deliver services in a manner that provides optimal benefits to residents.

Finally, I would like to acknowledge the efforts made by Council staff in implementing the plans and actions on the Council's behalf. They are tremendous ambassadors for our district and work hard to ensure we all remain proud to call the district home.

Blair King
Chief Executive

OUR YEAR AT A GLANCE

This is a quick summary of what we have been doing for the year, and how we have performed against what we said we would do.

What We Said We Would Do



ACHIEVED

- **Progress against our Vision and Strategy**
Refer to pages 14 to 20, 'Our Progress Towards the Strategies in the Long Term Plan' in the full Annual Report for details of our achievements.
- **Reducing rates increases**
Rates increases have gradually reduced from 4.04% in 2012/13 to 2.98% in 2015/16. The rates increase for 2016/17 has continued to reduce – 1.71% overall rates increase.
- **Promote economic Development**
Over 10,000 people came to the district to attend major events and we achieved accreditation this year for Pahiatua as "Motorhome Friendly". Through our nationwide events, workshops and programmes we have given 22 start-ups and 13 Small Medium Enterprises access to the expertise, networks and support needed to achieve their growth aspirations.
- **Improve relationships and collaboration with other organisations**
We signed a heads of agreement with Horowhenua District Council to explore shared services and continue to work collaboratively with the MW LASS Councils in building control, information technology services, and archive management.
- **Debt managed within Long Term Plan forecast**
Our external debt was \$9 million, compared to a budget of \$13.1 million.



ALMOST ACHIEVED

- **Continued investment in our core infrastructure**
We completed \$16.7 million of capital work (\$13.6 million last year) but had to carry over \$6 million to be completed in the next year.
- **Continue to address the water supply and quality issues**
The Dannevirke water treatment and Pahiatua water supply projects were delayed. But we completed Eketahuna water storage and brought forward to this year the design of the Woodville water storage with the aim of completing this project next year – two years ahead of schedule.
- **Reduce environmental impact from our waste management practices**
We have completed the upgrading of Dannevirke oxidation ponds 2, 3 & 4, and the Pahiatua wastewater treatment system. Woodville and Dannevirke No.1 ponds were delayed due to weather and changes to project scope.



NOT ACHIEVED

- **Delivery of service level Performance targets**
We did not achieve 18 out of 109 of our service level measures. We achieved 34 out of 39 of the mandatory measures Legislated by Parliament.
- **Operating expenses does not exceed budget**
Operating expenses for several activities exceeded budgets. Depreciation expense also exceeded budgets due to valuation increases higher than predicted.

Financial Overview

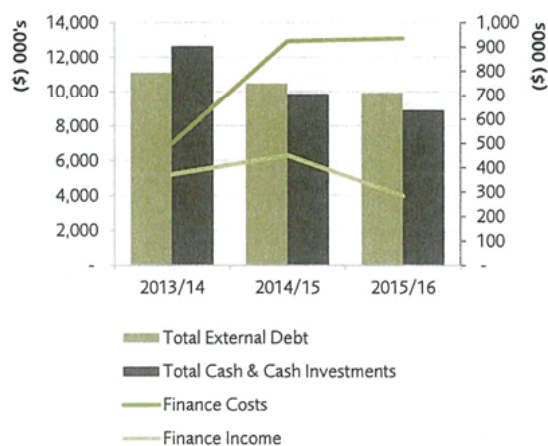
Financial Results Compared Against Budgets

	This year	Compared to last year
Overall Operating Result	✓	↑
\$2.9 million – favourable		
Operating Revenue	✓	↑
\$4.1 million – favourable		
Operating cost	✗	↓
\$1.8 million – unfavourable		
Total External Debt	✓	↑
\$3.2 million – favourable		
Capital Expenditure	✗	↑
\$6.1 million – unfavourable		
Net Debt	✓	↓
\$1.6 million – favourable		
Net Interest (excluding derivative valuation)	≈	↓
\$128,000 – favourable		

Treasury Management

Capital expenditure funded by loans (levels of service increases, and growth) were higher than budgeted. However, as Council borrowed these funds internally, external debt was lower than budget. As a result of the internal borrowing, cash investments were lower than budgeted. These, together with fixed interest rates for external borrowing and overall lower market interest rates, resulted in the favourable net debt but an unfavourable net interest position (as indicated above).

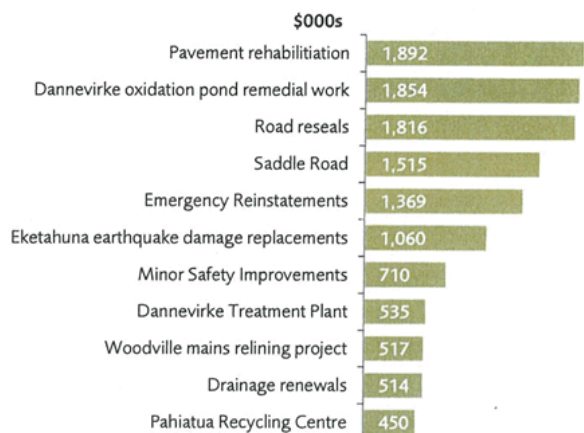
DEBT AND CASH INVESTMENT POSITION



Infrastructure Investments

Our total investment for the year to maintain, and in some activities increase, the service levels was \$16.8 million, which was 74% of the budget of \$22.8 million. Delays to projects resulting in \$6.1 million of unspent budget were due to reprioritising projects, changes to project scope and insufficient staff resources to deliver all of the planned projects.

BIG-TICKET ITEMS



Service Performance

We use a range of service performance measures to monitor the service levels we deliver to our customers.

This year we are also reporting on the mandatory performance measures introduced by Parliament in the 2014 amendments to the Local Government Act 2002.

We performed well, overall achieving 79% of our performance measures compared to 73% last year. Thirteen of the 22 activities of Council met all of their service performance measures. The number of measures not achieved was 18 compared to 16 last year.

	2015/16			
	2013/14*	2014/15	Council	Mandatory
Total number of measures				
Achieved	69	42	36	34
Not achieved	14	16	13	5
Not applicable	4	29	22	N/A
Total	87	87	71	39

* The year in which the Community Survey was completed.

HIGHLIGHTS OF THE YEAR

This section highlights the key achievements and challenges faced during the year as Council worked towards achieving the three strategic objectives of its Vision.

Strategy 1: Core Infrastructure

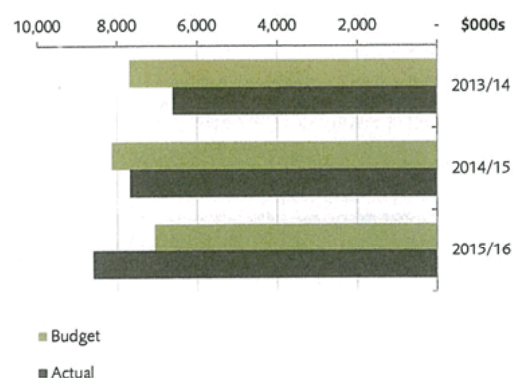
Investment in our Infrastructure

The capital investment Council has made over the last three years has been significant. On average, the capital investment was \$13.8 million with this year being the highest spend with \$16.8 million. The capital investments in the core infrastructure for this year account for 87% of the total capital spend for the year. This level of capital investment is consistent with Council's Vision and strategies.

Roading and Footpaths

Focus for the roading activity has been on the Manawatu/Hawkes Bay alternate route (Saddle Road), safety improvements, emergency reinstatement and rehabilitation, and resealing. Total spend this year was \$8.6 million, compared to \$7.7 million last year.

ROADING AND FOOTPATHS



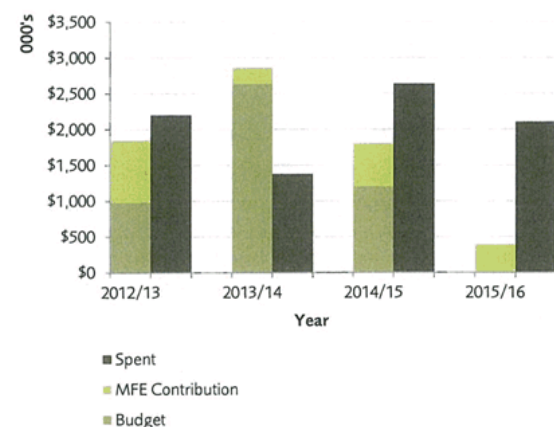
Wastewater

We made significant progress on the joint projects with Horizons and Ministry for the Environment. We have spent \$4 million over the last two years and spent another \$2.1 million this year. We have budgeted to spend another \$1 million in the next two years.

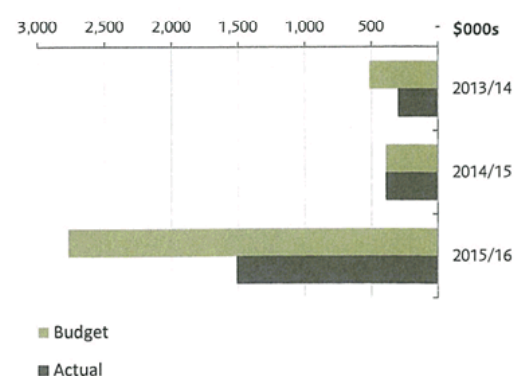
We spent a further \$1.1 million dollars either replacing or relining the wastewater pipes in Eketahuna damaged in an earthquake in 2014.

FRESH START FOR FRESH WATER CLEAN-UP PROJECT CAPITAL EXPENDITURE

Budget, Ministry for the Environment contribution, and actual spent per year for all towns



WASTEWATER

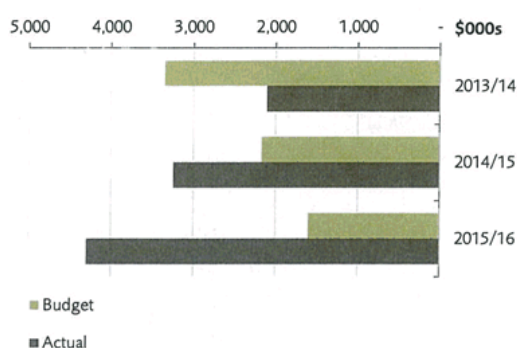


Water Supplies

Work on both the Pahiatua water storage and Dannevirke Treatment plant has commenced. Eketahuna water storage project was completed giving the town two days storage of water.

We spent \$1.5 million this year compared to \$400,000 last year.

WATER SUPPLIES



Approach to the Roothing Programme

The key philosophy of the Tararua Alliance is to combine the right people, making the right decisions and undertaking the right work at the right time of the year. The Tararua Alliance is now completing its second year of operation. The team have established a condition rating data driven approach to managing the Tararua road network.

This approach has been two-fold:

- Updating council's asset databases to ensure that the asset information is accurate and complete to allow best for network decisions.
- Generating foundation strategies such as a 30-year Infrastructure Strategy and Activity Management Plans, to improve overall asset stewardship.

All Faults Programme

The Alliance has developed and implemented an "All Faults" programme in Tararua. This innovative approach gives the ability to identify network deterioration early and is a key indicator to the health of the network. An "All Faults" programme details all of the faults on the network at any given time and provides a near real-time view of the current state of the network.

By using this approach, the Tararua Alliance can detect faults or defects at an early stage and have the ability to monitor any

deterioration and better schedule any required intervention in a more structured manner. Forward works programmes are developed annually for all activities, with the intention being to focus more on preventative maintenance and drastically reduce the number of immediate priority repairs required for safety intervention.

New Asset Management Tool

To further assist programme delivery and asset management, the Tararua Alliance has also implemented the new Downer asset management software, Fuse. This will provide the Tararua Alliance with a powerful visual asset management tool that will also be the front end interface to manage the Customer Request Management (CRM) process. This software allows the team to visually track and manage all work, including CRMs, forward works programmes and asset registers.

Maintenance Grading System

The Alliance has introduced the scarifying maintenance grading system with walk behind rollers to improve the grading methodology and reduce the amount of maintenance metal required. This has resulted in a large reduction in heavy metal overlays and a 44% reduction on maintenance metal spend between 2014/15 and 2015/16 financial years.

LED Lighting

Upgrading the district's street lighting assets with new LED lighting is continuing. The purpose of the upgrade is to increase the operating life of the street lights, while reducing energy use.

Pre-reseal Pavement Repairs

A new strategy has been put in place by the Tararua Alliance. Prior to resealing activities, pre-reseal pavement repairs are now undertaken the year before the resealing is planned. The benefits of this strategy has allowed the Tararua Alliance to complete the majority of the pre-reseal repairs 12 months in advance of resealing.

This is allowing the pre-reseal repairs to be undertaken at the right time of the year, improving overall quality and efficiency.

Saddle Road Reconstruction

Tararua District Council has continued to manage the Saddle Road Upgrade on behalf of NZ Transport Agency. This project is a joint initiative between Palmerston North City Council, Manawatu District Council and Tararua District Council. The Tararua Alliance has been working in collaboration with all stakeholders to give regional resilience and as an alternate route to the Manawatu Gorge.

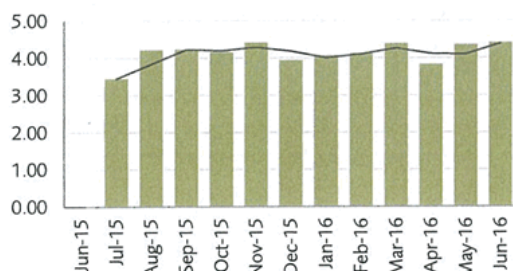
Highlights of the Year

The Tararua Alliance Customer Feedback

Feedback and comments from motorists and regional groups has been very positive towards the improvements that have been completed to date. The customer request completion rate and feedback scores continue to trend well – a score of 4.15 out of 5. A real focus on the response and completion of customer requests has resulted in a significant improvement in customer services.

Customer request response times were another significant improvement for the year. The Alliance achieved an average score of 1.46 days to complete customer requests, compared against a performance target of five days. Overall, 97% of all customer requests were responded to within the five day timeframe.

CUSTOMER FEEDBACK SCORE



Target: >= "Somewhat Satisfied" - Customer Survey, random 10% of customers monthly. Score >3

One Network Road Classification

Over the past 12 months the Tararua Alliance has been working with the NZ Transport Agency and the Road Efficiency Group to implement the NZ Transport Agency's new One Network Road Classification (ONRC). The ONRC is a joint initiative of NZ Transport Agency and Local Government NZ. It has been developed to streamline the operation, maintenance and management of NZ road networks.

Key outcomes include consistent, fit for purpose levels of service for the road network and a mechanism to allocate funding more effectively and efficiently based on the function of the road.

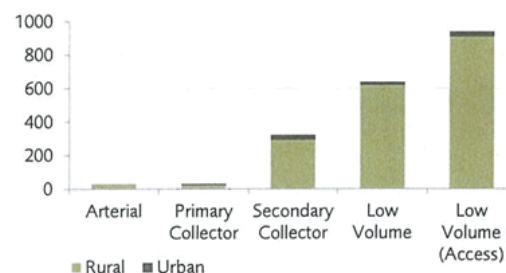
The One Network Road Classification project comprises three distinct elements:

- classifying roads into categories based on their main function in the national network

- establish national Customer Levels of Service, which define what the fit for purpose outcomes are for each category in terms of mobility, safety, accessibility and amenity
- develop performance measures and targets which will effectively determine how the categories and customer levels of service translate into specific maintenance, operational and investment decisions.

A summary of the roading statistics by area and hierarchy based upon the One Network Road Classification (ONRC) is shown in the following graph:

ONRC BREAKDOWN



Between 60-65% of local authority roads throughout New Zealand are classed in the Access, and Access (Low Volume) Roads. As the ONRC is incorporated into the 2018-2021 roading programme, there could be a slight reduction in maintenance levels to extremely low volume roads with no safety/economic concerns. The true impact on any funding implications is not yet fully known as NZ Transport Agency are currently working through the relationship between the ONRC and funding.

Woodville Water Supply

Water for Woodville is sourced from an open stream into a storage dam or directly to the treatment plant. There has been water restrictions during summer months and issues regards water quality.

To fix this issue, the Woodville water supply project was brought forward one year, to the current year, to ensure the Woodville community has a more resilient and secure drinking water supply. Planning will be completed this year with construction completed in 2016/17.

With the reshaping of the existing impounded water supply (dam), lining and installing cover, and constructing a smaller secondary dam, we will have doubled the capacity of usable water and built resilience

in this scheme. The new dam will be able to store up to an average of 58 days storage for the town.

Pahiatua Water

The Pahiatua water supply upgrade is focused on increasing the quantity of water available during drier months of the year and during emergencies, and complying with the NZ Drinking Water Standards. An alternative option emerged this year to use the water supply from the Tui Brewery site.

A new pipeline would be required to connect this supply to the Pahiatua network and this would take considerable time to plan and construct.

In order to deliver an increase in water in time for the 2016/17 summer, Council has resolved to address the major issues of quality and resilience in two phases.

Phase 1: Quality and Quantity

Additional storage is needed so that river water is no longer needed to supplement the existing bore supply. Council has resolved to construct a 6,000m³ additional water storage tank at a cost of \$1.134 million. The tank will be used to store water during periods of the year when demand for water is low, to supplement the bore supply in summer as demand increases. This will provide an additional 4.5 days of water storage and will be operational prior to summer 2016/17.

A geotechnical report, obtained in July 2016, indicated that the soil structure at the site was not suitable to support the tank (investigation into a new site is in progress).

Phase 2: Resilience

Staff will investigate options to improve the resilience (additional water supplies and storage) of the Pahiatua water supply network next year.

Dannevirke Water supply

During the year, Council also completed a project to lift the height of the water level in the impounded water supply by one metre. This has increased the storage capacity of the water storage in the reservoir by an additional 5 days.

The installation of a new treatment plant is also well underway. The project involves a new shed, pipework and valves and a UV disinfection plant. This is stage one in a two stage project which will see a filtration plant installed in the future, to make the supply compliant with the NZ Drinking Water Standards.

Infiltration and Maintenance in Wastewater

We also brought forward a significant amount of money to reline pipes in the Woodville reticulation network to address infiltration issues. Infiltration problems occur when the water table is high and also when heavy rainfall occurs. This was putting pressure on the wastewater plant to treat these high flows.

Pahiatua Recycling Centre

The rebuild of the Pahiatua Recycling Centre was completed with the manned facility officially opening in December 2015. The general feedback from the public has been very positive.

Managing Stormwater

Operations completed this financial year were concentrated on spraying of all open drains twice within the urban areas. Work also involved the clearance of open drains, reshaping scallop drains and water channels behind berms.

This has achieved better flow levels through these drains resulting in lesser flooding of areas in all townships.

Strategy 2: Economic Development

Enabling

Tararua Business Network continues to support the district's business community – providing economic knowledge, statistical data and project management support to community stakeholders, local business and industry.

Working to support business growth and investment attraction, Tararua Business Network has worked alongside 53 businesses this year – providing support and enabling growth.

To date, four businesses have been incubated at the Tararua Business Network – incubation entails linking, enabling and facilitating the businesses growth and development.

A key function of the Business Network is to provide facilities and services that will facilitate the appropriate support to enhance performance and drive growth in small and medium business. This year, the Business Network hosted 152 events in the Training/Seminar Room and the Board Room was utilised for business meetings on 208 occasions.

Highlights of the Year

Supporting

Tararua Business Network provided learning opportunities for seven individuals through work placements via Work and Income, and ACC agencies.

Of these seven placements, three were able to be placed into full-time work; two are currently situated in the Business Network undergoing 'Work Ready' training; and one is seeking training for a new career.

Through our nationwide events, workshops and programmes we had given 22 start-ups and 13 SMEs (small medium enterprises) access to the expertise, networks and support to achieve their growth aspirations.

Facilitating

Following the success of the Tararua Business Network office in Dannevirke, an additional business support office (or "satellite office") was established within the Pahiatua Service Centre.

This satellite office provides the same service (on a fortnightly basis) with the objective being to create a centre that is more accessible to residents in the southern ward.

Events Programme

Flow on effects from local events and training support schemes are integral to district growth – developing a more stable economy and enhancing district opportunities.

Training Events

Tararua Business Network hosted a number of popular technology training and entrepreneurial connection events that encouraged local businesses, youth and entrepreneurs to share knowledge and ideas.

Events hosted during the year included training seminars and workshops for business, as well as regional collaboration workshops and meetings.

Regional Business Partner Programme (RBPP)

Vision Manawatu delivered the Regional Business Partner Programme contract across Tararua, supported by New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation.

Through the Regional Business Partner Programme assessment process, 13 businesses received assessments and had actions or referrals identified – some were referred for research and development assistance or were offered other services (targeted at their identified needs).

Visitor Attraction

Over 10,000 people came to the district to attend major events, such as Woodville Motocross, Wheels with Attitude, and Dannevirke A & P Show.

This volume of visitors to the district has a positive flow on effect to local business and reaffirms Council's sponsorship of these events.

Connecting Communities

The world of communications has changed – social media is driving a new wave of 3D communications where it is as important to listen, as it is to speak; where everyone can have their point of view heard and where open consultation and transparency in decision-making is creating more engaged and empowered communities.

Tararua District Council has recognised this change in the way people communicate and is leading the district further into the digital age with the introduction of an online community news service called 'Talking Tararua – more than just words'.

Talking Tararua showcases Council news and profiles the district's attractions and events – as well as providing opportunities in every issue for readers to engage with Council through polls and surveys, asking questions and making comments.

Attracting People to the Region

Mobilising our district promotion and economic development strategy has proved a valuable enterprise. Over 241,000 attendees at national trade shows provided the platform necessary to promote our district for those considering visiting or relocating here for lifestyle, business and/or investment.

Tararua is recognised as embracing motorhome friendly opportunities and we have achieved accreditation this year for Pahiatua as "Motorhome Friendly". Enquiries regarding Eketahuna were made and the response received indicated that the town was too small to qualify.

Achieving accreditation recognises that these towns provide a set of amenities and services that guarantee motorhome travellers a warm welcome and an enjoyable visit.

Motorhome travellers are self-contained and generally stay longer, making a significant economic contribution to our towns, which has a flow-on effect to our district.

The town centre upgrade programme was focused on Eketahuna this year. The Tararua Alliance has worked in close consultation with the Eketahuna Community Board to develop the town centre upgrade. The focus has been on creating a 'real kiwi country' theme to the town centre. Work included developing a new site for the town's iconic Kiwi that will encourage more visitors to stop in town, pedestrian crossing upgrades, new entrance signs at either end of

the township, reinvigorating the toilet block area and developing the War Memorial site to highlight the importance of this area to the community.

Land Utilisation – Contributions to Sustainability

Continuing to maximise land-utilisation opportunities by building on the GO! Project – a cropping initiative for Tararua district.

The results of establishing a Feijoa Grower Led Group, has seen two landowners develop new plantations. Workshops were held to encourage additional growers to join the Feijoa Grower Led Group.

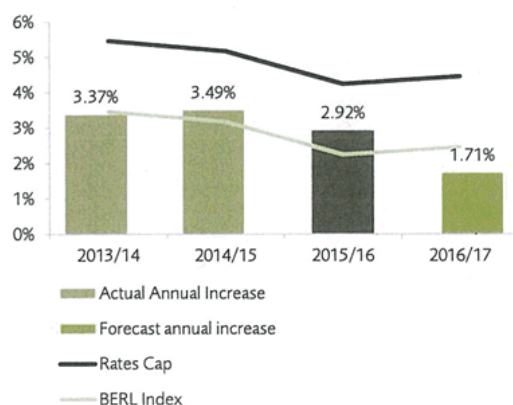
Focus has also been on hemp, hazelnut, and manuka honey as potential new income for landowners.

Strategy 3: Financial Viability

Rates affordability

In the 2015-2025 Long Term Plan, Council resolved to maintain rates increases close to BERL Local Government Cost Index. Through efficiencies and cost savings, Council has been able to have a reducing rates increase – from 4.3% in 2011/12 to 2.98% this year. The rate increase adopted for the 2016/17 year is 1.71%.

ANNUAL RATES INCREASES



Funding Sources

The following table summaries the funding sources to deliver on the service levels for the last three years and the 2016/17 Annual Plan.

All amounts are GST exclusive

Funding Sources	Actual 2013/14	Actual 2014/15	Actual 2015/16	Planned 2016/17
Uniform Annual General Charge	11%	11%	11%	12%
General Rates	5%	6%	7%	8%
Targeted rates	42%	39%	38%	41%
Total Rates*	58%	56%	56%	61%
Fees & charges	8%	8%	6%	9%
Subsidies	28%	27%	29%	28%
Other Revenue	6%	10%	8%	3%
Total Revenue†	32,469	35,217	36,645	34,646

* Total rates is the subtotal of rates revenue as a percentage of total revenue.

† Total revenue excludes "other gain and losses" in the Statement of Comprehensive Revenue and Expense.

In the 2015-2025 Long Term Plan, Council recognised the change in the funding sources percentage and the growing reliance on rates.

The budgeted funding source for the 2015/16 year differed from the actual results due to the Saddle Road subsidies from NZ Transport Agency. Once this project and other water and wastewater projects are completed, Council's funding proportion from rates will increase.

However, on a positive note, Council's use of the funding has remained consistent, and reducing rates increases indicates Council is managing its cost and has started realising savings from efficiencies and improved ways in delivering service levels.

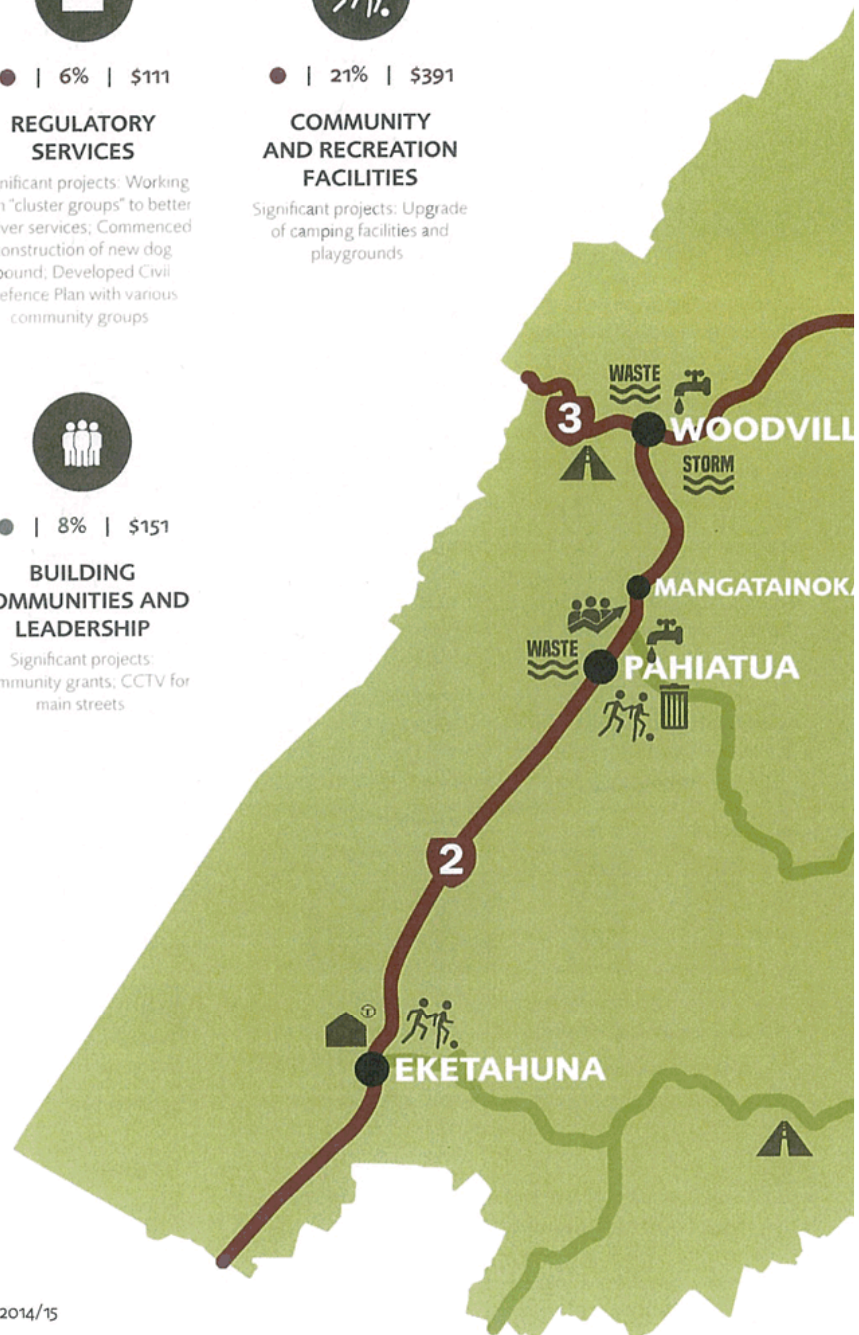
Expenditure Analysis

Type of Expense	Actual 2013/14	Actual 2014/15	Actual 2015/16	Planned 2016/17
Operations	46%	50%	50%	50%
Employee Benefit costs	16%	14%	14%	14%
Depreciation	37%	33%	34%	34%
Finance Cost	2%	3%	2%	2%
Total Expense	30,795	34,795	32,924	34,503

HOW WE SPENT YOUR RATES

We provide a variety of services to the district ranging from animal control, building consenting authority, libraries, service centres, public conveniences, sports and recreation facilities, emergency management, and maintaining our infrastructure like roading, footpaths, water and stormwater.

This page presents the significant projects we delivered to our community this year, and the amount spent providing Council services to the community, based on average yearly rates for a ratepayer in the district.



● = decrease from 2014/15 ● = increase from 2014/15



● | 3% | \$61

STORMWATER

Significant projects: District-wide renewals; Increased maintenance to reduce occurrence of flooding during storm events



● | 10% | \$191

WASTEWATER

Significant projects: Dannevirke, Woodville, and Pahiatua oxidation ponds; District-wide renewals; Eketahuna earthquake damage pipe replacements; Woodville mains replacement to reduce infiltration



● | 10% | \$191

WATER SUPPLIES

Significant projects: District-wide renewals; Dannevirke, Pahiatua, and Woodville water treatment and supply projects



● | 0% | -\$1

TREASURY AND SUPPORT

Significant projects: Debt levels and interest cost were well within budget

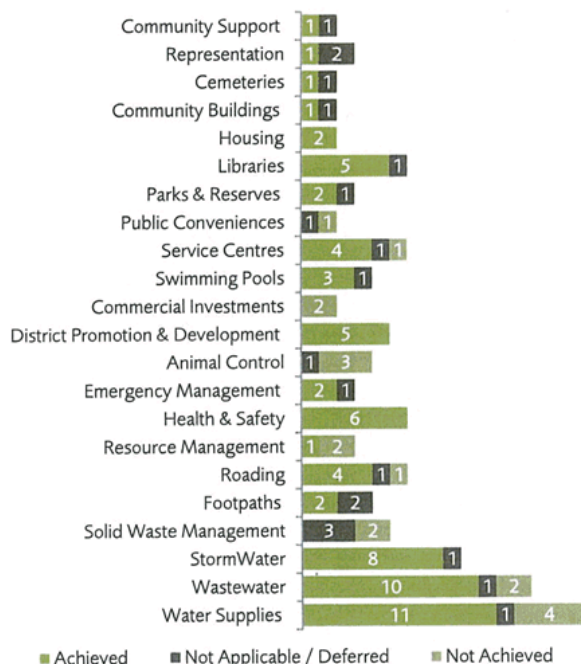
The symbols indicate the locations of significant projects.

SERVICE PERFORMANCE

We use a range of service performance measures to monitor the service levels we deliver to our customers.

The following graph summarises the service performance results for the year by Council Activities. For details on Council performance for the service performance measures, refer to the 'Activities and Service Performance' section of this report.

SERVICE PERFORMANCE RESULTS FOR THE YEAR BY COUNCIL ACTIVITIES



Achievements

- We met 18 out of the 19 measures for the Community and Recreation facilities Group of Activity
- The average call waiting time reduced from 26 seconds to 15 seconds.
- Enrolment in Library programmes increased by 17% to 1,757 participants
- The total number of hours community and recreational facilities were booked increased another 5% this year.

- We exceeded all targets for the District Promotion and Development activity
- Met all targets for the Stormwater, Building, Environmental Health, Liquor Licensing and General Compliance activities
- The response time to wastewater and water faults continue to be well below our targets.
- 99% of Council's footpath met the conditions standards

Areas for Improvements

- The targets for occupancy and net operating surplus for our commercial investments were not met. This is mainly due to the inability to find suitable tenants and significant replanting and silviculture for the forestry activity.
- Due to lack of staff resources early in the year and the reorganisation in the Regulatory Department, Council did not achieve its targets for the Animal Control Activity. The targets were met for the last 4 months when vacant staff positions were filled.
- The average quality of the ride on Council's sealed network was 90% compared to a target of 95%. This is mainly due to the change in the way Council is currently measuring the smooth travel exposure for its sealed network.
- Due to higher volumes of rubbish the tonnage of waste taken to landfill and resource conditions for the Eketahuna landfill were not met.
- 4 out of the 7 wastewater schemes do have renewed consents. We are working with Horizons to renew our consents.
- 3 out of the 5 water schemes did not comply with the bacteria compliance criteria as the required number of samples were not collected and tested. However, no bacteria was found in the supplies. The sampling regime has been compliant since.

FINANCIAL OVERVIEW AND MAJOR VARIANCES

Explanations for major variances from Council's budget figures in the 2015/16 Long Term Plan are detailed below.

Statement of Comprehensive Revenue and Expense

Revenue

- Rates revenue is showing as \$554,000 less than budgeted, as the budget figure is the gross rates strike. The actuals are presented less rates remissions, internal rates, and inclusive of rates penalties.
- Fees and charges are under budget by \$220,000. This is due to the reclassification of rates penalties to rates.
- Subsidies are over budget by \$2.04 million. Subsidies Council has received from NZ Transport Agency are higher than budget by \$2.16 million. This is due to higher subsidies from flood damage (\$900,000) and the Saddle Road project carried forward from last financial year with \$1.1 million additional subsidy received.
- Council also received unbudgeted subsidy of \$430,000 from the Ministry for the Environment for wastewater projects carried forward.
- Council has yet to commence the Pahiatua new bore and treatment project, therefore, Council has not received any of the \$530,000 budgeted subsidy. The scope and timelines have significantly changed, as the second bore option was not viable.
- Other revenue is higher than budget due to receipt of \$243,000 for insurance proceeds for the Pahiatua Recycling Centre fire, accrual of \$588,000 for a claim to Central Government for repair of earthquake damaged pipes from the 2014 Eketahuna earthquake, \$87,000 unsecured creditor distribution from Infracon.
- Council received gross forestry sales of \$1.98 million. This was budgeted for as the \$325,000 above, nett of harvesting expenses. The operating result of a \$19,000 loss for forestry was significantly under the budgeted surplus of \$237,000 due to increased costs for harvesting and recognising the cost of logs harvested.

Expenses

- Depreciation and amortisation is higher than budget as a result of the infrastructure valuation on 1 July 2015.

- Finance costs are over budget by \$339,000. Lower interest expense on loans of \$89,000 is due to lower interest expense during the year, mainly due to lower external debt than planned. The items exceeding budget are due to unbudgeted non-cash adjustments of fair value of derivatives (swaps), which has decreased in value by \$443,000, and landfill discount unwinding of negative \$15,000.
- Personnel costs are showing higher than budget due to reclassifying \$305,000 of seconded Alliance staff budgeted as operating expenditure to personnel costs.
- Other expenses is higher than budget by \$942,000. The table below highlights the major variances:

Add back reclassified items

Rates debits	483,000
Rates internal	342,000
Alliance salary reclassification	305,000

Less major unfavourable variance

Additional provision for doubtful debts	(239,000)
Grossing up of forestry expense as explained under revenue	(1,910,000)
Write-off of historical debtor balance error	(221,000)

Add favourable budget variance

Roading: mainly due to the reclassification of emergency works from operational cost to renewal	160,000
Solid Waste: mainly due to lower refuse tonnage, resulting in lower disposal and transport costs and lower kerbside recycling costs	144,000

Other Gains/(Losses)

- The main reason for the favourable variance is due to receiving an unexpected cash distribution of \$680,000 from the liquidation of Infracon. Other items in other gains/(losses) are made up of gains/(losses) on disposal of fixed assets, investment property valuation movements, and the forestry valuation.

Financial Overview and Major Variances

Gain/(loss) on Asset Revaluations

- Council had an infrastructure revaluation completed as at 1 July 2015. The result of the valuation was a decrease of \$7.6 million, whereas an increase of \$12.9 million had been budgeted. Valuation adjustments are non-cash.

Statement of Financial Position

Assets

- Cash and cash equivalents is lower than budget due to utilising cash to keep external borrowings minimised.
- Other financial assets (current) are lower than budgeted due to holding less term deposits as cash has been utilised to keep external debt minimised.
- Investment property is lower than budget but higher than previous year. This is due to revaluation.
- Property, plant and equipment is lower than budget, mainly due to the infrastructure revaluation resulting in a decrease, rather than the budgeted increase.

Liabilities

- Borrowings are under budget by \$3.2 million due to delay in completion of capital projects. Also, Council received cash proceeds from the liquidation of Infracon and sale of Hovding Court, which has resulted in lower external debt and due to actively managing cash reserves to keep borrowings lower.

Equity

- Asset revaluation reserves are lower than budget due to the budgeted infrastructure valuation increase of \$12.9 million, actually resulted in being a \$7.6 million decrease.
- Accumulated funds are higher than budgeted due to a higher surplus than budgeted.
- Special funded reserves are \$1.3 million above budget due to a higher opening balance than budgeted.

Statement of Cash Flows

Overall net increase in cash balances held were lower than budget by \$755,000.

Significant variances are:

Operating Activities

- Overall cash flow was \$4.9 million higher than budget due to higher grants and subsidies received than budget. This is due to mainly to the Saddle Road project.

Investing Activities

- Overall cash flow is \$1.7 million over budget.
- This is mainly due to a higher capital expenditure than budgeted. This is due a larger capital programme than budgeted due to previous year carry forwards.

Financing Activity

- Overall cash flow is \$4.8 million under budget.
- This is due to lower net borrowing. Through better cash management, we have been able to better utilise cash to keep debt low. Also, we received more subsidies for the Saddle Road. We also received unbudgeted funds from the proceeds from Infracon, and sale of Hovding Court.

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Revenue and Expense

	2014/15 Council Actual \$000's	2015/16 Council Actual \$000's	2015/16 Council Plan \$000's
Operating Revenue			
Rates	20,106	20,622	21,176
Grants and subsidies	2,179	10,778	8,740
Interest and dividends	450	284	245
Other revenue	5,633	5,549	2,961
Total operating revenue	35,217	37,233	33,122
Expenditure			
Other operating expenses	17,528	17,538	16,596
Depreciation and amortisation	11,532	11,368	11,092
Employee benefit costs	4,812	4,891	4,640
Finance cost	923	935	596
Total operating expenditure	34,795	34,732	32,924
Other asset gains/(losses)	(251)	640	45
Surplus/(deficit) before tax	172	3,141	243
Taxation expense	-	-	-
Net surplus/(deficit)	172	3,141	243
Other Comprehensive Revenue and Expense			
Gains on Infrastructure assets revaluation	73	(7,631)	12,918
Fair value through equity	-	-	-
Tax on Equity Items	-	-	-
Total Comprehensive Revenue and Expense	244	(4,490)	13,161

Summary Financial Statements

Summary Statement of Financial Position

	2014/15 Council Actual \$000's	2015/16 Council Actual \$000's	2015/16 Council Plan \$000's
Current assets	15,349	13,427	14,496
Non-current assets	882,132	878,679	898,453
Total assets	897,481	892,106	912,949
Current liabilities	5,694	4,618	4,015
Non-current liabilities	10,878	11,067	14,576
Total liabilities	16,572	15,685	18,591
Equity	880,910	876,419	894,358
Total equity	880,910	876,419	894,358
Total liabilities and equity	897,481	892,106	912,949

Summary Statement of Changes in Equity

	2014/15 Council Actual \$000's	2015/16 Council Actual \$000's	2015/16 Council Plan \$000's
Balance at 1 July	880,666	880,909	881,197
Total comprehensive revenue and expense previously reported	244	(4,490)	13,161
Total Balance at 30 June	880,910	876,419	894,358
Comprising of:			
Accumulated Funds	346,912	350,302	348,816
Asset Revaluation Reserves	504,973	497,343	517,813
Special Funded Reserves	28,976	28,730	27,679
Trust Funds	49	44	50
Total Equity	880,910	876,419	894,358

Summary Statement of Cash Flows

	2014/15 Council Actual \$000's	2015/16 Council Actual \$000's	2015/16 Council Plan \$000's
Net cash flow from operating activities	11,635	16,185	11,290
Net cash flow from investing activities	(15,812)	(16,565)	(14,873)
Net cash flow from financing activities	(1,000)	(1,198)	3,583
Net increase/(decrease) in cash held	(5,177)	(1,578)	-
Opening balance	9,518	4,341	3,518
Total cash resources at 30 June 2010	4,341	2,763	3,518

ACCOUNTING DISCLOSURES

These summary financial statements are a summary of the 2015/16 Annual Report and cover the period from 1 July 2015 to 30 June 2016. These summary financial statements do not provide as complete an understanding as provided by the full 2015/16 Annual Report. A full copy is available on the Council website at www.tararua.govt.nz. The information included in this report has been prepared in accordance with PBE FRS 43; Summary Financial Statements.

The Summary reports were authorised for issue on 30 November 2016.

Reporting Entity

Tararua District Council is a New Zealand territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The Council and group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. Accordingly, Council has designated itself and the group as public benefit entities for financial reporting purposes.

The group consists of Tararua District Council and its associate, Manawatu-Wanganui LASS Limited, a 14% owned associate – public benefit entity. They are domiciled and incorporated in New Zealand.

The financial statements of Council are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 26 October 2016.

Basis of Preparation

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

Statement of Compliance

The financial statements of Tararua District Council in the full Annual Report have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements in the full Annual Report have been prepared in accordance with NZ GAAP. They comply with NZ Public Benefit Entity International Public Sector Accounting Standards, and are prepared in accordance with Tier 1 PBE Standards.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain

infrastructural assets, investment property, forestry assets, and financial instruments (including derivative instruments).

Functional and Presentation Currency

The financial statements are presented in the functional currency, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$'000).

Commitments

Council's commitments on projects where contracts have been entered into but goods or services have not been received are:

	2014/15 Council	2015/16 Council
	\$'000's	\$'000's
Capital Commitments	1,892	3,724
Operating Leases as Lessor	100	76
Operating Leases as Lessee	1,175	1,035

Contingent Liabilities

Council has the following significant contingent liabilities:

- Council has one claim, for a potential cost of \$125,000, relating to weathertightness under the Funding Assistance Package. Under this programme, Council agrees to fund 25% of the cost to remedy the weathertightness defect.

As Council is not able to reliably quantify the potential liability given the complexity of the claims, a contingent liability has been recognised for the value of \$50,000 to also account for any further increases in cost.

Related Party Disclosure

Council has entered into related party transactions during the year but they were within "a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances".

Events After Balance Date

There are no post balance date events.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

OUR DISTRICT



Resident population (2015)	17,350
Number of rateable properties	10,763
Area (ha)	427,000
Net capital value (\$m)	\$4,570
Total roading network (km)	1,957
Elected representatives (Council and Community Boards)	17