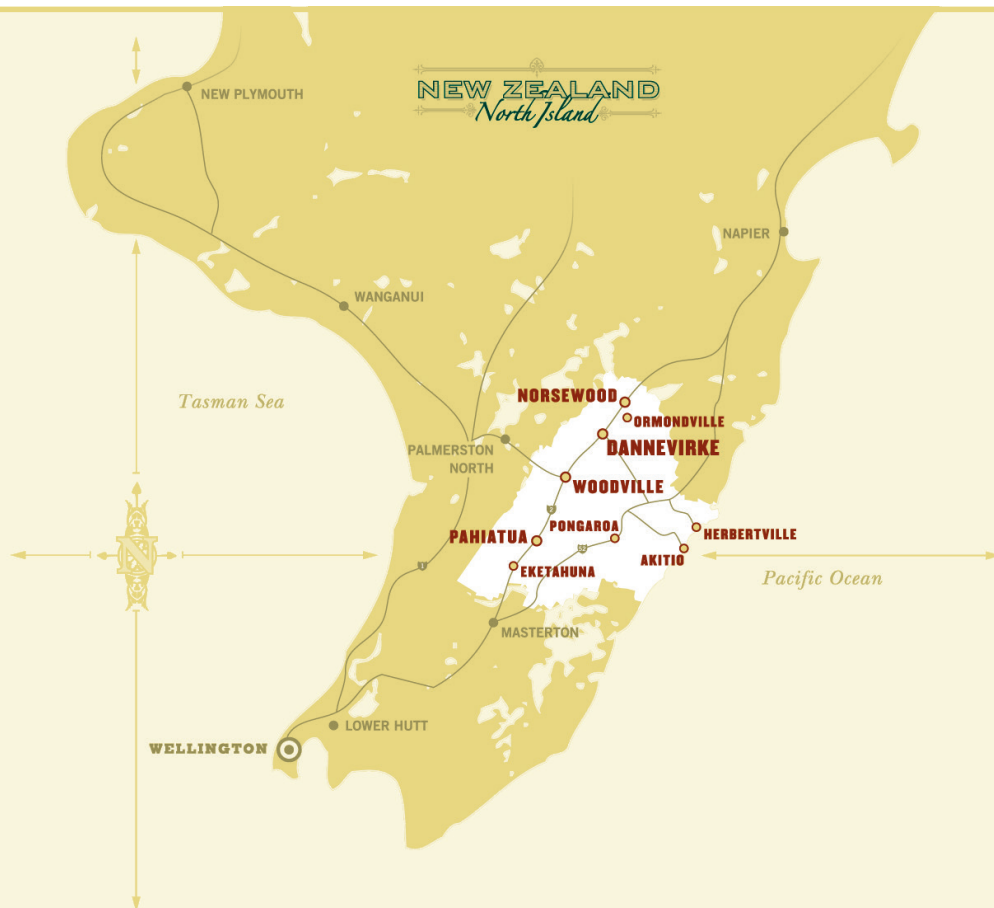




## ANNUAL REPORT 2017/18



## Untouched coastline, bush-cloaked ranges, sparkling fish-filled rivers...

Rugged ranges, remote coastline, bush-clad valleys – defined by hundreds of kilometres of river. The Tararua region stretches from Mount Bruce to north of Norsewood, and is bounded by the foothills of the majestic Ruahine and Tararua Ranges, and the shores of the Pacific on the East Coast. The physical presence of Tararua is awesome.

## In the beginning...

The Kurahaupo canoe made landfall on the Mahia Peninsula; the three principal chiefs on board were Ruatea, Whatonga and Popoto. Rongomaiwahine of the Mahia Peninsula, one of the descendants of Popoto, married Kahungunu, a descendant of the Takitimu aristocracy. Their marriage was the beginning of the Ngati Kahungunu of Hawke's Bay.

Whatonga established himself near Cape Kidnappers, and built himself a house which he called 'Heretaunga'. Whatonga's son, Tara, who was born in Hawkes Bay finally made his home in the Wellington area. His name is commemorated in many places from Napier through to Wellington. From Whatonga's second marriage was born Tautoki, who was the father of Tane-nui-a-Rangi, or Rangitane as he is more commonly known.

Tara's descendants, the Ngai-Tara, and the Rangitane people eventually peopled many parts of the Heretaunga, Central Hawke's Bay, Tararua and Wairarapa areas. The pre-European history of the District tells of a vast primeval forest with clearings occupied by Maori.

European settlement within the District started in 1854 when the first sheep were driven up the coast from Wellington to establish coastal stations, but access to this area remained almost entirely by sea until well into last century.

There are some great communities waiting to be discovered in Tararua. Each has a unique identity, story to tell and experience to share. From the hardship tales of the Scandinavian settlers who felled the Seventy Mile Bush, to the pioneers who established farming on the region's rugged east coast at Herbertville and Akitio. These communities are one of the elements that make this region unique in New Zealand.

Around 95% of Tararua's 400,000 hectares is farmed and the region has a reputation for producing high quality stock. Sheep, beef and dairy are the most significant types of farming, representing 90% of all holdings and accounting for 99% of total stock units. Forestry is a growing industry and there are now more than 13,000 hectares planted in pinus radiata.

Pastoral farming continues to be the major economic sector within Tararua.

**Tararua is a unique, proud and diverse region of rugged unspoiled landscape.**

# **ANNUAL REPORT 2017/2018**

**① ARARUA DISTRICT COUNCIL**



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# Introduction

1





# How this Report Works

## Purpose of this Annual Report

The purpose of this annual report is to compare our actual performance for the year from 1 July 2017 to 30 June 2018 against what was forecast in the Annual Plan for that year.

An annual report is required by section 98(1) of the Local Government Act 2002 (the Act).

## Structure of this Report

This report has five sections – Introduction, Reports, Activities and Service Performance, Financial Statements, and General Information.

### Introduction

This section includes:

- The Mayor and Chief Executive's message.
- Our Progress Towards the Strategies in Our Long Term Plan – a review of our progress towards our strategies.
  - Leading the Way – highlights of Council's innovation.
  - Financial Performance Overview.
  - Service Performance Measures.
  - Community Survey Summary.

### Reports

This section includes:

- Financial Prudence Benchmarks Disclosures – details Council's performance against the new Local Government (Financial Reporting and Prudence) Regulations 2014 disclosure requirements.

- Capital expenditure report and explanation for variances.
- Report that shows how we fulfil our responsibilities to govern the district well.

### Activities and Service Performance

These show the detail of work done and money spent in each major area grouped by significant activity, and reports our performance against targets we set for ourselves for each area.

### Financial Statements

We detail the Council's financial performance against budget.

### General Information

This section shows how the Council is structured, the community boards and committees, management team, and a directory. A glossary of terms completes this section.



# From your Mayor and Chief Executive

This Annual Report highlights our performance for the third and final year of our 2015–2025 Long Term Plan. Council continues to progress our three core strategies of investment in core infrastructure, facilitating economic development, and prudent financial management.

## Community engagement in developing new 10 year plan

One of the highlights was hearing the views of our community during the planning process for the 2018–2028 Long Term Plan. We started our consultation with two workshops where a range of stakeholders provided their thoughts on what they loved about Taranaki, where our challenges lay and what our opportunities are. The feedback we received highlighted connectivity as the number one issue that needs to be addressed; whether physical connectivity with the closure of the Manawatu Gorge or digital connectivity via mobile phone and internet coverage.

With the initial feedback from stakeholders, and following a series of Council workshops, we completed our Draft Long Term Plan and public Consultation Document. Both of these documents are formally audited by Audit NZ before being made available to the public for feedback. We're delighted to say we received an unmodified audit report based on the hard work from councillors and the staff.

We then embarked on a district-wide Consultation Roadshow to hear what the community thought of our priority projects for the Long Term Plan. We were very pleased with the positive response to both the projects and our consultation process.

We received a total of 90 submissions to our Long Term Plan, with the vast majority being in support of the preferred

options put forward by Council. These submissions influenced the final plan – for example, changing our proposal to seal approximately 1km of unsealed roads per annum with a contribution from third parties such as affected landowners. Following the submission hearings, Council decided to increase the unsealed road strengthening budget, and double the length to be sealed, without the need for third party contributions. This is a fantastic example of the submission process in action.

We continue to work hard on improving our engagement with both Rangitane o Tamaki nui-a-Rua and Ngati Kahungunu ki Tamaki nui-a-Rua. We are all committed to working constructively for the benefit of all that call Taranaki home.

## Our performance

Improved completion rates for capital expenditure for the year have contributed to good results over the entire three years of the 2015–2025 Long Term Plan. This highlights that Council is providing sufficient investment into maintaining assets for future generations. Council completed \$16.2 million of a budgeted \$20.3 million worth of capital projects. This resulted in an underlying 80% completion rate versus 78% for the previous year.

In addition to the budgeted capital projects, Council has undertaken emergency roading renewals during the period of \$3.7 million, versus a budget of \$550,000. When taking



this additional capital expenditure into account, Council has delivered a total of \$19.8 million of capital work, versus a budget of \$20.9 million, or 95% completion rate.

Total capital expenditure over the past three years was 100% of budget at \$53.6 million, however, adjusting for roading emergency renewals, the completion rate was 89%. Depreciation expenditure over the three year period was \$34.6 million and renewals were \$32.7 million, or 94%.

Operationally, the year was challenging with significantly higher expenditure related to the supply of water. New testing and compliance regimes that reflected best practice following the Havelock North Water Inquiry added costs to our operations. We were also unsuccessful in our application for a subsidy towards a new wastewater treatment plant at Eketahuna, which meant \$650,000 less revenue than budget.

Offsetting these costs were additional roading revenue of \$3.2 million for emergency repairs and \$1.2 million for Saddle Road upgrades, both from NZ Transport Agency.

The net effect of these adjustments was a surplus of \$2.35 million, which was \$1.95 million more than budgeted.

Due to the level of capital projects undertaken, we have increased Council debt from \$11 million to \$17 million. Our net position overall, however, remains very strong with \$5.9 million in cash held at year end. The average interest rate on our debt of 4.22% was much lower than the budgeted rate of 4.9%, largely due to a continuation of a low interest rate environment and Council using a mix of short and long-term borrowing.

We improved our overall performance in meeting our service levels to 79% from 76% the previous year. Helping to achieve this improvement was increasing the frequency of customer survey to quarterly – we now survey a total of 450 residents over four quarterly surveys. This enables Council to react more promptly to trends as they emerge.

We are happy with the overall trends our survey results are showing. Overall, Council performance has increased to 85% from 75% a year ago and the result for Vision and Leadership improved to 80% from 74%, which was especially pleasing given the priority Council has placed on this during our Long Term Plan process.

The results also showed that the community is generally satisfied with the majority of Council services, with parks and reserves, community facilities and waste management scoring particularly well. Areas of lower satisfaction included some aspects of water management and roading infrastructure. The closure of the Manawatu Gorge and the number of significant weather events have undoubtedly been contributing factors to this.

## Prudent financial management

Rates affordability is key for Council. We continue to work hard to keep rates increases low while ensuring prudent long-term investment in new infrastructure and meeting

the operational costs of Council. We are also aware of external influences on the budgets of our ratepayers, such as the impact of Horizons Regional Council's One Plan and the closure of the Manawatu Gorge. Despite all of these competing needs and influences, we believe we have struck the right balance in recent years, with average rates increases over the last three years of 2.91%, 1.72% and 2.32%.

Our recent history of financial prudence has resulted in Council maintaining a strong balance sheet with low debt. This has enabled us to continue to consider significant investments in digital connectivity, Route 52, and wastewater treatment upgrades in our 2018–2028 Long Term Plan. These investments will underpin growth for the future and, in the case of digital connectivity, provide significant economic development opportunities.

## Infrastructure investments

As the largest co-funder of our district's roading network, we are pleased that the NZ Transport Agency support the continuation of the Tararua Alliance model for asset management and delivery. Council is receiving excellent information on the condition of our roading network, ensuring we gain maximum benefit for the investments made.

The Tararua Alliance team have maintained their programme of work during the year while also attending to the challenges posed by the severe weather events we continue to experience. The delivery of the planned works programmes, in addition to the emergency repairs due to severe weather events, is a credit to the Tararua Alliance team and demonstrates the value of this relationship. They continue to deliver the best results for the network overall, today and for the future, rather than just the cheapest option for today.

Further evidence of the value of this relationship is the confidence signalled in our asset management information by NZ Transport Agency, who have increased our funding assistance rate from 64% to 66%. This means Council's share of road funding reduces slightly, allowing further investment in the network.

This strong relationship, improved asset data held and delivery on emergency works while maintaining the roading network results in favourable outcomes when seeking funding as demonstrated by the indicative approval of our 2018–2021 Land Transport funding block, where we received the funding sought in our application.

During the year, Council has taken every opportunity to provide assistance to the communities and businesses affected by the closure of the Manawatu Gorge. The Deputy Mayor Allan Benbow is a member of the NZ Transport Agency group that has been advising on the proposed new route. His voice at the table has been invaluable in ensuring the needs of Tararua are fully considered. We are pleased that the development of the new route has been given the highest priority and look forward to the opportunities that it will offer.

Water treatment and storage are two areas where significant projects have either been completed or are underway. The Akitio water treatment plant was installed during the year and Pongaroa's plant was almost complete at the end of the reporting year. Water storage projects in Pahiatua and Woodville commenced as a result of strategic planning in 2012. Both experienced ongoing delays during the year due to events outside Council's control, predominantly weather. Subject to no further adverse delays we anticipate these projects will be finalised in the coming year.

Council has improved the treatment of our wastewater during the year, however, we are still working on the three resource consent renewals required for Eketahuna, Pahiatua and Woodville. Capital investment for these renewals is included in the 2018–2028 Long Term Plan.

The last of our major town upgrades, which started with Dannevirke in 2008, is underway in Pahiatua. Extensive community consultation has been undertaken during the year and the project is almost at the stage of providing final design concepts. Community feedback to the consultation process has been extremely positive and support for the overall concepts is high. Council plans to extend the town upgrade strategy to a number of our smaller settlements and has provided for funding in the 2018–2028 Long Term Plan for this.

## Economic development and growth

We await the latest census data with great interest as we anticipate it will confirm our view that our population has not only stabilised but is showing strong signs of growth. If our apparent shortage of housing and rental properties is anything to go by the population figures could well surprise us all.

Council plans to play its part in helping to ease the current housing shortage by making a modest investment to expand the utility networks over coming years to enable development. In addition to reversing our earlier decision to sell our pensioner housing stock, we now plan to add new units now that waiting lists have evolved. This is a good example of listening to the community and responding to market demand.

We believe the district has some exciting opportunities to build on our population growth ahead as the Manawatu Gorge replacement is constructed and eventually opened. This vital arterial route, with reliable travel times, will open up the district's affordable housing to new markets.

We continue to place strong importance on investment in economic development for the district. Our economic development team continues to exceed its targets to support businesses, events and community organisations. One significant economic development project supported by Council during the year was the Pongaroa Fuel Stop. A grant of \$70,000 by Council enabled this vital service for both locals and visitors to become a reality.

Attracting visitors to Tararua is another key function of our economic development team and the jewel in the crown is our new i-SITE Visitor Information Centre in Woodville. The i-SITE is receiving extremely positive results from visitor satisfaction surveys. In addition to being the welcoming face of our district for visitors, the team travel to events such as the 'Covi Motorhome Caravan and Outdoor SuperShow' to tell our story to continue to increase visitor numbers.

Looking ahead we are seeking opportunities to invest in events in the district to both help attract new visitors and provide activities for our local communities. We are also investing in planning for new tourism opportunities, including the development of a district-wide cycleway and walkway strategy. We have sought assistance from central government's new Provincial Growth Fund to increase the total investment we can make in this important work.

The Provincial Growth Fund offers the Tararua District significant opportunities to undertake investment in projects that are beyond our financial capacity to achieve. We have already made two applications to the Fund and are busy undertaking the early planning stages of further projects for submission for funding over the year ahead.

## International relations

During the year Council undertook a review of its international relations strategy. While the review initially considered an Asia focus we have ultimately decided to prioritise our natural heritage relationships, which include existing district connections to Scandinavia, Poland and the Czech Republic.

The first opportunity to deepen one such relationship was our first ever mayoral reception as a district. We hosted the Czech Consul, Hana Flanderova, at a formal reception that included the Lindauer artist-in-residence, Jana Hylmarova and her parents, along with representation from iwi and 1st Battalion, Royal New Zealand Infantry Regiment. It was particularly great to see present at the reception all of the Mayors since Tararua District was established nearly 30 years ago.

We have also accepted an opportunity to develop a "twin towns" relationship between Pahiatua and Kazimierz Dolny in Poland. This relationship acknowledges the strong connection Pahiatua has with Poland after the establishment of the Polish Children's Camp during World War II. We look forward to the ongoing development of this twin town relationship.

## Challenges

The closure of the Manawatu Gorge road has had, and continues to have, a significant impact on our district. The economic and social impacts will be with us for some time and Council is not immune from these. Many of our roads around the Gorge are experiencing higher than normal traffic flows and this increases wear and tear and results in higher costs for repairs and maintenance.



While we still have a significant period of time before the situation is remedied by the completion of the Manawatu Tararua Highway, we must remain mindful of the benefits this will bring to the district. We anticipate benefiting from the construction of the road as new workers come to town and we expect to see new residents take advantage of our affordable housing once it is completed. Council will continue to explore opportunities to seek benefits for the Tararua District as construction commences.

While the decision to not reopen the Gorge has been a difficult one for us all to face, the potential tourism opportunities along with the benefits of the new route – dare we say the Manawatu-Tararua Highway – will be significant.

Another major challenge facing not just our farming communities but all of the Tararua District is the impact of the Horizons One Plan. As we all know, anything that impacts our farmers flows throughout our economy. It is for this reason we continue to keep a close eye on proposed development changes related to the One Plan.

The results of the Havelock North Water Inquiry continue to have a significant impact on Council. We have increased our resources in this vital area and have a Quality Management System process underway. We are seeking to continuously improve our Water Safety Plans, including increased chlorination and water sampling, all of which increases our operating costs.

With central government reviewing water management the future is somewhat unknown but we will continue to deliver on our capital programmes as planned, and respond to changes as they eventuate.

Stormwater management and associated drainage is another area that has experienced increased costs during the year, largely due to adverse weather events. As a result, we completed an additional \$5 million in emergency road works over and above that planned. The disruption these weather events cause contribute to the low customer satisfaction both in our stormwater systems, and our rural roading network. Investment in this area is an ongoing balance between affordability and the likelihood that climate related events are going to increase, both in frequency and intensity. We have provided more emphasis on drainage to increase our resilience in the 2018–2028 Long Term Plan.

We continue to review our capacity to deliver our services in the face of ever increasing demand and compliance requirements. One area that has experienced increased demand is enquiries for building work and applications for building consents during the year. Despite these increases we have not compromised on the quality of our service. Likewise, we have responded to new testing and treatment requirements for water. Where necessary we have increased resources and/or reorganised teams to create greater efficiency to meet these demands.

Delivering on our capital programme is always a challenge when unplanned events arise. We have increased our project management capabilities over the last three years and this has resulted in improved completion outcomes,

but there is more to do. We plan to place further focus on smarter procurement processes and increased project management capability through the creation of a Project Management Office team.

## Looking ahead

A number of challenges lie ahead and we believe each of these will be overcome and result in opportunity for the Tararua District to benefit as a whole. We are in a sound financial position with a strong balance sheet – this gives us room to respond to unforeseen events and take advantage of opportunities as they arise.

We have a strong and united council fully aligned to the vision and objectives we have set ourselves. We are continuing to build strong relationships with our communities, iwi, NZ Transport Agency, our neighbours and central government, ensuring that the voice of the Tararua District is considered when crucial decisions are made.

As we look ahead, our key strategies of improving core infrastructure, facilitating economic development, and prudent financial management will remain our focus. We anticipate continuing improved results in our capital programme as we embed project management disciplines through our Project Management Office team.

We are looking forward to the results of the recent assessment of our Council through Local Government New Zealand's CouncilMARK™ programme. The programme provides an independent assessment of Council in four key areas of operation and provides a fantastic opportunity for continuous improvement, transparency and confidence to ratepayers.

Finally, we would like to thank councillors, staff, and contractors for their ongoing efforts in delivering on the vision and strategies of Council. All of us are proud to work for and on behalf of the Tararua District.

With so many opportunities ahead, and as our 30th anniversary approaches in 2019, we must continue to build and celebrate our unique identity and continue to put Tararua District on the map.

Tracey Collis  
Mayor

Blair King  
Chief Executive



# Our Progress Towards the Strategies in Our Long Term Plan

In the 2015–2025 Long Term Plan, Council confirmed the vision for the district that was adopted in the 2012–2022 Long Term Plan:

A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure.

Underpinning this vision is the Strategic Focus for Council.





# Strategic Focus

Council first adopted its Vision and the underlying three limbs of strategy in the 2012–2022 Long Term Plan – Core Network Infrastructure, Economic Development, and Financial Prudence. In the three years that followed, Council made significant progress on these strategies.

The 2015–2025 Long Term Plan maintained the same three strategies but, through consultation with the community, prioritised, refocused, and expanded on the strategies given new challenges and achievements.

The following summarises our progress towards the Council's strategies for the first three years of the 2015–2025 Long Term Plan.

## Strategy 1: core infrastructure

### Continued investment in core infrastructure:

*To build resilience in water, wastewater, stormwater, and roading networks.*

Progress:



2017/18



2016/17



2015/16

### This Year

- We continued with our infrastructure strategy and invested \$18 million this year, in our core infrastructure, to ensure we continue to have the capability to deliver the agreed service levels.

However, we had to defer and carry forward 46 capital projects totalling \$4.4 million to 2018/19.

- Our roading network continued to be severely impacted by recent weather events, which resulted in over \$5 million of additional work. We were successful in applying for enhanced funding that resulted in a 20% increase in the Financial Assistance Rate for this work.

This resulted in an unplanned increase in workload (approximately 30%) over the year with 1,054 individual flood damage faults being recorded. The Tararua Alliance, with the assistance of various consultants and subcontractors, have completed 866 of these faults. Of those remaining, many were made safe and only require minor site works to complete, while others required engineering investigation, survey, and design. These sites are continuing with work over the next 12 months to increase resilience.

- A major area of focus for the Tararua Alliance has been on improving processes, systems and tools to enable better investment decisions to be made, informed by accurate asset inventory data. Examples include developing a system that allows the Tararua Alliance to record and manage all faults with a weather event in a map format, improving our ability to respond, prioritise and manage subsequent repairs in the most effective and efficient way, reducing cost and delays. This same system has enabled better communication through the Tararua District Council website by being able to show the status of roads visually on a map as opposed to the traditional list format.
- Six of our seven water schemes now have a current Water Safety Plan. Ongoing work is now required to address a number of safety risks identified in the plans. Akitio's Water Safety Plan will be completed in early 2018/19 after the new water treatment plant is commissioned.

Legend:



On Track



Need to catch up



Needs more effort



- The Pahiatua and Woodville water treatment and storage upgrades were expected to be completed by 2017/18. These are both under construction and are expected to be completed in the early part of the 2018/19 year.
- Stormwater modelling completed by the Tararua Alliance has resulted in a review of our historic capital programme. The modelling has allowed Council to model the anticipated outcome of the stormwater infrastructure concepts and designs to ensure we are making the right decisions that produce the most benefit for the community and provide value for money solutions. We have identified 13 new potential projects and we are in the process of completing feasibility studies. These findings will form the basis of Council's long term planning for stormwater infrastructure.

### Long Term Plan Achievement

- The first three years of the 2015–2025 Long Term Plan have seen Council make significant progress on improving resilience to core infrastructure. Council has spent \$41.5 million against a budget of \$46.8 million for the three years.
- We have substantially progressed our strategy of improving drinking water resilience. We started this process with the construction of the impounded supply for Dannevirke during the 2010/11 financial year, providing 18 days storage. Significant water storage projects that are under construction, but will not be completed until the 2018/19 year, include the Pahiatua and Woodville water storage upgrades. Once completed, these will provide seven and 27 days storage respectively. We have also upgraded treatment facilities at six of our schemes, to improve the quality and safety of drinking water. The commissioning of the new water treatment plants at Pongaroa and Akitio will occur in early 2018/19 and we plan to construct a new treatment plant for Pahiatua in 2018/19.
- Significant weather events resulted in emergency works of \$6.4 million spent on the roading network.
- The frequency and severity of the climate related events are increasing. This has put increased pressure on the resilience of both our roading and stormwater infrastructure, as well as our wastewater treatment plants by way of stormwater infiltration. Funding has been increased in the 2018–2028 Long Term Plan to further improve the resilience of these core infrastructure groups.
- We deferred from our originally planned stormwater upgrades to undertake detailed stormwater modelling. The results from the stormwater modelling showed that the originally planned projects would not create the benefits originally planned. We are using the results of the modelling to see the long-term implications of proposed solutions to ensure the benefits desired to minimise the effects of heavy rain events are achieved.



## Continued investment in core infrastructure:

*To improve our environment and meet our commitments to the Manawatu River Accord*

### Progress:



2017/18



2016/17



2015/16

### This Year

- The Ministry for Environment funded wastewater treatment plant upgrade at Eketahuna did not progress as planned in 2017/18. We are in the process of obtaining a new resource consent (conditions regards to treatment) to determine the design of the treatment plant.
- Three of our seven wastewater schemes are currently operating on temporary consents. The terms and conditions of new consents will be more rigorous than previous consents due to increased environmental standards under the provisions of the new regional 'One Plan'. We are going through consent hearings for both the Pahiatua and Eketahuna wastewater schemes, and will be lodging a consent application for Woodville in early 2018/19.
- The lining of the Dannevirke wastewater treatment plant was completed in July 2017. This was a major multi-year project that has resulted in increased storage capacity, allowing Council to minimise the effect of discharge on the receiving environment.
- Council has established the Mana Whenua working party to work closely with Iwi members from Rangitane o Tamaki nui a Rua and Ngati Kahungunu ki Tamaki nui-a-Rua to address Iwi concerns over Council's wastewater point discharge into our rivers.

### Long Term Plan Achievement

- Council made significant investments totalling \$4.6 million to improve our wastewater treatment plants over the three years of the Long Term Plan.
- Notable achievements were the deepening and relining of the wastewater ponds in Dannevirke, Pahiatua, Eketahuna and Woodville. This eliminates any potential for wastewater leeching through the bottom of the ponds and into water tables. It also enables more storage of treated wastewater so that we can discharge to the river at times of least environmental impact.

### Legend:



On Track



Need to catch up



Needs more effort

## Continued investment in core infrastructure:

*To increase public safety in Council roads, footpaths, recreation facilities, and public buildings*

### Progress:



2017/18



2016/17



2015/16

### This Year

- One fatal accident was recorded on local roads during the year, however the cause was not due to road factors.
- The overall condition of our footpaths is close to the best we can get – only a small number of defects noted. What the results shows is, of the 301,638m<sup>2</sup> of footpaths in the database for the district, only 2,646m<sup>2</sup> (0.9%) has a defect severity grading of 4 or 5 (5 being the highest).
- However, public satisfaction continues to be low in this area because of two issues – lichen and vehicle entranceways. Lichen can cause the footpath to become slippery, therefore we are increasing our maintenance to address this issue in 2018/19. Vehicle entranceways can cause safety issues to those with mobility scooters and push-chairs as they transition from footpaths to the road. Vehicle entranceways are the responsibility of property owners, but Council is investigating appropriate strategies to improve these due to the safety issues caused.
- We continue to maintain our parks, reserves, playground equipment and sports facilities to relevant safety standards.
- Health and safety remains the highest priority for the Tararua Alliance, where a positive zero harm culture continues to be developed. In the 2017/18 year, 541 "safe behaviour observations" were recorded, and 85 temporary traffic management sites were audited (both Tararua Alliance sites and others working in the road corridor). One medically treated injury occurred, with no lost time injuries.
- Council invested \$1.2 million in minor safety projects during 2017/18. This includes \$368,000 on converting streetlights to LED bulbs.
- Council also invested another \$1.2 million in the Saddle Road (a total to-date of \$6.4 million) to mainly improve safety.
- Council's Health and Safety Coordinator was recognised nationally for establishing a positive health and safety culture, being a finalist for the NZISM Health and Safety Practitioner of the Year.
- As Council works with a large number of contractors, it was recognised that we are a key influencer for health and safety within our district. Although our original efforts were to ensure contractors met their health and safety obligations, we have been able to provide support by way of templates and advice to small businesses to help them understand their health and safety obligations.
- We are mid-way through completion of water and wastewater treatment plants Hazardous Substances review to comply with the Hazardous Substances Regulations (2017). The regulations came into force in December 2017 with a transitional period for certain aspects of the regulations up until December 2019.
- We have implemented a programme of works to comply with the Asbestos Regulations (2016), which came into effect in April 2018. WorkSafe NZ identifies asbestos exposure as the leading cause of death from workplace related disease. Having an asbestos management plan for all Council sites



will reduce workplace related health risks, keeping our staff, contractors, and visitors to our sites safe from ill health caused by exposure to asbestos.

#### Long Term Plan Achievement

- The previous three years have seen significant legislated changes in all areas of Health and Safety, with the introduction of the new Health and Safety at Work Act. As a result Council has employed a dedicated Health and Safety Officer to ensure we meet our obligations under the new legislation.
- Safety is a major focus for the Tararua Alliance, both for staff and for the public. With a high number of work sites in public areas, Tararua Alliance has strict controls and processes to ensure safety at its work sites. Audits are completed on work sites to ensure the safety controls and processes are followed at all times, as well as regular education on safe working practices.
- We have spent \$2.2 million on minor safety improvements in the last three years. The 2018–2028 Long Term Plan will see an increase in investment in minor safety improvements from \$600,000 per year to \$1.2 million by 2019/20. This will also allow sealing of specific unsealed sections of road to improve safety.

## Continued investment in core infrastructure:

*To meet legally required performance standards*

### Progress:



2017/18



2016/17



2015/16

### This Year

- Three of our seven wastewater schemes are operating under temporary consents (current consents have expired). We are currently going through the Pahiatua and Eketahuna wastewater consents renewal process. We will be submitting to Horizons the renewal for the Woodville wastewater consent early next year. We continue to monitor our impact on the receiving environment whilst operating under these consent conditions to ensure we are minimising our impact on the receiving environment.
- We continue to meet all resource consent conditions for both our urban water and wastewater schemes.
- We did not comply with all of the requirements of Part 4 and Part 5 of the Drinking Water Standards. We did not comply with Part 4 of the Drinking Water Standards due to not meeting the minimum testing requirements for three of our schemes. Part 5 was non-compliant as this requires 24 hour monitoring of our water schemes. We have SCADA systems installed that will enable us to do 24 hour monitoring, with the process currently being trialled for the Woodville water scheme.
- We received a non-compliance notice on our resource consent conditions for our two landfill sites, Eketahuna and Pongaroa. Pongaroa consent conditions were not met as Horizons did not receive the Landfill Monitoring Report in the allotted timeframe. We now have procedures in place to ensure it is documented when sent and acknowledge receipt. The reports were provided to Horizons in July, ensuring we will be compliant. Eketahuna consent conditions were not met because of minor operational issues. Actions were taken to rectify these issues.

### Long Term Plan Achievement

- The previous three years proved challenging for Council in relation to meeting its mandatory compliance measures. However, significant emphasis is being placed on meeting these measures. We are progressing with renewing resource consents for our three wastewater schemes operating under temporary consents, and are committed to reducing the impact of wastewater entering the receiving environment. In water supply, we are ensuring we have the correct processes and resources in place, as well as investing in upgrading our treatment plants to ensure we provide drinking water that is safe to drink.



## Strategy 2: economic development

### Promoting and facilitating economic development:

*Supporting and facilitating growth in local business*

Progress:



2017/18



2016/17



2015/16

#### This Year

- The closure of State Highway 3 through the Manawatu Gorge severely impacted local businesses and service providers throughout the district, with Woodville particularly hard-hit, and the effects will continue to be felt as the alternate route is constructed.
- Immediately following advice that the Gorge would be closed for a significant amount of time, the Mayor, councillors and staff conducted visits to affected communities, walking the main streets and attending various community meetings to discuss the effects of the closure.
- Council staff remained in contact with local businesses via regular email updates and appointed a staff member to work at the Tararua i-SITE in Woodville to meet with anyone requiring support or advice. In addition to this we organised and delivered a free cashflow management seminar and sponsored advertising to promote Woodville, including the installation of new signage on the Saddle Road encouraging traffic to "Experience Woodville."
- We continue to experience exceptional visitor growth to our camping grounds in the district with a 31% increase over the previous year. Our visitor numbers for the previous three years have been: 14,322 in 2015/16; 15,046 in 2016/17, and 19,676 in 2017/18.
- The Tararua Business Network has worked alongside 48 businesses, providing support and enabling growth, and hosted 84 events in the Training/Seminar Room, with the Board Room used for business meetings on 61 occasions. Of the 48 businesses supported, nine were existing small-medium enterprises, 10 were new start-ups, and 29 new ideas.
- A total of 47 businesses who contacted the Business Network for assistance, received support and training, and were presented with opportunities that varied according to the requirements of their business. Of these, fourteen were existing small-medium enterprises (SMEs); thirteen were new start-ups and twenty new ideas.
- The Regional Business Partner Network is a nationwide network of organisations delivered by New Zealand Trade and Enterprise (NZTE) to support business growth and innovation in New Zealand.
- The Central Economic Development Agency (CEDA) is the Regional Business Partner for the Manawatu-Whanganui region and provides information, mentoring, marketing and economic leadership to businesses, as well as access to potential funding streams. This year five businesses were referred by the Business Network, as they qualified for support from CEDA.

#### Long Term Plan Achievement

- Council has focused strongly on supporting and facilitating growth in local business. We have worked alongside 140 business in the last three years, supporting them to succeed by such initiatives as providing training opportunities, tailored business advice, and linking businesses with other agencies such as CEDA for further business growth and innovation.

## Promoting and facilitating economic development:

### Build district identity

### Promote the district by telling our story

#### Progress:



2017/18



2016/17



2015/16

#### This Year

- Over 10,000 people came to the district to attend major events, such as Woodville Motocross, Wheels with Attitude, and Dannevirke A & P Show.
- Council continued to participate in national trade shows and this year also attended Hilux New Zealand Rural Games. These events provide the platform necessary to promote our district for those considering visiting or relocating here for lifestyle, business and/or investment. Over 75,000 people attended these trade shows.
- To be able to maximise and measure the benefit of attending these shows, Council produced a "Tararua Passport" that used a targeted monitoring system to capture and record how many visitors came to the district from the show. The Passport focused on promoting tourism attractions and featured discounted offers from iconic businesses in the district. We will be able to measure the success of attending these national events.
- The i-SITE assisted with the "Win in Woodville" promotion and the "Mad Hatters Day". Both of these events supported the local businesses of Woodville by encouraging visitors to stop and shop in Woodville.
- Based on Paymark and BNZ MarketView, the total value of spending in the district has increased by 5.6% compared to last year, and is above the New Zealand average increase in spending of 4.4%. Woodville showed growth of 2.3% despite the closure of the Manawatu Gorge route, and the closure of three retail shops.

#### Long Term Plan Achievement

- We have promoted Tararua to a wide range of audiences as a great place to live, play and visit. We have done this by attending a number of trade shows, including the Auckland Home Show and Mystery Creek Field Days. It is often difficult to measure the success of attending these events and in 2017/18 we developed the 'Tararua Passport' as a method of both attracting visitors to our district and measuring the success of attending these national events.
- Over 10,000 people annually continue to attend major local events, such as the Woodville Motocross, Wheels with Attitude, and the Dannevirke A & P Show.
- Discussions held during the 2018–2028 Long Term Plan stakeholder meetings highlighted the need for a clear identity. Council is in the process of removing the "Tararua Country" branding with a focus on promoting the "Tararua District" to improve our identity.
- Based on Paymark and BNZ MarketView, the total value of spending in the district has increased by 9.9% since 2015/16.

**Legend:** ● On Track ● Need to catch up ● Needs more effort



## Promoting and facilitating economic development:

*Provide business friendly and welcoming support for new residents*

### Progress:



2017/18



2016/17



2015/16

### This Year

- Welcome packs sent out to 344 new residents.

### Long Term Plan Achievement

- We have sent 1,104 welcome packs to new residents over the prior three years.
- The population of the Tararua District declined over the 12 years to 2014. Since then, our population has stabilised and shown modest signs of growth with population increasing by 150 residents from 2014, to 17,600 in 2016.

### Legend:



On Track



Need to catch up



Needs more effort



## Strategy 3: financial viability

### Continued financial viability through sustainable growth and investment:

#### Cost control

##### Progress:



2017/18



2016/17



2015/16

#### This Year

- Operating expenditure, excluding depreciation and fair value movement of derivatives, was \$23.9 million (\$22.3 million last year). The main driver for this increase was the additional unbudgeted expenditure for emergency repairs on the roading network from the storms in July and March. This amounted to \$1.4million, but with an enhanced subsidy of 84%. Another area where we significantly exceeded our budget was in Water Supply due to responding to the Havelock North inquiry by increasing compliance, monitoring, and chlorination costs.

#### Long Term Plan Achievement

- Overall, we have performed well in managing cost control for the previous three years. Our rates requirement in 2017/18 was \$21.5 million compared to the 2017/18 Long Term Plan budget of \$22 million.
- Current and future challenges include responding to increasing cost pressures from increasing demand for services, compliance costs for wastewater and water supplies, and as new plants being constructed become operational.

#### Affordability

##### Progress:



2017/18



2016/17



2015/16

#### This Year

- Rates increases have declined from 4.26% in Year 2011/12 to 2.23% for the 2017/18 year.

#### Long Term Plan Achievement

- During the three year period of the 2015–2025 Long Term Plan, we achieved a combined rates increase of 6.92% against a planned combined increase of 9.41%. We achieved this by finding efficiencies, better cost management and changes to delivery of services.

## Continued financial viability through sustainable growth and investment:

*Reducing financial and business risk*



### This Year

- Council's current external borrowing is \$17 million. This is held as a combination of short and long term debt, with appropriate risk management strategies in place to achieve low interest costs to rate-payers and minimise impacts of future rate increases.
- Adequate insurance policies are in place to mitigate risk of unplanned asset replacements due to natural disasters.

### Long Term Plan Achievement

- Brought in-house the management of the forestry operations and have accumulated net cash returns of \$567,000 from this activity.
- Council introduced an Audit and Risk Committee in 2015, which is led by an independent chair. This committee provides an oversight of the Council's approach to risk and compliance.
- Our average interest rate on debt for the year was significantly lower than planned at 4.22% compared to a budgeted rate of 4.9%, and has reduced from 5.63% in 2015/16. This is due to the continued low Reserve Bank OCR rate of 1.75% making debt less expensive to finance, and Council using a mixture of short and long term borrowing.
- Council maintained significant debt headroom compared to the debt limits set in the Treasury Risk Management Policy as part of the 2015–2025 Long Term Plan. During the update of this policy, we reduced the limit of debt not exceeding total revenue to less than 50%, and in 2017/18 achieved 34%. This has enabled Council to maintain a strong balance sheet leading into the 2018-2028 Long Term Plan.

**Legend:** ● On Track ● Need to catch up ● Needs more effort



## Continued financial viability through sustainable growth and investment:

*Financial sustainability (long-term financial health)*

**Progress:**



2017/18



2016/17



2015/16

### **This Year**

- Total debt levels (external and internal) continue to be within the limits in the Long Term Plan.
- External debt increased from \$11 million to \$17 million, with \$2 million of short term borrowing.

### **Long Term Plan Achievement**

- Despite the heavy investment in infrastructure, Council has maintained a very healthy balance sheet, with low debt levels. This has left Council strongly placed in the 2018–2028 Long Term Plan to be able to respond to the future needs of the community and to emerging challenges such as increasing climate related events.



# Leading the Way

## Tararua Alliance

### Unique structure

Four years ago, Council entered into an Alliance partnership for roading and footpath infrastructure, as well as water, wastewater and stormwater reticulation with Downer NZ Ltd. Tararua District Council was one of the first Councils to adopt the alliance model of service delivery, and although this model is now not uncommon in New Zealand, the Tararua Alliance structure is still unique. The Tararua Alliance Manager, a Downer employee, is a member of Council's Senior Leadership Team. With Council's lead supplier embedded within the organisation, they are better able to understand Council's strategic context, have a direct relationship with governance, and influence from within the Downer organisation. This ensures that "best for alliance" and "best for asset" decisions are being made whilst also having a direct understanding of the various constraints such as affordability, adding value for both Council and Tararua ratepayers.

The awareness of the alliance model is increasing within New Zealand. With more Council's looking at the benefits generated, the Tararua Alliance have been approached by staff from a number of Council's wanting to know more about how an Alliance works. At the same time the confidence in the Tararua Alliance with other key stakeholders, such as the NZ Transport Agency, continues to grow, contributing to a positive Long Term Plan result and National Land Transport Programme submission (securing central government investment in Tararua's roads). While final funding approval will not be confirmed until the end of August, indicative funding approval has been provided by NZ Transport Agency. This indicated that Council's funding application of approximately \$34 million would be approved. It also confirmed that Council's Financial Assistance Rate (FAR) would be increased from 64% in 2017/18 to 66% in 2018–2021.

### Asset management excellence

A key role of the Tararua Alliance is to improve Council's asset management maturity, ensuring effective long term decisions are made while considering whole of life costs and risks, which are founded by robust asset data and information. Like many Councils in New Zealand, Tararua's asset management maturity has historically been low, with deliverables met out of compliance and decisions based

on anecdotal evidence. The Tararua Alliance is focussed on improving this, making asset management an integral part of everything we do. The first step is having a robust understanding of the assets Council has, their condition and expected life, and what they will cost to replace. Thousands of changes have been made to Council's asset registers over recent years, with further updates and improvements being made on a weekly basis. This work was recently recognised by industry, with the Tararua Alliance (Tararua District Council and Downer) named a finalist in the 2018 Institute of Public Works Engineers Australasia (IPWEA) New Zealand Excellence Awards for "excellence in strategic planning".

### Innovation and new technology

Expectations of continuous improvement in everything the Alliance does is built into the culture of our staff and our key supply partners. Innovation and new technology is everywhere and can have significant cost reductions and efficiency improvements. The following highlights some of the new innovations and technology being used by the Alliance:

- We have automated the water meter reading process by introducing a digital data collection tool. The next stage we are trialling is the use of radio frequency water meters, a relatively new technology beginning to be utilised more throughout New Zealand and other countries, as a cost effective and time efficient means of collecting usage data for water consumption. The Tararua Alliance have purchased these new type of meters and are trialling them on the Eketahuna water scheme. This is expected to significantly reduce both time and effort in physically reading water meters, while improving billing accuracy and providing meaningful data for analytics of water consumption and water leakage. The findings of this trial will determine whether other schemes would benefit from this new technology, with the possibility of applying this methodology to the entire district.
- Collecting various forms of "work completed" data using tablets and digital devices to improve accuracy, reduce administration time, and ultimately improve delivery of services including urban street sweeping, rural maintenance grading, rural roadside mowing and vegetation trimming activities. Working alongside our various supply partners, we are reducing both parties' administrative efforts enabling

them to focus on their core functions, quality of work and productivity.

- We are using advanced computer modelling software to simulate "design storms" or large rainfall events to improve our understanding of stormwater networks and schemes. In doing this we are able to direct Council's capital investment to where it provides the most benefit to the community.
- With nationally recognised in-house expertise in pavement deterioration modelling (dtims), the Alliance is leading the way using these tools to enable effective asset management of our roads and other assets, by ensuring decisions around treatments are evidence based and best for network.
- Spatial analytics using geographic information systems (GIS) is becoming normal practice for managing activities where travel and distance are significant cost contributors. The Alliance are proactively using GIS and spatial tools to better manage our networks by:
  - improving planning of physical works;
  - performing trend analysis across the Taranaki network to identify "hot-spots" and target areas;
  - modelling both deterioration and predicted demand changes such as forestry heavy traffic and water reticulation pressure and flow.
- Recent implementation of a job management system has improved the way we manage work requests, record work done on utilities assets and build maintenance history for reticulation assets. This is a first for Taranaki utilities networks.
- New grading machinery and techniques, implemented since the start of the Taranaki Alliance, continues to provide value by reducing both grading frequencies and metalling needs – reducing costs to Taranaki ratepayers. This includes the scarifying "teeth" and walk behind rollers on the graders to effectively utilise and compact existing pavement material, and the grader operators having the flexibility to grade and shape roads to keep the water off the surface.
- Using acoustic inspection tools to inspect and analyse waste water pipes to more effectively and

efficiently determine CCTV inspections needs. By crudely inspecting a whole network very quickly, we can ensure our more time intensive inspecting by CCTV can be utilised where it is most needed.

## Drone technology

Council has gained an international reputation as a "smart city" for its innovative use of drones, considered a leader in its managed use of drone-captured data. Our work to develop practical applications for drones have featured in numerous articles, including software vendor Pix4D, Local Government Magazine. Our experiences were also presented at a recent ALGIM Conference (Association of Local Government Information Managers) where Council was a finalist for the 2018 GIS Project of the Year.

In 2016, Council began the process of investing in drone technology. This required an investment in drones and camera equipment of \$52,000 (three different sized drones and four cameras), as well as the training of operators on the rules and regulations of flying drones. In the 2017/18 financial year, we employed a Projects Specialist to operate the drones.

The purpose of the drones is to use aerial data to update the district-wide GIS mapping information, plan and track construction projects, including road wash-outs, bridge inspections, and capturing infrared imagery for fire and heat loss detection including people and livestock.

All of the drones are capable of measuring volumes of earthworks, improving the planning for civil projects. The major washout at Route 52 highlighted the effectiveness of the drone technology. The road washout was mapped in under two hours with the drone and eliminated potential safety issues of manually surveying this site. Previously, it would have taken two people approximately 8 hours to conduct this complex site survey. Furthermore, the drone was beneficial in communicating progress of the re-construction to the Council. As we capture more drone footage, we will be able to further improve our communication to ratepayers of the progress of complex capital projects.

Another example of the value created by using drones is in the area of bridge inspections. Previously, bridge inspections required closure, or part closure of the bridge and the use of specialised equipment such as ab-sailing gear to enable access beneath it. The drones can be flown under bridges



in a fraction of the time and capture high quality imagery. They are a much safer method in undertaking detailed bridge inspections and result in significantly reduced disruption to motorists.

The cameras attached to the drones are capable of taking stunning images and film footage, perfect for showcasing the Tararua District and promoting tourism. They have already been used to take film footage of the Waihi Falls, which was used at the Covi Motorhome Show to promote the district.

## Health and safety

Health and safety is an activity that focuses on ensuring that everyone who comes to work goes home healthy and safe. There are direct financial and productivity rewards to the organisation for keeping our workers healthy and safe.

To achieve this, Council has strived to establish a positive health and safety culture. Continued drive with the "stand in the gap" ethos assisted Council in changing the view of health and safety in the work place. Throughout the 2017/18 year, health and safety training has been made available to all staff to help support our journey to a mature health and safety culture.

Health and Safety Coordinator, Sandy Lowe, was recognised nationally for this in the 2018 Safeguard Awards as a finalist in the category 'NZISM Health and Safety Practitioner of the Year'.

## Pahiatua photograph preservation project

Records and information Management is not always just about filing and folders. The recent Pahiatua Photograph Preservation Project was about telling our story by preserving our history.

The council photographs on display within the Pahiatua Council Chambers needed to be removed while restoration work on the period panels was completed. This was an opportunity to ensure the images were digitised to ensure the preservation of this history. It was also a perfect time to identify and remedy any gaps in the collection. This project was completed with the help of Archives Central (our Shared Services Archives facility), Jean Eddie (a founding member of the Pahiatua Museum), and local picture framer (and ex councillor) Nick Hill. While there was originally some public

concern that the photographs were being removed and would not be returned, this concern soon changed to delight when the newly collated and framed collection was again available for public viewing.

The positive feedback to date from the community has been overwhelming, and perhaps more surprising has been the national recognition. This relatively small project was awarded second place at the ALGIM IRM Project of the Year Awards held in May this year and recently featured in the Local Government national publication 'LG News'.

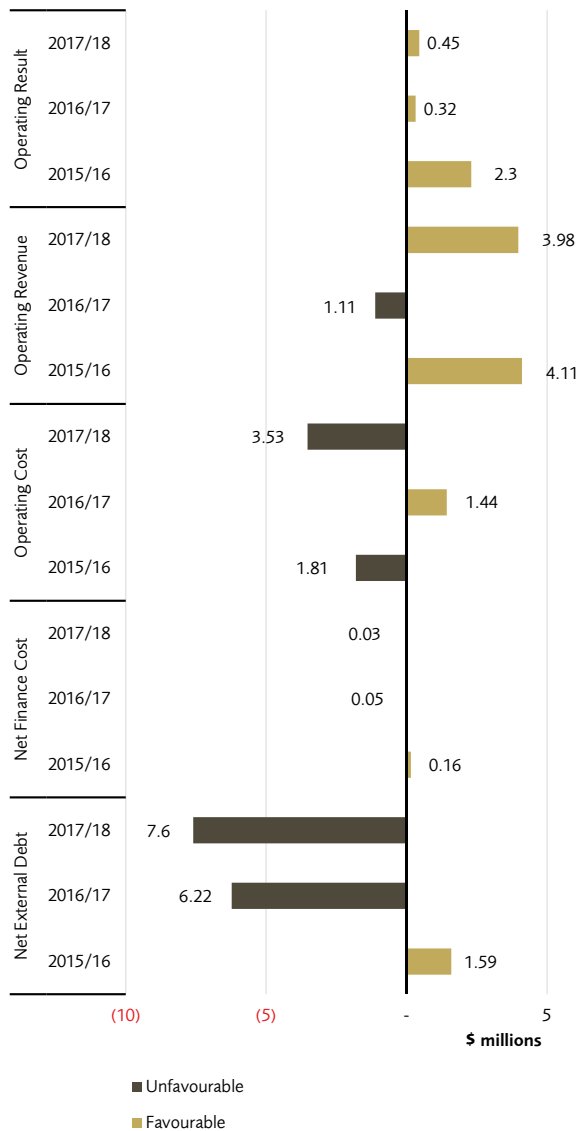
## Other Council staff leading the way

In addition to the major projects identified above, the following Council staff are recognised in various institutions as leading the way:

- Violet Christison, IT Projects – ALGIM 2018 Information and Records Manager of the Year – (Winner)
- Heather Taylor, District Librarian – Public Libraries of New Zealand, Outstanding Service to Public Libraries – (Winner)
- Chris Chapman, Tararua Alliance Manager – Elected a board member for a two year term for the Institute of Public Works Engineers Australasia (IPWEA)

# Financial Performance Overview

## FINANCIAL PERFORMANCE ACTUAL VS BUDGET VARIANCE



## Operating performance

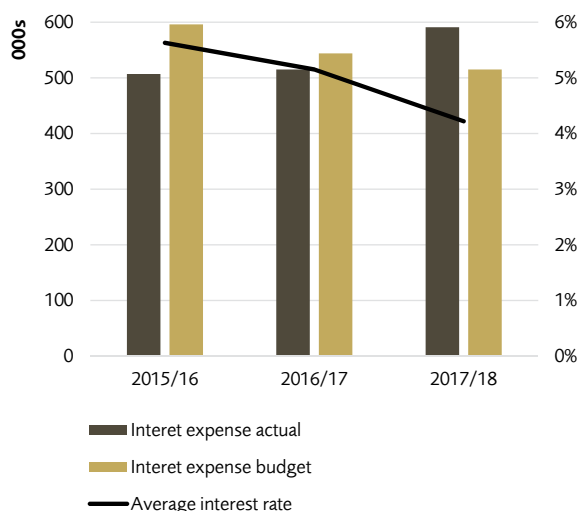
One of our focuses in the 2015–2025 Long Term Plan was cost control through operational efficiencies whilst still delivering agreed levels of service. We have performed well against this objective, with the average rates increase for the prior three years being 2.31% – significantly lower than the 3.14% average increase planned in the Long Term Plan. Despite the low rates increases, our overall operating performance has been favourable compared to plan over the last three years, exceeding the planned operating result each year.

The 2017/18 operating result was boosted by receiving \$3.2 million unbudgeted subsidies from the NZ Transport Agency (NZTA) for emergency renewals following wet weather events.

Excluding this unbudgeted work highlights some areas of unfavourable operating variances. We incurred significantly higher expenditure in Water Supply as we implemented new testing and compliance regimes, and added chlorine to previously unchlorinated supplies such as Pahiatua. These were direct consequences following the Havelock North Water Inquiry and were necessary to continue to ensure safe drinking water. The ongoing wastewater consent renewal process also had a significant effect on this year's operating result. The planned wastewater treatment plant upgrade for Eketahuna was put on hold until new consent conditions are known, meaning the budgeted subsidy revenue of \$650,000 from the Ministry for the Environment has not been received.



## INTEREST RATE PERFORMANCE

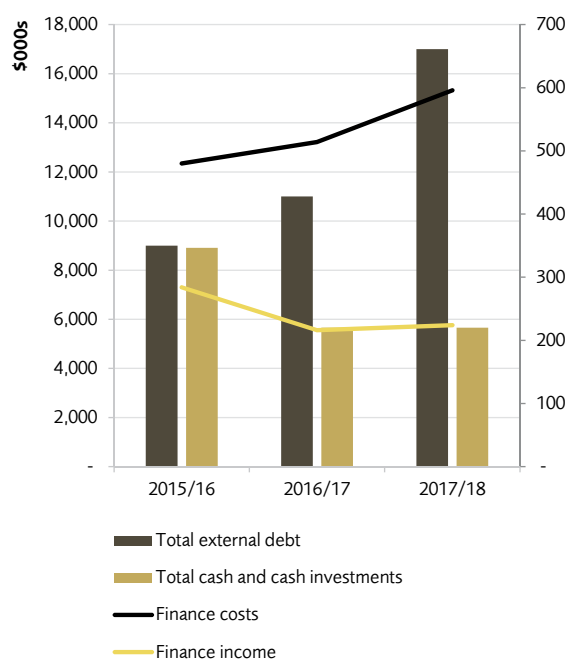


## Treasury performance

A strategic focus for Council is cost control. We have actively managed our cost of debt by having strategies that allow participation in the current low interest rate environment, and ensuring sufficient long-term protection from the risk of increasing interest rates by utilising swap instruments. The Interest Rate Performance graph highlights that we have been able to achieve reducing average interest rate costs year-on-year for the prior three years, from 5.63% to 4.22%.

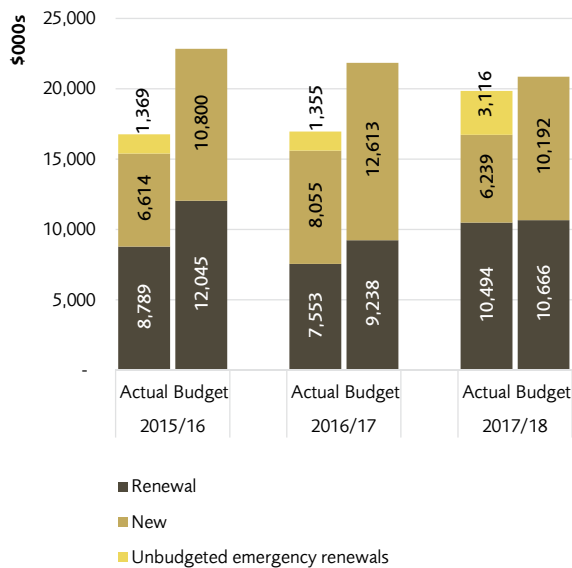
Our external debt increased higher than expected this year, from \$11 million to \$17 million. This was due to a higher capital spend than planned due to the end of year carry-forwards and emergency works. Our closing cash balance for the 2016/17 year was lower than expected. This impacted our opening cash balance in the 2017/18 by being lower than what was planned in the Annual Plan, contributing to the higher external debt than planned. Despite the higher than planned net debt, our strong balance sheet leaves us well placed to achieve Council's long-term strategy by having sufficient headroom to invest in core infrastructure going forward.

## DEBT AND CASH INVESTMENT POSITION





## HOW MUCH CAPITAL EXPENDITURE WAS SPENT?



## Capital expenditure performance

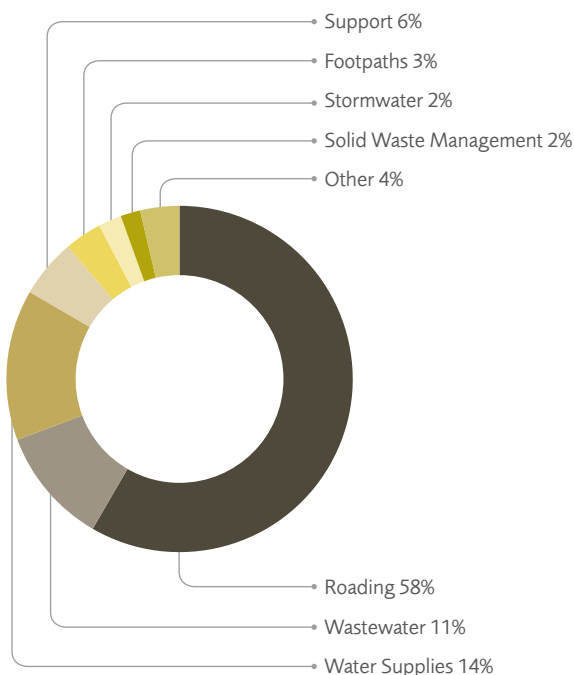
One of the three limbs in Councils strategy set in the 2015–2025 Long Term Plan has been on core infrastructure. In the 2017/18 year, 90% of spending was on core infrastructure (roading, footpaths, water, wastewater, stormwater, and solid waste).

Total capital expenditure for 2017/18 was \$19.82 million against a \$20.86 million budget. \$3.2 million consisted of unplanned emergency renewals in the Roothing activity. Over the last three years Council spent \$5.84 million in unplanned emergency renewals from significant weather events. More emphasis on drainage and resilience works is planned in the 2018–2028 Long Term Plan to reduce the impact on service levels as a result of increased weather related events.

A strong focus for Council has been on improving the delivery of the planned capital programme. Excluding unplanned emergency works our capital expenditure delivery has increased from 67% in 2015/16 to 80% in 2017/18. This improvement reflects the investment Council has made to improve the capability to deliver capital projects.

This year, the Tararua Alliance delivered on the planned roading capital expenditure, despite the significant unplanned emergency repairs. The unplanned work was equivalent to 30% of the total planned roading programme for 2017/18.

## WHERE WAS CAPITAL EXPENDITURE SPENT?



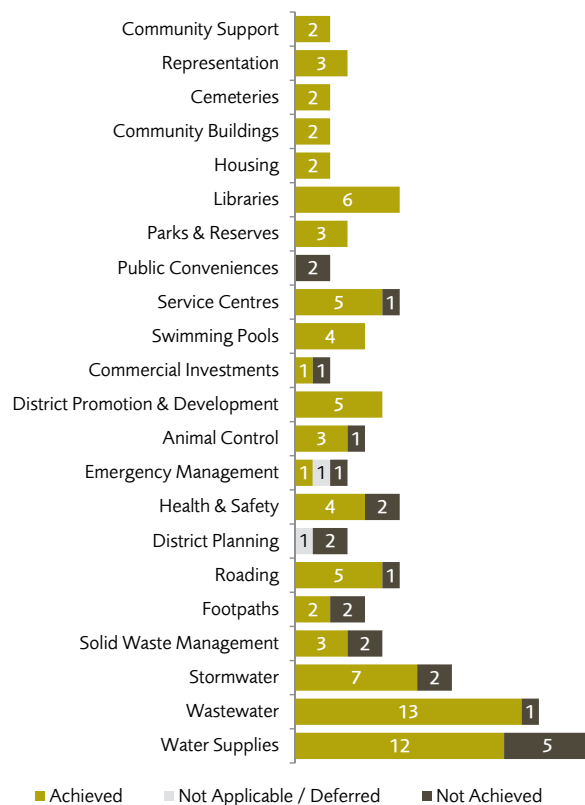


# Service Performance Measures

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 MEASURES FOR THE YEAR BY COUNCIL ACTIVITIES



## Achievements

- The community's satisfaction with the councillors and community boards exceeded our target and are the highest to-date.
- We met 24 out of the 27 measures for the Community and Recreation Facilities group of activities.
- Animal control achieved the greatest improvement in customer satisfaction with an increase of 15% from 2016/17.
- We exceeded all targets for the District Promotion and Development activity.
- The response times to wastewater and water customer service requests continue to be well below our targets.
- Customer requests for the Roding activity were high as a result of adverse weather events. Despite receiving 1,674 customer requests, we significantly exceeded our response targets.
- 98% of Council's footpaths met the required condition standards.

## Areas for improvements

- Due to a high level of customer requests for maintenance of public toilets, we did not meet the targets for public satisfaction and number of customer service requests.
- The targets for occupancy for our commercial buildings were not met, mainly due to the inability to find suitable tenants.
- Due mainly to staff resources and increase in customer service request/applications, the Regulatory Department did not achieve six out of 16 targets.
- Three out of the seven wastewater schemes require renewed consents. Two of the schemes are currently in the consent hearing process, with the third scheme's consent to be lodged in 2018/19.
- Three\* out of the seven water schemes did not comply with the drinking water standards, as the required number of samples were not collected and tested. Council missed six out of 262 required samples. All of the tested samples met the Drinking Water Standards.
- 68% and 64% residents indicated through the community survey that they were not satisfied with footpaths and roads respectively.
- We did not meet our targets for water loss. We achieved 12% compared to a target of 7%.
- Due to the severe weather events we exceeded our targets for the number of customer requests for issues with our stormwater network and water clarity issues with our water network.
- Pongaroa and Eketahuna landfills did not comply with resource consent conditions because of some minor operational issues.

*\* The Drinking Water Standards require a testing regime with a minimum number of samples per week, plus two random samples for each plant. Council did not collect the random samples for the Dannevirke, Pahiatua, and Eketahuna schemes.*



# Community Survey

This year we engaged external research provider, Key Research, to undertake the community survey despite not planning to do so. Therefore, we have measured the actual results against the same targets applied in the 2016/17 Annual Report. Four surveys were completed over the prior 12 months – October, February, April, and June/July. Total residents surveyed was 450, split evenly with roughly 113 people surveyed each quarter. The reason for doing the survey at different times in the year is to see trends and seasonal impact on resident satisfaction.

The results are an indication of ratepayers' general satisfaction with the various services, infrastructure, and facilities that are provided and maintained by Council.

## COMMUNITY SURVEY RESULTS

**2018**

22 questions



**2017**

22 questions



The results of the surveys are included in the service performance measures detailed in the 'Activities and Service Performance' section of this report. We also took the opportunity to seek feedback on other aspects of Council. The notable results are (by percentage satisfied):

Key:

■ Dissatisfied

■ Somewhat satisfied

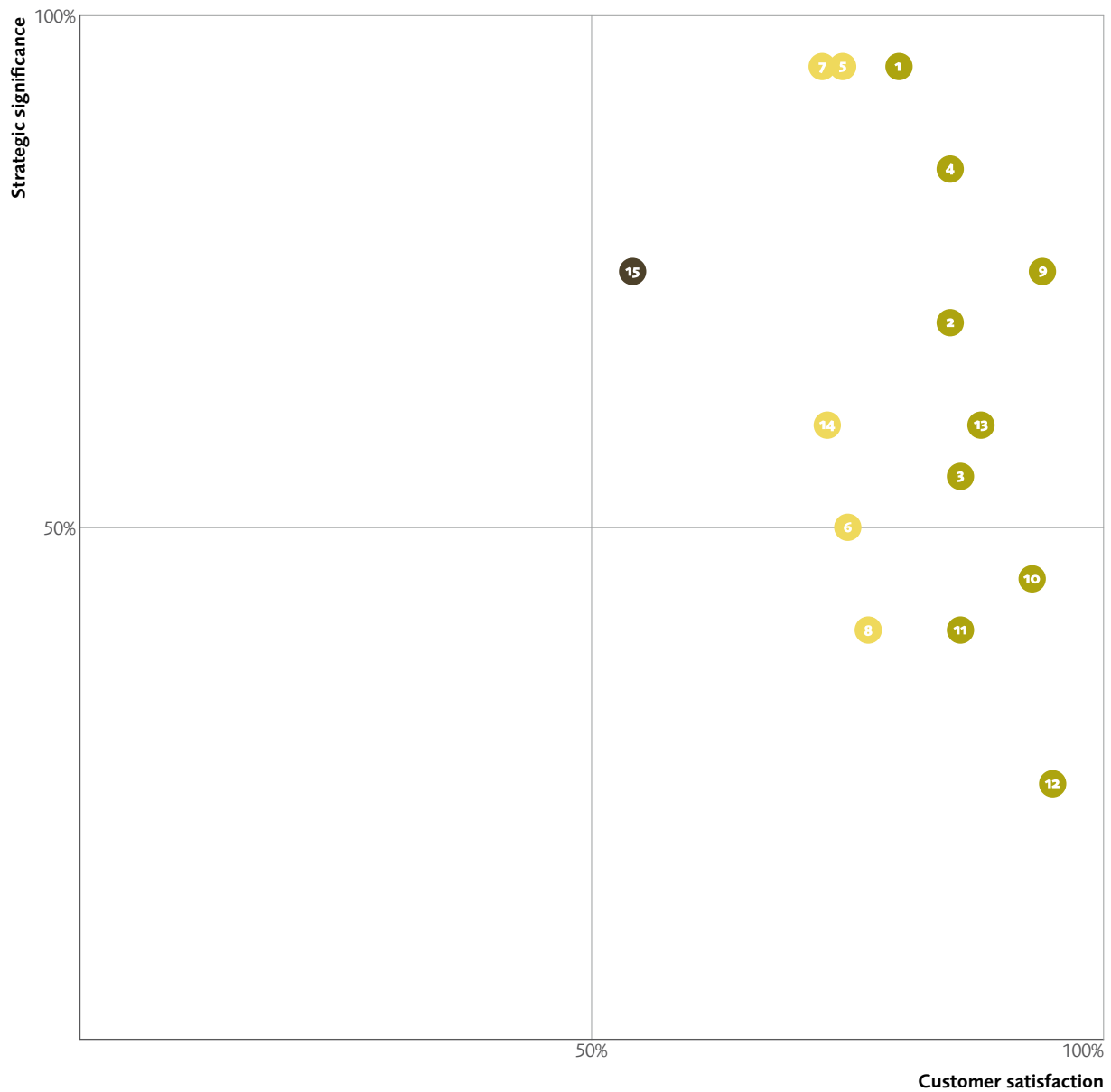
■ Satisfied

- 1 Vision and leadership – 80% (2017: 74%)
- 2 Overall Council performance – 85% (2017: 75%)
- 3 Satisfied with staff – 86% (2017: 90%)
- 4 Availability of water – 85% (2017: 89%)
- 5 Financial management – 74% (2017: 65%)
- 6 Ability to protect property from flooding – 75% (2017: 74%)
- 7 Quality of water – 73% (2017: 72%)

- 8 Feel safe from dogs – 77% (2017: 77%)
- 9 Satisfied with Council recreational facilities – 94% (2017: 91%)
- 10 Satisfied with Council community facilities – 93% (2017: 93%)
- 11 Percentage that have used Council recreational facilities in the last year – 86% (2017: 80%)
- 12 Library opening hours and range of books/other materials – 95% (2017: 93%)
- 13 Managing and issuing building consents – 88% (2017: 86%)
- 14 Provision of dedicated walkways/cycleways – 73% (2017: 36%)
- 15 Satisfied with rural roads – 54% (2017: 55%)

Feedback from the results of the survey have been used to determine appropriate strategies to address and/or manage the community expectations. We have increased funding significantly in the Long Term Plan to improve service levels in the following areas:

- Roding – to improve resilience in the roading network by increasing drainage maintenance, minor safety improvements, and a major upgrade of Route 52 – from Wimbledon to Central Hawkes Bay District boundary.
- Footpaths – tripled the maintenance budget to address areas of high dissatisfaction including lichen.
- Completing water treatment plant and water storage upgrades that have been progressed during the current Long Term Plan.
- Stormwater – using the recently completed stormwater modelling to develop a series of projects to improve the urban stormwater systems.





# Reports

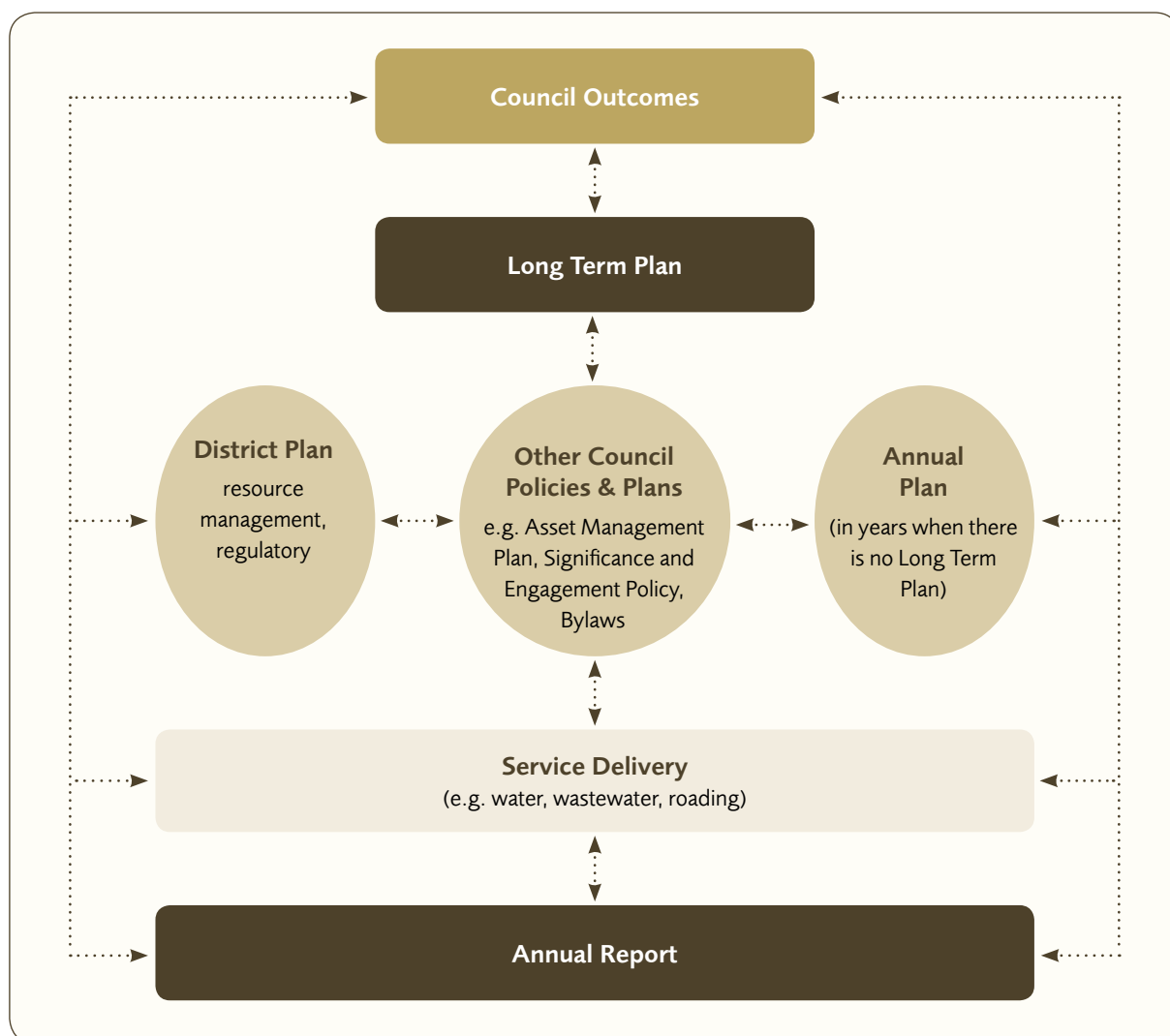
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# Linkage Between Council Policies and Plans

This Annual Report gives outcomes for the 2017/18 financial year. These actions were shaped by the directions outlined in our Long Term Plan and in our other Policies and Plans. The linkages between these are shown in the diagram below:





# Annual Report Disclosure Statement

For the year ended 30 June 2018.

## What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information including definitions of some of the terms used in this statement.

## Rates affordability benchmark

The council meets the rates affordability benchmark if:

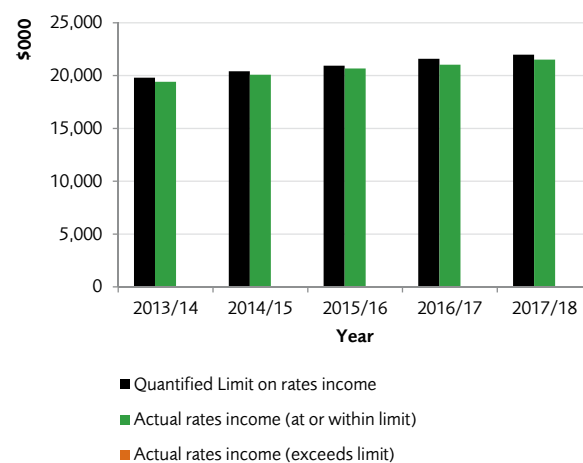
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

## Rates (income) affordability

The following graph compares Council's actual rates income with the quantified limit on rates contained in the Financial Strategy included in Council's 2015–2025 Long Term Plan.

The quantified limit we have used is previous year's rates income plus the BERL Local Government Cost Index plus 2%.

RATES (INCOME) AFFORDABILITY

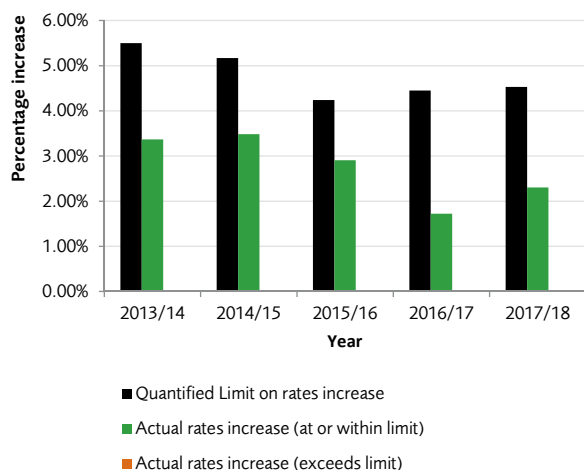


## Rates (increases) affordability

The following graph compares Council's actual rates increases with the quantified limit on rates increases contained in the Financial Strategy included in Council's 2015–2025 Long Term Plan.

The quantified limit we have used is the BERL Local Government Cost Index plus 2%.

### RATES (INCREASES) AFFORDABILITY



Overall, Council's rates increases over five years show a declining trend:

	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18
Quantified limits	5.50%	5.17%	4.24%	4.45%	4.53%
Rates increase	3.37%	3.48%	2.91%	1.71%	2.30%
Available headroom*	\$401,000	\$327,000	\$267,000	\$564,000	\$468,000

\* Denotes difference between quantified limits and actual rate increases.

We have continued to find efficiencies and cost savings over the last five years, which meant our actual rates increases were much lower than our limits.

Affordability will continue to play a major role as we continue to balance the desire to keep rate increases low, while at the same time investing in our infrastructure and enabling the district to thrive by attracting more business and people.



## Debt affordability benchmark

We meet the debt affordability benchmark if our actual borrowing is within each quantified limit on borrowing.

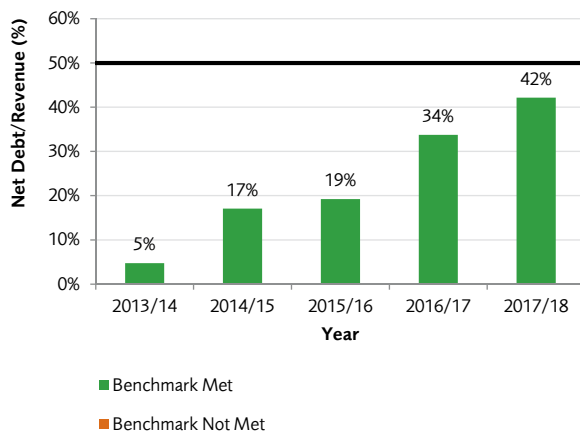
The following four graphs compare Council's actual borrowing with the quantified limits on borrowing stated in the Financial Strategy included in the 2015–2025 Long Term Plan. The first three measures below had the limits reduced in the 2015–2025 Long Term Plan. As this has not affected the results of previous years, the previous limits are not presented below.

Council has met all of its debt limits and has sufficient capacity to borrow if required for capital investment in the future.

The quantified limits are as follows:

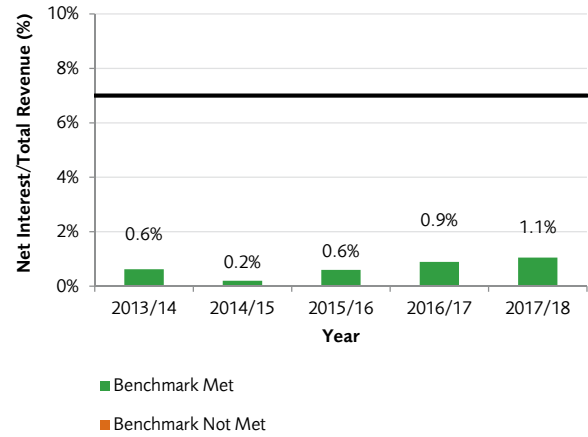
1. Net external debt as a percentage of total revenue will not exceed 50%.

### DEBT AFFORDABILITY (NET DEBT AGAINST TOTAL REVENUE)



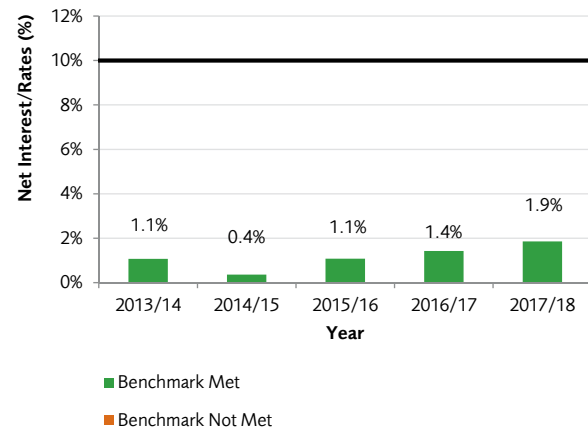
2. Net interest on external debt as a percentage of total revenue will not exceed 7%.

### DEBT AFFORDABILITY (NET INTEREST AGAINST TOTAL REVENUE)



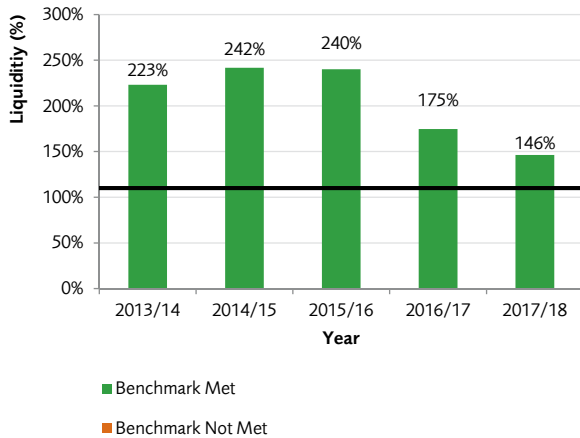
3. Net interest on external debt as a percentage of annual rates income will not exceed 10%.

### DEBT AFFORDABILITY (NET INTEREST AGAINST RATES REVENUE)



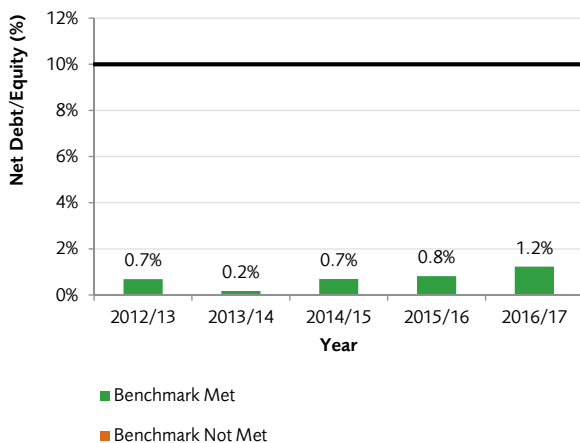
4. Liquidity (external, term debt + committed loan facilities + cash and cash equivalents to existing external debt) is greater than 110%.

#### DEBT AFFORDABILITY (LIQUIDITY)



5. Net debt as a percentage of equity will not exceed 10%.

#### DEBT AFFORDABILITY (NET DEBT AGAINST RATEPAYERS EQUITY)



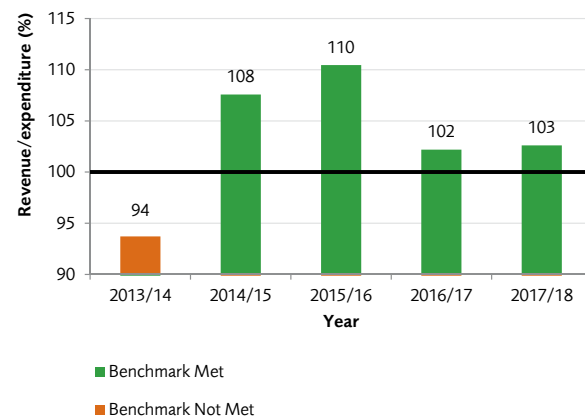
Note, this measure was removed from the Financial Strategy in the 2015–2025 Long Term Plan. Therefore, this is not measured from the 2015/16 financial year.

## Balanced budget benchmark

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

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

#### BALANCED BUDGET



### 2013/14

Council's investment in Infracore Limited was \$3.609 million. In August 2014, the company was placed in liquidation. As a result, Council had to impair (write down) its investment in the company, to the Income Statement, resulting in Council not meeting the balanced budget benchmark.

Council received part subsidies from NZ Transport Agency for works related to flood damages. The remaining cost, that was unbudgeted, was funded by Council from its reserves.

### 2015/16

Council revenue was higher than its operating expenses mainly due to NZ Transport Agency subsidies received for the Saddle Road and flood damage work, and cash received from the liquidation of Infracore.

### 2017/18

Council revenue is significantly higher than its operating expenses mainly due to NZ Transport Agency subsidies received for the Saddle Road (\$1.2 million) and flood damage work (\$3.2 million).



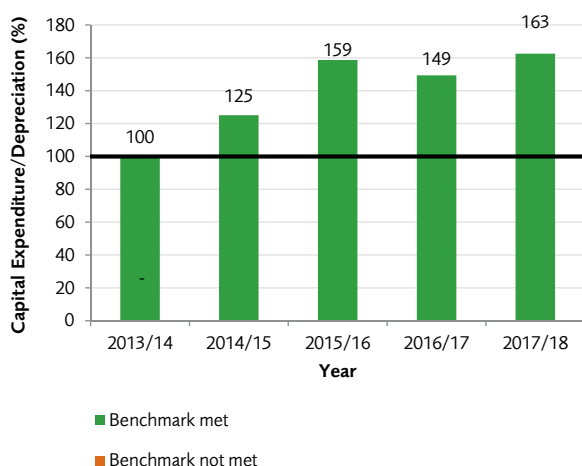
## Essential services benchmark

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. (Capital work includes both renewals of existing infrastructure as well as new capital work undertaken.)

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

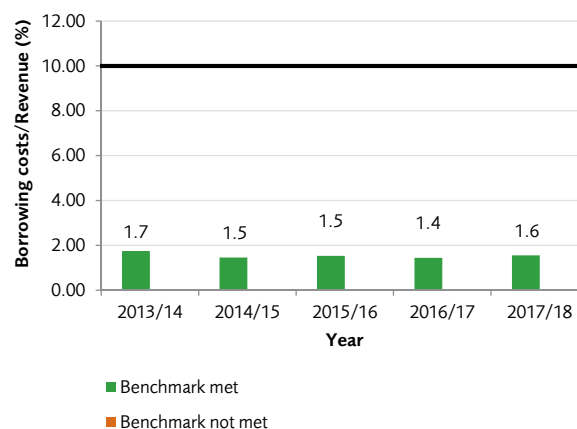
Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works, and the provision of roads and footpaths. Council owns no infrastructure related to flood protection and control work.

### ESSENTIAL SERVICES



benchmark if borrowing costs equal or are less than 10% of its revenue.

### DEBT SERVICING

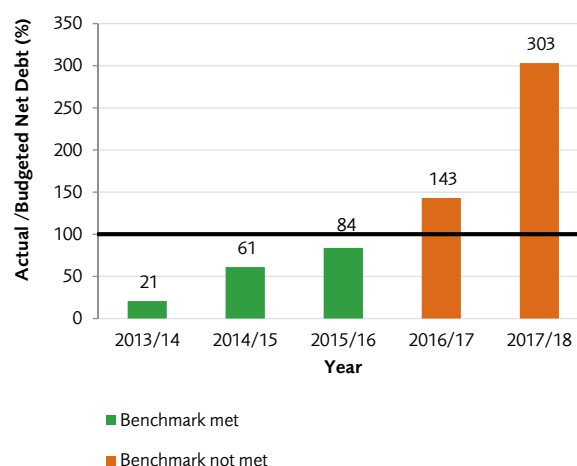


## Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). (The graph shows negative values when financial liabilities are less than financial assets, excluding rates and other receivables.)

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

### DEBT CONTROL



## Debt servicing benchmark

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

The 2010/11 to 2012/13 results do not include the PBE IPSAS transition adjustments. Council's borrowing costs were updated in 2015/16 to exclude gains/(losses) on derivative financial instruments. This adjustment has been made for the comparative years.

Because Statistics New Zealand projects the district's population will grow more slowly than the national population is projected to grow, it meets the debt servicing

Our debt levels have remained constant over the years due to the following:

- We borrowed internally to fund capital projects where possible.
- We have debt instruments that allow us to repay and drawdown loans without incurring break fees and penalties from the banks.

These arrangements have given us more flexibility in managing our debt levels and interest rates risk.

## 2016/17

The reason for not meeting the measure in 2016/17 is due to Council having less cash and cash equivalents than planned. Council approved the use of the Forestry and Housing special reserves for internal borrowing, resulting in lower cash but also lower external borrowings than planned.

## 2017/18

We failed to meet the debt control measure of net debt not exceeding planned net debt in the corresponding year of the Long Term Plan.

Our actual result was three times higher than what was planned in Year 3 of the Long Term Plan. This was as a result of Council's decision to defer the original decision to sell its pensioner housing portfolio, resulting in \$3.4 million less cash. It was decided in the 2018–2028 Long Term Plan workshop to retain the pensioner housing portfolio.

The reasons for not meeting this benchmark for the relevant years are as follows:

## 2014/15

Overall shortfall in cash flow from operations was \$1.9 million and was due to:

- Emergency repairs to our roading network due to flood damage was \$200,000 higher than budget.
- Higher road maintenance expenditure of \$900,000 due to bringing forward pre-reseal work.
- Excluding \$1 million of NZ Transport Agency subsidy that related to road sections on the Saddle Road. These sections are Palmerston North City Council and Manawatu District Council roads hence subsidy received (though budgeted) was not included.

## 2016/17

Overall shortfall in cash flow from operations was \$212,000 and was due to:

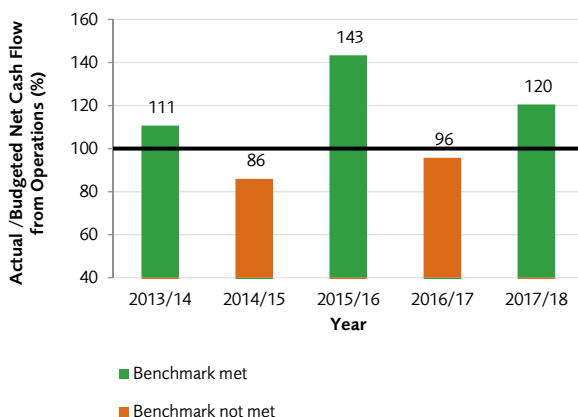
- Finance income cash received lower by \$100,000 due to receiving a lower effective interest rate of 3.16% compared to 3.6% as planned. Cash held for term investments was also lower than planned. \$30,000 of recorded interest revenue is a non-cash accrual.
- Forestry harvesting was delayed this year due to adverse weather conditions, therefore, this resulted in lower net cash received than budget of \$345,000.

# Operations control benchmark

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

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

## OPERATIONS CONTROL



# Capital Expenditure Report

For the year ended 30 June 2018.

The following assets were acquired/developed in accordance with the Annual Plan and variations as authorised by Council.

	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Roading Development</b>	<b>1,030</b>	<b>819</b>	-	-	<b>(162)</b>
Minor improvements	1,030	819	-	-	(162)
<b>Roading Renewals</b>	<b>6,431</b>	<b>9,372</b>	-	-	<b>11</b>
Sealed road resurfacing	2,428	2,363	-	-	-
Pavement rehabilitation	1,741	1,768	-	-	-
Unsealed road metalling	587	632	-	-	-
Emergency reinstatements	550	3,666	-	-	-
Drainage renewals	528	327	-	-	-
LED streetlighting	405	358	-	-	11
Structures component replacement	97	98	-	-	-
Traffic services renewal	95	160	-	-	-
<b>Saddle Road Development</b>	-	-	<b>1,527</b>	<b>1,224</b>	-
Saddle Road	-	-	1,527	1,224	-
<b>Pahiatua Main Street Upgrade</b>	<b>51</b>	<b>27</b>	<b>(26)</b>	-	<b>175</b>
Pahiatua footpath renewal - kerb and channel	51	27	(26)	-	175
<b>Footpath Development</b>	<b>31</b>	<b>142</b>	<b>111</b>	-	-
District-wide footpath development	31	142	111	-	-
<b>Footpath Renewals</b>	<b>100</b>	<b>172</b>	<b>83</b>	-	-
Footpath renewals	100	172	83	-	-
<b>Eketahuna Main Street Upgrade</b>	-	-	<b>15</b>	<b>20</b>	-
Eketahuna business centre upgrade - phase 2 Bridge Street	-	-	15	20	-



Variations Actual	Total Budget	Total Actual	Comments
-	<b>868</b>	<b>819</b>	
-	868	819	Completed 2017/18 planned works.
<b>10</b>	<b>6,442</b>	<b>9,382</b>	
-	2,428	2,363	Completed 2017/18 planned works.
-	1,741	1,768	Completed 2017/18 planned works.
-	587	632	Completed 2017/18 planned works.
-	550	3,666	Completed 2017/18 planned works.
-	528	327	Completed 2017/18 planned works.
10	416	368	Continuing with multi-year project.
-	97	98	Completed 2017/18 planned works.
-	95	160	Completed 2017/18 planned works.
-	<b>1,527</b>	<b>1,224</b>	
-	1,527	1,224	Continuing with multi-year project.
<b>325</b>	<b>200</b>	<b>352</b>	
325	200	352	Continuing with multi-year project.
-	<b>142</b>	<b>142</b>	
-	142	142	Completed 2017/18 planned works.
-	<b>183</b>	<b>172</b>	
-	183	172	Completed 2017/18 planned works.
-	<b>15</b>	<b>20</b>	
-	15	20	Completed.



	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Wastewater Development</b>	<b>21</b>	<b>70</b>	<b>35</b>	<b>5</b>	<b>-</b>
Heavy mains cleaning	21	70	-	-	-
Akitio sewer option report	-	-	15	-	-
Telemetry sewerage development	-	-	10	5	-
Dannevirke Adelaide Road investigation	-	-	10	-	-
<b>Wastewater Wetlands</b>	<b>40</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wetland development - design	40	14	-	-	-
<b>Wastewater Consent Renewals</b>	<b>300</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>-</b>
District-wide consent upgrades	300	567	-	-	-
<b>Wastewater Renewals</b>	<b>389</b>	<b>444</b>	<b>21</b>	<b>3</b>	<b>-</b>
District-wide mains replacements	321	370	-	-	-
Unplanned renewals - wastewater treatment plants	30	51	-	-	-
Unplanned renewals - wastewater reticulation	25	2	-	-	-
Infiltration renewals - Pahiatua and Eketahuna	-	-	21	3	-
District-wide manhole replacements	10	6	-	-	-
District wide pump replacements	3	16	-	-	-
<b>Eketahuna Wastewater Reticulation Renewals</b>	<b>-</b>	<b>-</b>	<b>394</b>	<b>54</b>	<b>-</b>
Eketahuna earthquake sewer main renewal - phase 2	-	-	394	54	-
<b>Eketahuna Sewerage Treatment Plant</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Eketahuna treatment plant	1,300	-	-	-	-
<b>Dannevirke Sewerage Treatment Plant</b>	<b>-</b>	<b>-</b>	<b>325</b>	<b>994</b>	<b>-</b>
Sewerage membrane cassette	-	-	245	564	-
Dannevirke sewerage treatment plant renewals	-	-	43	430	-
Aerators renewal	-	-	37	-	-
<b>Dannevirke Water Supply</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>29</b>	<b>-</b>
Dannevirke soda ash conversion	-	-	30	29	-
<b>Woodville Water Supply</b>	<b>-</b>	<b>-</b>	<b>575</b>	<b>881</b>	<b>-</b>
Woodville water storage	-	-	575	881	-
<b>Water Supply Development</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>54</b>	<b>45</b>
Leak detection - Pahiatua and Norsewood	-	-	57	-	-
Demand management and zone metering	-	-	10	-	45
Water and wastewater operator equipment	-	-	30	54	-
Large users, metering and management	-	-	10	-	-



Variations Actual	Total Budget	Total Actual	Comments
-	<b>56</b>	<b>75</b>	
-	21	70	Underway with multi year project.
-	15	-	On hold due to prioritisation.
-	10	5	Underway. Spent as plants are completed.
-	10	-	On hold due to prioritisation.
-	<b>40</b>	<b>14</b>	
-	40	14	Underway with consent process.
-	<b>300</b>	<b>567</b>	
-	300	567	Underway. Part of multi-year programme.
-	<b>410</b>	<b>447</b>	
-	321	370	Completed 2017/18 planned works.
-	30	51	Completed 2017/18 works.
-	25	2	Completed 2017/18 works.
-	21	3	Minor works completed.
-	10	6	Completed 2017/18 planned works.
-	3	16	Completed 2017/18 planned works.
-	<b>394</b>	<b>54</b>	
-	394	54	Continuing with multi-year project.
-	<b>1,300</b>	-	
-	1,300	-	On hold while seeking consent.
-	<b>325</b>	<b>994</b>	
-	245	564	Completed. Consumed portion of 2018/19 budget, however, whole project is well under original budget.
-	43	430	Underway. Includes tephra bed development.
-	37	-	Underway. Part of Dannevirke sewerage treatment plant.
-	<b>30</b>	<b>29</b>	
-	30	29	Completed 2017/18 planned works.
-	<b>575</b>	<b>881</b>	
-	575	881	Near complete.
-	<b>152</b>	<b>54</b>	
-	57	-	Planning underway.
-	55	-	Continuing with multi-year project.
-	30	54	Completed.
-	10	-	Planning underway.



	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Water Renewals</b>	<b>468</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>-</b>
District-wide mains replacement - water supplies	407	479	-	-	-
Unplanned renewals - water treatment plants	30	53	-	-	-
Unplanned renewals - water reticulation	25	12	-	-	-
District-wide pumps	6	-	-	-	-
Meter reading devices	-	2	-	-	-
<b>Woodville Sewerage Treatment Plant</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>6</b>	<b>-</b>
MfE Project - Woodville sewerage treatment plant	-	-	34	6	-
<b>Akitio Water Supply</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>151</b>	<b>75</b>
Akitio upgrade	-	-	150	151	75
<b>Pahiatua Water Supply</b>	<b>1,400</b>	<b>55</b>	<b>953</b>	<b>681</b>	<b>-</b>
Pahiatua water supply treatment plant	1,400	54	-	-	-
Pahiatua water supply 4.5 day storage	-	-	953	681	-
<b>Stormwater Management</b>	<b>1,030</b>	<b>382</b>	<b>-</b>	<b>-</b>	<b>-</b>
District stormwater management	1,030	382	-	-	-
<b>Stormwater Renewals</b>	<b>45</b>	<b>47</b>	<b>15</b>	<b>-</b>	<b>-</b>
District-wide mains replacement - stormwater	45	47	15	-	-
<b>Pongaroa Town Water Supply</b>	<b>-</b>	<b>-</b>	<b>425</b>	<b>320</b>	<b>-</b>
Pongaroa town water supply	-	-	425	320	-
<b>Asset Management Information</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>
Asset data quality improvement	-	-	12	-	-
Asset management system	-	-	-	-	-
<b>Campground Renewals</b>	<b>23</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dannevirke camping ground hardstand	10	14	-	-	-
Dannevirke camping ground - general	8	1	-	-	-
Pahiatua camping ground renewal	3	3	-	-	-
Eketahuna camping ground	2	2	-	-	-
<b>Campground Upgrades</b>	<b>85</b>	<b>75</b>	<b>17</b>	<b>8</b>	<b>-</b>
Dannevirke camping grounds - 2 new cabins	60	66	-	-	-
Woodville camping ground upgrade	-	-	25	5	-
District-wide walkway development	10	-	3	3	-
Dannevirke camping ground - new power boxes	15	9	(11)	-	-
<b>Carpark Renewals</b>	<b>159</b>	<b>158</b>	<b>92</b>	<b>13</b>	<b>-</b>
District off-road carpark sealing	154	-	92	13	-
Carpark renewals	5	158	-	-	-



Variations Actual	Total Budget	Total Actual	Comments
-	<b>468</b>	<b>546</b>	
-	407	479	Completed 2017/18 planned works.
-	30	53	Completed 2017/18 works.
-	25	12	Completed 2017/18 works.
-	6	-	Underway. Part of mains reticulation network renewal.
-	-	2	Completed.
-	<b>34</b>	<b>6</b>	
-	34	6	Near complete.
<b>55</b>	<b>225</b>	<b>206</b>	
55	225	206	Underway, near complete.
-	<b>2,353</b>	<b>736</b>	
-	1,400	54	Design underway.
-	953	681	Underway.
-	<b>1,030</b>	<b>382</b>	
-	1,030	382	Continuing with multi-year project.
-	<b>60</b>	<b>47</b>	
-	60	47	Completed 2017/18 planned works.
-	<b>425</b>	<b>320</b>	
-	425	320	Installation underway
-	<b>12</b>	<b>-</b>	
-	12	-	Completed initial assessment and improvement. Further data maintenance will be included in operational budgets.
-	-	-	Completed 2017/18 planned works. Continuing with next phase in August 2018.
-	<b>23</b>	<b>21</b>	
-	10	14	Completed. Part of Dannevirke Campground general renewals.
-	8	1	Completed.
-	3	3	Completed.
-	2	2	Completed.
-	<b>102</b>	<b>83</b>	
-	60	66	Completed.
-	25	5	Underway.
-	13	3	Underway.
-	4	9	Completed.
-	<b>251</b>	<b>171</b>	
-	246	13	Completed 2017/18 planned works. Part of Carpark Renewals programme.
-	5	158	Completed 2017/18 planned works.



	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Cemeteries Development</b>	<b>28</b>	<b>-</b>	<b>35</b>	<b>5</b>	<b>-</b>
Mangatera new berms	3	-	21	2	-
Mangatera new area	21	-	-	-	-
Pahiatua stillborn area	-	-	10	-	-
Woodville new berms	4	-	-	-	-
Pahiatua new berms	-	-	4	3	-
<b>Civil Defence Equipment Renewal</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>10</b>
Civil Defence - emergency equipment	-	-	-	-	10
Civil Defence - radio renewals	3	2	-	-	-
<b>Community Buildings Upgrade</b>	<b>5</b>	<b>-</b>	<b>20</b>	<b>3</b>	<b>-</b>
Woodville Sport Stadium - install heating	-	-	20	3	-
Pahiatua Town Hall verandah	5	-	-	-	-
<b>Community Buildings Renewal</b>	<b>108</b>	<b>37</b>	<b>64</b>	<b>16</b>	<b>-</b>
Woodville Sport Stadium	62	-	29	7	-
Pongaroa Community Hall - general	5	-	18	-	-
Eketahuna Medical Centre	-	-	17	9	-
Pahiatua Town Hall	12	16	-	-	-
Town Hall windows	10	8	-	-	-
Pahiatua Stadium	10	3	-	-	-
Dannevirke Sport Centre - general	4	5	-	-	-
District renewals - seating	3	4	-	-	-
Dannevirke Town Hall renewal - general	2	1	-	-	-
<b>Dannevirke Pound</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dannevirke Pound fit out	-	50	-	-	-
<b>District Building Renewals</b>	<b>15</b>	<b>21</b>	<b>64</b>	<b>44</b>	<b>-</b>
Dannevirke administration building	-	-	64	44	-
Dannevirke Civic Centre	10	10	-	-	-
Miscellaneous renewals	5	12	-	-	-
<b>District-wide Generators</b>	<b>-</b>	<b>1</b>	<b>274</b>	<b>35</b>	<b>-</b>
District-wide water generator	-	-	144	21	-
District-wide wastewater generator	-	-	130	14	-
<b>Economic Development and Promotion</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>
Computer hardware	5	1	4	-	-
<b>Eketahuna Camping Ground Upgrade</b>	<b>84</b>	<b>23</b>	<b>(25)</b>	<b>-</b>	<b>-</b>
Eketahuna camping ground - 2 new cabins	84	23	(25)	-	-



Variations Actual	Total Budget	Total Actual	Comments
-	<b>63</b>	<b>5</b>	
-	24	2	Underway. Part of Mangatera new area.
-	21	-	Underway. Part of Mangatera new berms.
-	10	-	Near complete.
-	4	-	On hold due to lack of demand at site.
-	4	3	Near complete.
<b>9</b>	<b>13</b>	<b>11</b>	
9	10	9	Completed.
-	3	2	Completed.
-	<b>25</b>	<b>3</b>	
-	20	3	Underway.
-	5	-	On hold while revising scope from earthquake strengthening work.
-	<b>172</b>	<b>53</b>	
-	91	7	Underway.
-	23	-	Planning and procurement underway.
-	17	9	Underway.
-	12	16	Completed.
-	10	8	Completed with 2017/18 planned works. Part of multi-year renewal programme.
-	10	3	Underway.
-	4	5	Completed.
-	3	4	Completed.
-	2	1	Completed.
-	-	<b>50</b>	
-	-	50	Completed stock yard and minor fit out.
-	<b>79</b>	<b>65</b>	
-	64	44	Underway. Part of multi-year renewal programme.
-	10	10	Completed 2017/18 planned renewals.
-	5	12	Completed 2017/18 planned works.
-	<b>274</b>	<b>36</b>	
-	144	21	Spent as plants are completed.
-	130	14	Underway with multi-year project.
-	<b>9</b>	<b>1</b>	
-	9	1	
-	<b>59</b>	<b>23</b>	
-	59	23	Underway with final fit out.



	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Eketahuna Landfill Closure</b>	<b>246</b>	<b>60</b>	<b>44</b>	<b>65</b>	<b>-</b>
Eketahuna landfill closure	123	-	(6)	-	-
Eketahuna new transfer station	123	60	(21)	-	-
Eketahuna capping	-	-	71	65	-
<b>Fibre Development</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
District-wide fibre project	10	10	-	-	-
<b>Fibre Renewals</b>	<b>77</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fibre cabling renewals	77	16	-	-	-
<b>Forestry Development</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forestry improvements	-	8	-	-	-
<b>Health and Safety Equipment Renewal</b>	<b>-</b>	<b>20</b>	<b>6</b>	<b>-</b>	<b>-</b>
Sound level meter	-	-	6	-	-
Animal control equipment	-	20	-	-	-
<b>Housing Development</b>	<b>60</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reconfigure two units	60	6	-	-	-
<b>Housing Renewals</b>	<b>150</b>	<b>95</b>	<b>(104)</b>	<b>-</b>	<b>-</b>
Install heatpumps	150	16	(104)	-	-
Housing renewals	-	79	-	-	-
<b>Information Services Renewals</b>	<b>433</b>	<b>647</b>	<b>469</b>	<b>45</b>	<b>-</b>
Information services hardware renewals	228	423	257	-	-
Information services software renewals	157	193	33	-	-
Telephone replacement	20	25	84	-	-
District admin information services renewals	-	-	53	12	-
Photocopier replacement	18	2	13	-	-
Information services hardware development	-	4	29	33	-
Hardware renewals	10	-	-	-	-
<b>Library Collection Renewal</b>	<b>103</b>	<b>71</b>	<b>23</b>	<b>23</b>	<b>-</b>
Books	103	71	23	23	-
<b>Library Renewals</b>	<b>23</b>	<b>11</b>	<b>26</b>	<b>-</b>	<b>-</b>
Eketahuna library refurbishment	13	1	26	-	-
Furniture and fittings	10	10	-	-	-
<b>Library RFID system</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
RFID system	-	5	-	-	-





Variations Actual	Total Budget	Total Actual	Comments
-	<b>290</b>	<b>125</b>	
-	117	-	Underway with multi-year project.
-	102	60	Completed.
-	71	65	Underway with multi-year project.
-	<b>10</b>	<b>10</b>	
-	10	10	Completed.
-	<b>77</b>	<b>16</b>	
-	77	16	Underway with multi-year programme.
-	-	<b>8</b>	
-	-	8	Completed for 2017/18 season. Incidental development of roads and skid sites from harvesting operations. Funded from Forestry Reserve.
-	<b>6</b>	<b>20</b>	
-	6	-	Used to offset unbudgeted safety equipment.
-	-	20	Completed. Unbudgeted safety items for animal control officers.
-	<b>60</b>	<b>6</b>	
-	60	6	Underway. Part of multi-year renewal programme.
-	<b>46</b>	<b>95</b>	
-	46	16	Completed.
-	-	79	Completed. Renewal of flood damaged flat, funded from insurance proceeds.
-	<b>902</b>	<b>692</b>	
-	485	423	Completed 2017/18 planned works.
-	190	193	Completed 2017/18 planned works.
-	104	25	Underway. Expect significant underspend, as existing system still meets level of service.
-	53	12	Completed 2017/18 planned works.
-	31	2	Underway. Expect significant underspend, as existing system still meets level of service.
-	29	37	Completed 2017/18 planned works.
-	10	-	Used to offset Asset Management System overspend.
-	<b>126</b>	<b>94</b>	
-	126	94	Completed 2017/18 planned works. Some minor books outstanding from publisher.
-	<b>49</b>	<b>11</b>	
-	39	1	Planning underway.
-	10	10	Completed 2017/18 planned works.
-	-	<b>5</b>	
-	-	5	Completed.



	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual	Variations Budget
<b>Norsewood Sewerage Treatment Plant</b>	<b>25</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>
Norsewood treatment plant	25	-	11	-	-
<b>Parks Renewals</b>	<b>53</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>
Eketahuna Domain	51	-	-	-	-
Eketahuna playground matting	-	-	4	-	-
Dannevirke Domain footpath	2	1	-	-	-
<b>Parks Upgrades</b>	<b>5</b>	<b>-</b>	<b>51</b>	<b>53</b>	<b>-</b>
Woodville play equipment	-	-	37	45	-
Norsewood Waterwheel Park	-	-	14	8	-
District-wide drainage	5	-	-	-	-
<b>Public Conveniences Renewals</b>	<b>10</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
District-wide general renewals	10	7	-	-	-
<b>Service Centres Renewals</b>	<b>51</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pahiatua service centre	51	7	-	-	-
<b>Solid Waste Renewals</b>	<b>17</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>-</b>
Recycling centres - minor capital	10	11	-	-	-
District-wide recycling - bulk bins	7	231	-	-	-
<b>Swimming Pool Renewal</b>	<b>107</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>
Woodville pool renewal	103	57	-	-	-
Eketahuna outdoor pool renewal	2	72	-	-	-
Pahiatua pool renewal	2	14	-	-	-
<b>Upgrade Earthquake Prone Buildings</b>	<b>90</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pahiatua service centre earthquake work	30	13	-	-	-
Woodville service centre earthquake work	30	-	-	-	-
Upgrade earthquake prone buildings	30	-	-	-	-
<b>Vehicle Renewals</b>	<b>211</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>
Vehicle renewals	211	264	-	-	-
<b>Woodville Library / Service Centre</b>	<b>21</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>
Woodville library minor renewal	8	7	-	-	-
Business continuity - generator and UPS	8	-	-	-	-
Woodville service centre minor renewal	5	10	-	-	-
<b>Total</b>	<b>14,843</b>	<b>14,689</b>	<b>5,861</b>	<b>4,732</b>	<b>154</b>



Variations Actual	Total Budget	Total Actual	Comments
-	<b>36</b>	-	
-	36	-	On hold due to prioritisation.
-	<b>57</b>	<b>1</b>	
-	51	-	In discussion with Tennis Club committee regarding procurement of court surface.
-	4	-	Planning underway.
-	2	1	Completed.
-	<b>56</b>	<b>53</b>	
-	37	45	Completed
-	14	8	Completed.
-	5	-	Planning underway.
-	<b>10</b>	<b>7</b>	
-	10	7	Completed 2017/18 planned works.
-	<b>51</b>	<b>7</b>	
-	51	7	On hold with earthquake strengthening requirements. Minor internal renewals underway.
-	<b>17</b>	<b>242</b>	
-	10	11	Completed 2017/18 planned works.
-	7	231	Completed. Unplanned project fully funded from Waste Levy subsidy.
-	<b>107</b>	<b>143</b>	
-	103	57	Underway.
-	2	72	Underway. Consuming portion of 2018/19 budget ahead of schedule.
-	2	14	Minor plant and monitoring upgrades underway.
-	<b>90</b>	<b>13</b>	
-	30	13	Underway with assessment.
-	30	-	Procurement of assessment services underway. Part of a multi-year programme.
-	30	-	Procurement of assessment services underway. Part of a multi-year programme.
-	<b>211</b>	<b>264</b>	
-	211	264	Completed 2017/18 planned works. Overspend funded from vehicle sales and insurance proceeds.
-	<b>21</b>	<b>17</b>	
-	8	7	Completed.
-	8	-	Underway with planning.
-	5	10	Completed.
<b>399</b>	<b>20,858</b>	<b>19,820</b>	



## Summary of capital projects

Group of Activity	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual
Communities and Recreational Facilities	1,139	515	203	121
District Promotion and Economic Development	15	19	4	
Regulatory Services	3	72	6	
Roading and Footpaths	7,648	10,689	1,710	1,244
Solid Waste Management	263	302	44	65
Stormwater Drainage	1,075	429	15	
Support	757	965	545	89
Wastewater	2,075	1,095	950	1,076
Water Supplies	1,868	602	2,384	2,137
<b>Grand Total</b>	<b>14,843</b>	<b>14,689</b>	<b>5,861</b>	<b>4,732</b>

Type	Annual Plan Budget	Annual Plan Actual	Carry Forwards Budget	Carry Forwards Actual
Growth	28		25	5
Level of Service	5,374	1,717	4,622	4,132
Renewals	9,441	12,972	1,214	595
<b>Grand Total</b>	<b>14,843</b>	<b>14,689</b>	<b>5,861</b>	<b>4,732</b>



Variations Budget	Variations Actual	Total Budget	Total Actual
		1,342	636
		19	19
10	9	19	81
24	335	9,382	12,268
		307	367
		1,090	429
		1,302	1,054
		3,025	2,171
120	55	4,372	2,794
<b>154</b>	<b>399</b>	<b>20,858</b>	<b>19,820</b>

Variations Budget	Variations Actual	Total Budget	Total Actual
		53	5
143	389	10,139	6,238
11	10	10,666	13,577
<b>154</b>	<b>399</b>	<b>20,858</b>	<b>19,820</b>



# Governance Report

## Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the district's development.

## Structure of Council

Council appoints a Chief Executive to manage the Council operations. The Chief Executive, Blair King, is accountable to the Mayor and Councillors for managing the Council.

He has statutory powers conferred by the Local Government Act 2002 and other powers at Council's discretion. The Chief Executive has appointed managers to manage key areas of the Council's operations.

The Council has a portfolio system in place for specific activities/functions to oversee and liaise with management on the governance aspects and report back as appropriate through the monthly meeting. The Council has over the years found this is an effective mechanism for Councillors involvement in enhancing and fulfilling their role as elected representatives.

## Council committees

The Council has four committees to monitor and assist in the effective discharge of Council's responsibilities. These include:

- Tribunal and Hearings Committee
- Chief Executive's Performance Appraisal Committee
- Audit and Risk Committee
- Works Liaison Committee
- Forestry Committee

## Tribunal and Hearings Committee

To hear and adjudicate on all matters Council is required to handle relating to tribunal and hearings matters, meeting throughout the district or outside as appropriate. The Chief Executive is delegated the authority to handle and approve straightforward applications on a regular basis.

## Chief Executive's Performance Appraisal Committee

To review the performance of the Chief Executive and the accountabilities relating to this position.

## Audit and Risk Committee

The Council, as part of the review of its governance process undertaken by Local Government New Zealand, agreed to establish an Audit and Risk Committee in a manner consistent with sector best practice. The Audit and Risk Committee is part of the framework that the Council is establishing to manage risk. An independent Chairperson was appointed to bring the relevant knowledge and experience to guide the committee in fulfilling its functions.

## Works Liaison Committee

The committee acts in an advisory role on Council's infrastructure. It does so by monitoring strategy, policy and action plans relating to capital works projects. It also reviews and influences business cases for proposed capital projects prior to Council adoption.

## Forestry Committee

To oversee Council's forestry investments. It does so by monitoring the harvesting activity and the performance of the forest management contractor.

## Community boards and community committees

Elected community boards represent Dannevirke and Eketahuna communities. In addition, Pahiatua On Track Incorporated and Woodville Districts' Vision Incorporated are both representative community committees.

The boards reflect unique historical requirements of each locality and assist Council to meet the community's needs. The boards advise Council on a wide range of issues.

## Activities undertaken to promote Maori

The Council has an obligation to take into account the principles of the Treaty of Waitangi and to recognise and provide for the special relationship between Maori, their culture, traditions, land and taonga. Processes to provide opportunities for iwi to contribute to Council decision-making are referenced in the Council's Significance and Engagement Policy.

The Council has a current Memorandum of Partnership with Rangitane o Tamaki nui a Rua. This covers processes for engagement in decision-making. As part of the Crown negotiating treaty claims with the two iwi who exercise Rohe within the Tararua District Council boundary, areas of significance to those iwi have been identified. Some of these areas identified by iwi have reserve status under the Reserves Act 1977, with management control vested in the Council, rather than the Crown through the Department of Conservation.

With overlapping claims for this land resolved the Crown finalised Treaty of Waitangi settlements with each of the district's iwi. Rangitane entered into a deed of settlement, and Ngati Kahungunu concluded its negotiations through reaching an agreement in principle.

Applications for wastewater treatment plants consent renewals for Eketahuna, Pahiatua and Woodville continued to be the subject of extensive consultation. This process involves the completion of cultural values assessments from each iwi and liaison with their representatives on the proposed option to finalise the design and operation of wetlands.

Six meetings of the Whenua Working Party occurred to provide a forum for discussion and engagement with iwi representatives to seek their views on this matter. A day visit was held to the proposed wetlands site in Woodville.

Meetings were held with both iwi to discuss the Long Term Plan 2018/2028, and to provide the opportunity for input

to determining the direction and projects planned for the district. Through this process Rangitane made a submission setting out its thoughts concerning various issues for Council's consideration.

The Iwi Liaison Advisory Working Party provides for the special relationship between Maori and recognises its obligations under the principles of the Treaty of Waitangi.

Its terms of reference are:

1. Work with Ngati Kahungunu iwi to prepare a new memorandum agreement for consideration by the Council. (As noted the Council already has an existing memorandum of partnership agreement with Rangitane iwi).
2. Facilitate an understanding of issues affecting Maori in the district.
3. Review the existing and expected capacity of Maori to contribute to the Council's decision-making processes, as required by the Local Government Act 2002.
4. Develop appropriate communication protocols.

A draft memorandum of partnership with Council and Ngati Kahungunu is progressing toward being finalised.

## Governance framework

### Independent Election

The Council believes the democratic election of Councillors by the citizens of Tararua District ensures that it is able to operate in the best interests of the district and to function independently of management.

### Communications

The public can be part of Council's decision-making process through various legislated consultation processes. In addition, Council carries out other community engagement processes. These include the community planning process, and policy consultations. More detail on Council engagement processes are set out in the Significance and Engagement Policy.

### Division of Responsibility between Council and Management

A key to the efficient running of the Council is the clear division between the roles of Council (elected members) and management. Council concentrates on setting the strategic vision and policies, while management is concerned with implementing policy and strategy.

While many functions have been formally delegated to the Chief Executive, the overall responsibility for maintaining effective systems of internal control rests with the Council. Internal control includes the policies, systems



and procedures, which have been established to provide measurable assurance that the specific objectives of the Council are being achieved.

The Council has acknowledged its responsibility with the signing of the Statement of Compliance and Responsibility.



# Report of the Auditor-General

## Independent Auditor's Report

### To the readers of Tararua District Council's annual report for the year ended 30 June 2018

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

We are also required to report on:

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

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

We completed our work on 31 October 2018. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 162 to 231:
  - present fairly, in all material respects:

- the District Council's financial position as at 30 June 2018;
- the results of its operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 168, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the activities and service performance on pages 71 to 159:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and



- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 46 to 59, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan;
- the funding impact statement for each group of activities on pages 72 to 151, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 40 to 45, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long term plan and annual plans.

## Basis for opinion on the audited information

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

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

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

## Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the

information we audit that is free from material misstatement, whether due to fraud or error.

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

## Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by the Council.

- We determine the appropriateness of the reported intended levels of service in the activities and service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 39, 60 to 70, 160 to 162

and 232 to 239, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

## Independence

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

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018–28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council.



John Whittal  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



# Statement of Compliance and Responsibility

## Compliance

The Council and management of Tararua District Council confirm that all statutory requirements in relation to the Annual Report have been complied in accordance with the Local Government Act 2002.

## Responsibility

The Council and management of Tararua District Council accept responsibility for the preparation of the Annual Report and the judgements used.

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

In the opinion of the Council and management of Tararua District Council, the Annual Report for the year ended 30 June 2018 fairly reflects the financial and non-financial position, and operations of the Council.

Tracey Collis  
**Mayor**

31 October 2018

Blair King  
**Chief Executive**

31 October 2018

# Activities and Service Performance





# Introduction

## Activities and Service Performance

We provide a wide range of services and facilities for people living in Tararua. These services – called Activities – help to make Tararua a better, safer, healthier and more enjoyable place to live.

We have nine groups of activities, and 22 activities. The rest of this section explains what we achieved in each activity, the overall cost to ratepayers, and our service performance results.

Some measures use information provided by external service providers as part of their contracted responsibilities. Council relies on this information when reporting service performance measures.

### Groups of Activities









Building Communities & Leadership ..	71
Community & Recreation Facilities.....	79
District Promotion & Economic Development .....	96
Regulatory Services.....	104
Roading & Footpaths .....	117
Solid Waste Management .....	128
Stormwater .....	137
Wastewater .....	143
Water Supplies .....	150



## How the Council outcomes relate to Council services

### Key

-  Strongly Related
-  Related
-  Partially Related

Groups of Activities	Council Outcomes				
	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Building Communities and Leadership					
Community and Recreation Facilities					
District Promotion and Development					
Regulatory Services					
Roading and Footpaths					
Solid Waste Management					
Stormwater					
Wastewater					
Water Supplies					



# Building Communities and Leadership

## Activities in this group

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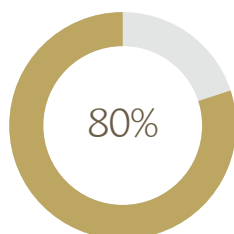
- 1 Community Support**  
*To support communities to support themselves.*
  - 2 Representation**  
*To enable democratic local decision-making and action by, and on behalf of, communities to meet the current and future needs of communities for good quality local infrastructure, local public services, and the performance of regulatory functions in a way that is cost-effective for households and businesses.*
-

## Group level funding impact statement

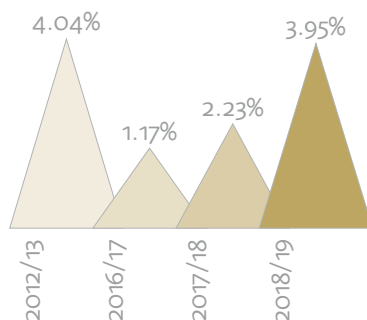
	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	1,689	1,758	1,758	1,775	1,900	1,900
Targeted rates	-	-	-	-	-	20
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	35	75	75	36	28	18
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,724</b>	<b>1,833</b>	<b>1,833</b>	<b>1,811</b>	<b>1,928</b>	<b>1,938</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	1,189	1,326	1,312	1,218	1,233	1,381
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	496	519	473	552	663	732
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,685</b>	<b>1,845</b>	<b>1,785</b>	<b>1,770</b>	<b>1,896</b>	<b>2,113</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>39</b>	<b>(12)</b>	<b>48</b>	<b>41</b>	<b>32</b>	<b>(176)</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	-	10	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-
- to replace existing assets	-	-	-	11	10	31
Increase (decrease) in reserves	39	(2)	48	30	22	(207)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>39</b>	<b>(2)</b>	<b>48</b>	<b>41</b>	<b>32</b>	<b>(176)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(39)</b>	<b>12</b>	<b>(48)</b>	<b>(41)</b>	<b>(32)</b>	<b>176</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# What we achieved

## COMMUNITY SATISFACTION WITH VISION AND LEADERSHIP



## MAINTAINED LOW RATES INCREASE



## ADOPTED 2018–2028 LONG TERM PLAN

- 13 council workshops
- 2 stakeholder workshops
- District roadshow
- 90 submissions received

## Community Support

Community Support is an activity that focuses on providing funding or services that help the community either directly or through grants. This includes funding for main street programmes, community boards and committees, sporting and recreational activities, Pahiatua town centre under veranda lighting, and public crime prevention closed circuit TV systems (CCTV).

### Closed circuit TV systems

Community CCTV systems in the district continue to be maintained by Council. This year, Council installed CCTV in the Dannevirke Upper Domain around the cenotaph and playground to enhance the safety and reduce vandalism in the domain. The cenotaph has been vandalised in the past. An opportunity to improve CCTV in Woodville was taken with the move to the new i-SITE/Library/Service Centre. These additional video streams are output to the New Zealand Police monitored public CCTV system.

The district currently has 70 public CCTV cameras. Thirteen cameras were installed this year – five at the Dannevirke

Community Hospital, three in Woodville at the new i-SITE, three at the Dannevirke Upper Domain, and two new Dannevirke based license plate recognition cameras. The Dannevirke Promotion and Development Society Incorporated fundraised for the hospital and license plate camera system, and has upgraded a major server for future use.

The Police advised that they are now using the system on a daily basis to research crimes and that the system has led to a number of convictions and preventative actions, increasing the safety of individuals and property in the district.

### Taranaki Aquatic Community Trust

The facility celebrated its 20th anniversary in December 2017 with an open day for children and family. The Trust has come under increasing pressure from new standards and compliance for health and safety, and the costs of maintaining an ageing facility. Audit New Zealand required the Trust to make careful consideration of the going concern basis for the Trust statements and for assurances to be made by Council of its ongoing financial support to the Trust. The Council increased funding for 2018/19 in the adopted Long



Term Plan, with a \$40,000 increase in operating grant to \$277,000, and depreciation special fund reserve increase of \$10,000 to \$50,000. Council will remain closely supportive with the Trust and this will help determine the next evolution of the Trust.

## Bush Multisport

Council supported Bush Multisport in seeking engineering advice for the maintenance of the hockey park flood light columns. This was an unexpected project that was managed as a major health and safety matter with all light columns in the hockey park removed while engineering review and designs were completed. Council agreed to fund the replacement of the concrete light foundations from the Council reserve held for asset renewal contributions to the Trust. This work is expected to be completed in the 2018 spring.

## Pahiatua under veranda lighting

A number of faults in the Pahiatua under veranda lighting system were reported during the year. Steps were taken in areas where safety concerns were identified, with a full review for their upgrade planned for 2018/19.

## Grants

The following significant grants were provided by Council:

- Pongaroa Fuel Stop Inc – a grant of \$70,000 to construct a fuel stop in the township of Pongaroa.
- Pukaha Mount Bruce: forest restoration and predator control – \$10,000.
- Funding for town mainstreet committees – \$23,000.
- Grants to community boards and community committees – \$31,000.

## Representation

The Mayor, councillors, and community board members collectively committed their energies to working in the best interests to promote the district and the respective communities. Decision-making, reporting, and accountability were facilitated through monthly meetings being held, and the work undertaken by elected representatives was supported through their appointments to oversee various portfolios, liaison with community organisations, and following up issues and concerns raised by residents.

The following was completed and achieved:

- Council provided a public forum at the commencement of each monthly meeting, and the Works Liaison Committee reviewed each month the management of projects, infrastructure and services.

- Audit and Risk Committee continued to provide oversight of the Council's approach to risk and compliance, with external appointee Kevin Ross as the appointed independent chair.
- District Licensing Committee continued to deal with licensing matters for the district under the Sale of Alcohol Act 2012, with David Lea appointed as a commissioner to chair the committee and Maureen Reynolds, Kerry Sutherland, and Nick Perry as the committee list members.
- Maintaining an awareness of local government reforms to ensure compliance with their requirements.
- Pursuing and advocating for the district on the Horizons Regional Council One Plan, particularly in respect of the economic ramifications arising from the Environment Court decision regarding its implementation.
- Adoption of the 2016/17 Annual Report.
- Advocating in the interests of the district through submitting to the Horizons Regional Council Draft Long Term Plan 2018–2028 and Draft Government Policy Statement for Land Transport.
- Reviewing the basis of the electoral system for the 2019 elections, with first past the post to continue to be used.
- Completing the Section 17A service review process through confirming the outcomes of workshop discussion on this matter.
- Progressing undertaking the bylaws review through consulting on the draft bylaws, with seventeen submissions received and a hearing held for those requesting to speak to Council on this matter.
- Adopting the 2018–2028 Long Term Plan, with thirteen workshops held to develop this strategic document over twenty days, roadshows arranged in Dannevirke, Woodville, Pahiatua, Eketahuna, Norsewood, Pongaroa, and Herbertville, ninety submissions received, and a hearing for those requesting to speak to Council on this matter.
- Hearing and determining submissions on Proposed Change No.1 to the Operative District Plan through appointed commissioners.
- Advocating for the community regarding the alternative replacement route for the Manawatu Gorge through the Mayor at a national and regional leaders governance level and the Deputy Mayor as a member of the joint working group with NZ Transport Agency.
- Adopting the Waste Management and Minimisation Plan 2017–2023, with five submissions received and a hearing held for those requesting to speak to Council on this matter.





- Working with Connect Tararua on providing the district with robust and fully functioning connectivity community infrastructure.
- Agreement in principle to consider a local electoral trial of online voting if this option is progressed at a national level.

The most significant effects and measures that contribute to this activity include:

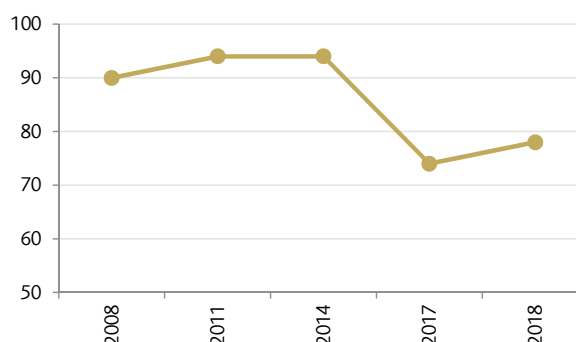
- Advocacy with relevant agencies in the interests of the district, e.g. WINZ, Tararua Community Youth Services, Police, Public Health Organisation, MidCentral Health, and the NZ Transport Agency.
- Maintaining Saddle Road and Pahiatua Track by NZ Transport Agency as alternative state highway routes as a result of the Manawatu Gorge closure, and Council upgrading other supporting local feeder roads.
- Eketahuna Community Board maintained oversight of completing implementing the community plan to upgrade Eketahuna town centre.
- Dannevirke Community Board arranged a community Anzac Day concert.
- Eketahuna Community Board facilitated community meetings on the Chorus building project and Eketahuna swimming baths upgrade.
- The District Plan provided environmental standards and policies for the district, with proposed changes under consideration to revise and update the plan.
- Maintaining good relationships with Horizons Regional Council through the Memorandum of Understanding and working collaboratively on protecting the environment of the district.
- Working constructively with iwi through regular meetings with their representatives and consultation on significant issues as provided in the Memorandum of Partnership with Rangitane, and developing a relationship with Ngati Kahungunu.
- Supporting sports and recreational groups through participating in the Sport New Zealand rural travel assistance fund and Creative New Zealand fund for arts and culture.
- Supporting communities through the International Representatives Scheme, Community Development Recreation Reserve, Heritage Protection Reserve, Biodiversity Reserve, and discretionary funding for community boards and community committees.
- Recognising the contribution of community volunteers through Council's district civic honours, Trustpower Tararua District Community Awards, Alf Rowden Humanitarian Award presented by Eketahuna Community Board, and Wackrow Memorial Youth Award presented by Dannevirke Community Board.

# Performance against objectives







## Community Support

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating Council's involvement in community support as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 78% (last year: 74%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>13%</td><td>11%</td></tr><tr><td>Score 7–8</td><td>47%</td><td>52%</td></tr><tr><td>Score 6</td><td>14%</td><td>15%</td></tr><tr><td>Score 5</td><td>15%</td><td>12%</td></tr><tr><td>Score 1–4</td><td>11%</td><td>10%</td></tr></tbody></table> <p>Overall, satisfaction has increased from the previous year. This year Council provided \$303,000 in grants and donations compared to \$226,000 in 2016/17. The increase was as a result of Council's commitment to providing funding to Pongaroa Way to Go for the new community-owned fuel station.</p>	Score	2016/17	2017/18	Score 9–10	13%	11%	Score 7–8	47%	52%	Score 6	14%	15%	Score 5	15%	12%	Score 1–4	11%	10%		
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<ul style="list-style-type: none"><li>All organisations receiving grants meet accountability requirements of Council.</li></ul>	100%	<p>ACHIEVED: No issues identified with grants and their use for the purpose intended.</p>																				

REPRESENTATION PERFORMANCE – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018

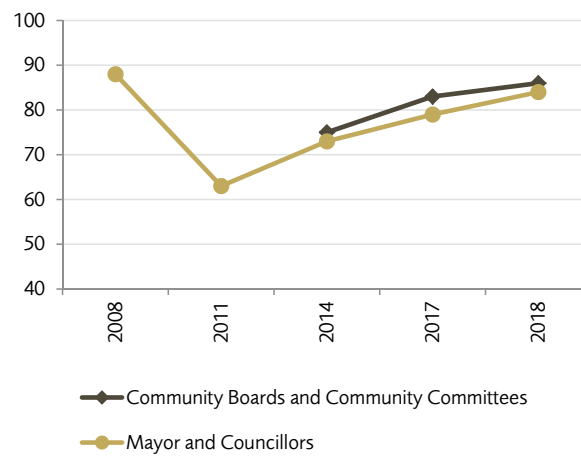


## Representation

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																																																									
<ul style="list-style-type: none"><li>Percentage of residents rating the overall performance of the Mayor and Councillors as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 84% (last year: 79%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td colspan="3"><b>Mayor and Councillors</b></td></tr><tr><td>Score 9–10</td><td>12%</td><td>24%</td></tr><tr><td>Score 7–8</td><td>46%</td><td>50%</td></tr><tr><td>Score 6</td><td>15%</td><td>10%</td></tr><tr><td>Score 5</td><td>13%</td><td>7%</td></tr><tr><td>Score 1–4</td><td>14%</td><td>9%</td></tr><tr><td colspan="3"><b>Mayor</b></td></tr><tr><td>Score 9–10</td><td>39%</td><td>34%</td></tr><tr><td>Score 7–8</td><td>42%</td><td>45%</td></tr><tr><td>Score 6</td><td>5%</td><td>8%</td></tr><tr><td>Score 5</td><td>8%</td><td>6%</td></tr><tr><td>Score 1–4</td><td>4%</td><td>7%</td></tr><tr><td colspan="3"><b>Councillors</b></td></tr><tr><td>Score 9–10</td><td>19%</td><td>14%</td></tr><tr><td>Score 7–8</td><td>46%</td><td>56%</td></tr><tr><td>Score 6</td><td>11%</td><td>11%</td></tr><tr><td>Score 5</td><td>13%</td><td>9%</td></tr><tr><td>Score 1–4</td><td>12%</td><td>10%</td></tr></table> <p>74% of respondents had scored 7–10, indicating that they were fairly satisfied to very satisfied. This is a significant improvement from the previous year (58%). This year, Council adopted the 2018–2028 Long Term Plan and were in regular engagement with the community through stakeholder workshops, the Consultation Document, and the Long Term Plan Roadshow.</p>	Score	2016/17	2017/18	<b>Mayor and Councillors</b>			Score 9–10	12%	24%	Score 7–8	46%	50%	Score 6	15%	10%	Score 5	13%	7%	Score 1–4	14%	9%	<b>Mayor</b>			Score 9–10	39%	34%	Score 7–8	42%	45%	Score 6	5%	8%	Score 5	8%	6%	Score 1–4	4%	7%	<b>Councillors</b>			Score 9–10	19%	14%	Score 7–8	46%	56%	Score 6	11%	11%	Score 5	13%	9%	Score 1–4	12%	10%		
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<ul style="list-style-type: none"><li>Percentage of residents rating the overall performance of the Community Boards and Community Committees as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 86% (last year: 83%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>21%</td><td>20%</td></tr><tr><td>Score 7–8</td><td>52%</td><td>56%</td></tr><tr><td>Score 6</td><td>10%</td><td>10%</td></tr><tr><td>Score 5</td><td>10%</td><td>7%</td></tr><tr><td>Score 1–4</td><td>7%</td><td>7%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	21%	20%	Score 7–8	52%	56%	Score 6	10%	10%	Score 5	10%	7%	Score 1–4	7%	7%																																									
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<ul style="list-style-type: none"><li>Percentage of Council committee meetings that meet the requirements the Local Government Official Information and Meetings Act.</li></ul>	100%	<p>ACHIEVED: Meetings were publicly notified by newspaper, generally through the Bush Telegraph.</p>																																																											



### REPRESENTATION PERFORMANCE – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018





# Community and Recreation Facilities

## Activities in this group

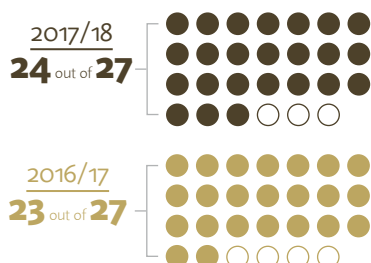
- 1 Cemeteries**  
*To provide attractive burial places where the community can remember loved ones and celebrate our district's heritage.*
- 2 Community Buildings**  
*To provide community buildings for social, cultural, recreational and educational activities.*
- 3 Housing**  
*To provide access to affordable and suitable long-term housing for older people with limited income and assets.*
- 4 Libraries**  
*To provide access to information, and to support life-long learning and literacy.*
- 5 Parks and Reserves**  
*To protect and enhance the natural character of the district, and provide a mix of parks and reserves facilities for leisure and recreation.*
- 6 Public Conveniences**  
*To provide well maintained public conveniences in areas of frequent community activity.*
- 7 Service Centres**  
*To provide an effective point of contact for the community to connect with Council.*
- 8 Swimming Pools**  
*To provide funding support for community pools, which will promote community wellbeing.*

## Group level funding impact statement

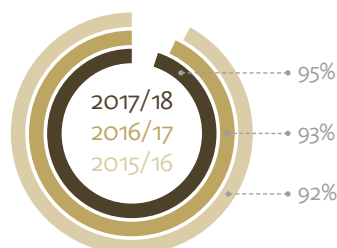
	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	3,068	3,101	3,101	3,306	3,156	3,156
Targeted rates	1,665	1,627	1,627	1,791	1,698	1,678
Grants and subsidies for operating purposes	5	5	5	5	5	5
Fees and charges	581	539	601	595	631	636
Local authorities fuel tax, fines, infringement fees, and other receipts	407	373	330	430	342	365
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>5,726</b>	<b>5,645</b>	<b>5,664</b>	<b>6,127</b>	<b>5,832</b>	<b>5,840</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	3,432	3,394	3,330	3,523	3,507	3,425
Finance costs	77	62	43	101	51	59
Internal charges and overheads applied	1,222	1,203	1,191	1,273	1,202	1,245
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>4,731</b>	<b>4,659</b>	<b>4,564</b>	<b>4,897</b>	<b>4,760</b>	<b>4,729</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>995</b>	<b>986</b>	<b>1,100</b>	<b>1,230</b>	<b>1,072</b>	<b>1,111</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	20	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	575	738	(88)	(2,706)	162	(18)
Gross proceeds from sale of assets	212	-	137	3,368	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>787</b>	<b>738</b>	<b>69</b>	<b>662</b>	<b>162</b>	<b>(18)</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	84	82	-	28	28	-
- to improve the level of service	1,166	962	958	820	369	196
- to replace existing assets	381	372	437	562	618	440
Increase (decrease) in reserves	151	308	(226)	482	219	456
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>1,782</b>	<b>1,724</b>	<b>1,169</b>	<b>1,892</b>	<b>1,234</b>	<b>1,093</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(995)</b>	<b>(986)</b>	<b>(1,100)</b>	<b>(1,230)</b>	<b>(1,072)</b>	<b>(1,111)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# What we achieved

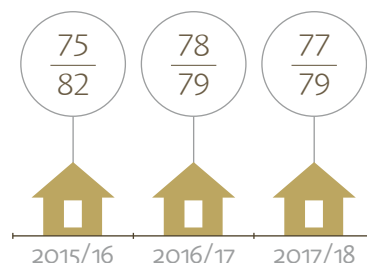
## PERFORMANCE MEASURES ACHIEVED



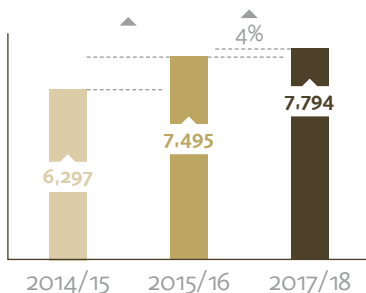
## COMMUNITY SATISFACTION WITH FACILITIES



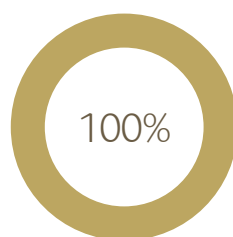
## PENSIONER HOUSING OCCUPANCY



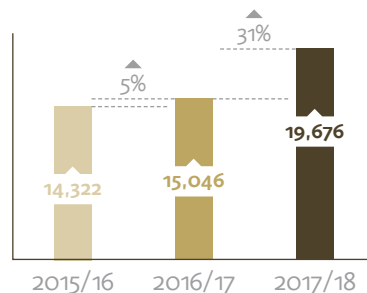
## CUSTOMER SERVICE REQUESTS



## LIBRARY CUSTOMERS SATISFIED WITH STAFF SERVICE



## CAMPING GROUND VISITOR NUMBERS INCREASED



## Cemeteries

Our cemeteries continue to be maintained by our contractors to a high standard as evidenced by the continued high community satisfaction received in the community survey.

All of our cemeteries continue to have enough burial capacity to ensure we do not have to develop any new areas for at least three years.

## Community Buildings

Our community facilities continue to be maintained to a high standard as evidenced by the high community satisfaction received in the community survey. Satisfaction has increased to 95% (last year 92%).

Legislation changes are having an impact on our community buildings. The two changes with the greatest impact are the

updated earthquake strengthening standards, and asbestos management.

Three of our buildings are defined as earthquake prone:

- The Carnegie Centre – Council, alongside interested parties, is assessing the future options for this building as it has been assessed to have a very poor earthquake rating.
- The Pahiata Service Centre – this building is in the process of being assessed for earthquake strengthening.
- The Woodville Service Centre/Library – we have provided a budget for the upgrade of this building in Year 2 of the 2018–2028 Long Term Plan.

New asbestos standards require that all Council buildings will need to be inspected. An asbestos management plan will then be completed for these buildings. To date, five of the buildings have been inspected.



## Housing

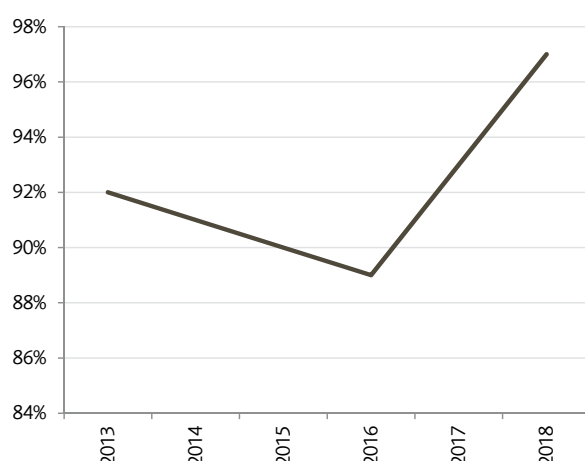
The trend from 2016/17 of high demand for pensioner housing continues. As of 30 June 2018, only two flats were vacant. One has been vacant awaiting refurbishment, while the other is a two bedroom flat that has been kept for a married couple.

During the 2018–2028 Long Term Plan, Council decided to consult with the community on whether to retain the pensioner housing activity, or to continue with the decision from the 2015–2025 Long Term Plan to sell the portfolio to a reputable social housing provider. The reason for reviewing this decision was the fundamental changes to the district housing rental market and the increased demand for pensioner housing. The community overwhelmingly supported Council's preferred option to retain the pensioner housing portfolio and invest in building new units in the future. As a result, Council resolved to retain the Pensioner Housing portfolio.

Two units in Eketahuna required a full refurbishment after a pipe in the ceiling burst during a heavy frost, causing significant water damage. The cost of the refurbishments was funded from insurance proceeds.

The following graph shows that the occupancy rate for the three years has been steadily increasing:

RENTAL HOUSING OCCUPANCY RATE



## Libraries

According to the Council Community Satisfaction survey, and the library-run Customer Satisfaction Survey, 96% of those surveyed were satisfied with their local library.

The most frequent response to what they liked most about their library was the helpfulness and friendliness of the staff, followed closely by the children's reading programmes. The most common response to what they would like to see improved was the variety of the book stock.

## Innovating through new technology

### Radio frequency identification (RFID)

RFID has allowed the library team members to spend less time on transactional matters and more time with our customers. As an example of the efficiencies this system has created, this year the stocktake of the collection took one day to complete. Previously, this was a manual process taking a month to complete. This work has enabled the identification of stock that had not been tagged for RFID or had gone missing in the intervening two years. The saving in staff time with this new technology, will enable stocktakes to be run more often. The information supplied to our customers regarding the whereabouts of stock will also be much more reliable.

### Self-check kiosk

The self-check and self-returns kiosks at Dannevirke Library have been well utilised by customers, and feedback regarding their installation has been positive. Freeing up staff time from the purely transitional interactions has allowed staff to add new programmes such as the poetry group.

### CollectionHQ

Due to the loan history of our collections not being able to be transferred to the new library management system in a readable form, we were unable to easily identify stock to move around the district for twelve months. The collection management tool, CollectionHQ, is now fully operational and is allowing the easy identification of stock that is lying dormant at a site. Our previous system was only able to select stock on the amount of time it had spent at a site. It was not able to report whether it was being utilised. CollectionHQ allows us to identify individual titles at each site that are dormant and allow them to be moved to another site or removed from the collection if they have come to the end of their shelf life. As staff become more proficient with this tool, turnover of stock should increase. Customers will see more new (to their site) titles appearing on a regular basis. Items being well utilised at a site will stay until the use decreases.

### Traditional library use

Use of physical items has dropped slightly on the previous year (down 7% or 9,438 items). This drop has been consistent across the whole district. The use of e-books rose this year by 915 loans, although less was spent on this collection. E-book borrowing this year was up from 0.9% of our total loans to 1.7% of loans. The higher usage, and the lower spend on e-books resulted in the cost per issue for this collection reducing from \$4.43 to \$1.76 per issue.

Overall foot traffic at the libraries is slightly down on last year at all sites. There were 16,566 less visits. The biggest drop was at Woodville with a drop of 8,459 (32% of the previous

year's foot traffic) as explained in the Woodville Library section below, followed by Eketahuna where there was a drop of 3,161, (14% of the previous year). Part of the drop at Eketahuna would have been a loss of foot traffic after the Money Exchange was disestablished in May, with this service now being provided by an ATM within the local Four Square building.

## Digital services

Use of the Aotearoa People's Network Kaharoa has plateaued – down 5% across the district. Trends for this service show more people using their own devices with use of Wi-Fi growing from 54% to 57% of total use of the network over the past twelve months. Library team members have been required to become proficient in the use of mobile devices in order to assist users to access library resources via this medium.

Libraries continue to have a significant impact on lessening the digital divide in terms of providing and addressing digital literacy. This year, library team members spent considerable time assisting our residents with their online census. Many people had little or no computer knowledge and required a considerable amount of assistance, trusting our library staff to provide assistance.

## Woodville Library

The closure of the Manawatu Gorge has had an effect on use of the Woodville site. Internet use at this site is down 8% (361 sessions) in the last twelve months. Tourists would often stop to use this service. Foot traffic is also down considerably (32% or 8,459). Despite this, the number of active borrowers has risen (3% or 69 borrowers). Feedback from the library satisfaction survey was very positive about the new building, with almost all respondents being completely satisfied with the new facility.

## Literacy programmes

The library continues to support literacy in all its forms.

The library continues to offer the EC Read'n Summer Reading Programme, iRead Programme, and Winter Warmers Reading programme. These programmes are generously funded by the Eastern and Central Community Trust. The reading programmes help maintain literacy for children and support the work of our education system. In the past year, 1,477 children took part in these programmes.

Our preschool programme Little Ears aims to encourage literacy in preschool children in the Tararua District. This programme is run at Dannevirke, Woodville, and Pahiatua libraries and continues to be popular, with 747 children attending the sessions over the year.

The Math is Fun programme has been running at all four branches since 2015. This programme is also funded by the Eastern and Central Community Trust. The programme aims

to provide fun and interactive maths activities and games. These are designed to increase children's understanding and confidence in maths and to apply the knowledge they gain to everyday situations. One hundred and fourteen children across the district participated in this programme.

Digital Literacy is an area of the library that continues to grow, from 57 attendees in 2015/16 to 111 people this year, all taking part in the robotics sessions run at all the libraries.

## Adult digital literacy

In partnership with Wairarapa REAP, the Stepping UP programme (free community-based computer and internet training that helps adults build their digital skills in small easy steps) continues to be run at the Pahiatua branch. There were 40 classes held throughout the year and 198 people attended.

The classes at Eketahuna are now being run at a different site, as the demand for this service was during evenings, outside of the library opening hours. Classes were held during the day time for the final term of the previous financial year, and REAP made the decision that the numbers attending during the day was not adequate to continue with these in the library.

We plan to run this programme in Dannevirke from early in the 2018/19 year.

## Community hubs

Parenting groups, knitting groups, book clubs, and poetry groups were a few of the weekly or monthly events held at the libraries across the district.

Libraries in the district offer a meeting place for individuals and groups. Distance students use their library as a study space – utilising the Aotearoa People's Network Kaharoa to access online lectures and services. They even sit their exams at the library with staff providing the overseer role. Groups such as Justice of the Peace, home school support groups, and health support groups utilise the library as a meeting place across the district.

This can be challenging for libraries to provide space for these groups alongside other user's needs. However, it is an acknowledgement of the role libraries play providing a safe community space for these groups. Many new library builds around New Zealand now allow for additional meeting room and learning room spaces to allow for this type of activity. At the new Woodville site, we have allowed for this with a meeting room incorporated into the design.

## Parks and Reserves

Visitor numbers to the district continue to increase, putting more demand on our facilities. Visitor numbers to our camping grounds grew from the previous year.



Camping ground	2015/16	2016/17	2017/18
Dannevirke	4,484	6,250	7,041
Eketahuna	5,054	4,502	5,239
Pahiatua	3,775	3,547	6,045
Woodville	1,007	*747	1,351
<b>Total</b>	<b>14,322</b>	<b>15,046</b>	<b>19,676</b>
<b>% increase</b>	<b>17%</b>	<b>5%</b>	<b>31%</b>

\*9 months

Our continued investment in the camping grounds included:

- Dannevirke Camping Ground – the purchase of two new cabins, replacing the two portable cabins that were rented.
- Dannevirke Camping Ground – the replacement of 14 caravan outlets and installation of new power boxes.
- Eketahuna Camping Ground – two new toilets were erected and a stove and washing machine were purchased.

The programme to upgrade and improve the safety of our district's playgrounds continues. We have upgraded play equipment with the installation of a swing set at Waterwheel Park, Norsewood, and a carousel and seesaw at Fountaine Square in Woodville.

Our general upkeep of the parks continued with the sealing of a driveway in the Dannevirke Domain and painting of both the Dannevirke and Eketahuna grandstands.

The Lower Domain in Dannevirke is being renovated by removing old bushes and trees and replanting with new species.

## Public Conveniences

New cleaning contracts were let in Dannevirke and Eketahuna. Both contractors have worked out well with only eight cleanliness complaints received for all public toilets throughout the district.

However, we continue to receive a high number of customer service requests in relation to the condition of our public conveniences. This year, we received 111 complaints (102 last year), continuing an ongoing trend of increasing complaints. Many of these relate to blockages and maintenance issues. Council are analysing these complaints to ensure our facilities have the optimal design and maintenance regime.

New toilets were installed at the Ferry Reserve, Woodville, as part of the Government's Assistance Grant to help cater for the high numbers of freedom campers. The toilets at Waihi Falls have been converted to waterless urinals to reduce water usage.

## Service Centres

Our customer service centres handled close to 31,000 calls this financial year, an average of about 125 calls per day (consistent with 2016/17). Customer's waited an average of just 13 seconds to have their calls answered by Council's Customer Services, an improvement of two seconds from 2016/17.

Council contracts with Palmerston North City Council to deliver the afterhours call service through their call centre. The afterhours call centre handled close to 4,000 calls (an average of 57 calls per day) with callers having an average wait of 19 seconds to have their calls answered. This increase in time was due to the call centre recruiting 18 new staff in December/January and the call volume increased by 400 calls, or 27 calls per day.

We met our targets for both waiting time and abandoned calls. The longest average wait time was 18 seconds in December 2017. The percentage of abandoned calls reduced to 1.75% compared with 2.6% at the end of the 2016/17 year.

A total of 7,794 (last year 7,495) customer requests were entered into our system. This is an increase of 4%. Customer Services created a "Report it" campaign to encourage the community to report any issues to Council. The campaign included a card showing all the ways customers can report issues to Council (phone, email, webpage).

A key achievement was placing in the top six (out of 78 councils) at the 2017 ALGIM Spring Conference 'Customer Experience and Web and Digital'.

## Swimming Pools

The three outdoor pools all enjoyed very good attendance numbers during the last summer. The committee members from each of the pools did a great job running the pools.





Work on the replacement of the Eketahuna swimming pool has commenced. The old changing rooms and storage areas have been demolished. The contractors are waiting for the delivery of the concrete slabs to complete the pool replacement. The pool upgrade is expected to be completed in time for the 2018/19 season.

To mitigate the risk of with chlorination of the outdoor pools, all three pools were fitted with dosing pumps that are hooked up to the telemetry SCADA (supervisory control and data acquisition) system used by our water treatment operators. This means the water quality can be monitored from a laptop and will signal an alarm if the chlorine or pH levels of the pool fall outside acceptable limits. A manual check is still done by the pool operators.

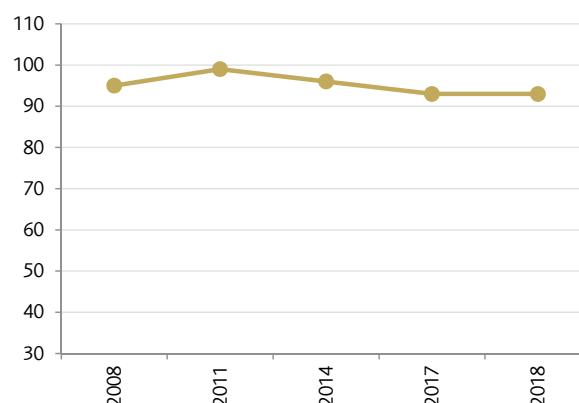
Minor repairs have been completed at the Pahiatua and Woodville pools to ensure they are watertight. Both Woodville pools have been painted, the sand filter was replaced, and a sliding door installed in the side of the filter shed to allow for easier delivery of the chemicals.

# Performance against objectives

## Cemeteries

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating cemeteries as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 93% (last year: 93%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>50%</td><td>41%</td></tr><tr><td>Score 7–8</td><td>41%</td><td>49%</td></tr><tr><td>Score 6</td><td>5%</td><td>3%</td></tr><tr><td>Score 5</td><td>4%</td><td>4%</td></tr><tr><td>Score 1–4</td><td>0%</td><td>3%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	50%	41%	Score 7–8	41%	49%	Score 6	5%	3%	Score 5	4%	4%	Score 1–4	0%	3%		
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<ul style="list-style-type: none"><li>Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data.</li></ul>	100%	<p>ACHIEVED: All cemeteries in the district have more than adequate number of plots available.</p>																				

CEMETERIES – PUBLIC SATISFACTION SURVEY  
TRENDS 2008 TO 2018





## Community Buildings

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents "fairly satisfied" or "very satisfied" with community buildings in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	90%	<p>ACHIEVED: 95% (last year 92%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>25%</td><td>28%</td></tr><tr><td>Score 7–8</td><td>59%</td><td>63%</td></tr><tr><td>Score 6</td><td>8%</td><td>4%</td></tr><tr><td>Score 5</td><td>6%</td><td>4%</td></tr><tr><td>Score 1–4</td><td>2%</td><td>1%</td></tr></tbody></table> <p>Council has committed a limited budget in each Annual Plan to progressively upgrade the halls and sport facilities in the district. This ensures that community facilities are being maintained to current requirements, hence ensuring service levels expectations are met.</p>	Score	2016/17	2017/18	Score 9–10	25%	28%	Score 7–8	59%	63%	Score 6	8%	4%	Score 5	6%	4%	Score 1–4	2%	1%		
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<ul style="list-style-type: none"><li>The total number of hours per annum facilities are booked through Council.</li></ul>	> 3,100 hrs	<p>ACHIEVED: 4,375 hours (last year: 5,078 hours).</p> <p>The decrease in usage from last year was as a result of a regular user of the Supper Room at the Pahiatua Town Hall moving out of the district.</p> <p>We continue to focus on developing appropriate strategies to ensure the community facilities are well utilised.</p>																				



## Housing

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
<ul style="list-style-type: none"> <li>Percentage of housing units which, when inspected, are found to have maintenance issues that are more than minor.</li> </ul>	< 10%	<p>ACHIEVED: 5% (last year: 0%).</p> <p>Inspections were undertaken in February. Four units had maintenance issues that were promptly rectified, with two units replumbed and two units had new hot water cylinders installed.</p> <p>We have programmed upgrades to the Ruahine Flats in Woodville as they become vacant, so as to minimise disruption to existing tenants. The first of these upgrades is currently underway.</p>	✓	✓
<ul style="list-style-type: none"> <li>Tenants' satisfaction with the landlord service received from Council.</li> </ul>	90%	<p>ACHIEVED: 94% (last year: 94%).</p> <p>Surveys were sent out in March 2018 and the information collated gave us a result of 94% satisfaction, which is consistent with the prior year.</p>	✓	✓





## Libraries

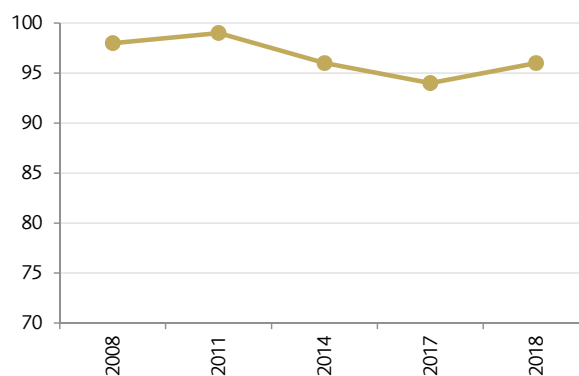
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																								
<ul style="list-style-type: none"><li>Library services are clean, welcoming and open at times suited to their community based on the annual survey carried out internally by the library.</li></ul>	90%	<p>ACHIEVED: 98% (last year: 95%).</p> <p>Survey results:</p> <table><thead><tr><th>Category</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Completely satisfied</td><td>255</td><td>150</td></tr><tr><td>Very satisfied</td><td>46</td><td>78</td></tr><tr><td>Moderately satisfied</td><td>5</td><td>13</td></tr><tr><td>Not very satisfied</td><td>3</td><td>3</td></tr><tr><td>Not at all satisfied</td><td>6</td><td>2</td></tr><tr><td>Not applicable</td><td>0</td><td>0</td></tr><tr><td><b>Total respondents</b></td><td><b>315</b></td><td><b>246</b></td></tr></tbody></table>	Category	2016/17	2017/18	Completely satisfied	255	150	Very satisfied	46	78	Moderately satisfied	5	13	Not very satisfied	3	3	Not at all satisfied	6	2	Not applicable	0	0	<b>Total respondents</b>	<b>315</b>	<b>246</b>		
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<ul style="list-style-type: none"><li>Percentage of residents rating libraries as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	90%	<p>ACHIEVED: 96% (last year: 94%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>43%</td><td>49%</td></tr><tr><td>Score 7–8</td><td>48%</td><td>40%</td></tr><tr><td>Score 6</td><td>3%</td><td>7%</td></tr><tr><td>Score 5</td><td>5%</td><td>2%</td></tr><tr><td>Score 1–4</td><td>1%</td><td>2%</td></tr></tbody></table>	Score	2016/17	2017/18	Score 9–10	43%	49%	Score 7–8	48%	40%	Score 6	3%	7%	Score 5	5%	2%	Score 1–4	1%	2%								
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<ul style="list-style-type: none"><li>Library collections are current and accessible based on a weighted average of:<ul style="list-style-type: none"><li>the number of new items added to the collection (60% weighting with zero for 2 items per 1,000 of population and 10% for each 0.1 items above that up to 60% for 2.5 per 1,000 of population), and</li><li>percentage of time that online information (e-resources – eBooks, online databases) is available to the public (40% weighting with zero for 90% of the time up to the 40% for 100% of the time).</li></ul></li></ul>	90%	<p>ACHIEVED: 100% (last year: 100%).</p> <p>4,732 new items were added to the collection this year.</p> <p>Online information was not fully available for 205 minutes this year. This was due to outages of 45 minutes for Kotui, the library management software, and 160 minutes for public internet access supplied by APNK.</p>																										

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																																	
• Number of programmes run annually.	> 7	ACHIEVED: 9 (last year: 7).	✓	✓																																	
<table><tr><th>Programme</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Winter Warmers (Literacy)</td><td>1,077</td><td>1,118</td></tr><tr><td>Summer Reading Programme</td><td>298</td><td>294</td></tr><tr><td>iRead</td><td>66</td><td>65</td></tr><tr><td>Maths is Fun (Numeracy)</td><td>113</td><td>114</td></tr><tr><td>Read to Win (Teen)</td><td>-</td><td>9</td></tr><tr><td>Robotics (Digital Literacy)</td><td>78</td><td>111</td></tr><tr><td>Book Club</td><td>96</td><td>90</td></tr><tr><td>Teen Programme</td><td>-</td><td>9</td></tr><tr><td>Little Ears (Preschool programme)</td><td>917</td><td>747</td></tr><tr><td><b>Total</b></td><td><b>2,645</b></td><td><b>2,557</b></td></tr></table>					Programme	2016/17	2017/18	Winter Warmers (Literacy)	1,077	1,118	Summer Reading Programme	298	294	iRead	66	65	Maths is Fun (Numeracy)	113	114	Read to Win (Teen)	-	9	Robotics (Digital Literacy)	78	111	Book Club	96	90	Teen Programme	-	9	Little Ears (Preschool programme)	917	747	<b>Total</b>	<b>2,645</b>	<b>2,557</b>
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The number of attendees for library literacy programmes were slightly lower than last year despite the addition of two new programmes. However, only one programme suffered a notable decrease in attendants being the Little Ears (preschool programme).																																					
• Library customers are satisfied with the programmes offered.	90%	ACHIEVED: 98% (last year: 97%).	✓	✓																																	
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<table><tr><th>Category</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Completely satisfied</td><td>100</td><td>55</td></tr><tr><td>Very satisfied</td><td>27</td><td>45</td></tr><tr><td>Moderately satisfied</td><td>8</td><td>8</td></tr><tr><td>Not very satisfied</td><td>2</td><td>2</td></tr><tr><td>Not at all satisfied</td><td>2</td><td>0</td></tr><tr><td>Not applicable</td><td>*171</td><td>131</td></tr><tr><td><b>Total Respondents</b></td><td><b>310</b></td><td><b>241</b></td></tr></table>					Category	2016/17	2017/18	Completely satisfied	100	55	Very satisfied	27	45	Moderately satisfied	8	8	Not very satisfied	2	2	Not at all satisfied	2	0	Not applicable	*171	131	<b>Total Respondents</b>	<b>310</b>	<b>241</b>									
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Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																								
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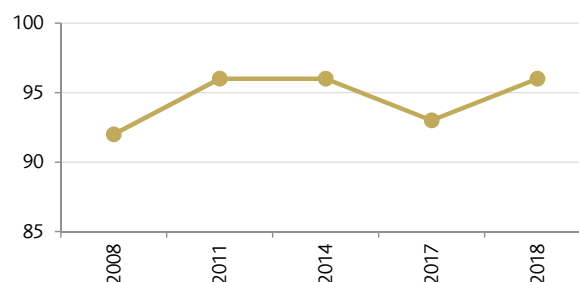
LIBRARIES – PUBLIC SATISFACTION SURVEY  
TRENDS 2008 TO 2018



## Parks and Reserves





Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating parks and reserves as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	90%	<p>ACHIEVED: 96% (last year: 93%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>29%</td><td>34%</td></tr><tr><td>Score 7–8</td><td>57%</td><td>54%</td></tr><tr><td>Score 6</td><td>7%</td><td>8%</td></tr><tr><td>Score 5</td><td>5%</td><td>3%</td></tr><tr><td>Score 1–4</td><td>2%</td><td>1%</td></tr></table> <p>We continue to progressively upgrade our playgrounds, camping grounds, and parks. We have spent \$181,000 this year, with notable projects being two new cabins at the Dannevirke Camping Ground, and new play equipment for the Woodville playground.</p>	Score	2016/17	2017/18	Score 9–10	29%	34%	Score 7–8	57%	54%	Score 6	7%	8%	Score 5	5%	3%	Score 1–4	2%	1%		
Score	2016/17	2017/18																				
Score 9–10	29%	34%																				
Score 7–8	57%	54%																				
Score 6	7%	8%																				
Score 5	5%	3%																				
Score 1–4	2%	1%																				
<ul style="list-style-type: none"><li>Number of recorded incidences where parks and reserves are found to be below the agreed maintenance standard.</li></ul>	< 5	<p>ACHIEVED: 2 (last year: 1).</p> <p>Two different service requests were received on the same day regarding an issue with the same facility, which was promptly rectified. A service request was received about a light at Coronation Park not working but did not inhibit the ability to use the sports field.</p>																				
<ul style="list-style-type: none"><li>Percentage of playgrounds in the district with all equipment meeting the AUS/NZ playground safety standard.</li></ul>	90%	<p>ACHIEVED: 95% (last year: 100%).</p> <p>Council continues to progressively upgrade/repair/replace pieces of equipment that do not meet the Australia/New Zealand playground safety standards as part of our yearly capital and maintenance programme.</p> <p>New playground equipment has been installed in the Woodville playground. However, an older item of equipment (the tyre swing) was repaired to ensure it is safe to use, as during routine inspection it was found to have a small tear in it. This item is being investigated to make sure it is still an approved playground accessory.</p>																				

### PARKS AND RESERVES – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018

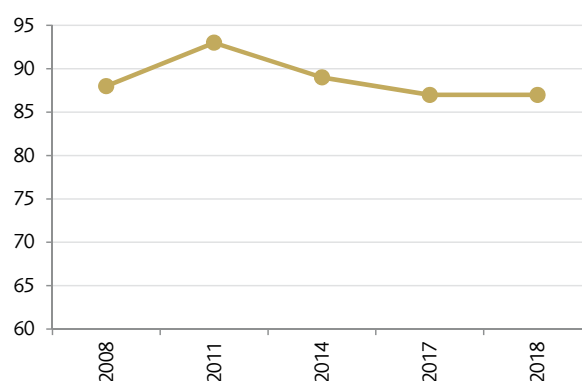














## Public Conveniences

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating public conveniences as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	90%	<p>NOT ACHIEVED: 87% (last year: 87%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>24%</td><td>33%</td></tr><tr><td>Score 7–8</td><td>51%</td><td>47%</td></tr><tr><td>Score 6</td><td>12%</td><td>7%</td></tr><tr><td>Score 5</td><td>7%</td><td>6%</td></tr><tr><td>Score 1–4</td><td>6%</td><td>7%</td></tr></tbody></table> <p>Satisfaction has remained consistent with prior year results at 87% against a target of 90%. Of the respondents who have actually used public conveniences, 89% were satisfied with the facilities. Cleanliness, maintenance, and damage to the facilities continue to be an issue, as highlighted in the results above.</p>	Score	2016/17	2017/18	Score 9–10	24%	33%	Score 7–8	51%	47%	Score 6	12%	7%	Score 5	7%	6%	Score 1–4	6%	7%		
Score	2016/17	2017/18																				
Score 9–10	24%	33%																				
Score 7–8	51%	47%																				
Score 6	12%	7%																				
Score 5	7%	6%																				
Score 1–4	6%	7%																				
<ul style="list-style-type: none"><li>The number of complaints received per annum about the condition of public toilets.</li></ul>	< 50	<p>NOT ACHIEVED: 111 (last year: 102).</p> <p>The number of customer service requests received relating to public toilets:</p> <table><thead><tr><th>2017/18</th><th>2016/17</th><th>2015/16</th><th>2014/15</th><th>2013/14</th></tr></thead><tbody><tr><td>111</td><td>102</td><td>73</td><td>67</td><td>47</td></tr></tbody></table> <p>Of the 111 recorded customer service requests, eight complaints related to cleanliness, 18 complaints were vandalism, 27 were for blockages, and the remaining 58 were maintenance related issues. As part of the Long Term Plan, this measure has been reviewed to exclude graffiti and vandalism complaints.</p>	2017/18	2016/17	2015/16	2014/15	2013/14	111	102	73	67	47										
2017/18	2016/17	2015/16	2014/15	2013/14																		
111	102	73	67	47																		

PUBLIC CONVENIENCES – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018



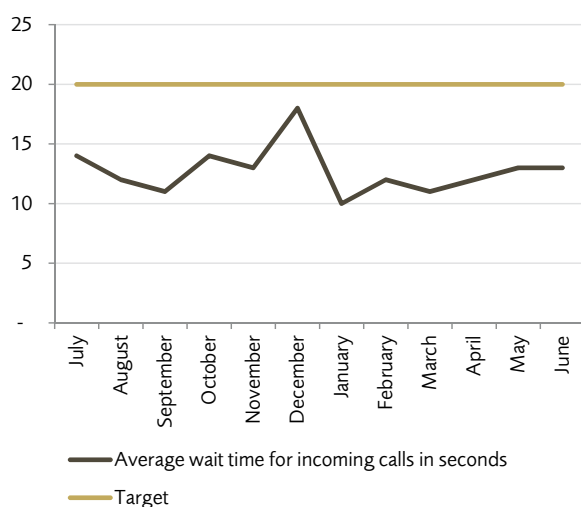
## Service Centres

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of customers who lodge faults/requests are satisfied with the service provided.</li></ul>	95%	<p>NOT ACHIEVED: 88% (last year: 75%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>37%</td><td>39%</td></tr><tr><td>Score 7–8</td><td>34%</td><td>44%</td></tr><tr><td>Score 6</td><td>4%</td><td>5%</td></tr><tr><td>Score 5</td><td>6%</td><td>2%</td></tr><tr><td>Score 1–4</td><td>19%</td><td>10%</td></tr></tbody></table> <p>Despite this measure not being met this year, there was a significant improvement in satisfaction in the service provided to customers by the customer services team.</p>	Score	2016/17	2017/18	Score 9–10	37%	39%	Score 7–8	34%	44%	Score 6	4%	5%	Score 5	6%	2%	Score 1–4	19%	10%		
Score	2016/17	2017/18																				
Score 9–10	37%	39%																				
Score 7–8	34%	44%																				
Score 6	4%	5%																				
Score 5	6%	2%																				
Score 1–4	19%	10%																				
<ul style="list-style-type: none"><li>Average wait time for incoming calls by customer services.</li></ul>	20 seconds	<p>ACHIEVED: 12.7 seconds (last year: 15.4 seconds).</p> <p>The average wait times for incoming calls has reduced significantly. A strategy used this year to improve wait times was, when call volumes are high, to pass the call through to staff unannounced, ensuring wait times are well managed.</p>																				
<ul style="list-style-type: none"><li>Percentage of abandoned calls by customer services.</li></ul>	< 10%	<p>ACHIEVED: 1.8% (last year: 2.6%).</p> <p>Total calls received for the year was 30,912 calls, at an average of 125 calls per day.</p> <p>The number of calls abandoned was an average of 2.2 calls per day.</p>																				
<ul style="list-style-type: none"><li>Percentage of customers who lodge faults/request are satisfied with the after hours service received.</li></ul>	90%	<p>ACHIEVED: 95% (last year: 85%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>26%</td><td>29%</td></tr><tr><td>Score 7–8</td><td>41%</td><td>59%</td></tr><tr><td>Score 6</td><td>18%</td><td>7%</td></tr><tr><td>Score 5</td><td>8%</td><td>0%</td></tr><tr><td>Score 1–4</td><td>7%</td><td>5%</td></tr></tbody></table> <p>The number of responses received for this question was only 39, with two unsatisfied customers.</p>	Score	2016/17	2017/18	Score 9–10	26%	29%	Score 7–8	41%	59%	Score 6	18%	7%	Score 5	8%	0%	Score 1–4	7%	5%		
Score	2016/17	2017/18																				
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Score 6	18%	7%																				
Score 5	8%	0%																				
Score 1–4	7%	5%																				
<ul style="list-style-type: none"><li>Percentage of abandoned calls by the after hours service.<sup>†</sup></li></ul>	< 10%	<p>ACHIEVED: 5.3% (last year: 5.3%).</p> <p>Total calls received for the year was 3,995, which is an average of 57 calls per day.</p>																				

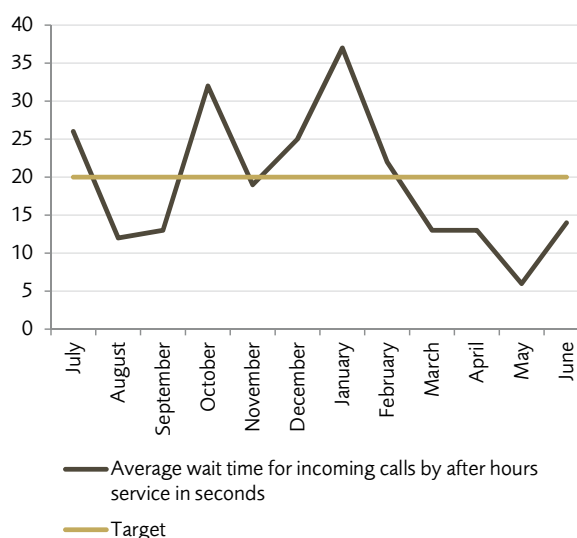
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• Average wait time for incoming calls by the afterhours service. <sup>†</sup>	20 seconds	ACHIEVED: 19.3 seconds (last year: 18.3 seconds).  Call wait times exceeded target in the months of July, October, December, January, and February. The after hours call centre recruited an additional 18 staff, which resulted in significantly improved wait times for March to June and brought the average wait time within target.	✓	✓

<sup>†</sup> Includes information provided by external service providers.

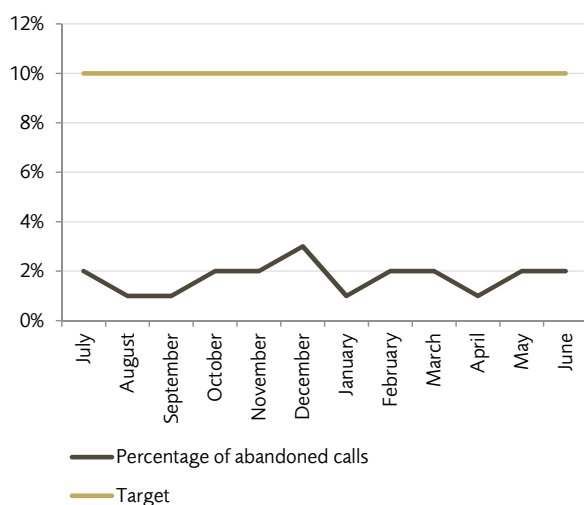
AVERAGE WAIT TIME FOR INCOMING CALLS TAKEN BY COUNCIL (SECONDS)



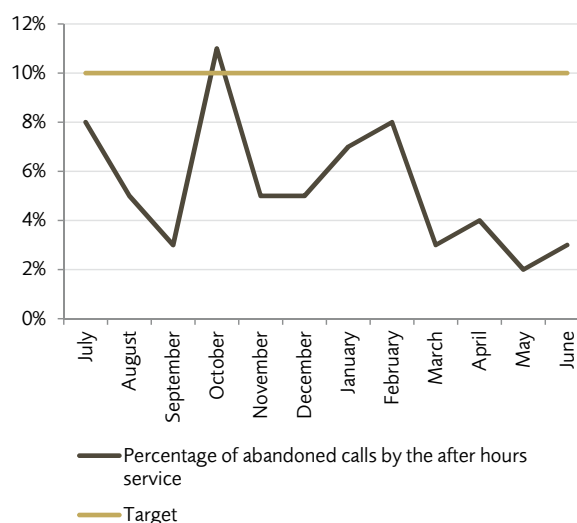
AVERAGE WAIT TIME FOR INCOMING CALLS TAKEN BY AFTERHOURS SERVICE (SECONDS)



PERCENTAGE OF ABANDONED CALLS – COUNCIL



PERCENTAGE OF ABANDONED CALLS – AFTERHOURS SERVICE

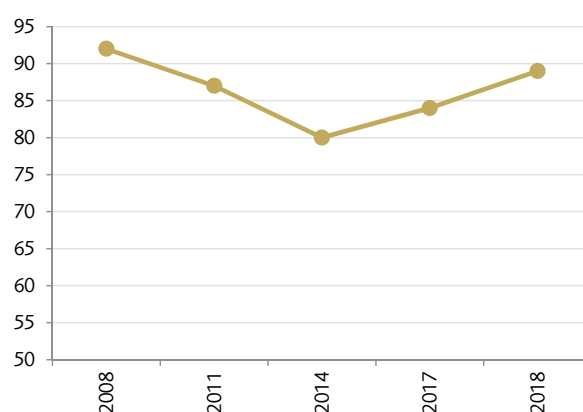




## Swimming Pools

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating swimming pools as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	80%	<p>ACHIEVED: 89% (last year: 84%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>25%</td><td>29%</td></tr><tr><td>Score 7–8</td><td>50%</td><td>52%</td></tr><tr><td>Score 6</td><td>9%</td><td>8%</td></tr><tr><td>Score 5</td><td>7%</td><td>5%</td></tr><tr><td>Score 1–4</td><td>9%</td><td>6%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	25%	29%	Score 7–8	50%	52%	Score 6	9%	8%	Score 5	7%	5%	Score 1–4	9%	6%		
Score	2016/17	2017/18																				
Score 9–10	25%	29%																				
Score 7–8	50%	52%																				
Score 6	9%	8%																				
Score 5	7%	5%																				
Score 1–4	9%	6%																				
<ul style="list-style-type: none"><li>The number of weeks each year Wai Splash is open for public use.</li></ul>	52 weeks	<p>ACHIEVED: 52 weeks (last year: 52 weeks).</p>																				
<ul style="list-style-type: none"><li>The number of weeks each year outdoor pools are open for public use.</li></ul>	> 10 weeks	<p>ACHIEVED: 13 weeks (last year: 10 weeks).</p> <p>Average of 13 weeks.</p> <p>Eketahuna was open for 11 weeks.</p> <p>Pahiatua was open for 14 weeks.</p> <p>Woodville was open for 12 weeks.</p>																				
<ul style="list-style-type: none"><li>Percentage of rates spent funding public swimming pools (base – average household rate).</li></ul>	< 4%	<p>ACHIEVED: 2% (last year: 1%).</p>																				

PUBLIC SWIMMING POOLS – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018





# District Promotion and Economic Development

## Activities in this group

1

### Commercial Investments

*Property and forestry assets are managed to obtain the best return for ratepayers and divested as the opportunities arise.*

2

### District Promotion and Development

*Proactively support a sustainable social and economic environment.*

## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	274	262	262	280	292	292
Targeted rates	437	448	448	446	464	464
Grants and subsidies for operating purposes	-	-	17	-	-	-
Fees and charges	106	63	55	108	63	53
Local authorities fuel tax, fines, infringement fees, and other receipts	181	594	203	52	592	340
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>998</b>	<b>1,367</b>	<b>985</b>	<b>886</b>	<b>1,411</b>	<b>1,149</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	698	1,125	912	693	1,115	892
Finance costs	4	3	2	4	2	3
Internal charges and overheads applied	203	206	203	205	209	214
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>905</b>	<b>1,334</b>	<b>1,117</b>	<b>902</b>	<b>1,326</b>	<b>1,109</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>93</b>	<b>33</b>	<b>(132)</b>	<b>(16)</b>	<b>85</b>	<b>40</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(17)	(106)	-	(2)	35	7
Gross proceeds from sale of assets	313	173	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>296</b>	<b>67</b>	<b>-</b>	<b>(2)</b>	<b>35</b>	<b>7</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	15	20	42	16	15	19
- to replace existing assets	-	-	18	-	-	1
Increase (decrease) in reserves	374	80	(192)	(34)	105	27
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>389</b>	<b>100</b>	<b>(132)</b>	<b>(18)</b>	<b>120</b>	<b>47</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(93)</b>	<b>(33)</b>	<b>132</b>	<b>16</b>	<b>(85)</b>	<b>(40)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# What we achieved

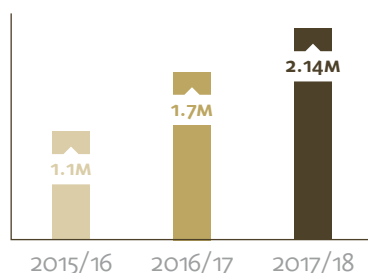
## BUSINESS SUPPORT PROVIDED IN 2017/18



## BUSINESSES REFERRED TO CEDA IN 2017/18



## FORESTRY VALUATION



## VISITORS ATTENDING MAJOR LOCAL EVENTS



## Commercial Investments

### Commercial properties

The remaining depots, Tahoraiti and Woodville, were vacant for the full year. Council intends to look at a sale or lease option for the building at Woodville. The decision was delayed as Council was waiting on the outcome of the Gorge alternate route.

We continue to own the Rural Bus Depot to ensure the rural mail service delivery is retained.

The Dannevirke aerodrome is still actively used by commercial and private operators. Its continued operation ensures a local option with lower cost to patrons compared to flying from Feilding aerodrome or similar.

### Forestry

Forestry achieved a net operating surplus of \$612,000 for 2017/18. In spite of delays at Kaiparoro the activity still achieved a favourable result. The main driver was a favourable valuation movement of \$364,000. This was driven by changes in log prices and cost to harvest. The change in valuation due to harvesting and improvements to stock data is minimal. Discounting non-cash transactions show a net cash surplus of \$62,000. Replanting and pruning operations continued at Birch North to ensure good quality stock.

Total revenue was \$337,000 from log and honey sales, with associated harvesting costs of \$259,000. Both are below budget, driven from delays in harvesting Kaiparoro. The delay was initially due to wet weather and concerns around

sediment in the Eketahuna water intake, however finding a harvesting operator became a larger challenge. The Kaiparoro site is not attractive to harvesters and the glut of available work elsewhere meant harvesters were picking more attractive sites to work on.

## District Promotion and Development

### Economic development

#### Business development

##### *Tararua Business Network*

In 2014, Tararua District Council established the Tararua Business Network, a facility for all business owners in the Tararua District, operating with a special emphasis on working alongside small to medium sized enterprises (SMEs), to support their development and growth. The facility also houses the Council's Economic Development and Communications department.

The focus of the Tararua Business Network is facilitating, enabling, and linking SMEs to specialist expertise, business workshops and seminars, the Regional Business Partner Network, and to Council's regulatory services. This is a unique and free service.

In 2017/18, the Business Network provided direct support for 48 businesses.

#### Facilities

The Business Network has two rooms available for bookings from business and community organisations – the Training/Seminar Room, and the Board Room.

This year, the Business Network hosted 84 events in the Training/Seminar Room, and the Board Room was utilised for business meetings on 61 occasions.

#### Business training

Tararua Business Network organised and delivered a number of training opportunities during 2017/18. Training covered a range of topics including marketing and social media; succession planning; cashflow management; conflict management; and more. A total of 14 workshops were held, with 106 attendees in total.

##### *Regional Business Partner Network*

The Regional Business Partner Network is a nationwide network of organisations delivered by New Zealand Trade and Enterprise (NZTE) to support business growth and innovation in New Zealand.

The Central Economic Development Agency (CEDA) is the Regional Business Partner for the Manawatu-Whanganui region and provides information, mentoring, marketing and economic leadership to businesses – as well as access to

potential funding streams. When a business qualifies for support from CEDA, the Business Network will refer them through.

##### *Innovate competition*

Tararua District Council partnered with Building Clever Companies (BCC) for the 2017 Innovate programme. Innovate is an annual competition that turns ideas into reality and rewards the winner with a solid business model, access to a mentor network and a cash prize.

The 2017 Innovate competition had approximately 50 entrants with nine entrants from the Tararua District. We were proud to see four of the Tararua entrants make it to the Top 22 finalists – two of which were clients of the Business Network.

#### District marketing

##### *Tararua i-SITE Visitor Information Centre*

i-SITE is New Zealand's official visitor information network with over 80 i-SITES nationwide. The Tararua i-SITE provides a wide range of services for visitors, travellers, and locals alike.

#### Manawatu Gorge closure

The indefinite closure of the Manawatu Gorge occurred one month after the official opening of the new Tararua i-SITE and this had a significant effect on visitor numbers to the i-SITE. The effects are still being felt and are usually amplified during westbound closures of the Saddle Road.

The i-SITE worked alongside local businesses in an attempt to minimise these affects, assisting with the "WIN in WOODVILLE" promotion and the "Mad Hatters Day".

#### Tararua District Visitor Guide

A key achievement for the i-SITE was the production of the 2018 Tararua District Visitor Guide. The guide is an important tool for visitor attraction and was completely redesigned to meet the changing needs of the tourism market.

The guide was distributed to information centres and i-SITES across the country and Council are pleased to report that the 2018 redesign has proved effective, with a reprint required earlier than scheduled due to the number of copies "flying off the shelves".

#### Events

##### Major local events

Over 10,000 visitors attended major local events in the Tararua District in 2017/18; events including the Woodville Motocross, Wheels with Attitude and the Dannevirke A & P Show. This volume of visitors to the district reaffirms Council's contribution to and/or sponsorship of these events, and has a positive flow-on effect to local businesses.



### Major regional events

Council attended the Hilux New Zealand Rural Games, New Zealand's premier celebration of rural sports. This proved to be a great opportunity to promote tourism attraction for the Tararua District.

Event	Visitor traffic	Key areas of interest
Hilux NZ Rural Games	30,000	Tourism attraction
Auckland Home Show	50,000	Relocation and investment
Auckland Covi Motorhome Show	45,000	Motorhome enquiries, visitor attraction, tourism, tracks and trails

### Major national events

National trade shows provide the platform necessary to promote the Tararua District to those considering visiting or relocating to the area for lifestyle, business, or investment.

To fully maximise and measure the effect of attending these shows, Council produced a "Tararua Passport" that used a targeted monitoring system to capture and record how many visitors came to the district from the show. These results will be used to consider future attendance of these national events.

The Passport focused on promoting tourism attraction and featured discounted offers from Tui Brewery, Pukaha Mount Bruce, New Zealand Natural Clothing, and Pongaroa Hotel.

Event	Visitor traffic	Key areas of interest
Central Districts Field Days	26,000	Tourism attraction
Covi Motorhome Caravan and Outdoor SuperShow	19,000	Tourism attraction

### International relations

Council has considered its position in regards to international relations and determined that priority should be placed on natural heritage relationships that already exist. These will include existing district connections to Scandinavia, Poland and the Czech Republic.

#### Mayoral reception

The first official mayoral reception, hosted by Tararua District Mayor Tracey Collis, featured a get-together of all Tararua District mayors past and present – a unique event on the eve of 30 years since the inception of Council in 1989.

The reception, to welcome Czech Consul-General Hana Flanderova from Sydney to Tararua, was a chance for Mrs Collis to share her passion for Tararua with Lindauer artist-in-

residence from the Czech Republic Jana Hylmarova and her parents, as well as iwi representatives and two officers from the 1st Battalion, Royal New Zealand Infantry Regiment from Linton, who have a Charter of Freedom with Tararua.

Czech Consul-General Hana said she was promoting closer ties between New Zealand and the Czech Republic, including stating: "We are suggesting reopening our office in Wellington after it closed temporarily some time ago."

#### Twin Towns

Work is underway to develop a "twin towns" relationship with Kazimierz in Poland. This opportunity has developed from visits by the Polish Ambassador to Pahiatua to commemorate the Polish Children's Camp.

### Manawatu Gorge Closure – Enterprise Woodville

State Highway 3 through the Manawatu Gorge has been closed since slips caused major damage to the road in April 2017. State highway traffic is being rerouted across the Saddle Road (north of the gorge) and the Pahiatua Track (south of the gorge).

The closure severely impacted local businesses and service providers throughout the district, with Woodville particularly hard-hit and the effects will continue to be felt as the alternate route is constructed.

Immediately following advice that the Gorge would be closed for a significant amount of time, the Mayor, councillors and staff conducted visits to affected communities, walking the main streets and attending various community meetings to discuss the effects of the closure.

Council staff remained in contact with local business via regular email updates and appointed a staff member to work at the Tararua i-SITE in Woodville to meet with anyone requiring support or advice. The public could also meet face-to-face with the Mayor to discuss any concerns or suggestions they had at the regular mayoral forums that were held across the district.

Additional support provided:

- Installed new signage on Saddle Road encouraging traffic to "experience Woodville".
- Promoted that Council was available to meet with businesses as required.
- Promoted that Biz Mentors agreed to waive their fee.
- Organised and delivered a free "Cashflow Management Seminar" for business.
- Sponsored advertising to promote that Woodville was "open for business".

### Communications

#### Long Term Plan 2018–2028

The public consultation of the Long Term Plan 2018-2028 was a major activity for the Communications Team this

year. The key achievement was the development of the Consultation Document and supporting materials, which received a favourable report from Audit NZ for being clear and concise.

The Long Term Plan Consultation Document was made available to the community in all Council offices and libraries and could be downloaded from the Council website. Additionally, customers could call and request a copy be sent via mail. Council engaged a number of methods for communicating the Consultation Document to the public, including (but not limited to) newspaper articles, printed materials, social media and media releases.

The public consultation was supported by a "roadshow" consisting of seven barbecue lunches at towns throughout the district. The lunches provided an opportunity for communities to give feedback on the Long Term Plan and matters important to them.

Council had a successful Long Term Plan consultation and received positive feedback from the community. In the comments of one submission: "Fantastic way to gain feedback here and very user friendly. Well done Taranaki District Council!"

A total of 90 submissions were received via online and written submission form.

## Publications

A major function of the Communications Team is the production of Council's annual documents, such as the Annual Report, Annual Plan and Long Term Plan.

The following publications were produced and formally adopted during the 2017/18 year:

- Annual Report 2016/17 – Adopted on 31 October 2017.
- Draft Long Term Plan 2018–2028 – Adopted on 28 March 2018.
- Draft Fees and Charges 2018/19 – Adopted on 28 March 2018.
- Long Term Plan 2018–2028 – Adopted on 27 June 2018.
- Fees and Charges 2018/19 – Adopted on 27 June 2018.

## Bush Telegraph

A key focus for the Communications Team was the review of Council's publication in the local newspaper (the Bush Telegraph) – this included reviewing the quality and relevance of the content.

The review resulted in the introduction of a regular weekly mayoral column and more emphasis being placed on providing the community with updates and information regarding key Council projects and activities.

## Water conservation campaign

Communities were encouraged to conserve water during the summer months through a targeted campaign – "10 wise ways to conserve water this summer". A number of resources were prepared and disseminated for this campaign, including posters, campaign guides for schools and businesses, and competitions for kids. This campaign received positive feedback and engagement on social media.

# Performance against objectives

## Commercial Investments

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• Occupancy of commercial buildings each year.	100%	<p>NOT ACHIEVED: 0% (last year: 0%).</p> <p>This activity currently contains three properties: the Rural Bus Depot, Tahoraiti depot, and the Woodville depot formerly occupied by Infacon.</p> <p>As part of the Long Term Plan workshops, both the Rural Bus Depot and Tahoraiti depot have been classed as strategically important to Council, and are no longer held solely for commercial reasons.</p> <p>Council has decided to continue investigating options for the Woodville depot, which will include selling or leasing the site.</p>	—	—
• Net operating surplus each year.	> 5%	<p>ACHIEVED: 13% (last year: -41%).</p> <p>This measure has significantly improved as a result of proceeds received from forestry harvesting.</p>	—	✓

## District Promotion and Development

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• Assist local businesses by referring to NZTE / Ministry of Science and Innovation.	Minimum 5 per annum	<p>ACHIEVED: 5 business referrals (last year: 11).</p> <p>We continue to refer businesses, who qualify for support, to the Central Economic Development Agency. This year only five businesses were eligible compared to 11 in 2016/17.</p>	✓	✓
• Number of major events that "Taranua" is directly involved.	Minimum 5 events	<p>ACHIEVED: 6 events attended (last year: 8).</p> <p>A total of six events were attended: Central Districts Field Days, Covi Motorhome Show, Rural Games, Dannevirke A &amp; P Show, Wheels with Attitude, Woodville International Motocross.</p>	✓	✓
• Number of community events that are actively supported by Council.	Minimum 10 per annum	<p>ACHIEVED: 31 (last year: 38).</p> <p>Community events receive a variety of support, including design assistance and merchandise for prizes.</p>	✓	✓



Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																																		
• Percentage of customers surveyed are satisfied with the services received.	85%	ACHIEVED: 100% (last year: 100%).  38 surveys were completed up to the end of the June.	✓	✓																																		
• Percentage of survey respondents that consider the Bush Telegraph Council page and website content useful or very useful (Public Voice Survey of over 600 residents).	60%	ACHIEVED: 86% (last year: 67%).  The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied. <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>8%</td><td>25%</td></tr><tr><td>Score 7–8</td><td>40%</td><td>51%</td></tr><tr><td>Score 6</td><td>19%</td><td>10%</td></tr><tr><td>Score 5</td><td>15%</td><td>9%</td></tr><tr><td>Score 1–4</td><td>18%</td><td>5%</td></tr></table> <p>Council reviewed the regular Bush Telegraph publication, focusing on quality and relevance of the content. As a result, a regular mayoral column was introduced and more emphasis placed on providing the community with updates and information regarding key Council projects and activities. As a result satisfaction has increased significantly from last year.</p> <p>Survey respondents relied on the following sources for Council information:</p> <table><tr><th>Score</th><th>%</th></tr><tr><td>Newspaper</td><td>57%</td></tr><tr><td>Council's website</td><td>13%</td></tr><tr><td>Other</td><td>7%</td></tr><tr><td>Facebook</td><td>12%</td></tr><tr><td>Council publications</td><td>5%</td></tr><tr><td>Radio</td><td>3%</td></tr><tr><td>Don't know</td><td>3%</td></tr></table> <p>The media that Council uses are highlighted, which account for 90% (87% last year) of the sources that residents find useful.</p>	Score	2016/17	2017/18	Score 9–10	8%	25%	Score 7–8	40%	51%	Score 6	19%	10%	Score 5	15%	9%	Score 1–4	18%	5%	Score	%	Newspaper	57%	Council's website	13%	Other	7%	Facebook	12%	Council publications	5%	Radio	3%	Don't know	3%	✓	✓
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# Regulatory Services

## Activities in this group

- 1 Animal Control**  
*To prevent nuisance and threats to community safety from dogs and wandering stock.*
- 2 District Planning**  
*To provide for the continued sustainable management of the Tararua District's land resources and a strong prosperous economy.*
- 3 Emergency Management**  
*To build resilient communities, ready and able to provide a reliable and timely response to emergencies.*
- 4 Health and Safety**  
*To provide a safe and healthy community environment, by reducing nuisance and health and safety risk, through education.*

## Group level funding impact statement

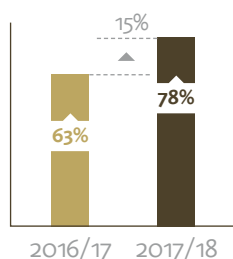
	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	977	932	932	996	1,156	1,156
Targeted rates	224	239	239	228	14	14
Grants and subsidies for operating purposes	9	9	4	9	2	-
Fees and charges	777	840	843	798	1,025	777
Local authorities fuel tax, fines, infringement fees, and other receipts	28	23	27	32	28	23
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>2,015</b>	<b>2,043</b>	<b>2,045</b>	<b>2,063</b>	<b>2,225</b>	<b>1,970</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	1,506	1,466	1,541	1,539	1,699	1,676
Finance costs	10	6	11	13	8	16
Internal charges and overheads applied	391	450	394	396	449	421
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,907</b>	<b>1,922</b>	<b>1,946</b>	<b>1,948</b>	<b>2,156</b>	<b>2,113</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>108</b>	<b>121</b>	<b>99</b>	<b>115</b>	<b>69</b>	<b>(143)</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	145	(9)	134	(16)	(12)	43
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>145</b>	<b>(9)</b>	<b>134</b>	<b>(16)</b>	<b>(12)</b>	<b>43</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	154	-	250	-	-	66
- to replace existing assets	3	6	12	3	3	15
Increase (decrease) in reserves	96	106	(29)	96	54	(181)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>253</b>	<b>112</b>	<b>233</b>	<b>99</b>	<b>57</b>	<b>(100)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(108)</b>	<b>(121)</b>	<b>(99)</b>	<b>(115)</b>	<b>(69)</b>	<b>143</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# What we achieved

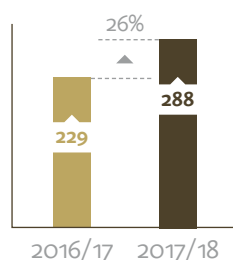
3,148 KNOWN OWNERS WITH  
6,838 DOGS



RESIDENT SATISFACTION  
WITH ANIMAL CONTROL



ILLICIT DUMPING AND  
OVERHANGING VEGETATION  
COMPLAINTS



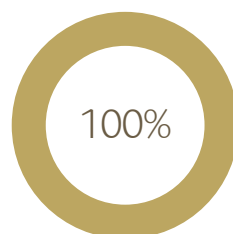
PEOPLE TRAINED IN BASIC  
CIVIL DEFENCE



AVERAGE PROCESSING TIME  
FOR BUILDING CONSENTS



ILLICIT DUMPING AND  
OVERHANGING VEGETATION  
COMPLAINTS RESPONDED TO  
WITHIN 48 HOURS



## Animal Control

A significant achievement this year is the increase in resident satisfaction with the animal control service. Last year, resident satisfaction was 63%. This has now increased to 78%. The addition of a third animal control officer has resulted in Council being able to improve the level of service to the community by improving enforcement on roaming and unregistered dogs. There has been an 8% decrease in reports of attacking and rushing dogs.

During the year, Council invested in additional health and safety protection for the animal control officers, including hi-vis vests, lapel cameras, and personal duress alarms. This equipment helps raise the visibility of animal control officers and improves their safety.

A total of 338 dogs were impounded this year, a decrease of nine dogs impounded from last year. During the year, 217 of the impounded dogs were returned to their owners, 70 rehomed, and 42 were euthanised.

As at 30 June 2018, there were 3,148 owners with 6,838 dogs. 5,295 dogs were classified as rural and 1,543 were classified

as urban. Of the registered dogs, 461 have "preferred dog" status. Preferred dog status is not compulsory, and can be applied for by any residents with dogs that meet specific conditions. These conditions include:

- owners properties are adequately fenced to confine their dogs;
- owners who provide good accommodation for their dogs; and
- owners who demonstrate good dog management practices.

1,130 animal control related complaints were lodged with Council, the majority being for barking and roaming dogs and roaming stock. This is an increase of 69 complaints from the previous year (1,061).

There were 68 reported complaints about people or animals being attacked or rushed by dogs during the year. This is a decrease of six complaints from the previous year (74). On these occasions, owners are either given a warning letter, infringement notice or are prosecuted. Dogs are either surrendered, classified as menacing or dangerous, or euthanised by court order. The Council successfully prosecuted three owners for dog attacks.

By 30 June 2018, a total of 122 dogs had been classified as menacing under Sections 33A and 33C of the Dog Control Act. This is an increase of two dogs from the previous year (120). All of these dogs were classified because of observed or reported behaviour of the dog or by breed. These breeds or types were mainly American pit bull terriers.

## District Planning

During the year, Council held a hearing for submitters to speak to its Proposed Plan Change No.1 (PPC1) to the Tararua District Plan. The primary matters proposed for change included small scale electricity generation, hazardous substances, indigenous vegetation and habitats, outdoor living courts and community "eyesores" (e.g. derelict properties and vehicles).

A decision on PPC1 was made by hearing panel, consisting of two independent commissioners and an accredited councillor. One appeal was received on PPC1, regarding flood hazard provisions, which required mediation to resolve. A decision from the Environment Court is expected by the end of 2018.

The Resource Management Act 1991 and the Tararua District Plan ensure the sustainable use, development, and subdivision of land. Council issued resource consents confirm a proposed land use or subdivision will achieve the type of environment determined by the community through the District Plan.

The number of resource consents processed during the year was 51, compared to 45 the previous year. One application exceeded the statutory timeframe by one day. The details and statistics for the resource consents processed for the year are:

	2016/17	2017/18
<b>Resource consent processing time frames</b>		
Average of days taken - non-notified	16.6	16.8
<b>Resource consent processing by notification</b>		
Public notified	0	0
Limited notified	0	0
Non-notified	45	51
<b>Total</b>	<b>45</b>	<b>51</b>
Number processed within statutory limits*	43	50
Number in excess of statutory limits	2	1
Percentage processed within statutory limits	96%	98%
<b>Resource Consent Decisions</b>		
Number declined	0	0
Number approved	45	51
Percentage approved	100%	100%

\*Statutory limits are:

20 working days for non-notified consents without a hearing.

100 working days for limited notified consents with a hearing.

130 working days for public notified consents with a hearing.

## Emergency Management

### Civil Defence

#### Community engagement

Community Civil Defence Response Groups in the main centres continue to function well. They have all had at least two meetings per year to discuss local issues and update their community plans. Most have attended various training opportunities and have had a representative attend all of our local Emergency Management Committee meetings.

This year we have formalised civil defence groups in the smaller communities of Alfredton, Makuri, Kumeroa-Hopelands, Cowper Road Residents and the South School Civil Defence Centre. All of these groups are receiving training in the following subjects:

- Basic Community Civil Defence Coordination Centre Guide,
- First Aid,
- Health and Safety,
- Handling Stress,
- Use of Two Way Radios



- Integrated Training Framework Civil Defence Foundation course.

We have been working with Te Kura Kaupapa Maori o Tamaki nui a Rua and have provided them with the Te Reo version of the Ministry of Civil Defence and Emergency Management 'Whats the Plan Stan' programme. We have also approached representatives of Rangitane o Tamaki nui a Rua and are resurrecting a Memorandum of Understanding for the use of their marae during an emergency. We have also supported their youth programmes with civil defence advice and promotional material throughout the year.

A civil defence presentation was given to a meeting of farming specific organisations in Pahiatua. The meeting was sponsored by the Rural Support Trust and was called mainly to discuss some of the issues around mycoplasma bovis. The Civil Defence presentation was well received by the group and was the start of a Civil Defence relationship with Federated Farmers, Fonterra and other rural groups.

Tararua District Council is represented on the following committees:

- Joint Standing Committee (Mayor)
- Coordinating Executive Group (Chief Executive)
- Group Emergency Management Officers Committee
- Group Welfare Coordinating Group
- Lifelines Coordination Group
- Rural Support Group
- East Coast LAB (Life at the Boundary)

Council has been involved in the production of the Lifelines Plan, including input into the National Fuel Plan. All meetings have had a representative from Tararua District Council attend.

### Hikurangi subduction zone

As in previous years, we ran a civil defence familiarisation bus trip for our civil defence volunteers. This year we visited the East Coast LAB centre at the National Aquarium of New Zealand, in Napier, and learnt about the Hikurangi subduction zone and the threat it poses to our district and, in particular, to our coast. The main purpose of the East Coast LAB is to convert up-to-date scientific information about the Hikurangi subduction zone into plain English and to disseminate that information to our potentially affected communities. They have also been funded to produce a Hikurangi Subduction Zone Emergency Response Plan similar to the Alpine Fault Earthquake Response Plan and the Wellington Earthquake National Initial Response Plan.

The District Resilience Manager presented on the topic of the Hikurangi subduction zone to six local community groups and five regional committees with a very positive response.

A tent and mini theatre were set up at the Dannevirke A & P Show this year. We ran a competition promoting the Hikurangi subduction zone hazards with a series of videos in our mini theatre. This was well received by the public.

### Welfare

Our new Welfare Plan was completed this year. It is a document that outlines our emergency welfare policies relating to the provision of welfare services to our communities during civil defence emergencies. The document was reviewed by the Manawatu-Wanganui Civil Defence and Emergency Management Group (CDEM Group) Welfare Manager and was considered to be the best Welfare Plan in the Group. Our Community Civil Defence Centre Guide aligns with our Welfare Plan.

Our Community Civil Defence Centre Guide continues to receive accolades for its simplicity and ease of use. It is being used by other Councils within the CDEM Group. The course developed to accompany the guide has been donated to Fire Response and Rescue Services Ltd to roll out to other CDEM organisations.

A meeting was called involving our local welfare type agencies, such as Ministry of Social Development, Oranga Tamariki, SPCA, Rural Support Trust, Salvation Army, District Health Board, Ministry of Health, and other community support groups. It was decided at the meeting to formalise a Local Welfare Committee. The role of the committee was brainstormed and the outcome was fantastic with buy-in from those in attendance. The various agencies will review our Welfare Plan and update their particular sections.

Council staff have attended various meetings and education opportunities run by the Ministry of Public Health and Massey University relating to psychosocial support during civil defence emergencies. Learnings from these sessions have been incorporated into our Welfare Plan and Civil Defence Centre Guide.

### Training

The School Civil Defence Centre radio programme continues within all of the outlying schools in Tararua. This year the District Resilience Manager has provided training for eight schools within the district. Radio checks are carried out weekly and the students have proved very competent as radio operators.

Seven Coordination Centres CDEM Foundation courses have been completed within the district this year with 67 persons attending. Attendees are a mix of Council Staff and community volunteers. The course is an introduction to civil defence. The total number of persons trained to date is 149.

Training was provided for council staff in the use of the Emergency Management Information System (EMIS). This was in the form of basic training and specialist Emergency Operations Centre (EOC) role training.

Five of our staff were involved in a new Civil Defence Response Leadership course in Taumarunui. It was held at a purpose built training centre at Kirikau Valley some 30 kilometres down the Whanganui River. Students were transported by jet boat to the site and experienced living conditions in tents and eating from mobile kitchens etc. as though it was a real civil defence event. The course was challenging, however, all who attended agreed that it was

a fantastic course. It continues to be rolled out for various organisations including civil defence personnel.

### Digital radio network

The District Resilience Manager has attended a number of meetings held to investigate the benefits of being part of a district wide digital radio network. Such a network would reduce the number of repeater sites that we have in the region as well as increase our coverage. There is an important health and safety component to the project as digital radios can have GPS systems installed which will enable vehicle and personnel tracking as well as emergency buttons. There are a number of other agencies in the Taranaki District keen to come on board with this project. Funding has been made available in the Long Term Plan to complete the project.

In the meantime our analogue network is working well however it does not have the features mentioned above. Once the digital network is rolled out we intend to keep the analogue network as a back-up specifically for civil defence purposes.

### Emergency operations centre (EOC)

An audit was completed on the Dannevirke EOC. We were in the top two councils within the group. A number of minor issues were identified and will be corrected as part of a total civil defence corrective action plan when we re-write the Local Civil Defence Plan in early 2019.

As part of the upgrade of the Dannevirke Emergency Operations Centre (EOC) capability we can now provide emergency accommodation including meals for 10 EOC staff for up to five days. This includes three hot meals a day, portable toilet facilities, beds, sleeping bags, and lighting. We can set this up either in a vacant building, school, or our emergency management tents. Our EOC remains portable and can be set up in any vacant building.

### Rural Fire

#### Fire and Emergency New Zealand (FENZ) handover

We were kept busy during the year with the handover of the Rural Fire function to Fire and Emergency New Zealand. This involved negotiations in relation to the lease of our rural fire buildings and gifting of our rural fire equipment, including vehicles, to them.

## Health and Safety

### Building

The Building Act 2004 ensures that buildings are soundly built and meet an acceptable safety standard. Council issued building consents confirm that proposed building work will comply with the Building Code.

During the year, Taranaki District Council was assessed by International Accreditation New Zealand (IANZ) for compliance with Building Consent Authority accreditation requirements. A significant amount of work was involved before, during, and after the assessment. The assessors did not identify any serious non-compliances, and accreditation was successfully retained for another two years.

Accreditation allows Council to issue building consents.

The number of building consents processed to a decision during the year was 354, a decrease of 68 compared to last year (422). The number of applications received for processing was 399, compared to 436 the previous year.

The average processing timeframe for the building consents was 13.62 days. Thirty-seven building consents took longer than the 20 days statutory deadline. Of those consents, 86% were processed within four additional working days.

During the year, Council recruited an additional building officer to assist with processing demand and upcoming work to identify potentially earthquake prone buildings.

However, timeframes have been exceeded as a result of administrative capacity challenges. An additional administrator will start in August 2018 and is expected to resolve this issue.

The details and statistics for the building consents processed for the year are:

	2016/17	2017/18
<b>Building consent processing timeframes</b>		
Total days*	4,326	4,824
Average days taken per consent	10.3	13.6
<b>Building consent breakdown</b>		
10 days or Less	237	103
11–15 Days	122	119
16–17 Days	37	40
18–19 Days	16	41
20 Days	7	14
> 20 Days	3	37
<b>Total</b>	<b>422</b>	<b>354</b>
Number processed within 20 day limit	419	317
Number in excess of 20 day limit	3	37
Percentage processed within 20 day limit	99%	90%
<b>Building consent values</b>		
Total Value	\$18,270,830	\$16,802,280
Average Value	\$43,295	\$47,464

\*Excludes amendments to building consents.





## Environmental Health

Due to the new legislation (The Food Act 2014), all voluntary implementation programme (VIP) registered food control plans were automatically deemed to be food control plans from 1 March 2016 until 28 February 2019.

The food control plan is a risk-based measure that helps food operators effectively and systematically meet their food safety obligations. It concentrates on what people need to do to keep food safe. Depending on the type of food business concerned, it identifies potential food safety risks at each point, from receiving and storing goods to preparing, cooking, and serving food. Premises that are currently operating under a food safety programme will have until 28 February 2019 to transition their business to the new Act.

Ninety-four percent of food business in the district have registered under the Food Act 2014 and 16% are operating a deemed food control plan. All food businesses are anticipated to transition under the Food Act by 30 November 2018.

- One hundred percent of illicit dumping complaints were responded to within 48 hours.
- Seventy-five complaints received in regards to abandoned vehicles around the district. This is an increase of 23 complaints compared to last year (52).
- One hundred percent of abandoned vehicle complaints were responded to within 48 hours.
- Twenty-seven complaints received in regards to overhanging vegetation around the district. This is an increase of five complaints compared to last year (22).
- One hundred percent of overhanging vegetation complaints were responded to within 48 hours.

## Alcohol Licensing

The District Licensing Committee (DLC), which is made up of a chair and two members, hears and determines all applications that do not require enforcement action. These types of applications are heard by the Alcohol Regulatory Licensing Authority, which is part of the Ministry of Justice.

The District Licensing Committee meets once a month to consider and decide on each application. The District Licensing Committee met during the year and determined 88 applications for an alcohol licence, manager certificate, or authority. No hearings were held to determine opposed or objections to applications.

## General Compliance

General compliance investigates and responds to complaints about excessive noise, rubbish dumping, overhanging vegetation and fire hazards.

As of 1 July 2017, the legislative power to require property occupiers or owners to remove or destroy fire hazards on their land was transferred from councils to Fire and Emergency New Zealand (FENZ).

A challenge during the year has been responding to excessive noise complaints within the one hour response time, due to the size of the district. Approximately 95% of complaints were resolved within two hours. The response time has been changed to two hours as part of the Long Term Plan.

Notable achievements include:

- One hundred and eighty-six complaints received in regards to illicit dumping around the district. This is an increase of 31 complaints compared to last year (155).



# Performance against objectives

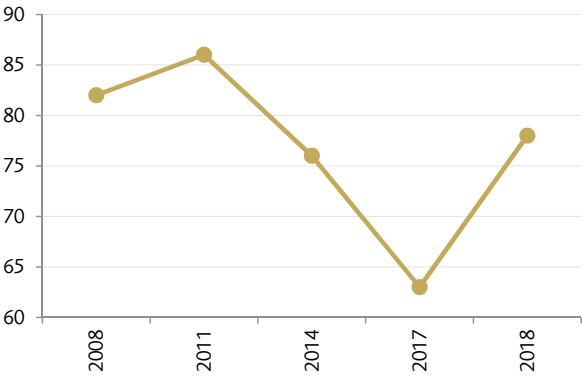
## Animal Control

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rate dog control as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 78% (last year: 63%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>23%</td><td>32%</td></tr><tr><td>Score 7–8</td><td>34%</td><td>38%</td></tr><tr><td>Score 6</td><td>6%</td><td>8%</td></tr><tr><td>Score 5</td><td>11%</td><td>4%</td></tr><tr><td>Score 1–4</td><td>26%</td><td>18%</td></tr></tbody></table> <p>Satisfaction with animal control has significantly improved from 2016/17 (63%). The addition of the third animal control officer has enabled Council to respond more promptly to service requests, and to better manage the risks associated with dangerous, roaming, and unregistered dogs.</p>	Score	2016/17	2017/18	Score 9–10	23%	32%	Score 7–8	34%	38%	Score 6	6%	8%	Score 5	11%	4%	Score 1–4	26%	18%		
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<ul style="list-style-type: none"><li>Percentage of calls that involve dog attacks responded to within 2 hours. <sup>†</sup></li></ul>	100%	<p>ACHIEVED: 100% (last year: 100%).</p> <p>The number of customer requests resulting from dog attacks or menacing dogs has decreased in 2017/18 to 68, from 74 in the previous year.</p>																				
<ul style="list-style-type: none"><li>Educational publications and programmes are available to the community.</li></ul>	Minimum of 6 articles per year	<p>ACHIEVED: 12 (last year: 8).</p> <p>12 articles covering a range of animal control issues were published throughout the course of the financial year. These were aimed at helping to prevent issues relating to animal ownership and to increase awareness and compliance in areas such as dog registrations.</p>																				
<ul style="list-style-type: none"><li>Educational publications and programmes are available to the community.</li></ul>	Minimum of 4 educational presentations per year	<p>NOT ACHIEVED: 0 (last year: 2).</p> <p>We have decided not to renew our contract with our provider to run dog education programmes in schools. This is due to the lack of interest from schools. This measure has been reviewed as part of the Long Term Plan. We are speaking with other councils to identify other methods to improve our community engagement.</p>																				

<sup>†</sup> Includes information provided by external service providers.



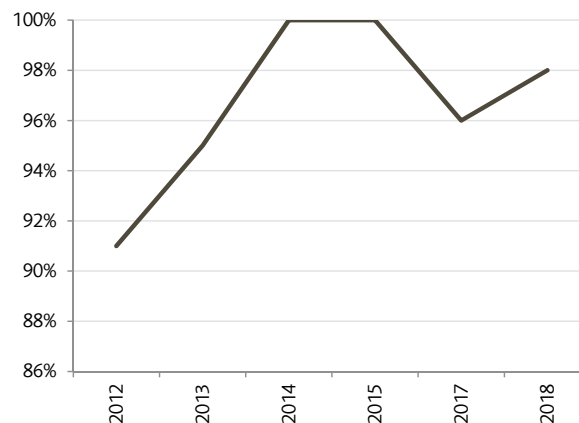
ANIMAL CONTROL – PUBLIC SATISFACTION  
SURVEY TRENDS 2008 TO 2018








## District Planning

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• Survey of customers rate advice received as helpful.	85% agree	NOT APPLICABLE: no customers opted to undertake the formal survey this year. This measure has been reviewed as part of the Long Term Plan.  (Last year's result: 100%).	✓	N/A
• Percentage of customers that receive a decision on their application within the statutory timeframe.	100%	NOT ACHIEVED: 98% (last year: 96%).  Of 54 resource consents processed, one land use application took an additional day to process.	✗	✗
• Non-compliances are resolved within 3 months of customer complaint.	95%	NOT ACHIEVED: 89% (last year: 100%).  Two non-compliances were not resolved within the agreed timeframe of three months. One of these is going through a legal process to resolve and this is expected to take some time.	✓	✗

### RESOURCE CONSENT APPLICATIONS PROCESSED WITHIN STATUTORY LIMITS



## Emergency Management

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results												
<ul style="list-style-type: none"><li>Communities are organised and have a current Community Civil Defence Response Group Plan.</li></ul>	All plans reviewed and updated	ACHIEVED: 100%.  All the main centres have Community Civil Defence Response Groups and a Civil Defence Plan for their communities. They have all conducted at least two meetings this year to update their plans and have attended a lot of the training provided. We are now working on the smaller rural communities.														
<ul style="list-style-type: none"><li>Assessment of residents' readiness and capability to respond to a civil defence emergency.</li></ul>	90%  (85% 2016/17)	NOT ACHIEVED: 85% (last year: 86%).  Results from the last two surveys: <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Yes</td><td>86%</td><td>85%</td></tr><tr><td>No</td><td>12%</td><td>12%</td></tr><tr><td>Don't know</td><td>2%</td><td>3%</td></tr></tbody></table>  It is recognised in the industry that it is not possible to identify the true state of readiness by survey alone as the definition of readiness can vary by individual. We have removed this question from the Long Term Plan and replaced it with targets focused on practical civil defence exercises and a minimum number of trained staff and volunteers.	Score	2016/17	2017/18	Yes	86%	85%	No	12%	12%	Don't know	2%	3%		
Score	2016/17	2017/18														
Yes	86%	85%														
No	12%	12%														
Don't know	2%	3%														
<ul style="list-style-type: none"><li>Volunteer Rural Fire Forces respond to all fires within the rural area in accordance with 'NRFA Standard – Achieving Timely Responses to Fires'.</li></ul>	100%	NOT APPLICABLE: responsibility for Rural Fire was transferred to Fire and Emergency New Zealand with effect from 1 July 2017.		N/A												

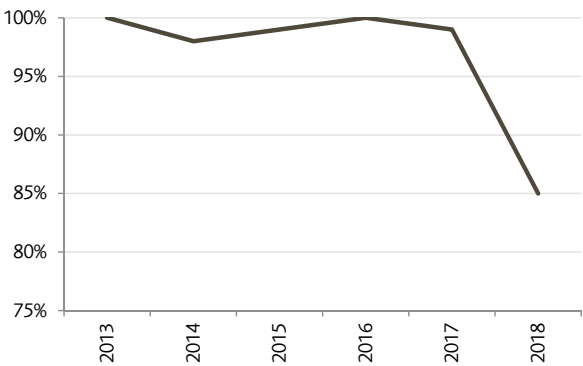
## Health and Safety

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• All swimming pool and/or spa fencing inspected once every 5 years.	100%	ACHIEVED: 100% (last year: 100%).  Of 175 swimming pools, 52 were due and all were inspected for compliance.	✓	✓
• Percentage of registered premises inspected for compliance.	90%	ACHIEVED: 95% (last year: 93%).  108 of 113 total businesses were inspected for compliance.	✓	✓
• Building consents issued within statutory timeframes.	100%	NOT ACHIEVED: 85% (last year: 99%).  Of 354 building consents processed, 37 applications took longer than 20 working days (32 of those were in the fourth quarter, following an admin staff resignation). While the volume of consents has decreased, the number of complex and more time consuming consents have increased significantly (from 35 in 2016/17 to 51 in 2017/18). To address this issue, we have recruited an additional Building Officer and administrator (starting August). We will undertake a detailed analysis in the Annual Strategic Management Review.	—	—
• Percentage of licensed premises inspected annually for compliance.	95%	ACHIEVED: 100% (last year: 92%).  67 of 67 businesses were inspected for compliance.	—	✓
• Percentage of noise complaints responded to within an hour. <sup>†</sup>	95%	NOT ACHIEVED: 82% (last year: 90%).  63 complaints out of 343 were responded to outside of the one hour response time. Due to the size of the district, Council would need to incur a significant increase in cost to ensure we can respond within one hour. As a result, this measure has been revisited in the Long Term Plan allowing two hours response time to reflect travelling time. Only 16 complaints (4.6%) have been responded to outside the two hour timeframe in the current year.	—	—
• Percentage of rubbish dumping and overhanging vegetation complaints responded to within 48 hours.	100%	ACHIEVED: 100% (last year: 98%).	✓	✓

<sup>†</sup> Includes information provided by external service providers.



BUILDING CONSENTS APPROVED WITHIN  
STATUTORY DEADLINE



# Roading and Footpaths

## Activities in this group

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**1****Footpaths**

*To provide safe access and walking opportunities for pedestrians in urban areas.*

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**2****Roading**

*To provide a safe and efficient transport network that improves the movement of people and products, both within and through the district.*

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## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	98	123	123	99	121	121
Targeted rates	6,692	6,858	6,858	6,640	6,640	6,640
Grants and subsidies for operating purposes	3,965	3,942	4,990	4,117	3,620	5,191
Fees and charges	162	160	166	166	160	172
Local authorities fuel tax, fines, infringement fees, and other receipts	321	289	312	352	449	334
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>11,238</b>	<b>11,372</b>	<b>12,449</b>	<b>11,374</b>	<b>10,990</b>	<b>12,458</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	6,696	6,601	6,394	6,846	6,072	7,303
Finance costs	133	102	95	136	119	114
Internal charges and overheads applied	1,299	1,396	1,588	1,324	1,359	1,698
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>8,128</b>	<b>8,099</b>	<b>8,077</b>	<b>8,306</b>	<b>7,550</b>	<b>9,115</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>3,110</b>	<b>3,273</b>	<b>4,372</b>	<b>3,068</b>	<b>3,440</b>	<b>3,343</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	3,803	5,206	4,334	3,952	4,621	7,895
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	66	61	148	103	79	569
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>3,869</b>	<b>5,267</b>	<b>4,482</b>	<b>4,055</b>	<b>4,700</b>	<b>8,464</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	640	2,086	1,940	706	696	2,557
- to replace existing assets	5,600	5,523	6,205	5,558	6,537	9,711
Increase (decrease) in reserves	739	931	709	859	907	(461)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>6,979</b>	<b>8,540</b>	<b>8,854</b>	<b>7,123</b>	<b>8,140</b>	<b>11,807</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(3,110)</b>	<b>(3,273)</b>	<b>(4,372)</b>	<b>(3,068)</b>	<b>(3,440)</b>	<b>(3,343)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

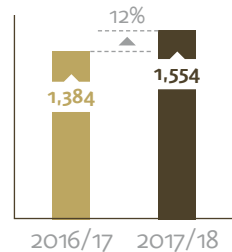


# What We Achieved

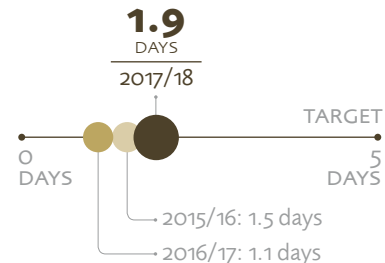
## DISTRICT-WIDE MOBILITY SCOOTER FOOTPATH ASSESSMENTS UNDERTAKEN



## CUSTOMER REQUESTS RECEIVED RELATING TO ROADS



## ROADING: AVERAGE CUSTOMER REQUEST RESPONSE



## TOTAL SUBSIDIES RECEIVED

**\$13.1 million**

## TOTAL CAPITAL INVESTMENT

**\$12.3 million**

## Tararua Alliance

Council manage roading and footpath infrastructure (as well as water, wastewater, and stormwater reticulation) through the Tararua Alliance, which is a partnership between Council and Downer NZ Ltd. The Tararua Alliance's focus is to deliver best-for-asset and best-for-community investment, through robust asset data and risk based whole-of-life decision making.

Now four years since implementation, the Tararua Alliance team have made significant improvements to Council's asset registers. There is a far greater confidence in what assets Council have, what condition they are in, when they need to be repaired and/or replaced, and how much investment in them is required to deliver Council's agreed levels of service.

## Activity management

The change in central government (from National to Labour) resulted in new priorities for land transport around the country. The new Government Policy Statement for Land Transport (GPS) was released in early 2018, with the NZ Transport Agency (NZTA) Investment Assessment Framework (IAF) subsequently being amended. The IAF gives effect to

the GPS, indicating how investment from the National Land Transport Funding (NLTF) will be prioritised and budgeted.

Key changes from the previous GPS priorities include an increased focus on improving safety, more emphasis on value for money outcomes, higher priority for environmentally friendly solutions, and changing from "Economic Growth and Productivity" to "Access". This is well aligned to the priorities for the district, as described within the Transportation Activity Management Plan, and the submission to the NLTF for maintenance, renewals and improvements.

Local authorities were required to submit their funding application and justification for the 2018–2021 National Land Transport Programme in 2017/18. This required incorporation of the One Network Road Classification (ONRC) initiative and NZTA's business case approach within the Activity Management Plan – Council's funding justification.

Whilst final funding approval will not be confirmed until August, indicative funding approval has been provided by NZTA. This indicated that Council's funding application of approximately \$34 million would be approved. It also confirmed that Council's Financial Assistance Rate (FAR) would be increased from 64% in 2017/18 to 66% in 2018–2021. The FAR is the level of subsidy granted by NZTA to fund management, operations, maintenance, renewal and



improvement activities associated with the road network, and is funded from the National Land Transport Fund.

The new Government Policy Statement also confirmed that central government funding would apply to footpaths, previously solely funded by Council through rates. The funding will enable Council to deliver improved levels of service and satisfaction levels, whilst awaiting the rollout of ultra-fast broadband.

## Customer request management

Tararua Alliance field staff and management, as well as wider Tararua District Council staff, continue to encourage members of the public to advise of service issues within the district to Council's Customer Services team. This allows any issues to be formally recorded and tracked, further improving the overall level of service on the network.

During 2017/18, the Tararua Alliance received 2,335 customer requests relating to roads and footpaths. This was a very similar number to 2016/17, which is great considering the ongoing drive to get more residents and other stakeholders using the customer request process, and also considering that 392 (17%) of the requests related to emergency events (storms, etc).

One thousand five hundred and fifty-four customer requests were received regarding roads, with 98% responded to within five days. 120 customer requests were received regarding footpaths, with 98% responded to within five days. Both measures have a target of 90%.

Customer satisfaction surveys were carried out every month, where a random 10% sample of customers who have recently lodged a request for the Tararua Alliance are asked a standard set of questions regarding their request. The overall feedback score for 2017/18 was 3.9 out of 5, indicating a high level of satisfaction from those lodging requests.

## Roading

Tararua's road network was impacted heavily by numerous storm events during 2017/18, causing flooding, slips, dropouts and fallen trees across the district. Immediate response to reinstate safe access, subsequent clean-up, and then planned repairs were a large focus throughout the year, with well over 1,000 individual flood damage faults being recorded around the road network following the various events. The Tararua Alliance, with the assistance of various consultants and subcontractors, rectified the majority of these issues, resulting in additional expenditure of over \$5 million.

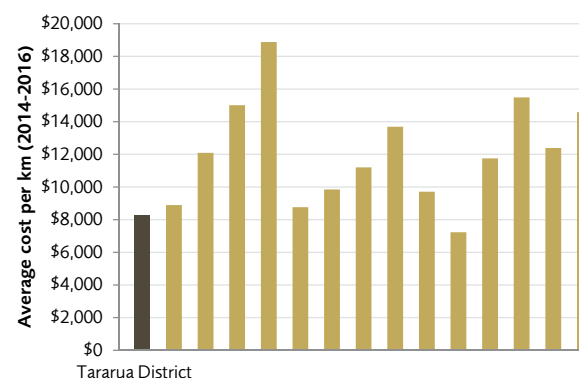
Despite the unplanned increase in workload (approximately 30%) over the year, and also the resource need required for Council's Long Term Plan inputs, core activities were also completed. Processes, systems and tools continue to be improved to enable better decisions to be made with regards to investment in the road network, informed by accurate asset data.

Council's service delivery was assessed during 2017/18 as part of the Long Term Plan and update of the Transportation Activity Management Plan. Existing levels of service, desired levels of service, service delivery cost and financial impacts (i.e. effect on rates) and risks were considered to ensure the balance moving forward was appropriate.

Affordability is a key challenge for Council, with one of the largest road networks in the country and one of the fewest numbers of ratepayers per kilometre of road. Even a small increase in levels of service can have a significant impact on rates due to the large network size. Investment in the road network was compared against other councils, highlighting that Council spend far less per kilometre than the majority of other rural North Island districts, and far below the average (as shown in the graph below), whilst delivering comparable levels of service.

Council will be investing the savings from the FAR increase back into the road network to deliver levels of service, specifically for drainage and vegetation control. An increase in drainage maintenance will enable pavements to become increasingly free of water, reducing the rate of deterioration and pavement maintenance needs.

## ROAD MAINTENANCE AND RENEWAL COST COMPARISON (NORTH ISLAND RURAL DISTRICTS)



## Smooth travel exposure

A high speed data (HSD) survey was completed, in early 2018, on all of the district's sealed roads. The survey measures road roughness, surface texture, and rutting, which is used to monitor road network performance, plan future work programmes, analyse trends, and predict/model how the road condition will change in the future. Although disappointing that the results showed a small decline over the past 12 months (not surprising given the quantity of rain and number of severe weather events), it is positive to note that Tararua compares well against other councils – especially when also considering the difference in investment per kilometre with other councils. The survey showed our

"primary collector" roads are somewhat deficient with regards to road roughness and "smooth travel", of which we have around 30km (1.5% of the network) with almost 20km of this being roads significantly affected by the Manawatu Gorge closure.

## NZ Transport Agency investment audit

We have received the final report from the NZ Transport Agency's Investment Audit, something they do with all councils periodically. It was a great result, with the top rating ("effective") awarded for all categories. As described in NZTA's report, a rating of "effective" indicates effective systems, processes and management practices used for investment management, Transport Agency and legislative requirements have been met, and no deficiencies have been identified although opportunities for improvement may be identified for consideration.

## Manawatu Gorge closure

In April 2017, State Highway 3 through the Manawatu Gorge was closed indefinitely due to the increased risk of a large slip that presented significant concerns regarding motorist safety. Geotechnical engineers confirmed a large area above the "Kerry's Wall" rock face is highly unstable with the entire hillside continuing to move. The rate of movement indicates a slip as large as, or larger than, the 2011 slip, which closed the road for 14 months, could come down at any time.

Council had a key role in development of the business case for the Manawatu Gorge replacement route, with Deputy Mayor Allan Benbow representing Tararua District Council on the project team.

## Local road safety improvements

Since the route was closed, traffic volumes have changed significantly on a number of Council roads. The Saddle Road and Pahiatua Track routes have been most affected, now accommodating state highway traffic previously going through the Manawatu Gorge. Given the increased traffic and associated wear and tear on these local roads, the Transport Agency assumed maintenance and management responsibilities – minimising the financial impact on Council and Tararua ratepayers.

Other local roads are also affected by significant changes in demand, with the daily traffic volume on some roads increasing by a magnitude of ten. A formal safety assessment was completed on the roads identified as being most affected, with most not designed or constructed to accommodate the volume of vehicles now using them – especially large trucks. Delivery of safety recommendations identified during the assessment are underway, starting with delineation improvements and pavement widening on Gorge Road and Ballance Valley Road.

## Saddle Road upgrade

Tararua District Council continued to manage the Saddle Road upgrade on behalf of the NZ Transport Agency. This

project is a joint initiative between Palmerston North City Council, Manawatu District Council and Tararua District Council and is funded by the NZ Transport Agency.

Completion of the final upgrade site was placed on hold during 2017/18, following the indefinite closure of the Manawatu Gorge, and a review of the engineered design was completed, accounting for the significant increase in long term traffic volumes. Work is expected to continue during the 2018/19 summer, which includes the installation of two retaining walls, to improve the safety and travel time reliability for motorists until the new state highway route is constructed.

## Programme overview

### Sealed road maintenance

A large proportion of the sealed pavement maintenance budget is focused around future resurfacing sites. Ensuring these sites are fit for purpose prior to sealing maximises the expected life for the new seal, reducing future maintenance and resurfacing needs, and providing a better travel comfort for motorists.

Continued wet weather throughout 2017/18 has had an impact on the state of the district's sealed roads, creating further challenges around prioritising investment of the limited budget. In addition to maintenance repairs on resurfacing sites, a key focus was placed in ensuring roads are in a safe condition.

### Pavement resurfacing

Pavement resurfacing is predominantly carried out to ensure the underlying pavement is waterproof, with water the highest contributor to pavement failure. Resurfacing also ensures an even texture of the road's surface, contributing to travel comfort and safety around skid resistance, which deteriorates over time due to general wear and tear. Approximately 58.8km (more than 350,000m<sup>2</sup>) of road was resurfaced during 2017/18.

Decisions on reseals are now based on a combination of factors including condition, texture, traffic counts, and current and future demand. Through improved decision making and more effective maintenance treatments, we expect to increase the average useful lives achieved from chipseal surfaces on the network, from 12 years previously to 16 years.

### Pavement rehabilitation

Pavement rehabilitation work involves renewing sections of pavement at or approaching the end of their useful life, where the deterioration rate is increasing and the maintenance required to ensure an appropriate level of service is becoming uneconomic and unsustainable. Pavement designs are completed for each site, ensuring the new pavement has the strength required to accommodate predicted vehicle movements.



As part of the pavement rehabilitation, opportunities to improve width, sight distances and alignment (through minor improvements), and drainage (through drainage renewals) are assessed and completed where beneficial. Combining the activities results in significant efficiencies and cost savings, meaning we can complete more work for the same budget.

In 2017/18, 3.1km of pavement rehabilitation was completed on roads, including Weber Road, Smith Road, Top Grass Road, Miller Street, Te Rehunga North Road, and Route 52 (84 Section).

### Unsealed road maintenance and renewal

Continued focus for the unsealed roads is to maintain positive shape of the surface and good drainage with the aim of reducing grading frequencies and metal application.

A total of 2,024km of grading was carried out in 2017/18 with the grading frequency dependant on the road's classification, ranging from once per month for higher volume roads to once every six months for low volume roads.

In addition to maintenance grading, a total of 7,670m<sup>3</sup> of maintenance metal has been applied, to restore the top surface (wearing course) and protect the underlying pavement, with an additional 4,012m<sup>3</sup> of heavy metal overlay to renew and/or strengthen the pavement.

New grading machinery and techniques, implemented since the start of the Tararua Alliance, continue to provide value by reducing both grading frequencies and metalling needs – reducing costs to Tararua ratepayers. This includes the scarifying "teeth" and walk behind rollers on the graders to effectively utilise and compact existing pavement material, and the grader operators having the flexibility to grade and shape roads to keep the water off the surface.

### Structures management

The Land Transport Rule: Vehicle Dimensions and Mass 2016 (the "VDAM Rule") lists the as-of-right (unpermitted) mass limits for heavy truck and trailer combinations. These are called the "Class I limits." Recent changes to this Rule allows for new gross mass limits of: 45,000kg as-of-right for 7-axle combinations with a minimum wheelbase of 16.8m. During 2017/18, 100% of the district's bridges were assessed for capacity through a desktop study. Further detailed investigations are now being completed on the structures identified as potentially posing a risk with the need for restrictions and posting to be decided on a case by case basis. Likely actions from this project could include weight or speed posting, bridge strengthening or increased inspection regimes. The work is being completed to ensure accessibility around the district, increasing economic productivity, while managing the associated financial and safety risks to motorists and Council's structures.

### District road safety

Council continues to host regular Tararua Road Safety Group meetings, with key stakeholders meeting on a quarterly basis

to discuss and identify safety needs for both local roads and state highways within the district. Issues identified from discussions with Police and community groups are used to form the basis of Council's and the NZ Transport Agency's minor safety programme.

Whilst much of Council's road safety improvements budget was focussed on the roads affected by the Manawatu Gorge closure, minor improvements were also carried out in conjunction with various pavement rehabilitation projects.

Another key project completed was the realignment of Miller Street between Makirikiri Road and Cowper Road, just east of Dannevirke. This section of road was a known hot spot for loss of control crashes (reported and unreported), sometimes affected by ice due to the shading. We have adjusted the alignment of the road and opened it up to more sun, and we are not aware of any accidents on this section of Miller Road since the project was completed – a great result.

### Emergency works

Various severe weather events resulted in significant damage to the road network over 2017/18. Immediate response and ensuing clean-up work, and then subsequent survey, investigation, design and construction of sites requiring engineered design (including those outstanding from 2016/17) required a significant amount of resource during 2017/18.

More than 1,000 individual faults were identified following the various weather events in 2017/18.

The most significant site was on Route 52, between Alfredton and Tiraumea, where a failure of the existing drainage system resulted in approximately 30 metres of the road being completely washed away. The existing drainage system was a strange design and very vulnerable to failure. A far more resilient system has now been installed and the road has been reinstated. A temporary road was constructed around the site to enable vehicle access while construction was being carried out.

Through the Tararua Alliance, both technical civil engineering and construction expertise is utilised to assess potential risks and determine likely costs to collaboratively confirm an optimal repair solution. Examples of various repair methods completed during 2017/18 include; rockwalls, bench and fills, retreats, L-unit walls, retaining walls, brush walls, and road retreats.

### Route 52 improvements

As consulted on and approved during the Long Term Plan process, Council have confirmed investment of \$10 million to upgrade Route 52 between the Central Hawke's Bay District Council boundary and Weber. This is a vital freight route, linking forestry blocks in the district with Central Hawke's Bay and the Napier port. It is also a key link for many of our rural communities and is an emerging tourism route. Heavy vehicle volumes, especially between Weber and the northern boundary, are predicted to increase significantly over the next 5–10 years as a result of maturing pine plantations.

The ex-state highway is long, narrow and windy, not historically constructed to accommodate large and frequent heavy vehicle movements, and is rapidly deteriorating in places as a result. It is also highly susceptible to damage resulting from weather events, with overslips and dropouts a frequent sight following storm events. This is due to both the road formation and geology of the surrounding area.

A business case is currently being developed for this project, to secure funding from the Transport Agency, and route assessments and risk analysis has been completed which will feed into investment prioritisation and initial designs.

Improving the route, and ensuring the road is at a standard commensurate with its function and use, will improve customer levels of service outcomes such as; accessibility, safety, resilience, amenity, travel time reliability and value for money.

### Corridor management

The Tararua Alliance continue to be proactive in managing third party activities within Council's road corridor, including work carried out by utility operators (power, gas and telecommunications). Through the Corridor Access Request system, these activities can be applied for, reviewed, approved and tracked, enabling us to make sure the work is carried out safely and to the required quality standards.

### Drones

Council's drones continue to be a great asset, providing many benefits with regards to management and operations of the district's road network. The drones make historically time consuming and sometimes risky site assessments quicker, safer and more effective and are especially useful for assessment of complex emergency works sites. The outputs are also hugely beneficial with communication of scope, risks, and complex issues to key stakeholders. We continue to look at their capabilities with a view to increasing their utilisation, including the potential to use them for detailed bridge inspections, which may otherwise require expensive scaffolding or a mobile elevated work platform to complete.

## Footpaths

### Footpath asset management

Footpath condition surveys were completed during the 2017/18 summer. This included both an update of the 'All Faults' data and also an assessment by a mobility scooter to identify any crossing points in need of attention. This is being analysed against customer request data to inform the immediate maintenance and renewals programmes. The information suggests that many of customer requests actually relate to faults within urban vehicle entranceways, which are the responsibility of the landowner rather than Council, so work is being done here to rectify this. It is likely that this issue is also contributing to the low customer satisfaction results.

The current strategy for footpaths is to defer renewal until the ultrafast broadband installation is completed, which is expected to begin in 2020. Maintenance and "holding strategies" will be implemented rather than full asset renewal until this time.

### Footpath maintenance, renewal, and construction

Footpath maintenance focussed largely on ensuring the safety of users through the repairs of faults that present slip or trip hazards. This included preventing slips by removing lichen growth in parts of Eketahuna and Pahiatua. The method trialled has proven successful and so will also be used in Woodville and Pahiatua in 2018/19.

The footpath renewal programme, undertaken as a result of the footpath condition rating survey, included just under 1,575m<sup>2</sup> of concrete and asphaltic concrete replaced around this district's towns. This included in Arthur Street, Huxley Street, and Edward Street in Pahiatua, in Grey Street in Woodville, in High Street in Eketahuna, and in New Street and Allan Street in Dannevirke.

New footpath (648m<sup>2</sup>) was also constructed in Huxley Street, Pahiatua, and in Christian Street and Cole Street in Dannevirke.

### Pahiatua town centre upgrade





Town centre upgrades have been completed in Dannevirke, Woodville, and Eketahuna over the past ten years, with Pahiatua's remaining. Long term plan funding is confirmed to complete this is 2018/19 and 2019/20 and significant planning is underway for this.

The project includes water, wastewater and stormwater infrastructure, with renewal of existing assets and improvements to levels of service planned. Investigations were being completed for this in 2017/18, including the use of ground penetrating radar to confirm extent and location of existing Council and other utility operator (power, gas, telecommunications, etc.) infrastructure, as well as concept designs for the new assets, with detailed designs currently being developed.





Above ground, the existing footpaths will be renewed as well as major improvements to the green belt running through the main street. Consultation with stakeholders and members of the public was completed in late 2017/18 to inform the landscape architecture design, with detailed designed planned to be developed by late 2018 and construction beginning in early 2019.

# Performance against objectives

## Footpaths

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rate footpaths as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>NOT ACHIEVED: 68% (last year: 66%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>23%</td><td>17%</td></tr><tr><td>Score 7–8</td><td>34%</td><td>39%</td></tr><tr><td>Score 6</td><td>6%</td><td>12%</td></tr><tr><td>Score 5</td><td>11%</td><td>13%</td></tr><tr><td>Score 1–4</td><td>26%</td><td>19%</td></tr></tbody></table> <p>To address issues around cleanliness and slippery surfaces as a result of lichen, Council has purchased a Jet Cleaner to improve the level of service. With footpaths attracting NZ Transport Agency subsidy funding of 66% from 2018/19, Council has increased its maintenance spending in footpaths by the NZTA subsidy. This will result in a three-fold increase in spending on footpaths.</p>	Score	2016/17	2017/18	Score 9–10	23%	17%	Score 7–8	34%	39%	Score 6	6%	12%	Score 5	11%	13%	Score 1–4	26%	19%		
Score	2016/17	2017/18																				
Score 9–10	23%	17%																				
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Score 5	11%	13%																				
Score 1–4	26%	19%																				
<ul style="list-style-type: none"><li>The percentage of footpaths within the district fall within the footpath condition standards set out in the Asset Management Plan. <sup>†</sup></li></ul>	90%	<p>ACHIEVED: 98% (last year: 99%).</p> <p>Footpath condition survey was completed May 2018.</p> <p>The values of this index will range from 2 to 5, similar to our fault severity/priority classification.</p> <p>Condition survey rankings:</p> <ol style="list-style-type: none"><li>1. Acceptable</li><li>2. Acceptable – monitor</li><li>3. Defect – medium</li><li>4. Poor – intervention</li><li>5. Very poor – safety</li></ol> <p>The overall condition is quite close to the best we can get – only a small number of defects limiting a perfect 2.</p> <p>What the results shows is that of the 301,638m<sup>2</sup> of footpaths in the database for the district, only 760m<sup>2</sup> has defect severity 4 or higher.</p>																				

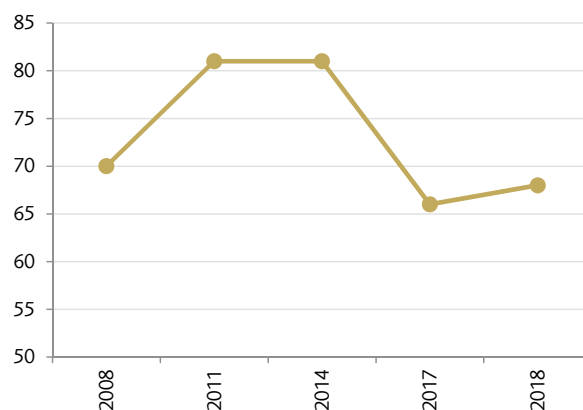


Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Customer requests relating to footpaths are responded to within 5 working days.*†</li></ul>	90%	<p>ACHIEVED: 98% (last year: 90%).</p> <p>Council received 120 customer service requests during the year (111 last year). Two of these were not rectified within five days.</p>																				
<ul style="list-style-type: none"><li>Percentage of residents rate town centre upgrades as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	85%	<p>NOT ACHIEVED: 76% (last year: 74%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>21%</td><td>18%</td></tr><tr><td>Score 7–8</td><td>42%</td><td>45%</td></tr><tr><td>Score 6</td><td>11%</td><td>13%</td></tr><tr><td>Score 5</td><td>13%</td><td>11%</td></tr><tr><td>Score 1–4</td><td>13%</td><td>13%</td></tr></tbody></table> <p>The satisfaction of the residents in the south was significantly lower than the north. The Pahiatua town centre upgrade is programmed to begin in the 2018/19 financial year, with community consultation currently in progress.</p>	Score	2016/17	2017/18	Score 9–10	21%	18%	Score 7–8	42%	45%	Score 6	11%	13%	Score 5	13%	11%	Score 1–4	13%	13%		
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\* These performance measures are the mandatory performance measures introduced by Parliament.

<sup>†</sup> The times shown for "response" are reported by the service provider, Tararua Alliance, as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by Council.

### FOOTPATHS – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018



## Roading

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																																				
<ul style="list-style-type: none"><li>The change (expressed as a number) from the previous financial year in the number of fatalities and serious injury crashes on the local road network.*</li></ul>	0 or less	<p>ACHIEVED: -1 (last year: -5).</p> <p>There were six serious injury crashes and one fatality on the local roads during the 2017/18 year, compared to eight serious injury crashes last year.</p> <p><i>Data is reported per calendar year.</i></p>	✓	✓																																				
<ul style="list-style-type: none"><li>Customer requests relating to roads are responded to within 5 working days.* †</li></ul>	85%	<p>ACHIEVED: 97% (last year: 99%).</p> <p>We received 1,554 customer service requests during the year (1,384 last year).</p> <p>We continue to experience increasing customer requests resulting from a number of severe weather events.</p> <p>Forty-six were completed outside of timeframes, compared to 15 last year.</p>	✓	✓																																				
<ul style="list-style-type: none"><li>Percentage of residents rating urban and rural roading as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	70%	<p>NOT ACHIEVED: 64%.</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <p><b>Urban Roads</b></p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>13%</td><td>11%</td></tr><tr><td>Score 7–8</td><td>47%</td><td>48%</td></tr><tr><td>Score 6</td><td>14%</td><td>13%</td></tr><tr><td>Score 5</td><td>13%</td><td>16%</td></tr><tr><td>Score 1–4</td><td>13%</td><td>12%</td></tr></table> <p><b>Rural Roads</b></p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>6%</td><td>4%</td></tr><tr><td>Score 7–8</td><td>33%</td><td>32%</td></tr><tr><td>Score 6</td><td>15%</td><td>18%</td></tr><tr><td>Score 5</td><td>16%</td><td>14%</td></tr><tr><td>Score 1–4</td><td>29%</td><td>32%</td></tr></table> <p>Satisfaction with urban roads is significantly higher (72%) than satisfaction with rural roads (54%). Council is continuing to address issues with rural roads as a result of several major weather events over the prior year, which could be resulting in lower satisfaction on affected roads. Council has programmed work to address safety issues from the additional traffic on rural roads from the Gorge Road closure.</p>	Score	2016/17	2017/18	Score 9–10	13%	11%	Score 7–8	47%	48%	Score 6	14%	13%	Score 5	13%	16%	Score 1–4	13%	12%	Score	2016/17	2017/18	Score 9–10	6%	4%	Score 7–8	33%	32%	Score 6	15%	18%	Score 5	16%	14%	Score 1–4	29%	32%	–	–
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<ul style="list-style-type: none"><li>Initial response to impassable roads undertaken within 24 hours. †</li></ul>	99%	<p>ACHIEVED: 100% (last year: 97%).</p> <p>We received 120 requests with all roading related emergency works relating to impassable roads undertaken within 24 hours.</p>	–	✓																																				

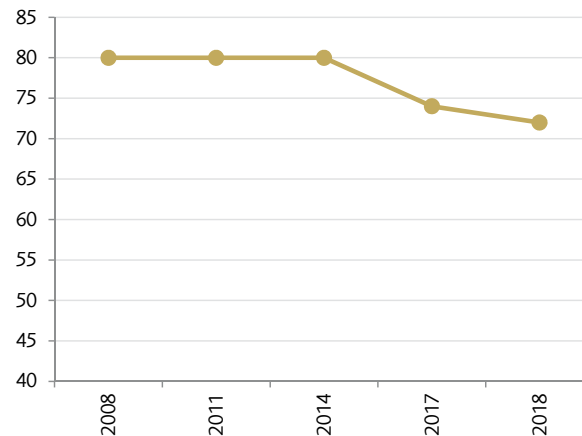


Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
• The average quality of the ride on the sealed road network is measured by smooth travel exposure.* †	95%	ACHIEVED: 96% (last year: no survey was conducted). Results: urban 98%, and rural 87%.	No survey	✓
• The percentage of the sealed local network that is resurfaced.* †	> 5%	ACHIEVED: 5.5% (last year: 5.8%). We completed 65km of road resurfacing during the 2017/18 year.	✓	✓

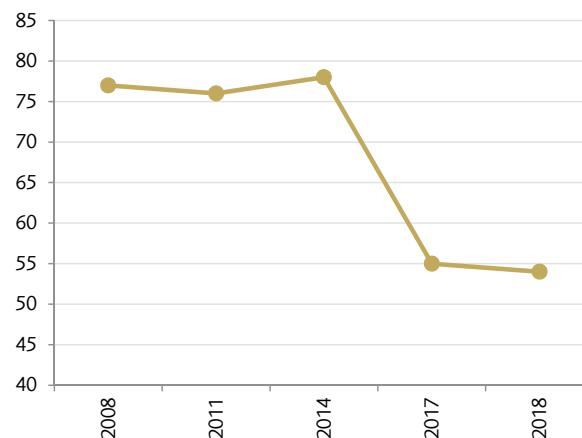
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### URBAN ROADS – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018



### RURAL ROADS – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018





# Solid Waste Management

## Activities in this group

1

### **Solid Waste Management**

*To protect people's health and our environment by minimising the production of waste and promoting recycling and reuse.*

## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	549	529	529	529	501	501
Targeted rates	880	900	900	920	925	925
Grants and subsidies for operating purposes	51	50	68	52	50	69
Fees and charges	581	541	509	494	457	478
Local authorities fuel tax, fines, infringement fees, and other receipts	27	24	12	25	10	51
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>2,088</b>	<b>2,044</b>	<b>2,018</b>	<b>2,020</b>	<b>1,943</b>	<b>2,024</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	1,727	1,699	1,685	1,652	1,597	1,700
Finance costs	94	85	59	92	77	62
Internal charges and overheads applied	153	148	151	157	140	150
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,974</b>	<b>1,932</b>	<b>1,895</b>	<b>1,901</b>	<b>1,814</b>	<b>1,912</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>114</b>	<b>112</b>	<b>123</b>	<b>119</b>	<b>129</b>	<b>112</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(100)	(70)	(114)	11	(12)	(14)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>(100)</b>	<b>(70)</b>	<b>(114)</b>	<b>11</b>	<b>(12)</b>	<b>(14)</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	20	50	59	126	123	356
- to replace existing assets	41	10	1	144	141	11
Increase (decrease) in reserves	(47)	(18)	(51)	(140)	(147)	(269)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>14</b>	<b>42</b>	<b>9</b>	<b>130</b>	<b>117</b>	<b>98</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(114)</b>	<b>(112)</b>	<b>(123)</b>	<b>(119)</b>	<b>(129)</b>	<b>(112)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

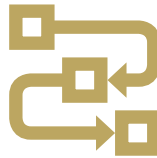


# What we achieved

## NEW GLASS RECYCLING INITIATIVES



## ADOPTED NEW WASTE MINIMISATION PLAN



## EKETAHUNA TRANSFER STATION BUILT



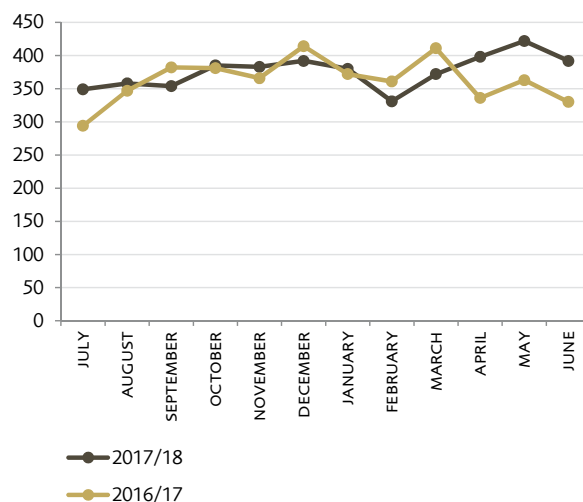
## Operations

The solid waste activity has operated very smoothly throughout the year, with Council solid waste contractors performing well, with very few issues.

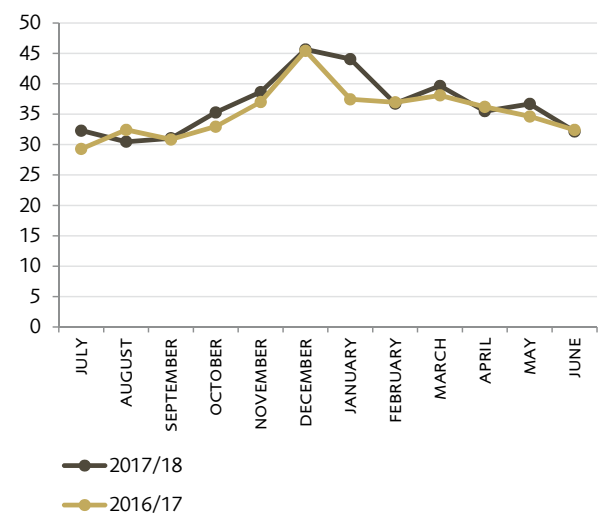
Both refuse and recycling volumes were up on the previous year, possibly due to increased spending on consumer goods and population increases.

Due to the Eketahuna landfill not having sustainable capacity, Eketahuna kerbside refuse was diverted to the Pahiatua transfer station in March, resulting in increased volumes transported to Central Hawkes Bay landfill.

### TOTAL REFUSE TONNES TRANSPORTED TO CENTRAL HAWKES BAY LANDFILL



### DISTRICT DROP-OFF CENTRE RECYCLING TONNES



## Resource consent non-compliance

In April, Council received a non-comply notice for both the Eketahuna and Pongaroa landfills in relation to the resource consent conditions.

The issues at Eketahuna were because, at the time of inspection, the gate to the landfill was left open as we had trucks continually entering and exiting the site transporting capping material in preparation of the closure of the Eketahuna landfill. There was no arrow showing the public where to dump as this had been knocked over and not replaced. We were also required to submit a landfill closure plan six months prior to closing the landfill. We exceeded this deadline due to delays in the completion of the final surveying and design for the site. This landfill is now closed.

The non-compliance notice for the Pongaroa landfill was because Horizons stated they had no record of the annual reporting for this landfill. Council disputed this and we have provided copies of these reports to Horizons. We have altered our internal business process to ensure that this is no longer an issue moving forward.

## Eketahuna landfill closure

Council opted to close the Eketahuna landfill at the consent expiry date of 30 June 2018, and build a transfer station in its place on the current landfill site. The build of the transfer station has been completed and it was opened on 1 July 2018. EFTPOS machines have also been provided for both the Eketahuna and Pahiatua transfer stations to enable these sites to become EFTPOS only sites.

Council trucked in 2,000–3,000m<sup>3</sup> of clay for the final capping layer of the Eketahuna landfill. This clay came from the new Pahiatua water tank site, enabling efficiencies and savings for both projects as it provided a practical solution to

reuse the excavated clay with the added benefit of a lower overall transport cost to Council. Contour and level plans are being finalised to enable Council to engage a contractor to do this capping, as ground conditions allow, during the summer of 2018/19.

## Glass recycling

In conjunction with Palmerston North City Council, Tararua District Council has established an agreement to send sorted glass to O-I NZ, Auckland. In the final months of the 2017/18 financial year, Council constructed infrastructure for the new glass recycling regime. This new regime involved the building of a new glass transfer station, which consists of a 22m x 22m concrete pad with concrete block walls and is situated below the Dannevirke transfer station. Council has converted nine shipping containers into glass recycling containers with three separate compartments for the different coloured glass. These are situated at Dannevirke, Woodville, Pahiatua, Eketahuna, Weber, Herbertville, Pongaroa, and Akitio. Council has also built nine smaller containers for Norsewood and Ormondville. All of these containers and bins enable the public to colour sort as they recycle their glass. The new glass containers are a lot larger than the previous glass bins. These will be required to be emptied less frequently, resulting in lower transportation costs.

## Waste Management and Minimisation Plan

Council reviewed its Waste Management and Minimisation Plan. This needs to be done every five years and the new plan commenced December 2017. Below is a table of strategies from the previous plan, and our achievements against the targets set in that plan.

Strategy	<div>● Achieved</div> <div>● Not Achieved</div>	Comments
Education programmes to schools.	<div>✓</div>	<ul style="list-style-type: none"> <li>Both the Waste Education NZ and EnviroSchools programmes that supply education in schools have been received well with Council receiving some good feedback from the school classroom teachers involved.</li> <li>Three schools enlisted in the EnviroSchools programme.</li> </ul>
Investigate the introduction of urban kerbside glass recycling services.	<div>✓</div>	<ul style="list-style-type: none"> <li>Council investigated this option in 2012/13, but it was not viable at the time.</li> </ul>
Upgrade central container type services.	<div>✓</div>	<ul style="list-style-type: none"> <li>Council introduced recycling drop-off centres with the installation of shipping containers at locations throughout the district and glass recycling bins.</li> </ul>



Strategy	Achieved	Comments
	Not Achieved	
Investigate options for the location of an e-waste recycling centre in the Tararua District.	✓	<ul style="list-style-type: none"> <li>E-waste can now be dropped off at Dannevirke and Pahiatua transfer stations.</li> </ul>
Maintain current collection of kerbside waste.	✓	<ul style="list-style-type: none"> <li>Council opted to exit kerbside refuse collection in 2017. However, we have ensured that a commercial kerbside waste collection is available for residents.</li> <li>Council kerbside refuse collection finished 30 September 2017.</li> </ul>
Complete Dannevirke transfer station.	✓	<ul style="list-style-type: none"> <li>This was achieved in 2012.</li> </ul>
Construct Pahiatua transfer station.	✓	<ul style="list-style-type: none"> <li>This was achieved in 2013.</li> </ul>
Monitor operating costs and compliance with consent conditions and compare with closure and transport options. The alternative is to close the landfills and transport waste to Dannevirke for processing, sorting, and transport of the residual waste to Waipukurau. Additional transfer stations may be required on the current landfill sites.	✓	<ul style="list-style-type: none"> <li>Dannevirke and Pahiatua landfills were closed. The refuse is now transported to Waipukurau from the Dannevirke and Pahiatua transfer stations.</li> </ul>
Investigate if regional recycling initiatives (particularly glass) would result in cost savings.	✓	<ul style="list-style-type: none"> <li>With the impending closure of the Eketahuna landfill, Council is considering its options for the recycling of glass in the district.</li> </ul>
Support regional collection and reception service for special wastes such as e-waste, glass, agrichemicals, containers, and silage wrap.	<div>✓</div> <div>Ongoing</div>	<ul style="list-style-type: none"> <li>Council is looking into the possibility of recycling glass in conjunction with Palmerston North City Council acting as a regional hub for glass.</li> <li>AgRecovery provides a recovery centre once a year for the return of agrichemical containers.</li> </ul>
Provide plastic bins for kerbside recycling.	Ongoing	<ul style="list-style-type: none"> <li>This is being re-investigated currently as part of the Long Term Plan.</li> </ul>
Encourage the active participation of tangata whenua in waste management.	Ongoing	<ul style="list-style-type: none"> <li>Council is currently looking into options for introducing an educational campaign into district marae.</li> </ul>
Investigate options for Woodville.	Ongoing	<ul style="list-style-type: none"> <li>Council is investigating options as part of the Long Term Plan.</li> </ul>

## Waste Minimisation Management Plan 2017–2023

The new Waste Minimisation Management Plan for the next 5 years has a number of initiatives as outlined below. We will report our progress against these initiatives over the life of the plan.

One initiative, glass sorting for recycling into new glass bottles is currently well underway. As discussed above, the collection bins have been set up and the glass sorted ready for transporting to Auckland for recycling.

### Proposed initiatives

- Closure of Pongaroa landfill and new small transfer station 2021/22.
- Glass sorting and supply to local business for re-use, or transport to Auckland for recycling into new glass bottles.
- Expanded education programmes – business, households (urban and rural) with collaboration opportunities.
- Encourage removal of organic household waste from refuse from 2018 with 2,000 subsidised composting bins / worm farms.
- Change kerbside recycling collection to fortnightly.
- e-waste amnesty drop-off day each year.
- Product stewardship advocacy.

# Performance against objectives

## Solid Waste Management

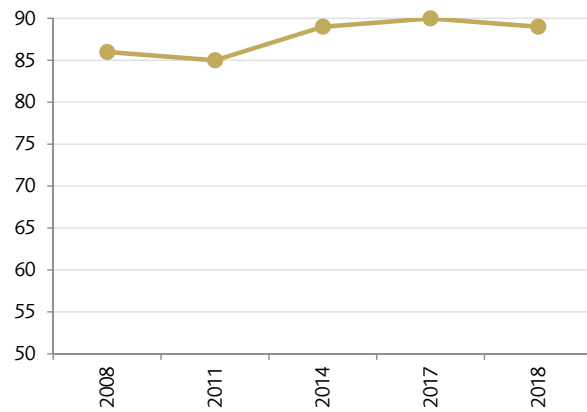
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of residents rating rubbish collection services as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 89% (last year: 90%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>59%</td><td>47%</td></tr><tr><td>Score 7–8</td><td>27%</td><td>35%</td></tr><tr><td>Score 6</td><td>4%</td><td>7%</td></tr><tr><td>Score 5</td><td>4%</td><td>6%</td></tr><tr><td>Score 1–4</td><td>6%</td><td>5%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	59%	47%	Score 7–8	27%	35%	Score 6	4%	7%	Score 5	4%	6%	Score 1–4	6%	5%		
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<ul style="list-style-type: none"><li>Percentage of residents rating recycling as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 85% (last year: 81%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>43%</td><td>41%</td></tr><tr><td>Score 7–8</td><td>33%</td><td>39%</td></tr><tr><td>Score 6</td><td>5%</td><td>5%</td></tr><tr><td>Score 5</td><td>8%</td><td>7%</td></tr><tr><td>Score 1–4</td><td>11%</td><td>8%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	43%	41%	Score 7–8	33%	39%	Score 6	5%	5%	Score 5	8%	7%	Score 1–4	11%	8%		
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<ul style="list-style-type: none"><li>Percentage of residents rating landfills/ transfer station management as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	75%	<p>ACHIEVED: 83% (last year: 81%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>38%</td><td>35%</td></tr><tr><td>Score 7–8</td><td>36%</td><td>43%</td></tr><tr><td>Score 6</td><td>8%</td><td>5%</td></tr><tr><td>Score 5</td><td>10%</td><td>7%</td></tr><tr><td>Score 1–4</td><td>9%</td><td>11%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	38%	35%	Score 7–8	36%	43%	Score 6	8%	5%	Score 5	10%	7%	Score 1–4	9%	11%		
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Score 1–4	9%	11%																				



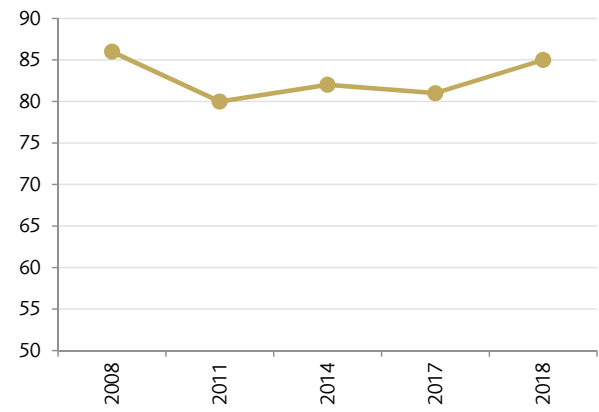
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																								
<ul style="list-style-type: none"><li>Tonnage of waste sent to landfills by the district per annum.</li></ul>	< 4,400	<p>NOT ACHIEVED: 4,765 (last year: 4,668).</p> <table><thead><tr><th></th><th colspan="3">Tonnes</th></tr><tr><th>Landfill</th><th>2015/16</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Eketahuna</td><td>542</td><td>270</td><td>215</td></tr><tr><td>Pongaroa</td><td>21</td><td>20</td><td>17</td></tr><tr><td>Waipukurau</td><td>3,887</td><td>4,378</td><td>4,533</td></tr><tr><td><b>Total</b></td><td><b>4,450</b></td><td><b>4,668</b></td><td><b>4,765</b></td></tr></tbody></table> <p>The tonnage of waste being sent to landfills continues to increase. The main contributor for this is the increased consumer spending, from both resident spending, and increased tourists travelling through our district. Our new Waste Minimisation Management Plan for the next 5 years continues to see an emphasis on encouraging recycling initiatives and education programmes, as well as encouraging household composting to remove organic waste from landfills.</p>		Tonnes			Landfill	2015/16	2016/17	2017/18	Eketahuna	542	270	215	Pongaroa	21	20	17	Waipukurau	3,887	4,378	4,533	<b>Total</b>	<b>4,450</b>	<b>4,668</b>	<b>4,765</b>		
	Tonnes																											
Landfill	2015/16	2016/17	2017/18																									
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<b>Total</b>	<b>4,450</b>	<b>4,668</b>	<b>4,765</b>																									
<ul style="list-style-type: none"><li>Percentage of landfills where all Horizons resource consent conditions are met.</li></ul>	100%	<p>NOT ACHIEVED: 67% (last year: 100%).</p> <p>Pongaroa and Eketahuna landfills were given a non-compliance notice for the months of April and May 2018. Pongaroa consent conditions were not met because Horizons stated they did not receive the Landfill Monitoring Report. We now have a procedure in place to ensure it is documented when it has been sent. The reports were provided to Horizons in July, ensuring we will be compliant.</p> <p>Eketahuna consent conditions were not met because of some minor operational issues. Actions were taken to rectify these issues. As of 1 July this landfill is closed.</p>																										



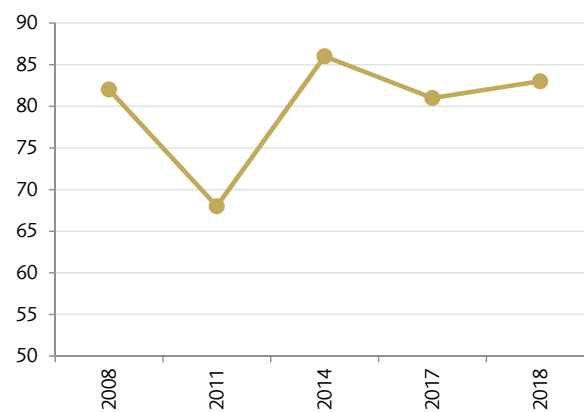
REFUSE COLLECTION – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018



RECYCLING – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018



LANDFILLS AND TRANSFER STATIONS – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018





# Stormwater

## Activities in this group

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**1****Stormwater**

*To provide an efficient and effective stormwater network that protects the community's assets from flooding.*

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## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	681	734	734	755	769	769
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	-	1	-	-	2
Local authorities fuel tax, fines, infringement fees, and other receipts	21	19	21	26	23	26
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>702</b>	<b>753</b>	<b>756</b>	<b>781</b>	<b>792</b>	<b>797</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	88	147	173	90	157	117
Finance costs	78	70	43	113	95	48
Internal charges and overheads applied	290	306	299	295	298	320
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>456</b>	<b>523</b>	<b>515</b>	<b>498</b>	<b>550</b>	<b>485</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>246</b>	<b>230</b>	<b>241</b>	<b>283</b>	<b>242</b>	<b>312</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	765	737	(126)	952	923	213
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>765</b>	<b>737</b>	<b>(126)</b>	<b>952</b>	<b>923</b>	<b>213</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	830	800	65	1,069	1,030	382
- to replace existing assets	45	43	29	47	45	47
Increase (decrease) in reserves	136	124	21	119	90	95
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>1,011</b>	<b>967</b>	<b>115</b>	<b>1,235</b>	<b>1,165</b>	<b>525</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(246)</b>	<b>(230)</b>	<b>(241)</b>	<b>(283)</b>	<b>(242)</b>	<b>(312)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# What we achieved

NO HABITABLE FLOORS  
WERE FLOODED BY URBAN  
STORMWATER



NEW APPROACH:  
STORMWATER MODELLING  
TO INFORM FUTURE  
UPGRADES



## Asset inventory management

A basic need for effective asset investment decision making is having a robust understanding of what assets Council have. For long term condition and financial forecasting, understanding the total replacement value of the assets is also very important.

An Asset Data Improvement Plan was developed by the Tararua Alliance in 2016/17, identifying and prioritising the opportunities for improvement which could be made. A key project that has since been carried out is validation of the asset register for water supply reticulation assets.

During 2017/18, there were 1,253 new or found assets added to the asset register – an increase of approximately 260%.

The increased confidence in the asset register, and a far better understanding of the assets Council owns, will enable better short term and long term management of the reticulation network, by informing data/evidenced based decisions, for both the operational, strategic, and financial asset management purposes. There are still improvements to be made, which will be carried out over time to enable further improvements with regards to maintenance and financial management of the assets.

## Capital investment planning

Stormwater modelling of our four schemes managed and maintained by the Alliance has resulted in a review of our historic capital programme in favour of a district wide approach which targets the identified areas of need within our schemes. We now have 13 identified high level projects which we are in the process of completing high level

feasibility studies and cost estimates for each, with more detailed design and investigation to be progressed once prioritisation of these projects is done (based on Council's assessment framework). The findings of this work will be the basis for Council's long term investment planning for stormwater infrastructure in Tararua. Affordability and appetite for capital investment will determine what projects can be achieved within the coming years and the next Long Term Plan planning period.

## Demand management and flooding

Horizons Regional Council has established a working group for both stormwater management and discharge quality standards, which Tararua is a part of. The purpose of this group is to discuss and deliberate over the apparent and perceived challenges that are faced in the stormwater activity across the region. While quality standards are likely to eventuate in the near future, there is still much debate about what this means for local authorities and the impact on investment for reduction in flooding and quantity related issues.

While Tararua District has had no habitable floors inundated due to flooding, more frequent and concentrated weather events are expected due to the changing climate. However, there is no firm advice or guidance on what this means for already financially challenged councils to manage and mitigate these effects in the future. This, combined with the increasing focus on water quality standards, will be a topic for debate for any future capital projects and maintenance standards.



## Inflow and infiltration minimisation

Inflow and infiltration are terms used to describe the ways that groundwater and stormwater enter the wastewater system. Inflow is water that is dumped into the wastewater system through improper connections, such as downpipes from a building's guttering system. Infiltration is typically groundwater that enters the wastewater system through cracks or other defects in the wastewater pipes. Both can cause overloading of the wastewater network in times of rain, especially heavy downpours, and result in unnecessary wastewater treatment costs.

Historically, commercial buildings in Woodville, between Ormond Street and State Highway 2, have discharged rooftop and surface runoff stormwater directly to the wastewater reticulation causing unnecessary flow into the network and increased load to the treatment plant.

Late in 2017, a project began to remedy this issue with the installation and extension of Council's stormwater network to service these troublesome buildings. After much consultation and negotiation with the landowners of these properties, easement agreements were acquired from all affected parties and work began in May 2018.

While there are a few tasks still to complete and legalisation of utilities easements based on final survey, the project is essentially complete. The next phase of ensuring that the objectives of this project are achieved is to ensure property owners action the works required to make use of their new services by removing downpipes from gully traps and connecting them to the stormwater network.

# Performance against objectives

## Stormwater

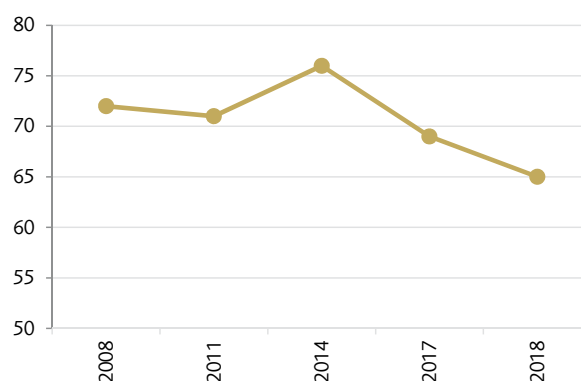
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
• The number of flooding events.*	< 30	ACHIEVED: Nil (last year: nil).  A flooding event is defined as an overflow of the urban stormwater system that enters a habitable floor. Although we had a number of weather events during the year, no stormwater entered an inhabitable floor.	✓	✓																		
• For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system.*	< 3	ACHIEVED: Nil (last year: Nil).	✓	✓																		
• Percentage of residents rating stormwater management as "fairly satisfactory " or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.	70%	NOT ACHIEVED: 65% (last year: 69%).  The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied. <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>23%</td><td>17%</td></tr><tr><td>Score 7–8</td><td>37%</td><td>38%</td></tr><tr><td>Score 6</td><td>9%</td><td>10%</td></tr><tr><td>Score 5</td><td>12%</td><td>17%</td></tr><tr><td>Score 1–4</td><td>19%</td><td>18%</td></tr></table>  There were a number of weather related events that occurred this year, resulting in ponding and surface flooding in both public areas and private properties. To lessen the effects of heavy rainfall, the Tararua Alliance have been proactive in clearing stormwater drains of leaves and debris to minimise ponding. We are also undertaking stormwater modelling to assess where to invest in stormwater network improvements to achieve the best results.	Score	2016/17	2017/18	Score 9–10	23%	17%	Score 7–8	37%	38%	Score 6	9%	10%	Score 5	12%	17%	Score 1–4	19%	18%	–	–
Score	2016/17	2017/18																				
Score 9–10	23%	17%																				
Score 7–8	37%	38%																				
Score 6	9%	10%																				
Score 5	12%	17%																				
Score 1–4	19%	18%																				

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
<ul style="list-style-type: none"> <li>Number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system.*</li> </ul>	< 8	NOT ACHIEVED: 8.9 (last year: 9.7).  A total of 43 customer complaints have been received this year (47 last year). The majority of these complaints related to two weather events – one in July and the other in November/December.	–	–
<ul style="list-style-type: none"> <li>Number of enforcement actions against Council for not meeting resource consent conditions for discharge from the stormwater system relating to:               <ul style="list-style-type: none"> <li>abatement notices*</li> <li>infringement notices*</li> <li>enforcement orders*</li> <li>convictions*</li> </ul> </li> </ul>	0	ACHIEVED: Nil (last year: nil).	✓	✓
	0	ACHIEVED: Nil (last year: nil).	✓	✓
	0	ACHIEVED: Nil (last year: nil).	✓	✓
	0	ACHIEVED: Nil (last year: nil).	✓	✓
<ul style="list-style-type: none"> <li>Median time (hours) to attend a flooding event, measured from the time that Council receives a notification to the time the service personnel reach the site.* †</li> </ul>	2 hours	ACHIEVED: Nil (last year: nil).	✓	✓

\* These performance measures are the mandatory performance measures introduced by Parliament.

† The times shown for "response" are reported by the service provider, Tararua Alliance, as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by Council.

### STORMWATER – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018







# Wastewater

## Activities in this group

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1

### Wastewater

*To provide urban areas with a reliable wastewater system that protects people's health and our environment.*

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## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	114	102	102	121	105	104
Targeted rates	2,111	1,873	1,873	2,297	1,984	1,984
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	83	90	112	86	80	112
Local authorities fuel tax, fines, infringement fees, and other receipts	70	8	4	76	3	5
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>2,378</b>	<b>2,073</b>	<b>2,091</b>	<b>2,580</b>	<b>2,172</b>	<b>2,205</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	834	730	752	856	888	918
Finance costs	337	269	196	353	214	270
Internal charges and overheads applied	332	343	336	340	327	348
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,503</b>	<b>1,342</b>	<b>1,284</b>	<b>1,549</b>	<b>1,429</b>	<b>1,536</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>875</b>	<b>731</b>	<b>807</b>	<b>1,031</b>	<b>743</b>	<b>669</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	-	-	-	120	650	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	416	1,453	(1,823)	351	461	152
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>416</b>	<b>1,453</b>	<b>(1,823)</b>	<b>471</b>	<b>1,111</b>	<b>152</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	768	1,724	1,784	903	1,386	881
- to replace existing assets	356	343	813	388	685	1,290
Increase (decrease) in reserves	167	117	(3,613)	211	(217)	(1,349)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>1,291</b>	<b>2,184</b>	<b>(1,016)</b>	<b>1,502</b>	<b>1,854</b>	<b>821</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(875)</b>	<b>(731)</b>	<b>(807)</b>	<b>(1,031)</b>	<b>(743)</b>	<b>(669)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# What we achieved

## CAPITAL INVESTMENT

**\$2.2  
million**

## SERVICE PERFORMANCE MEASURES MET

**13** OUT OF **14**




## NEW TECHNIQUES EMPLOYED

- Acoustic testing
- Smoke testing

## Resource consents

For the Eketahuna and Pahiatua wastewater point discharge consents, Council has been working with Horizons and the Hearing Panel on the renewal of these consents.

The Hearing Panel has issued their decision, however, the decision was appealed. Mediation prior to the Environment Court has been arranged to hear and attempt to address the concerns of the appellants.

Council has established the Mana Whenua Working Party to facilitate and encourage local iwi involvement in the consenting process. The committee's primary focus was on meeting Policy 5.11 requirements in meeting Maori cultural aspirations regards water and point discharge to water.

The Mana Whenua working party consists of iwi members from Rangitane o Tamaki nui a Rua and Ngati Kahungunu ki Tamaki nui-a-Rua, Council's consent planners, consultants, and wetland specialist. This is a collaborative group that has been meeting monthly and discussing issues around wastewater treatment, cultural values, environmental effects, instream monitoring, final discharges, wetlands, land irrigation, and resolving issues/concerns with the current consent applications.

## Development of wetlands

During the course of the consent renewal process the Panel directed Council that an additional resource consent application be prepared for Eketahuna, primarily seeking authorization for earthworks and other permits that would be required to construct a wetland. The wetland was proposed as a solution to meet the consent point discharge conditions.

A number of reports needed to be prepared to support the application for earthworks and the diversion of flood flows. The reports included topographic survey, a groundwater investigation, wetland design, hydrology report and a wetland outlet sizing, erosion and sediment control plan, and a cultural values assessment for Eketahuna and Pahiatua wastewater treatment plants.

## Ministry for the Environment projects

The final phase of the treatment plants in both Dannevirke and Woodville is the completion of the tephra filter. The tephra filter is to enhance the treatment of pond discharge to reduce contaminants prior to discharge to the receiving stream.

Progress has been delayed due to receiving the tephra on-site. Progress has included, control valves assembled ready for installation to discharge pipe, delivery of sprinkler heads, and establishing pipeline measurement and subsequent procurement.

## Asset inventory management

A basic need for effective asset investment decision making is having a robust understanding of what assets Council have. For long term condition and financial forecasting, understanding the total replacement value of the assets is also very important.

An Asset Data Improvement Plan was developed by the Tararua Alliance in 2016/17, identifying and prioritising the opportunities for improvement which could be made. A key



project that has since been carried out is validation of the asset register for water supply reticulation assets.

During 2017/18, there were 273 new or found assets added to the asset register, an increase of approximately 114%.

The increased confidence in the asset register, and a far better understanding of the assets Council own, will enable better short term and long term management of the reticulation network, by informing data/evidenced based decisions, for both the operational, strategic, and financial asset management purposes. There are still improvements to be made, which will be carried out over time to enable further improvements with regards to maintenance and financial management of the asset.

## Asset condition assessment

Detailed CCTV inspections continue to be completed on Council's wastewater reticulation assets. Acoustic inspection of wastewater reticulation assets have also been carried out by the Tararua Alliance. This innovative new technology is used to provide a very fast (2–3 minute) condition assessment of pipes. This saves time and money through not having to inspect pipes indicated to be in a good condition. This also maximises the value achieved through Council's CCTV unit, inspecting pipes that are needed most.

Pipe condition information confirmed by both inspection types is a critical part in identifying assets in need of maintenance, renewal or rehabilitation, to reduce infiltration of ground water, and to provide an indication of remaining useful life, which informs long term financial forecasting.

## Inflow and infiltration minimisation

Inflow and infiltration are terms used to describe the ways that groundwater and stormwater enter the wastewater system. Inflow is water that is dumped into the wastewater system through improper connections, such as downpipes from building's guttering system. Infiltration is typically groundwater that enters the wastewater system through cracks or other defects in the wastewater pipes. Both can cause overloading of the wastewater network in times of rain, especially heavy downpours, and result in unnecessary wastewater treatment costs.

The Tararua Alliance are focusing on minimising this in the district, through both the condition assessment of pipes and smoke testing to identify points where water is entering the system.

Smoke testing was completed in Eketahuna during 2017/18 to identify faults causing infiltration, which are now either repaired or programmed to be repaired. The smoke testing also identified a number of inflow issues within private properties which require remedial action or renewal.

Reducing the inflow and infiltration caused by poorly performing or inadequate private services will reduce the

loading on wastewater treatment plants and associated costs to ratepayers.

## Heavy mains cleaning

Heavy mains cleaning was carried out in Dannevirke during 2017/18, resulting in over 30 tonnes of debris, stone, and unwanted material being removed from the reticulation network. Removal of this material will have a very positive effect on the function and capacity of this section of wastewater network, resulting in less congestion and a reduction in overflows and backing up of effluent.

Prior to this project, the stone trap located in Miller Street was also cleaned and fully removed of all material. This was completed to ensure the stone trap is working effectively in intercepting any material before it enters the inverted siphon and then the effluent ponds, which could cause asset damage and/or service failures (overflows) potentially resulting in issues to public health and the environment.

## Jetting unit

Council's jetting unit is used by the Tararua Alliance to respond effectively to blockages in the wastewater pipe network. The unit enables timely and cost effective remedial work to be completed, reducing the risk of overflows causing public health and/or environmental issues.

When the jetting unit is not utilised for water and wastewater activities, it is used on the rural road network to clear blocked culverts, improving drainage and resilience around the roading network.

# Performance against objectives

## Wastewater

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>The number of dry weather sewage overflows from the wastewater system per 1,000 connections.*</li></ul>	< 5	ACHIEVED: 1.3 (last year: 1.9).  A total of seven sewerage overflows occurred in the district during dry weather (eight last year). Seven related to blockages in the sewer main that required jet blasting to unblock, and one related to a pump station failure. We have increased our budgets in 2018/19 to increase proactive maintenance of our pump stations.	✓	✓																		
<ul style="list-style-type: none"><li>Percentage of residents rating wastewater management as "fairly satisfactory " or "very satisfactory in community survey to be conducted in 2017, 2020, and 2023.</li></ul>	70%	ACHIEVED: 92% (last year: 89%).  The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied. <table><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr><tr><td>Score 9–10</td><td>52%</td><td>47%</td></tr><tr><td>Score 7–8</td><td>34%</td><td>40%</td></tr><tr><td>Score 6</td><td>3%</td><td>5%</td></tr><tr><td>Score 5</td><td>6%</td><td>3%</td></tr><tr><td>Score 1–4</td><td>5%</td><td>5%</td></tr></table>	Score	2016/17	2017/18	Score 9–10	52%	47%	Score 7–8	34%	40%	Score 6	3%	5%	Score 5	6%	3%	Score 1–4	5%	5%	✓	✓
Score	2016/17	2017/18																				
Score 9–10	52%	47%																				
Score 7–8	34%	40%																				
Score 6	3%	5%																				
Score 5	6%	3%																				
Score 1–4	5%	5%																				
<ul style="list-style-type: none"><li>Number of schemes with consents that are current.</li></ul>	7	NOT ACHIEVED: 4 (last year: 4).  Council is progressing with resource consent renewals for Pahiatua, Eketahuna, and Woodville. The renewal for these will involve capital investments that have been budgeted to meet new conditions.	–	–																		
<ul style="list-style-type: none"><li>Number of enforcement actions against Council for not meeting resource consent conditions for sewage schemes relating to:<ul style="list-style-type: none"><li>abatement notices*</li><li>infringement notices*</li><li>enforcement orders*</li><li>convictions*</li></ul></li></ul>																						
	0	ACHIEVED: Nil (last year: nil).	✓	✓																		
	0	ACHIEVED: Nil (last year: nil).	✓	✓																		
	0	ACHIEVED: Nil (last year: nil).	✓	✓																		
	0	ACHIEVED: Nil (last year: nil).	✓	✓																		



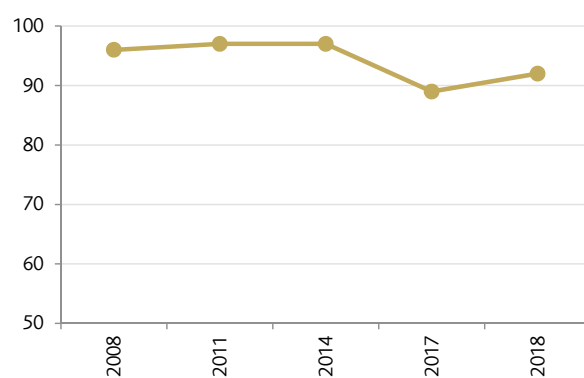
Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results
<ul style="list-style-type: none"> <li>Median response time to attend a sewage fault, measured from the time Council receives notification to the time that service personnel reach the site.* †</li> </ul>	1 hour	ACHIEVED: 33 minutes (last year: 17 minutes).  Council continues to provide prompt response to issues via the Tararua Alliance.	✓	✓
<ul style="list-style-type: none"> <li>Median time to resolve a sewage fault, measured from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.* †</li> </ul>	8 hours	ACHIEVED: 1 hour 55 minutes (last year: 41 minutes).  Council continues to provide prompt resolution to issues via the Tararua Alliance.	✓	✓
<ul style="list-style-type: none"> <li>Number of complaints received about wastewater per 1,000 connections for:               <ul style="list-style-type: none"> <li>sewerage odour*</li> </ul> </li> </ul>	< 5	ACHIEVED: 3.2 (last year: 1.7).  There were 18 customer service requests in relation to odour during the year, compared to eight last year. Of these, nine complaints related to an algal bloom at the Pahiatua wastewater ponds at the end of January. This was as a result of a period of dry hot weather. Council responded by applying a bacterial treatment to the pond in early February to address the odour.	✓	✓
<ul style="list-style-type: none"> <li>sewerage system faults*</li> </ul>	< 5	ACHIEVED: 4.8 (last year: 3.8).  There were a total of 27 customer service requests recorded during the year, compared to 18 last year. Of the 27 requests, 19 related to issues as a result of wet weather flooding events in mid July, December, and March due to high levels of stormwater in the wastewater system.	✓	✓
<ul style="list-style-type: none"> <li>sewerage system blockages*</li> </ul>	< 7	ACHIEVED: 3.4 (last year: 7.0).  There were a total of 20 customer service requests received this year, compared to 33 last year.	✓	✓
<ul style="list-style-type: none"> <li>Council's response to the above issues*</li> </ul>	< 10	ACHIEVED: Nil (last year: 0.2).	✓	✓
<ul style="list-style-type: none"> <li>total number of recorded complaints*</li> </ul>	< 27	ACHIEVED: 11.5 (last year: 12.8).  Council received 65 customer service requests (60 last year) relating to wastewater during the year. Due to an increase number of connections the result verses target is lower than last year.	✓	✓

\* These performance measures are the mandatory performance measures introduced by Parliament. The calculation was total number of physical connections for 2017/18, while using the total number of assessments connected for 2016/17.

† The times shown for "response and resolution" are reported by the service provider, Tararua Alliance, as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by Council.



### WASTEWATER MANAGEMENT – PUBLIC SATISFACTION SURVEY TRENDS 2008 TO 2018





# Water Supplies

## Activities in this group

1

### Water Supplies

*To provide a reliable supply of potable water, of a quality that the community can afford and which meets the general needs of residents and businesses within the district's townships.*



## Group level funding impact statement

	2016/17 LTP Year 2 \$000s	2016/17 Plan \$000s	2016/17 Actual \$000s	2017/18 LTP Year 3 \$000s	2017/18 Plan \$000s	2017/18 Actual \$000s
<b>Sources of Operating Funding</b>						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	2,351	1,613	2,125	2,465	2,276	2,326
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	487	4	-	7	3
Local authorities fuel tax, fines, infringement fees, and other receipts	113	107	247	123	227	278
Internal charges and overheads recovered	-	-	-	-	-	-
<b>Total Operating Funding</b>	<b>2,464</b>	<b>2,207</b>	<b>2,376</b>	<b>2,588</b>	<b>2,510</b>	<b>2,607</b>
<b>Applications of Operating Funding</b>						
Payment to staff and suppliers	809	805	882	847	921	1,114
Finance costs	286	251	198	288	297	277
Internal charges and overheads applied	290	252	291	296	242	299
Other operating funding applications	-	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,385</b>	<b>1,308</b>	<b>1,371</b>	<b>1,431</b>	<b>1,460</b>	<b>1,690</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>1,079</b>	<b>899</b>	<b>1,005</b>	<b>1,157</b>	<b>1,050</b>	<b>917</b>
<b>Sources of Capital Funding</b>						
Subsidies and grants for capital expenditure	415	400	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(231)	(65)	763	309	1,012	1,693
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>184</b>	<b>335</b>	<b>763</b>	<b>309</b>	<b>1,012</b>	<b>1,693</b>
<b>Applications of Capital Funding</b>						
Capital Expenditure:						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	555	685	2,808	1,069	1,400	2,166
- to replace existing assets	379	373	564	407	443	628
Increase (decrease) in reserves	329	176	(1,604)	(10)	219	(184)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>1,263</b>	<b>1,234</b>	<b>1,768</b>	<b>1,466</b>	<b>2,062</b>	<b>2,610</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(1,079)</b>	<b>(899)</b>	<b>(1,005)</b>	<b>(1,157)</b>	<b>(1,050)</b>	<b>(917)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# What we achieved

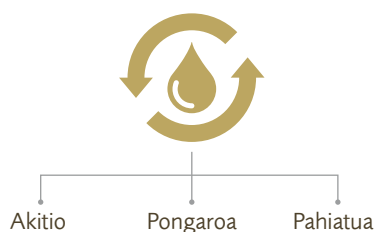
## CONSTRUCTION UNDERWAY TO INCREASE CAPACITY OF WATER SUPPLIES



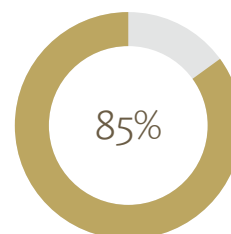
## CAPITAL INVESTMENT

**\$2.8 million**

## TREATMENT PLANT UPGRADES UNDERWAY TO IMPROVE SAFETY OF WATER SUPPLIES



## SATISFIED WITH THE AVAILABILITY OF WATER



## Transgression in water quality

During the year Council issued boil water notices for Dannevirke, Pongaroa, and Norsewood.

In Dannevirke, due to a very high level of turbidity in the river, equipment failure, and insufficient storage to meet the town demands, a precautionary boil water notice was issued on 14 June 2018.

The equipment failure meant water was temporarily drawn directly from the river intake. While the water was chlorinated, it still required boiling before consumption. The issues were quickly addressed and the boil water notice was lifted on 19 June 2018.

In December 2017, Council advised the Pongaroa and Norsewood communities that it is taking a proactive approach with water supply management due to the dry weather conditions. Both these schemes operate a dual system, i.e. treated water supplied to household water tanks is supplemented with roof water.

A precautionary boil water notice was issued, as the risk of contamination increases when water tank volumes reduce during dry weather, particularly if tanks have not been cleaned recently.

Council issued three boil water notices, during the year, for Pongaroa. The reasons were a result of a chlorine system fault, very high turbid water from the intake supply, and a very low chlorine residual in the town reticulation network.

## Water safety plans and water quality management

The ongoing Havelock North Drinking Water Inquiry, resulting from the 2016 water quality issues in Havelock North, continue to be a major focus for the Water Treatment team as the recommendations are likely to cause a significant change to the management of drinking water.

The focus of the inquiry is to ensure that all water supplies provide a safe and secure source of drinking water 100% of the time. To achieve this, Council has continued to collaborate with key agencies; MidCentral Health, Horizons, and other territorial authorities.

As a result of visits to other local authorities, and attending a number of water seminars, we are putting actions in place to improve our business and compliance processes following the Havelock North incident. From this we have done the following:

- Improved the Waters team structure to include a dedicated compliance and sampling role.
- Taken learnings from this Council to incorporate into our quality management system that we are introducing.
- Undertaken a gap analysis from an independent assessment against the Australian Drinking Water Guidelines.

The Havelock North inquiry also recommended that every water supply had a minimum level of chlorination as a barrier to ensure safe drinking water. This has resulted in Council chlorinating the previously unchlorinated supplies of two schemes.

Upgrades to the Akitio, Pongaroa, and Pahiatua treatment plants were designed to ensure a sufficient number of barriers, ensuring safe drinking supply. In the Long Term Plan we will complete a number of projects to meet the drinking water standards.

We are looking at options and working to implement a quality management system in relation to all compliance and consenting requirements. This will be a major project in itself to compile all information and data and get the system implemented and operational.

A quality management system relies on the principle that every operation needed to produce the final output should meet customer and regulatory requirements.

We are undertaking this activity to identify and manage the risks to drinking water and to better meet the compliance requirements in the Health Act and Drinking Water Standards New Zealand. We have completed documenting Operational Procedures and Water Safety Plans. Our next step will be to move to ensure that the systems developed are working as designed.

Council has started working through the HACCP (hazard analysis and critical control points) assessments for each treatment plant. We are close to completion of the Woodville water supply assessment. Final HACCP Assessment for the Woodville Water Supply has been submitted for final review, and we expect this to be completed by early next year.

The HACCP assessment focuses on operational risks for water treatment and evaluates the risk with physical, microbial and chemical contamination through the treatment process. The focus will then be on validation, monitoring, corrective actions, and reporting for the critical control points. The purpose of the assessment is to demonstrate that the critical control points have been identified and meet the internationally recognised standard.

Further to the collaboration between MidCentral Health, Horizons, and other territorial authorities in the region on improving drinking water security, we are also looking at how the need for quality management systems (QMS), similar to that audited for Building Consent Authority Accreditation, could be done regionally.

At present, each individual drinking water supplier is trying to build their own quality management system, following one of the key recommendations in the Havelock North inquiry.

## Pahiatua water supply

### Storage tanks

The site of the new reservoir was altered to have a greater elevation than original. As a consequence we had to revisit the loads, the high wind zone and also subsoil conditions. A wind assessment was completed and the reservoir engineer upgraded the tank construction roof trusses, purlins and top rafter to deal with the higher wind loads.

Changes to the foundation design were also made to accommodate additional steel. A geotechnical report was also instigated due to the final platform level.

As at year end, the concrete foundation was completed, the reservoir structural components have started arriving, and the fabrication of the reservoir has commenced. This project is expected to be completed in the first quarter next year.

### Treatment plant

The project has been delayed as the Ministry of Health are yet to approve the design of the proposed treatment plant and storage tanks. They have raised concerns over the specifications of the design specific to meeting the drinking water standards, ongoing operating cost and funding for the renewals, the need for the larger storage tank and the resilience of the water scheme.

We continue to work with the Ministry in addressing their concerns, obtain approval, procure, build and install the treatment plant in the next financial year.

## Akitio water treatment

The new containerised treatment plant has now been positioned on site ready for pipe work, and electrical and telemetry connections to be attached prior to commissioning. Plant commission is planned for the first quarter of next year.

## Pongaroa water treatment

The plant building and chlorine room has been completed and concrete storage tanks are in place with pipework underway. Treatment components are being fitted by supplier, with electrical connections and Scada telemetry system to follow.

A new agreement for the management of the scheme with the Pongaroa Rural Water Supply Society is being drawn up which will address the new requirements and expectations of Council for maintaining this scheme. Plant commission is planned for the second quarter of next year.

## Dannevirke water supply

Council achieved compliance for cryptosporidium and giardia testing in the raw water samples from the Tamaki



River. This involved 26 samples over a 12 month period which were all within the standards. This resolved the need for Council to include an additional treatment process – currently Council chlorinates and has a UV treatment in place.

Over the last couple of months, during heavy rainfall in the headwaters of the Tamaki River, the water has been discoloured and turbid for longer periods of time than normal. The clarity of the water has taken a lot longer to clear up and decrease the (NTU) turbidity in the raw water.

Investigation on the integrity of the Infiltration gallery and scheduling of any maintenance work is underway. We also plan to use our drone to investigate the upper catchment area for any slips or obstructions in the river upstream of the intake gallery, to assess whether this is the cause of the ongoing high turbidity.

## Woodville impounded supply

Work recommended late last year and all earthworks within the reservoir itself was completed ready for the lining.

Approximately 95% of the liner has been placed and the delay has been mainly due to the availability of the contractor who was held up at other jobs and the poor weather conditions.

Placing the liners is a weather dependent operation with still and dry working conditions required. We estimate only one to two days work remaining to complete the installation of the liner.

To overcome the poor weather conditions, the cover was prefabricated in another location ready to install upon completion of the liner. This project is expected to be completed in the first quarter of next year.

## Asset inventory management

A basic need for effective asset investment decision making is having a robust understanding of what assets Council have. For long term condition and financial forecasting, understanding the total replacement value of the assets is also very important.

An Asset Data Improvement Plan was developed by the Tararua Alliance in 2016/17, identifying and prioritising the opportunities for improvement that could be made. A key project that has since been carried out is validation of the asset register for water supply reticulation assets.

During 2017/18, almost 7,500 changes were made to the previous data, largely through the identification of new or found assets, an increase of approximately 420%.

The increased confidence in the asset register, and a far better understanding of the assets Council owns, will enable better short term and long term management of the reticulation network, by informing data/evidenced based decisions, for both the operational, strategic, and financial asset management purposes. There are still improvements

to be made, which will be carried out over time to enable further improvements with regards to maintenance and financial management of the asset.

## Asset maintenance management

The Tararua Alliance have implemented a utilities job management system for day to day operations. This tool captures information regarding completed work, including location, type, materials quantities and costs. It also improves the ability to communicate tasks and programmed maintenance to technicians in the field. Accumulating temporal condition data and maintenance history of the network will allow predictive asset deterioration modelling to be carried out.

Using a number of advanced tools, including Assetic Predictor and dtims, the condition modelling and spatial analysis of reactive repairs will assist in developing robust long term forward works programmes and will inform long term financial planning of renewals and maintenance needs.

## Demand management

Understanding network water consumption and flow through a network is an important part of demand management, ensuring water is being used appropriately and fairly while reducing any potential or unidentified leakage within the reticulation network.

With the purchase of multiple new large bulk water meters, we are soon to install these within our Pahiatua reticulation scheme and start recording data with the intent to model flow rates through the pipe network while comparing this information with both our metered and expected consumption to proactively identify water leakage and illegal connections or unauthorised consumption of water.

This system also uses radio frequency water meters combined with data logging devices to store important flow and pressure data. Small reductions in network leakage can result in large savings in treatment costs, reducing costs to consumers and ratepayers.

## Water meter reading innovation

Water meters are installed on high volume users and lifestyle blocks, as well as on some residential houses, to manage water demand and/or enable fair cost recovery of water use. These are measured on a quarterly basis and have historically been read manually with data recorded on paper – a very resource heavy and time consuming process.

With the process now managed by the Tararua Alliance, efforts have gone into improving this process to both reduce time and cost and improve the quality of information being recorded. With Council, a review and optimisation

of the methodology for this routine task was carried out, with subsequent improvements made in the development and implementation of digital data collection tools and also rationalisation of survey routes and data processing practices. This has significantly reduced the time and cost associated with this task, now taking days rather than weeks to complete with far better quality of data.

Functional and accurate water meters are a critical tool to understanding water consumption and managing demand. There has been a recent focus on testing existing meters and ensuring they are recording as expected and are accurate. Many meters were found to be defective during 2017/18 and have subsequently been replaced, enabling accurate revenue collection and proactive demand management for water consumption.

## Backflow prevention

Backflow is a term used in plumbing for an unwanted flow of water in the reverse direction. It can be a serious health risk due to the possible contamination of potable water supplies with foul water.

Reducing the likelihood of bugs and other nasties in the town's water supply through backflow prevention measures has long been a somewhat challenging risk for rural districts such as Tararua to mitigate.

Due to the increasing focus across New Zealand of reducing water supply risks to people and communities, the Tararua Alliance have commenced a project to identify high risk activities within our schemes, then rectify through the installation of backflow prevention devices. Sites completed in 2017/18 include the Dannevirke stock yards, the Alliance meat works, and other high risk commercial operations in town. The Tararua Alliance has also focused on developing technical expertise in this area. Further improvements will continue to be made over the coming years.

## Training and development

There is a nationwide shortage of qualified people in the New Zealand water sector, with little positive trends for current capabilities.

Council and the Tararua Alliance are proactive in developing capabilities and technical expertise, to ensure a high quality and safe service is provided to the district's residents. Training and development of staff is critical to this, with staff carrying out apprenticeships and cadetships to become qualified reticulation technicians and treatment plant operators.

# Performance against objectives

## Water Supplies

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																		
<ul style="list-style-type: none"><li>Percentage of customers rating availability of water as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023.</li></ul>	65%	<p>ACHIEVED: 85% (last year: 90%).</p> <p>The survey results are scored on a scale from 1–10 with 5 as somewhat dissatisfied and 1–4 as very dissatisfied.</p> <table><thead><tr><th>Score</th><th>2016/17</th><th>2017/18</th></tr></thead><tbody><tr><td>Score 9–10</td><td>55%</td><td>49%</td></tr><tr><td>Score 7–8</td><td>32%</td><td>32%</td></tr><tr><td>Score 6</td><td>2%</td><td>4%</td></tr><tr><td>Score 5</td><td>4%</td><td>6%</td></tr><tr><td>Score 1–4</td><td>6%</td><td>9%</td></tr></tbody></table> <p>Council's investment in its urban water network is showing positive results. However, we saw a significant increase in dissatisfaction in the February survey results, likely linked to water restrictions imposed to conserve water. Of the 28 residents responding with a score of 1-4, 23 were from the South Ward. We are currently upgrading both the Pahiatua and Woodville water schemes to provide suitable water storage that will further improve district satisfaction.</p>	Score	2016/17	2017/18	Score 9–10	55%	49%	Score 7–8	32%	32%	Score 6	2%	4%	Score 5	4%	6%	Score 1–4	6%	9%		
Score	2016/17	2017/18																				
Score 9–10	55%	49%																				
Score 7–8	32%	32%																				
Score 6	2%	4%																				
Score 5	4%	6%																				
Score 1–4	6%	9%																				
<ul style="list-style-type: none"><li>Number of recorded complaints per 1,000 connections to Council's networked reticulation system for†:</li></ul>																						
<ul style="list-style-type: none"><li>drinking water pressure or flow*</li></ul>	< 5	<p>ACHIEVED: 0.9 (last year: 2.5).</p> <p>There were five customer service requests recieved during the year (12 last year).</p>																				
<ul style="list-style-type: none"><li>drinking water taste*</li></ul>	< 5	<p>ACHIEVED: 1.6 (last year: 2.8).</p> <p>There were nine customer service requests received during the year (13 last year). Four of these related to complaints due to chlorination of the water supplies, which is a required barrier for safe drinking water.</p>																				

<sup>†</sup> In 2017/18, the calculation was based on the number of physical connections, while 2016/17 was based on the total number of assessments connected to the water supply network.

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																											
• drinking water clarity*	< 5	NOT ACHIEVED: 5.6 (last year: 13.8).  There were 31 customer service requests received during the year (65 last year), mainly in Pahiatua and Dannevirke. A number of these complaints relate to water clarity post mains flushing and pipe repair. Council is improving communication to residents, starting by posting to Facebook when and where mains flushing will be occurring and what residents can expect as a result. We will also investigate other suitable communication methods to inform affected residents of mains flushing.	—	—																											
• drinking water odour*	< 5	ACHIEVED: 1.3 (last year: 1.3).  There were seven customer service requests received during the year (six last year).	✓	✓																											
• continuity of supply*	< 5	ACHIEVED: 2.9 (last year: 4.4).  There were 16 customer service requests received during the year (21 last year).	✓	✓																											
• Council's response to the issues above*	< 5	ACHIEVED: Nil (last year: 0.6).  There were no customer service requests received during the year (three last year).	✓	✓																											
• total number of recorded complaints*	< 30	ACHIEVED: 12.2 (last year: 25.2).  There were 68 customer complaints received during the year (119 last year).	✓	✓																											
• Number of schemes with a Public Health Management Plan in place.	7	NOT ACHIEVED: 6 (last year: 6).  All schemes except for Akitio have a Water Safety Plan in place. Akitio's scheme will be addressed as part of the water treatment plant upgrade due for completion by end of July 2018.	—	—																											
• Number of schemes that comply with Part 4 (bacteria compliance criteria) of the NZ Drinking Water Standards.*	7	NOT ACHIEVED: 3 (last year: nil). <table><tr><th>Town Supply</th><th colspan="2">Compliant?</th></tr><tr><th></th><th>2017</th><th>2018</th></tr><tr><td>Akitio</td><td>No</td><td>Yes</td></tr><tr><td>Dannevirke</td><td>No</td><td>No</td></tr><tr><td>Eketahuna</td><td>No</td><td>Yes</td></tr><tr><td>Norsewood</td><td>No</td><td>Yes</td></tr><tr><td>Pahiatua</td><td>No</td><td>No</td></tr><tr><td>Pongaroa</td><td>No</td><td>No</td></tr><tr><td>Woodville</td><td>No</td><td>No</td></tr></table>  Council introduced a new testing regime to address the non-compliance in 2017. However, three schemes failed the measure in 2018 due to not enough samples being collected. We will revisit our testing regime for the 2019 year and improve processes to ensure we exceed the minimum requirements.	Town Supply	Compliant?			2017	2018	Akitio	No	Yes	Dannevirke	No	No	Eketahuna	No	Yes	Norsewood	No	Yes	Pahiatua	No	No	Pongaroa	No	No	Woodville	No	No	—	—
Town Supply	Compliant?																														
	2017	2018																													
Akitio	No	Yes																													
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Pongaroa	No	No																													
Woodville	No	No																													

Performance Measure and Target	Target	Achievement	2016/17 Results	2017/18 Results																											
<ul style="list-style-type: none"><li>Number of schemes that comply with Part 5 (protozoal compliance criteria) of the NZ Drinking Water Standards.*</li></ul>	7	<div>NOT ACHIEVED: 4 (last year: nil).</div> <table><thead><tr><th></th><th colspan="2">Compliant?</th></tr><tr><th>Town Supply</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Akitio</td><td>No</td><td>No</td></tr><tr><td>Dannevirke</td><td>No</td><td>No</td></tr><tr><td>Eketahuna</td><td>No</td><td>No</td></tr><tr><td>Norsewood</td><td>No</td><td>No</td></tr><tr><td>Pahiatua</td><td>No</td><td>No</td></tr><tr><td>Pongaroa</td><td>No</td><td>No</td></tr><tr><td>Woodville</td><td>No</td><td>No</td></tr></tbody></table> <div>The reason for non-compliance was due to not having 24 hour monitoring in place and did not have uv installed for more than 12 months.</div>		Compliant?		Town Supply	2017	2018	Akitio	No	No	Dannevirke	No	No	Eketahuna	No	No	Norsewood	No	No	Pahiatua	No	No	Pongaroa	No	No	Woodville	No	No		
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Pahiatua	No	No																													
Pongaroa	No	No																													
Woodville	No	No																													
<ul style="list-style-type: none"><li>Median response time to attend an urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site.* †</li></ul>	1 hour	ACHIEVED: 23 minutes (last year: 25 minutes).																													
<ul style="list-style-type: none"><li>Median time to resolve an urgent call-out, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault or interruption.* †</li></ul>	8 hours	ACHIEVED: 3 hours and 53 minutes (last year: hours and 30 minutes).																													
<ul style="list-style-type: none"><li>Median response time to attend a non-urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site.* †</li></ul>	24 hours	ACHIEVED: 2 hours and 43 minutes (last year: 1 hour and 54 minutes).																													
<ul style="list-style-type: none"><li>Median time to resolve a non-urgent call-out, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault or interruption.* †</li></ul>	72 hours	ACHIEVED: 4 hours and 56 minutes (last year: 4 hours).																													
<ul style="list-style-type: none"><li>The percentage of real water loss from the Council's networked reticulation schemes based on the minimum night flow (MNF) analysis.*</li></ul>	7%	NOT ACHIEVED: 12% (last year: 29%).																													
<ul style="list-style-type: none"><li>Average consumption of drinking water per day per resident connected to a Council scheme.*</li></ul>	300 litres	ACHIEVED: 266 litres (last year: 251 litres).																													

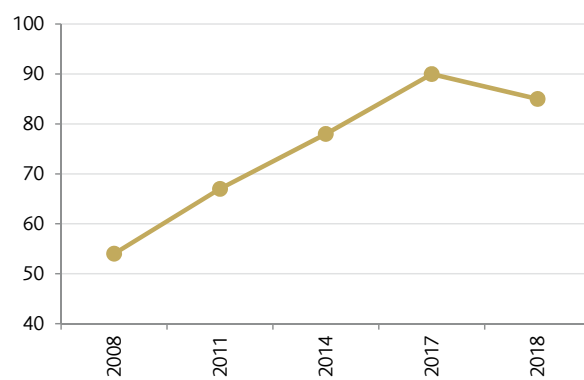
\* These performance measures are the mandatory performance measures introduced by Parliament.

† The times shown for "response and resolution" are reported by the service provider, Tararua Alliance, as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by Council.





AVAILABILITY OF WATER – PUBLIC  
SATISFACTION SURVEY TRENDS 2008 TO 2018





# Financial Statements





## Statement of comprehensive revenue and expense for the year ended 30 June 2018

	Note	2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
<b>Revenue</b>				
Rates*	2	21,005	21,409	21,501
Grants and Subsidies		9,438	13,161	8,949
Fees and Charges	4	2,347	2,324	2,755
Finance Revenue	3	216	192	175
Dividends and Subvention		-	-	-
Other Revenue	5	338	436	687
Forestry Sales		189	317	-
Development and Financial Contribution		-	-	-
<b>Total operating revenue</b>		<b>33,533</b>	<b>37,839</b>	<b>34,067</b>
<b>Expenditure</b>				
Other Operating Expenses	9	16,175	17,947	16,683
Depreciation and amortisation	10	11,610	13,120	11,473
Personnel Costs	7	5,112	5,352	4,995
Finance Costs	3	171	679	515
<b>Total operating expenditure before asset gains/losses</b>		<b>33,068</b>	<b>37,098</b>	<b>33,666</b>
<b>Operating surplus/(deficit) before asset gains/losses</b>		<b>465</b>	<b>741</b>	<b>401</b>
Other asset gains/(losses)	6	557	129	64
<b>Operating surplus/(deficit) before tax</b>		<b>1,022</b>	<b>870</b>	<b>465</b>
Less Taxation Expense/Plus Refund	11	-	-	-
<b>Surplus/(deficit) after tax</b>		<b>1,022</b>	<b>870</b>	<b>465</b>
<b>Surplus/(deficit) attributable to:</b>				
Parent Interest (Tararua District Council)	23	1,022	870	465
Non-controlling Interest	23	-	-	-
<b>Surplus/(deficit) for the period</b>		<b>1,022</b>	<b>870</b>	<b>465</b>
<b>Other Comprehensive Revenue and Expense</b>				
Gains/(losses) on assets revaluation	24	25	41,063	14,811
Financial assets at fair value through other comprehensive revenue & expense	24	-	-	-
Tax on Equity Items		-	-	-
<b>Other Comprehensive Revenue and Expense Subtotal</b>		<b>25</b>	<b>41,063</b>	<b>14,811</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>1,047</b>	<b>41,933</b>	<b>15,212</b>

Explanations of major variances against budget are provided in Note 36.

These statements should be read in conjunction with the 'Notes to the Financial Statements'.

## Statement of changes in equity for the year ended 30 June 2018

	Note	2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
Balance at 1 July		876,419	877,466	881,011
Total comprehensive revenue & expense previously reported		1,047	41,933	15,212
Dividends Paid		-	-	-
<b>Total Balance at 30 June</b>		<b>877,466</b>	<b>919,400</b>	<b>896,223</b>
<b>Total Comprehensive Revenue and Expense attributable to:</b>				
Tararua District Council		1,047	41,933	15,212
Minority Interest		-	-	-
<b>Total Comprehensive Revenue and Expense</b>		<b>1,047</b>	<b>41,933</b>	<b>15,212</b>
<b>Detailed Changes</b>				
<b>Accumulated Funds</b>				
Balance at 1 July		350,302	348,461	354,952
Net Surplus/(Deficit) after Tax for the Year		1,022	870	465
Fair value through equity		-	-	-
Net transfers between Equity and Reserves		(2,863)	(4,522)	(1,210)
Dividends paid		-	-	-
<b>Balance at 30 June</b>		<b>348,461</b>	<b>344,809</b>	<b>354,207</b>
<b>Asset Revaluation Reserves</b>				
Balance at 1 July		497,343	497,368	497,343
Increase/(Decrease) in Revaluation Reserves		25	41,063	14,811
<b>Balance at 30 June</b>		<b>497,368</b>	<b>538,431</b>	<b>512,154</b>
<b>Special Funded Reserves</b>				
Balance at 1 July		28,730	31,595	28,602
Increase/(Decrease) in Special Reserves		2,865	4,519	1,210
<b>Balance at 30 June</b>		<b>31,595</b>	<b>36,114</b>	<b>29,812</b>
<b>Trust Funds</b>				
Balance at 1 July		44	42	50
Increase/(Decrease) in Trust Funds		(2)	4	-
<b>Balance at 30 June</b>		<b>42</b>	<b>46</b>	<b>50</b>
Minority interest		-	-	-
<b>Total Equity at 30 June</b>		<b>877,466</b>	<b>919,400</b>	<b>896,223</b>

Explanations of major variances against budget are provided in Note 36.

These statements should be read in conjunction with the 'Notes to the Financial Statements'.



## Statement of financial position as at 30 June 2018

	Note	2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalent	1	277	3,535	3,518
Debtors and other receivables	12	4,648	6,097	3,874
Other financial assets	15	5,384	2,478	3,723
Non-current assets held for sale	16	-	-	-
Inventories	14	116	68	91
<b>Total Current Assets</b>		<b>10,424</b>	<b>12,178</b>	<b>11,206</b>
<b>Non-Current Assets</b>				
Other financial assets	15	161	257	299
Investment held in New Zealand Local Government Insurance Corporation Ltd	15	118	118	-
Debtors and other receivables	12	-	-	-
Investment Property	16	1,602	1,641	1,637
Forestry assets	13	1,656	2,072	1,449
Intangible assets	19	1,118	1,254	1,179
Property, plant & equipment – operational	18	33,130	42,918	33,916
Property, plant & equipment – infrastructure	18	841,820	879,314	859,013
Property, plant & equipment – restricted	18	4,770	4,770	4,860
<b>Total Non-Current Assets</b>		<b>884,374</b>	<b>932,344</b>	<b>902,353</b>
<b>Total Assets</b>		<b>894,798</b>	<b>944,522</b>	<b>913,559</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables and deferred revenues	20	4,140	5,796	4,264
Borrowings – current	22	3,000	4,000	2,000
Employee entitlements	8	448	464	407
Provision for landfill aftercare	21	176	109	-
<b>Total Current Liabilities</b>		<b>7,765</b>	<b>10,369</b>	<b>6,671</b>



		2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
	Note			
<b>Non-Current Liabilities</b>				
Borrowings – non-current	22	8,589	13,687	9,320
Employee entitlements	8	28	28	29
Tenant contributions	17	480	480	675
Provision for landfill aftercare	21	469	560	641
<b>Total Non-Current Liabilities</b>		<b>9,567</b>	<b>14,755</b>	<b>10,665</b>
<b>Total Liabilities</b>		<b>17,332</b>	<b>25,123</b>	<b>17,336</b>
<b>Equity</b>				
Accumulated Funds	23	348,461	344,809	354,207
Asset Revaluation Reserves	24	497,368	538,431	512,154
Special Funded Reserves	25	31,595	36,114	29,812
Trust Funds	26	42	46	50
<b>Total Equity</b>		<b>877,466</b>	<b>919,400</b>	<b>896,223</b>
<b>Total Liabilities and Equity</b>		<b>894,798</b>	<b>944,522</b>	<b>913,559</b>

These statements should be read in conjunction with the 'Notes to the Financial Statements'.



## Statement of cash flows for the year ended 30 June 2018

	Note	2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
<b>Cash Flows from Operating Activities</b>				
<b>Cash was provided from:</b>				
Rates		21,065	21,652	21,991
Grants and subsidies		9,285	11,576	8,949
Fees, charges and other receipts (including Donations)		2,130	2,933	2,755
Interest received		188	202	175
Dividends & subvention payment received		-	-	-
Income tax refunds		-	-	-
Other revenue		527	808	687
GST refunds		-	-	-
		<b>33,195</b>	<b>37,171</b>	<b>34,557</b>
<b>Cash was applied to:</b>				
Payments staff and suppliers		21,222	22,314	22,168
Interest paid		513	551	515
Income tax payments		-	-	-
GST payments		-	-	-
		<b>21,735</b>	<b>22,865</b>	<b>22,683</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>27</b>	<b>11,460</b>	<b>14,306</b>	<b>11,874</b>
<b>Cash Flows from Investing Activities</b>				
<b>Cash was provided from:</b>				
Proceeds from sale of property, plant and equipment		191	-	-
Proceeds from investment property		178	-	-
Proceeds from investments realised		6,144	2,906	2,500
		<b>6,513</b>	<b>2,906</b>	<b>2,500</b>
<b>Cash was applied to:</b>				
Purchase of property, plant and equipment		17,028	19,629	14,341
Purchase of Intangible assets		33	229	-
Purchase of investments		5,400	96	1,210
		<b>22,461</b>	<b>19,954</b>	<b>15,551</b>
<b>Net cash inflow (outflow) from investing activities</b>		<b>(15,948)</b>	<b>(17,048)</b>	<b>(13,051)</b>





		2016/17 Actual \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
	Note			
<b>Cash Flows from Financing Activities</b>				
<b>Cash was provided from:</b>				
Proceeds from borrowings		2,000	9,000	3,177
Tenant contributions received		89	-	-
		<b>2,089</b>	<b>9,000</b>	<b>3,177</b>
<b>Cash was applied to:</b>				
Dividend paid		-	-	-
Tenant contributions repaid		86	-	-
Repayment of borrowings		-	3,000	2,000
		<b>86</b>	<b>3,000</b>	<b>2,000</b>
<b>Net cash inflow (outflow) from financing activities</b>		<b>2,003</b>	<b>6,000</b>	<b>1,177</b>
<b>Net increase (decrease) in cash held</b>		<b>(2,485)</b>	<b>3,258</b>	<b>-</b>
Total cash resources at start of the year		2,762	277	3,518
<b>Total cash resources at end of the year</b>	<b>1</b>	<b>277</b>	<b>3,535</b>	<b>3,518</b>

These statements should be read in conjunction with the 'Notes to the Financial Statements'.

## Whole of Council funding impact statement

	2016/17 Actual \$000s	2016/17 Plan \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charges, rates penalties	7,034	6,730	7,491	7,722
Targeted rates	14,804	14,292	14,818	14,268
Grants and subsidies for operating purposes	5,084	4,006	5,266	3,678
Fees, charges	2,347	2,986	2,324	2,755
Interest and Dividends from investments	216	291	192	175
Local authorities fuel tax, fines, infringement fees, and other receipts	527	735	753	687
<b>Total Operating Funding</b>	<b>30,012</b>	<b>29,040</b>	<b>30,844</b>	<b>29,285</b>
<b>Applications of Operating Funding</b>				
Payment to staff and suppliers	22,126	22,162	24,204	22,166
Finance costs	171	544	679	515
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>22,297</b>	<b>22,706</b>	<b>24,883</b>	<b>22,681</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>7,715</b>	<b>6,334</b>	<b>5,961</b>	<b>6,604</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure	4,354	5,606	7,895	5,271
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,665	2,126	(588)	1,177
Gross proceeds from sale of assets	368	173	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>6,387</b>	<b>7,905</b>	<b>7,307</b>	<b>6,448</b>
<b>Applications of Capital Funding</b>				
Capital Expenditure:				
- to meet additional demand	63	82	-	28
- to improve the level of service	7,992	6,327	6,949	5,019
- to replace existing assets	8,908	7,499	12,851	9,295
Increase (decrease) in reserves	(2,861)	330	(6,532)	(1,290)
Increase (decrease) of investments	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>14,102</b>	<b>14,238</b>	<b>13,268</b>	<b>13,052</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(7,715)</b>	<b>(6,334)</b>	<b>(5,961)</b>	<b>(6,604)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Reconciliation whole of Council funding impact statement to comprehensive revenue and expense

	2016/17 Actual \$000s	2016/17 Plan \$000s	2017/18 Actual \$000s	2017/18 Plan \$000s
<b>Revenue</b>				
Statement of Comprehensive Revenue and Expense	33,533	34,646	37,839	34,067
<b>Summary Funding Impact Statement</b>				
<b>Sources of Operating Funding</b>				
Total operating funding	30,012	29,040	30,844	29,285
Add sources of capital funding:				
- Subsidies and grants for capital expenditure	4,354	5,606	7,895	5,272
- Investment (gains/losses)	-	-	-	-
Other dedicated capital funding	-	-	-	-
Less rates remission and discount	(503)	-	(560)	(490)
Less internal rates revenue eliminated	(330)	-	(340)	-
<b>Total Revenue</b>	<b>33,533</b>	<b>34,646</b>	<b>37,839</b>	<b>34,067</b>
<b>Expenditure</b>				
Statement of Comprehensive Revenue and Expense	33,068	34,503	37,098	33,666
<b>Summary Funding Impact Statement</b>				
<b>Application of Operating Funding</b>				
Total application of operating funding	22,297	22,706	24,883	22,683
Add depreciation and amortisation expense	11,610	11,797	13,120	11,473
Less rates remission and discount	(509)	-	(565)	(490)
Less internal rates revenue eliminated	(330)	-	(340)	-
<b>Total Expenditure</b>	<b>33,068</b>	<b>34,503</b>	<b>37,098</b>	<b>33,666</b>



# Statement of Accounting Policies

For the year ended 30 June 2018

## Reporting entity

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

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

Tararua District Council has an 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 2018. The financial statements were authorised for issue by Council on 31 October 2018.

## Basis of preparation

### Statement of compliance

The financial statements of Tararua District Council 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 New Zealand 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, financial instruments (including derivative instruments), and carbon credits.

### 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).

## Changes in accounting policies

There has been no changes in accounting policies for the year.

## Associates

Associates are entities over which Council has significant influence but not control and are neither subsidiaries nor joint venture interests.

Investments in associates are recorded in the financial statements using the equity method and are initially recognised at cost in the financial statements. The carrying amount is increased or decreased to recognise Council's share of the surplus or deficit in the associate after the date of acquisition. Council's share of the surplus or deficit in the associate is recognised in surplus or deficit. Distributions from associates are recognised in the financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, Council discontinues recognising its

share of further deficits. After Council's interest is reduced to zero, additional deficits are provided for, and liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where Council transacts with an associate, surplus or deficits are eliminated to the extent of Council's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

## Revenue

Revenue is measured at fair value.

Revenue may be derived from either exchange or non-exchange transactions.

### Exchange and non-exchange transactions

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where the Council receives value from another entity without giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

### Rates revenue

The following policies of rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised on as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### Contribution revenue

Development contributions and financial contributions are recognised as revenue when the Council provides, or is

able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

### Government subsidies

Government grants, for example from NZ Transport Agency, Ministry of Health and Ministry of Environment, are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

### Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue, unless there is a return condition attached to the asset. Assets vested in Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is determined by reference to the cost of constructing the asset.

### Sales of goods

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

### Commission

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

### Dividends

Dividends are recognised when the right to receive payment has been established.

### Interest revenue

Interest revenue is recognised using the effective interest method.

## Borrowing costs

Borrowing costs are recognised as an expense in the period that they are incurred.



## Grant expenditure

Nondiscretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

## Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

## Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted at balance date.

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

Current tax and deferred tax is recognised against the surplus or deficit for the period except to the extent that it relates to a business combination, or to transactions

recognised in other comprehensive revenue and expense or directly in equity.

## Leases

### Finance leases

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

At the commencement of the lease term, Council will recognise finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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

### Operating leases

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

## Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts.

Bank overdrafts where applicable are shown within borrowings in current liabilities in the statement of financial position.

## Debtors and other receivables

Debtors and other receivables are measured at face value less any provision for impairment.

## Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the cost adjusted for any loss on service potential.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from loss of service potential or net realisable value is recognised in the surplus or deficit in the year of the write down.

## Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its investments at initial recognition.

### Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses recognised in the surplus or deficit.

### Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit as part of finance costs.

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits, community and related party loans.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

### Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated as fair value through equity or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. Council's financial assets at fair value through other comprehensive revenue and expense comprise local authority stock and investments in quoted and unquoted shares.

Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly





in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus or deficit. On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

## Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

### Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default

in payments are considered indicators that the instrument is impaired.

### Fair value through other comprehensive revenue and expense

For equity investments classified as fair value through other comprehensive revenue and expense, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) is removed from equity and recognised in the surplus or deficit.

Impairment losses recognised in the surplus or deficit on equity investments are not reversed through the surplus or deficit.

## Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

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

## Property, plant and equipment

Property, plant and equipment consists of:

**Operational assets** – These include land, buildings, library books, plant and equipment, motor vehicles, fibre cabling and conduits, furniture and fittings, and swimming pools.

**Infrastructure assets** – Infrastructure assets includes the roading corridor network, footpaths and fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

**Restricted assets** – Restricted assets are parks and reserves and war memorials owned by Council that



provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Subsequent costs

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

## Depreciation

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

Land, land under roads, restricted assets, assets under construction, investment properties, and biological assets are not depreciated.

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

Asset Category	Useful Life	Depreciation Rate
<b>Operational and Restricted Assets</b>		
Buildings	9–80	(1.3%–11.1%)
Computer equipment	2–45	(2.2%–50%)
Fibre cabling and conduits	20–30	(3%–5%)
Furniture and fittings	2–45	(2.2%–50%)
Library collections	1–10	(10%–100%)

Asset Category	Useful Life	Depreciation Rate
Motor vehicles	5–20	(5%–20%)
Plant and equipment	2–33	(3%–50%)
Swimming pools	15–50	(2%–6.7%)

### Infrastructural Assets

#### Roading

Top surface (seal)	12–16	(6.3%–8.3%)
Top surface (unsealed)	1–5	(20%–100%)
Pavement (seal base course)	90	(1.1%)
Pavement (unsealed base course)	Not depreciated	
Sub-base (rural)	Not depreciated	
Sub-base (urban)	40	(2.5%)
Formation	Not depreciated	
Drainage	20–90	(1.1%–5%)
Bridges and culverts	70–120	(0.8%–1.4%)
Railings	30–50	(2%–3.3%)
Retaining walls	90	(1.1%)
Kerbing	25–100	(1%–4%)
Footpaths	10–90	(1.1%–10%)
Signs and road markings	5–12	(8.3%–20%)
Streetlights	25–60	(1.7%–4%)

#### Stormwater

Pipes	50–140	(0.7%–2%)
Manholes	90–140	(0.7%–1.1%)

#### Wastewater Network

Pipes and manholes	50–135	(0.7%–2%)
Treatment ponds	55–65	(1.5%–1.8%)
Pumps	20–40	(2.5%–5%)
Flow monitoring equipment	20	(5%)

#### Water Network

Monitoring equipment (hardware)	5–30	(3.3%–20%)
Pipes, hydrants, valves	40–150	(0.7%–2.5%)
Treatment plants	10–100	(1%–10%)
Pumps	15–30	(3.3%–6.7%)
Tanks	40–200	(0.5%–2.5%)

Waste management	2–17	(5.9%–50%)
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Items under construction	Non-depreciable	
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

## Revaluation

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Revaluations	Frequency
Infrastructural Assets	Annually
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Annually
Stormwater	Annually
Water	Annually
Land	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The results of revaluing are credited or debited to other comprehensive revenue and expense and held in an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to other comprehensive revenue and expense and held in the revaluation reserve for that class of asset.

## Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

Infrastructure assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. These assets are revalued annually as at 1 July.

## Operational and restricted land and buildings

These are revalued at fair value as determined from market based evidence by an independent valuer on a three yearly cycle.

## Land under roads

Land under roads, was valued based on fair value of adjacent land as determined by reference to the Council rating data. Subsequently, this has not been revalued.

## Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

## Intangible assets

### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

### Carbon credits

Carbon credits are initially recognised at cost, or fair value on free carbon credits. After initial recognition, all carbon credits are revalued annually at fair value.

The net revaluation result is credited or debited to other comprehensive revenue and expense and is accumulated through revaluation reserve. Where this results in a debit balance in the reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised

in the surplus or deficit. Any subsequent increase in revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Carbon credits are not amortised.

## Amortisation

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

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

	Useful life	Depreciation Rate
Computer software	3-5 years	20-33%

## Forestry assets

Forestry assets are revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit.

## Investment property

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

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

After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit. Investment properties are not depreciated.

## Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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

## Livestock

A small number of deer are kept for recreational purposes, hence are not revalued but recognised at cost. These are held as inventory.

## Payables and deferred revenue

Payables and deferred revenue are initially measured at face value.

## Employee benefits

### Short-term entitlements

Employee benefits that expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave, when material, to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the



coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## Long-term entitlements

### Long service leave and retirement leave

These are long-term employee benefits that are assessed on an accrued entitlement basis at current rates of pay.

### Superannuation schemes

- **Defined Contribution Schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

- **Defined Benefit Schemes**

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the obligation. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder

for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value even if payment under guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a liability is recognised based on the probability that Council will be required to reimburse a holder for a loss incurred and is disclosed as a contingent liability.

## Borrowing

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

## Equity

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

The components of equity are:

- Accumulated funds
- Asset revaluation reserves
- Special funded reserves
- Trust funds

### Asset revaluation reserve

This reserve relates to the revaluation of infrastructure assets, carbon credits, land, and buildings to fair value.

### Special funded and Council created reserves

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's Treasury Policies and Long Term Plan allow internal borrowing against these reserves on the basis they will be reimbursed over time or at time of need.

### Trust funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may

be made only for certain specified purposes or when certain specified conditions are met.

## Good and service tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by the Council at the beginning of the year in the most current of the Annual Plan or the Long Term Plan.

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

## Cost allocation

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant on the following cost drivers: expenditure, floor area, employees and assets.

## Statement of cash flows

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as

receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

## Rounding

There will be rounding of numbers in the Annual Report as the financial reporting model used calculates to the dollar but the Annual Report is rounded to the nearest thousand.

## Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

### Landfill aftercare provision

Note 22 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

### Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by



the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the 'New Zealand Infrastructural Asset Valuation and Depreciation Guidelines' published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

### Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of revenue and expense, and carrying amount of the asset in the statement of financial position. Council minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

Council has made changes to past assumptions concerning useful lives and residual values. Council has increased the life range on bridges from 100 years to 140 years, and has also increased the life range on water monitoring equipment from five years to 20 years. The carrying amounts of property, plant and equipment are disclosed in Note 19.

## Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying Council's accounting policies for the period ended 30 June 2018.

### Classification of property

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy. These properties are accounted for as property, plant and equipment.

# Notes to Financial Statements

For the year ended 30 June 2018

## 1. Cash and cash equivalents

The average interest rate received on the bank deposit for the 2017/18 year was 3.09%. In 2016/17 this was 3.16%.

	2016/17 Actual \$000s	2017/18 Actual \$000s
Cash at bank and in hand	269	3,480
Term deposits maturing 3 months or less from date of acquisition	8	55
<b>Total Cash and Cash Equivalents</b>	<b>277</b>	<b>3,535</b>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

### Financial assets recognised in a non-exchange transaction that are subject to restrictions

The Council holds unspent funds, included in cash at bank and investments, of \$46,000 (2017: \$42,000). These unspent funds relate to trusts received (Note 27). The restrictions generally specify how the funds are required to be spent.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	2016/17 Actual \$000s	2017/18 Actual \$000s
Cash and cash equivalent current asset	269	3,480
Short term deposits maturing 3 months or less from date of acquisition	8	55
Cash and cash equivalent current liability – bank overdraft	-	-
<b>Total Cash Resources</b>	<b>277</b>	<b>3,535</b>



## 2. Rates revenue

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>General Rates</b>		
Uniform annual general charge	4,029	3,891
General land rates	2,710	3,357
<b>Targeted Rates Attributable to Group of Activities</b>		
Community and Recreation Facilities	1,627	1,679
District Promotion and Economic Development	436	465
Regulatory Services	239	14
Roading and Footpaths	6,858	6,639
Solid Waste Management	899	925
Stormwater	736	769
Wastewater	1,877	1,991
Water Supplies	1,613	1,776
<b>Rates revenue before discount</b>	<b>21,022</b>	<b>21,506</b>
Less 3% discount for full payment at time of first instalment	(85)	(87)
<b>Rates revenue after discount</b>	<b>20,937</b>	<b>21,419</b>
Plus metered water charges	512	550
Less rates remissions	(410)	(406)
Less rates internally charged to Council	(330)	(340)
Plus net rates penalties	295	186
<b>Total revenue from rates</b>	<b>21,005</b>	<b>21,409</b>

### Rates Remissions

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Rates Remissions</b>		
Town centre refurbishment development loans	9	8
Sewerage – educational establishments	77	81
General rates	286	280
General rates – not for profit sports and cultural	38	37
<b>Total</b>	<b>410</b>	<b>406</b>

Council had 10,906 rateable assessments as at 30 June 2017. The total capital and land value of these assessments was \$5,027,234,620 and \$3,087,928,320 respectively.



### 3. Finance revenue and finance costs

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Finance Revenue</b>		
Interest on bank deposits	216	192
<b>Total Finance Revenue</b>	<b>216</b>	<b>192</b>
<b>Finance Costs</b>		
Interest on bank overdraft	-	-
Landfill interest expense	(9)	(10)
Fair value movement of derivative	(336)	98
Interest on secured loans	515	591
<b>Total Finance Costs</b>	<b>171</b>	<b>679</b>
<b>Net Finance (Costs)/Gain</b>	<b>45</b>	<b>(487)</b>

### 4. Fees and charges

	2016/17 Actual \$000s	2017/18 Actual \$000s
Building and planning consent charges	419	400
Dog registration fees	242	246
Landfill and transfer station charges	509	478
Pensioner housing rent	345	384
Trade waste charges	109	110
Petroleum tax	165	169
Rendering of services	-	-
Other fees and charges	559	537
<b>Total</b>	<b>2,347</b>	<b>2,324</b>

## 5. Other revenue

	2016/17 Actual \$000s	2017/18 Actual \$000s
Revenue from the various domain boards	131	180
Insurance recoveries:		
- motor vehicles	-	47
- buildings	13	40
Other	194	169
<b>Total Miscellaneous Revenue</b>	<b>338</b>	<b>436</b>

## 6. Other gains and losses

	2016/17 Actual \$000s	2017/18 Actual \$000s
Gain/(Loss) on disposal of property, plant & equipment	64	(325)
Gain (Loss) on Investment properties	(26)	39
Gain (Loss) on change in forestry value	519	415
<b>Total Gains/(Losses)</b>	<b>557</b>	<b>129</b>

## 7. Personnel costs

Salaries and wages includes movements in employee benefit liabilities.

	2016/17 Actual \$000s	2017/18 Actual \$000s
Salaries and wages	4,798	5,017
Defined contribution plan employer contributions	126	137
Training costs	168	183
Increase/(decrease) in employee entitlements/liabilities	20	16
<b>Total Employee Benefit Costs</b>	<b>5,112</b>	<b>5,352</b>

Employer contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributors Scheme.

During the year to 30 June 2018, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, Councillors, the Chief Executive, and senior managers of the Council were as follows:

	2016/17 \$000s	2017/18 \$000s
<b>Mayor</b>		
Roly Ellis	27	-
Roly Ellis, motor vehicle	1	-
Tracey Collis	60	87
Tracey Collis, motor vehicle	5	4
<b>Councillors</b>		
Allan Benbow	24	36
Ernie Christison	17	26
Tracey Collis	8	-
James Crispin	26	28
Keith Fenemor	2	-
Alison Franklin	8	25
Shirley Hull	28	29
Carole Isaacson	25	26
Peter Johns	25	25
Bill Keltie	11	-
David Roberts	8	-
Andrew Thompson	17	25
<b>Total Mayor &amp; Councillors</b>	<b>293</b>	<b>311</b>
<b>Community Boards</b>		
Ernie Christison	2	-
Charlie Death	7	8
Timothy Delaney	2	-
Robert Dresser	3	-
Diana Eagle	4	4
Trudi Hull	1	-
Terry Hynes	4	6
Ross Macdonald	9	10
Sharon Shannon	4	4
Kim Spooner	4	6
Pat Walshe	4	6
Pauline Wilson	3	4
<b>Total Community Boards</b>	<b>44</b>	<b>48</b>

	2016/17 \$000s	2017/18 \$000s
<b>Chief Executive</b>		
Blair King, employee benefit costs	211	221
Defined contribution plan - employer contributions	17	18
Blair King, motor vehicle	15	15
<b>Total Chief Executive</b>	<b>243</b>	<b>254</b>
<b>Severance Payments</b>		
All employees	-	-

### Total employee annual remuneration by band

Remuneration Band	2016/17	2017/18
Less than \$60,000	54	54
\$60,000-\$79,999	21	21
\$80,000-\$99,999	6	11
\$100,000-\$239,999	5	6
<b>Total</b>	<b>86</b>	<b>92</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 63 (2017: 57) full-time employees, with balance of staff representing 14.3 (2017: 15.3) full-time equivalent employees. At balance date, Council employed six casual staff (2017: five).

A full-time equivalent (FTE) employee is determined on the basis of a 40-hour working week.



## 8. Employee entitlements

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Current Portion</b>		
Accrued pay	95	119
Annual leave	349	341
Long service leave	3	3
<b>Total Current Portion</b>	<b>448</b>	<b>464</b>
<b>Non-Current Portion</b>		
Retirement leave	28	28
<b>Total Non-Current Portion</b>	<b>28</b>	<b>28</b>
<b>Total Employee Entitlements</b>	<b>476</b>	<b>492</b>

### Employee provisions – movements

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Opening Balance</b>	<b>456</b>	<b>476</b>
Additional provision	398	454
Amount used	(378)	(438)
<b>Net Movement for the Year</b>	<b>20</b>	<b>16</b>
<b>Closing Balance</b>	<b>476</b>	<b>492</b>

## 9. Other operating expenses

	2016/17 Actual \$000s	2017/18 Actual \$000s
Audit fees for financial statement audit – current year	115	116
Audit fees for debenture trust deed	4	4
Audit fees for Long Term Plan	-	66
Impairment of receivables movement (see note 12)	(37)	(34)
Inventory consumption	7	48
Rental and operating lease expenses	44	57
Other operating expenses	16,042	17,690
<b>Total Other Operating Expenses</b>	<b>16,175</b>	<b>17,947</b>

## 10. Depreciation & amortisation expense by group of activities

	2016/17 Actual \$000s	2017/18 Actual \$000s
Building Communities and Leadership	4	3
Community and Recreation Facilities	1,975	1,982
District Promotion and Economic Development	16	10
Regulatory Services	80	44
Roading and Footpaths	7,325	8,805
Solid Waste Management	96	91
Stormwater	224	222
Wastewater	889	933
Water Supplies	1,000	1,030
<b>Total</b>	<b>11,610</b>	<b>13,120</b>

This note is disclosed to be compliant with Schedule 10 of the Local Government Act 2002.

## 11. Taxation

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Relationship between Tax and Accounting Profit</b>		
Operating surplus/(deficit) before income tax	1,022	870
Prima facie tax @ 28%	286	244
Tax effect of permanent differences:		
Non-deductible expenditure	(286)	(244)
Deferred tax adjustment	-	-
<b>Total Income Tax Expense</b>	<b>-</b>	<b>-</b>



## 12. Debtors and other receivables

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>(Amounts include GST)</b>		
<b>Current Portion</b>		
Rates receivables	1,715	1,673
Sundry debtors	692	331
Sundry debtors - NZ Transport Agency: roading subsidies	1,700	3,284
Interest accrued	35	25
Prepayments	238	454
Contract work in progress	-	-
Other receivables	644	741
	<b>5,024</b>	<b>6,507</b>
Less provision for impairment of receivables	(375)	(410)
<b>Current Portion</b>	<b>4,648</b>	<b>6,097</b>
<b>Non-Current Portion</b>		
Prepayments	-	-
<b>Non-Current Portion</b>	<b>-</b>	<b>-</b>
<b>Total Trade And Other Receivables</b>	<b>4,648</b>	<b>6,097</b>
<b>Total receivables comprise:</b>		
Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,308	5,581
Receivables from exchange transactions – this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	340	516

The rates receivable are as follows for assessed impairment, net collectable and debtor aging:

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>(Amounts include GST)</b>		
Total rates receivable	1,715	1,673
Less assessed impairment	(357)	(391)
<b>Net assessed as collectible after rating sales &amp; expected collection</b>	<b>1,358</b>	<b>1,282</b>
<b>Collectible split for rating years as:</b>		
> 12 months	532	731
< 12 months	826	551
<b>Carrying amount</b>	<b>1,358</b>	<b>1,282</b>

The trade and receivables excluding rates receivable are as follows for assessed impairment, net collectable and debtor ageing:

	2016/17 Actual \$000s	2017/18 Actual \$000s
(Amounts include GST)		
Current	1,785	3,193
1 month	1,120	1,475
2 months	1	148
Over 2 months	26	(4)
	<b>2,933</b>	<b>4,812</b>

## Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value. The carrying amount of receivables that are past due, but not impaired, whose terms have been renegotiated is \$NIL (2017: \$NIL).

## Impairment

Council provides for impairment on some rates receivable for properties undergoing rating sales and a portion unlikely to be collected. However, it also has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The status of receivables as at 30 June 2018 are detailed below:

- There is only one concentration of credit risk with respect to receivables. Council has one large debtor in respect of NZ Transport Authority providing government subsidy for Roothing. This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.
- The face value of loans to related parties is \$NIL (2017: \$NIL).
- The carrying value of trade and other receivables (excluding loans to related parties) approximates their fair value. As of 30 June 2018, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council pool of debtors. Expected losses have been determined based on an analysis of Council losses in previous periods, and review of specific debtors.

## Impairment of receivables

Movements in the provision for impairment of receivables for Council is as follows:

	2016/17 Actual \$000s	2017/18 Actual \$000s
At 1 July	412	375
Additional/(reduction in) provisions made during the year	(37)	35
Less receivables written off during period	-	-
<b>At 30 June</b>	<b>375</b>	<b>410</b>

## 13. Forestry assets

	2016/17 Actual \$000s	2017/18 Actual \$000s
Balance at 1 July	1,137	1,656
Increases due to purchases	-	-
Gains/Losses arising from changes in fair value - less estimated sale costs	519	489
Decreases due to sales	-	-
Decrease due to harvest	-	(74)
<b>Balance at 30 June</b>	<b>1,656</b>	<b>2,072</b>

### Council

Council owns 370.4 hectares of pinus radiata forest at year end (2017: 377.1 hectares). The trees are at varying stages of maturity ranging from 0–30 years. Council owns an additional 24.4 hectares of stands that are uneconomical to harvest at current log prices.

During the 2017/18 year, Council harvested 10.7 hectares of forest at Kaiparoro (2016/17: 3.9 hectares of forest at Kaiparoro).

Registered valuer, P F Olsen, has valued forestry assets as at 30 June 2018. A post-tax discount rate of 6.5% was used to discount the present value of expected cash flows.

### Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council manages this risk by:

- delaying or bringing forward the harvest;
- choosing the right markets – e.g. domestic or export;
- choosing the log type with the higher returns.

## 14. Inventory and livestock

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Held for distribution inventory</b>		
Rural fire consumables	13	-
Paper stock	34	30
i-SITE stock	3	3
<b>Commercial inventory</b>		
Livestock	5	7
Material stocks	61	27
<b>Total Inventory and Livestock</b>	<b>116</b>	<b>68</b>

No inventories were pledged as security for liabilities nor are any inventories subject to retention of title clause.



## 15. Other financial assets

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Current Portion</b>		
Short term deposits greater than 3 months but less than 12 months	5,384	2,478
<b>Total Current Portion</b>	<b>5,384</b>	<b>2,478</b>
<b>Non-current Portion</b>		
Term deposits greater than 12 months	-	-
Local Government Funding Agency borrower notes	160	240
Tararua Aquatic Community Trust settled by Council (Initial \$500 capital)	1	1
New Zealand Local Government Insurance Corporation Limited	118	118
MW LASS shares	1	16
<b>Total Non-Current Portion</b>	<b>279</b>	<b>375</b>
<b>Total Investments</b>	<b>5,664</b>	<b>2,852</b>

### Term deposits

The carrying amount of term deposits approximates their fair value.

### Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

## 16. Investment property

	2016/17 Actual \$000s	2017/18 Actual \$000s
Balance at 1 July	1,808	1,602
Additions from reclassification	-	-
Disposals/sales	(179)	-
Fair value gains/(losses) on valuation	(27)	39
<b>Balance at 30 June</b>	<b>1,602</b>	<b>1,641</b>
Rental revenue	23	20
Direct operating expenses	(41)	(37)
<b>Surplus/(Deficit)</b>	<b>(18)</b>	<b>(17)</b>

Council investment properties are valued annually at fair value effective 30 June. All investment properties are valued based on open market evidence. The valuation was performed by independent registered valuer Alex Robson (MPINZ) of Aon New Zealand. Aon New Zealand are experienced valuers with extensive market knowledge in the type and location of property owned by Council.



## 17. Tenant contributions

Council owns 12 self-contained flats styled "Tenant Contribution Flats". The tenants of these flats make an interest-free loan to Council on signing a lease, and Council repays the loan upon the tenant vacating the flat. The amount of the loan varies from flat to flat but generally is set at 75% of the current market value of the unit at the time the lease is signed.

At 30 June 2018 the loans repayable to tenants totalled \$480,075 (2017: \$480,075).

## 18. Property, plant and equipment

### Valuation

#### Council valuations

##### Infrastructure assets – roading network, water network, sewerage network and stormwater network

These assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation was performed in-house, and reviewed by independent registered valuer, Pauline True at Stantec Ltd, using optimised depreciated replacement cost. Stantec Ltd are experienced valuers with extensive market knowledge in the type and location of assets owned by Council. The valuation was effective as at 1 July 2017.

The total fair value valued by Council and reviewed by Stantec Ltd was \$835,216,570. There are no amounts of property, plant and equipment pledged as security for liabilities.

##### Land (operational, restricted, and infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer, Alex Robson of Aon New Zealand. The valuation was effective as at 1 July 2017.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The total fair value of land valued by Aon New Zealand was \$9,977,200.

##### Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.

- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

The most recent valuation was performed by an independent registered valuer, Alex Robson of Aon New Zealand. Aon New Zealand are experienced valuers with extensive market knowledge in the type and location of assets owned by Council. The valuation was effective as at 1 July 2017.

The total fair value of buildings (including improvements) valued by Aon New Zealand was \$29,195,000.

### **Disposal**

The net loss on disposal of property, plant and equipment of \$129,000 has been recognised in the statement of comprehensive revenue and expense in the line item "Other asset gains/losses" and disclosed in Note 6.

### **Additions**

Additions for the year totalled \$19,820,000. These consisted of constructed assets.



## Council 2018

	Cost or valuation opening bal 1-Jul-17 \$000s	Accumulated depreciation opening bal 1-Jul-17 \$000s	Carrying amount opening bal 1-Jul-17 \$000s	Current year additions \$000s	Current year disposals \$000s
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### Operational Assets

#### At Valuation

Buildings	23,449	(4,056)	19,393	784	
Land	9,152	-	9,152	-	-

#### At Cost

Computer equipment	1,987	(1,454)	533	240	-
Fibre cabling and conduits	1,095	(329)	766	95	-
Furniture and fittings	804	(637)	167	22	-
Library collections	1,660	(1,275)	385	93	-
Motor vehicles	1,911	(905)	1,006	250	(685)
Plant and machinery	2,786	(1,834)	952	222	(23)
Swimming pools	520	(236)	284	-	-
Work in progress	493	-	493	220	-
<b>Total Operational Assets</b>	<b>43,857</b>	<b>(10,726)</b>	<b>33,131</b>	<b>1,926</b>	<b>(708)</b>

### Infrastructure Assets

#### At Valuation

Road network	649,976	(5,651)	644,325	8,906	-
Road bridges and culverts	73,332	(1,525)	71,807	381	-
Road land	24,395	-	24,395	-	-
Road and forestry roads	315	-	315	-	-
Wastewater treatment plants and facilities	16,483	(425)	16,058	1,073	-
Wastewater network and other assets	16,640	(420)	16,220	453	-
Stormwater systems	11,431	(224)	11,207	239	-
Street-lighting	1,420	(72)	1,348	368	-
Waste management	1,088	(1,009)	79	231	-
Water supply treatment plants and facilities	10,189	(455)	9,734	54	-
Water supply network and other assets	34,641	(527)	34,114	933	-

#### At Cost

Work in Progress	12,218	-	12,218	6,720	-
<b>Total Infrastructure Assets</b>	<b>852,128</b>	<b>(10,308)</b>	<b>841,820</b>	<b>19,358</b>	<b>-</b>



Current year impairment changes \$000s	Current year depn \$000s	Reverse accumul depn on sales or revaluation \$000s	Revaluation movements \$000s	Adjustments* (allocate WIP) (re- class assets) \$000s	Cost or valuation 30-Jun-18 \$000s	Accumul depn & impairment closing bal 30-Jun-18 \$000s	Carrying amount closing bal 30-Jun-18 \$000s
	(1,339)	4,056	5,702	(16)	29,919	(1,339)	28,580
-	-	-	796	-	9,948	-	9,948
-	(152)	-	-	-	2,227	(1,606)	621
-	(41)	-	-	-	1,190	(370)	820
-	(21)	-	-	-	826	(658)	168
-	(50)	-	-	-	1,753	(1,325)	428
-	(204)	362	-	-	1,476	(747)	729
	(228)	1	-	-	2,985	(2,061)	924
-	(17)	-	-	-	520	(253)	267
-	-	-	-	(280)	433	-	433
-	(2,052)	4,419	6,498	(296)	51,277	(8,359)	42,918
-	(7,315)	5,651	26,949	†(315)	685,516	(7,315)	678,201
-	(1,349)	1,525	(2,190)	-	71,523	(1,349)	70,174
-	-	-	-	-	24,395	-	24,395
-	-	-	-	-	315	-	315
-	(494)	425	54	-	17,610	(494)	17,116
-	(405)	420	(1,091)	-	16,002	(405)	15,597
-	(222)	224	(368)	-	11,302	(222)	11,080
-	(64)	72	(201)	-	1,587	(64)	1,523
-	(33)	-	-	-	1,319	(1,042)	277
-	(321)	455	(337)	-	9,906	(321)	9,585
-	(692)	527	(1,395)	-	34,179	(692)	33,487
-	-	-	-	(1,374)	17,564	-	17,564
-	(10,895)	9,299	21,421	(1,689)	891,218	(11,904)	879,314



	Cost or valuation opening bal 1-Jul-17 \$000s	Accumulated depreciation opening bal 1-Jul-17 \$000s	Carrying amount opening bal 1-Jul-17 \$000s	Current year additions \$000s	Current year disposals \$000s
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### Restricted Assets

#### At Valuation

Cemetery Reserves	1,551	-	1,551	-	-
Parks and Reserves	1,973	-	1,973	-	-
Roading Reserves	646	-	646	-	-
Sundry Reserves	365	-	365	-	-
War Memorials	235	-	235	-	-
<b>Total Restricted Assets</b>	<b>4,770</b>	<b>-</b>	<b>4,770</b>	<b>-</b>	<b>-</b>
<b>Total Council Assets</b>	<b>900,755</b>	<b>(21,034)</b>	<b>879,721</b>	<b>21,284</b>	<b>(708)</b>

Plus Intangible Amortisation

#### Total Parent Depreciation and Amortisation

\* The adjustments column refers to the reversal of the work in progress balances from the previous year.

† Correction of forestry roads incorrectly captured in road network.



Current year impairment changes \$000s	Current year depn \$000s	Reverse accumul depn on sales or revaluation \$000s	Revaluation movements \$000s	Adjustments* (allocate WIP) (re- class assets) \$000s	Cost or valuation 30-Jun-18 \$000s	Accumul depn & impairment closing bal 30-Jun-18 \$000s	Carrying amount closing bal 30-Jun-18 \$000s
-	-	-	-	-	1,551	-	1,551
-	-	-	-	-	1,973	-	1,973
-	-	-	-	-	646	-	646
-	-	-	-	-	365	-	365
-	-	-	-	-	235	-	235
-	-	-	-	-	<b>4,770</b>	-	<b>4,770</b>
-	<b>(12,947)</b>	<b>13,718</b>	<b>27,919</b>	<b>(1,985)</b>	<b>947,265</b>	<b>(20,263)</b>	<b>927,002</b>
	(170)						
	<b>(13,117)</b>						



## Council 2017

	Cost or valuation opening bal 1-Jul-16 \$000s	Accumulated depreciation opening bal 1-Jul-16 \$000s	Carrying amount opening bal 1-Jul-16 \$000s	Current year additions \$000s	Current year disposals \$000s
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### Operational Assets

#### At Valuation

Buildings	21,960	(2,717)	19,243	1,489	-
Land	9,152	-	9,152	-	-

#### At Cost

Computer equipment	1,705	(1,284)	421	282	-
Fibre cabling and conduits	1,071	(288)	783	24	-
Furniture and fittings	774	(618)	156	30	-
Library collections	1,553	(1,226)	327	107	-
Motor vehicles	1,710	(822)	888	331	(66)
Plant and machinery	2,581	(1,608)	973	205	-
Swimming pools	520	(207)	313	-	-
Work in progress	414	-	414	290	-
<b>Total Operational Assets</b>	<b>41,440</b>	<b>(8,770)</b>	<b>32,670</b>	<b>2,758</b>	<b>(66)</b>

### Infrastructure Assets

#### At Valuation

Road network	651,930	(5,632)	646,298	6,670	-
Road bridges and culverts	75,259	(1,489)	73,770	43	-
Road land	24,395	-	24,395	-	-
Road and forestry roads	315	-	315	-	-
Wastewater treatment plants and facilities	13,673	(318)	13,355	3,072	-
Wastewater network and other assets	16,349	(421)	15,928	282	-
Stormwater systems	11,431	(226)	11,205	-	-
Street-lighting	1,633	(62)	1,571	27	-
Waste management	1,088	(976)	112	-	-
Water supply treatment plants and facilities	9,169	(455)	8,714	967	-
Water supply network and other assets	32,327	(530)	31,797	359	-

#### At Cost

Work in Progress	9,349	-	9,349	5,893	-
<b>Total Infrastructure Assets</b>	<b>846,918</b>	<b>(10,109)</b>	<b>836,809</b>	<b>17,313</b>	<b>-</b>





Current year impairment changes \$000s	Current year depn \$000s	Reverse accumul deprn on sales or revaluation \$000s	Revaluation movements \$000s	Adjustments* (allocate WIP) (re- class assets) \$000s	Cost or valuation 30-Jun-17 \$000s	Accumul deprn & impairment closing bal 30-Jun-17 \$000s	Carrying amount closing bal 30-Jun-17 \$000s
-	(1,339)	-	-	-	23,449	(4,056)	19,393
-	-	-	-	-	9,152	-	9,152
-	(170)	-	-	-	1,987	(1,454)	533
-	(41)	-	-	-	1,095	(329)	766
-	(19)	-	-	-	804	(637)	167
-	(49)	-	-	-	1,660	(1,275)	385
-	(211)	64	-	-	1,911	(905)	1,006
-	(226)	-	-	-	2,786	(1,834)	952
-	(29)	-	-	-	520	(236)	284
-	-	-	-	(211)	493	-	493
-	<b>(2,084)</b>	<b>64</b>	-	<b>(211)</b>	<b>43,857</b>	<b>(10,726)</b>	<b>33,130</b>
-	(5,651)	5,632	(9,416)	792	649,976	(5,651)	644,325
-	(1,525)	1,489	(1,178)	(792)	73,332	(1,525)	71,807
-	-	-	-	-	24,395	-	24,395
-	-	-	-	-	315	-	315
-	(425)	318	(262)	-	16,483	(425)	16,058
-	(420)	421	9	-	16,640	(420)	16,220
-	(224)	226	-	-	11,431	(224)	11,207
-	(72)	62	(240)	-	1,420	(72)	1,348
-	(33)	-	-	-	1,088	(1,009)	79
-	(455)	455	(86)	139	10,189	(455)	9,734
-	(527)	530	2,094	(139)	34,641	(527)	34,114
-	-	-	-	(3,024)	12,218	-	12,218
-	<b>(9,332)</b>	<b>9,133</b>	<b>(9,079)</b>	<b>(3,024)</b>	<b>852,128</b>	<b>(10,308)</b>	<b>841,820</b>



	Cost or valuation opening bal 1-Jul-16 \$000s	Accumulated depreciation opening bal 1-Jul-16 \$000s	Carrying amount opening bal 1-Jul-16 \$000s	Current year additions \$000s	Current year disposals \$000s
<b>Restricted Assets</b>					
<b>At Valuation</b>					
Cemetery Reserves	1,551	-	1,551	-	-
Parks and Reserves	1,973	-	1,973	-	-
Roading Reserves	646	-	646	-	-
Sundry Reserves	365	-	365	-	-
War Memorials	235	-	235	-	-
<b>Total Restricted Assets</b>	<b>4,770</b>	<b>-</b>	<b>4,770</b>	<b>-</b>	<b>-</b>
<b>Total Council Assets</b>	<b>893,128</b>	<b>(18,879)</b>	<b>874,249</b>	<b>20,071</b>	<b>(66)</b>
Plus Intangible Amortisation					
<b>Total Parent Depreciation and Amortisation</b>					

\* The adjustments column refers to the reversal of the work in progress balances from the previous year.

## Insurance of assets

Asset Type	Note	Total book value of council assets	Total gross replacement value of council assets	Total value of assets covered by insurance contracts	Total value of assets covered by financial risk sharing arrangements	Total value of assets self-insured	Reserve fund total
Motor vehicles	3	729	1,476	1,476	-	-	-
Buildings and other operational assets		31,808	83,903	97,035	-	-	-
Road and footpath assets	1	750,213	995,407	-	637,060	356,747	1,600
Wastewater network	2	32,713	56,839	20,422	34,103	2,298	16
Stormwater network	2	11,080	17,853	5,959	10,712	1,178	4
Water supply network	2	43,072	77,407	25,809	46,444	5,142	12
<b>Total</b>		<b>869,615</b>	<b>1,232,885</b>	<b>150,701</b>	<b>728,319</b>	<b>365,365</b>	<b>1,632</b>

Council has disclosed the gross replacement cost above for infrastructure assets as this is the maximum loss that could occur in a disaster.

1. Council received average 67% subsidy from NZ Transport Agency for flood damage work and average 64% for operational and renewal expenditure in 2017/18. These percentages have been used for calculating the financial risk sharing portion. Council also maintains a special fund for the sole purpose of funding emergency roading works from a natural disaster.
2. The gross replacement cost of motor vehicles is the total cost of new vehicles. Insurance will only cover the market value of our current motor vehicle fleet. In the event of total loss, Council will fund the difference from depreciation reserves.



Current year impairment changes \$000s	Current year depn \$000s	Reverse accumul deprn on sales or revaluation \$000s	Revaluation movements \$000s	Adjustments* (allocate WIP) (re- class assets) \$000s	Cost or valuation 30-Jun-17 \$000s	Accumul deprn & impairment closing bal 30-Jun-17 \$000s	Carrying amount closing bal 30-Jun-17 \$000s
-	-	-	-	-	1,551	-	1,551
-	-	-	-	-	1,973	-	1,973
-	-	-	-	-	646	-	646
-	-	-	-	-	365	-	365
-	-	-	-	-	235	-	235
-	-	-	-	-	4,770	-	4,770
-	(11,416)	9,197	(9,079)	(3,235)	900,755	(21,034)	879,721
(194)							
(11,610)							

## Work in progress

	Year ended 2016/17	Year ended 2017/18
<b>Operational Assets</b>		
<b>Balance</b>	<b>493</b>	<b>433</b>
<b>Made up of:</b>		
Buildings	481	443
Fibre Cabling & Conduits	12	-
Plant & Machinery	-	-
<b>Infrastructure Assets</b>		
<b>Balance</b>	<b>12,218</b>	<b>17,564</b>
<b>Made up of:</b>		
Roading Network	5,036	7,702
Roading - Forestry Roads	378	386
Wastewater Treatment Plants & Facilities	1,909	2,472
Wastewater Network and Other Assets	1,108	1,176
Stormwater Systems	135	326
Waste Management	66	111
Water Supply Treatment Plants & Facilities	2,991	5,243
Water Supply Network and Other Assets	594	148



## 19. Intangible assets

	Cost	Accumulated amortisation impairment expense closing balance 1 July 2016	Opening carrying amount	Additions	Disposals/ transfers
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>2017/18</b>					
Computer software	1,952	(1,537)	415	122	-
Intangible WIP	278	-	278	80	-
Library e-books	7	(5)	3	-	-
Easement rights	12	-	12	-	-
Carbon credits	411	-	411	-	-
<b>Total</b>	<b>2,660</b>	<b>(1,542)</b>	<b>1,118</b>	<b>202</b>	<b>-</b>
<b>2016/17</b>					
Computer software	1,933	(1,344)	589	18	-
Intangible WIP	133	-	133	148	(2)
Library e-books	7	(4)	3	-	-
Easement rights	12	-	12	-	-
Carbon credits	438	-	438	-	-
<b>Total</b>	<b>2,523</b>	<b>(1,348)</b>	<b>1,175</b>	<b>166</b>	<b>(2)</b>

## 20. Payables and deferred revenue

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Payables and deferred revenue under exchange transactions</b>		
Trade payables	3,536	4,946
Amounts payable to related parties including their retentions	-	-
Interest accrued	53	92
Revenue in advance	-	149
Amounts payable to contractors as retentions	288	192
<b>Total</b>	<b>3,877</b>	<b>5,379</b>
<b>Payables and deferred revenue under non-exchange transactions</b>		
Other taxes payable (e.g. GST and PAYE)	106	118
Grants payable	5	71
Rates revenue in advance	153	227
<b>Total</b>	<b>264</b>	<b>416</b>
<b>Total payables and deferred revenue</b>	<b>4,141</b>	<b>5,796</b>

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



Revaluation movement	Amortisation impairment expense \$000s	Accumulated amortisation & impairment expense closing balance 30 June 2017 \$000s	Closing balance 30 June 2017 \$000s
-	(168)	(1,705)	369
-		-	358
-	(2)	(7)	-
-	-	-	12
104	-	-	515
<b>104</b>	<b>(170)</b>	<b>(1,712)</b>	<b>1,254</b>
-	(193)	(1,537)	415
-	-	-	278
-	(1)	(5)	3
-	-	-	12
(27)	-	-	411
<b>(27)</b>	<b>(194)</b>	<b>(1,542)</b>	<b>1,118</b>



## 21. Provision for landfill aftercare

The Council has six landfills. Only the Pongaroa landfill is currently operational. Eketahuna landfill was closed on 30 June 2018 and Pongaroa landfill is due for closure in 2021. The other four landfills have been closed and capped. Council has a legal obligation under the various resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure.

A provision for post-closure costs is recognised as a liability when the obligation for post-closure cash flows arise.

The closure date of the landfills is the lesser of estimated life or the end of current resource consents to operate the landfill.

The cash outflows for landfill post-closure costs are expected to occur over the next 40 years. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account known future technology. Council has discounted the provision using a discount rate of 4.22% (2017: 4.91%).

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Landfill aftercare provision</b>		
Opening balance	639	645
Additional provisions during the year	42	56
Amounts used during the year	(27)	(22)
Unused amounts reversed during the year	-	-
Discount unwinding	(9)	(10)
<b>Closing balance</b>	<b>645</b>	<b>669</b>
<b>Made up of</b>		
Current portion	176	109
Non-current portion	469	560
<b>Total provision</b>	<b>645</b>	<b>669</b>

## 22. Borrowings

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Current</b>		
Bank Overdraft	-	-
Secured Loans	3,000	4,000
<b>Total current borrowings</b>	<b>3,000</b>	<b>4,000</b>
<b>Non-current</b>		
Secured Loans	8,000	13,000
<b>Total non-current borrowings</b>	<b>8,000</b>	<b>13,000</b>
<b>Total borrowings</b>	<b>11,000</b>	<b>17,000</b>

## Fixed-rate borrowings

	Maturity Date	Interest Rate 2016/17	Interest Rate 2017/18	Actual 2016/17 \$000s	2017/18 Actual \$000s
<b>Current</b>					
Multi-Option Credit Facility		-	-	-	-
LGFA Commercial Paper	18 October 2017	2.21%	-	1,000	-
LGFA Bond Issue	15 December 2017	2.86%	-	2,000	-
LGFA Commercial Paper	20 August 2018	-	2.21%	-	1,000
LGFA Commercial Paper	17 September 2018	-	2.30%	-	1,000
LGFA Bond Issue	15 March 2019	-	2.58%	-	1,000
LGFA Bond Issue	15 March 2019	-	2.70%	-	1,000
<b>Total current borrowings</b>				<b>3,000</b>	<b>4,000</b>
<b>Non-current</b>					
LGFA Bond Issue	15 March 2019	2.63%	-	1,000	-
LGFA Bond Issue	15 May 2021	2.99%	3.02%	2,000	2,000
LGFA Bond Issue	15 March 2019	2.51%	-	1,000	-
LGFA Bond Issue	15 April 2020	2.65%	2.71%	2,000	2,000
LGFA Bond Issue	15 April 2023	2.88%	2.94%	1,000	1,000
LGFA Bond Issue	15 August 2023	3.01%	3.03%	1,000	1,000
LGFA Bond Issue	14 April 2022	-	2.56%	-	1,000
LGFA Bond Issue	15 October 2022	-	2.88%	-	1,000
LGFA Bond Issue	15 April 2024	-	2.77%	-	1,000
LGFA Bond Issue	15 October 2024	-	2.99%	-	1,000
LGFA Bond Issue	15 April 2025	-	3.02%	-	1,000
LGFA Bond Issue	15 April 2026	-	2.87%	-	2,000
<b>Total non-current borrowings</b>				<b>8,000</b>	<b>13,000</b>
<b>Total borrowings</b>				<b>11,000</b>	<b>17,000</b>

## Secured Loans

The Council's secured debt of \$17 million (2017: \$11 million) is mostly issued at floating rates of interest.

For multi-option credit facility, rates are reset on a quarterly basis as per the agreement with the bank.



## Security

Any overdraft is secured against rates. The maximum amount that can be drawn down against the overdraft facility is \$500,000 (2017: \$500,000), however, it is "loaded" at \$200,000 to trigger review if this amount is exceeded. There are no restrictions on the use of this facility. As at year end, the amount drawn down was \$NIL (2017: \$NIL)

Council term loans are secured by rates over the rateable land value of the Tararua district.

	2016/17 \$000s	2017/18 \$000s
<b>Other borrowing facilities and amount drawn down as at 30 June</b>		
Multi-Option Credit Line Facility		
- Limit	3,000	3,000
- Drawn down	-	-
Overdraft facility (\$500,000 approved but only \$200,000 limited loaded)		
- Limit	500	500
- Drawn down	-	-
BNZ Business Visa		
- Limit	140	140
- Drawn down	3	3
<b>Liabilities outstanding under Letter of Credit</b>		
None	-	-
<b>Outstanding commitments on forward exchange contracts</b>		
None	-	-

## Refinancing

Council manages its borrowings in accordance with its Treasury and Risk Management Policy, which includes the Liability Management Policy adopted as part of Council's Long Term Plan.



## Maturity analysis and effective interest rates

The following is a maturity analysis of Council's borrowings. There are no early repayment options.

	Overdraft Council	Secured Loans
<b>Expense interest rates 2018</b>		
Less than one year	-	4,000,000
weighted average effective interest rate	-	2.45%
Later than one year but not more than five years	-	7,000,000
weighted average effective interest rate	-	2.83%
Later than five years	-	6,000,000
weighted average effective interest rate	-	2.92%
<b>Expense interest rates 2017</b>		
Less than one year	-	3,000,000
weighted average effective interest rate	-	2.64%
Later than one year but not more than five years	-	6,000,000
weighted average effective interest rate	-	2.74%
Later than five years	-	2,000,000
weighted average effective interest rate	-	2.95%

## Internal borrowing

Group of activities	Opening balance 1 July 2017 \$000s	Adjustments* \$000s	New loans \$000s	Loans repaid \$000s	Closing balance 30 June 2018 \$000s	Interest paid \$000s
Community and Recreation Facilities	1,812	38	124	(143)	1,832	59
District	1,259	(29)	290	(75)	1,444	42
District Promotion	83	-	11	(4)	90	3
Regulatory Services	486	(1)	66	(23)	529	16
Roading	3,209	37	868	(298)	3,815	114
Solid Waste	2,245	(1)	125	(138)	2,231	71
Stormwater	1,347	1	382	(169)	1,560	48
Wastewater	8,101	195	881	(728)	8,449	270
Water Supplies	7,886	-	2,167	(474)	9,579	277
<b>Total</b>	<b>26,430</b>	<b>241</b>	<b>4,914</b>	<b>(2,052)</b>	<b>29,531</b>	<b>900</b>

\* The adjustments are due to corrections in the opening balances.

Council manages its borrowing through the Treasury function within the Finance department. The Treasury function, in accordance with the Treasury and Risk Management Policy, determines the level of borrowing required and how the amount required should be funded, that is, external or internal borrowing. The 'Internal Borrowing' note above is the total borrowing by the Treasury function that includes both internal borrowing (using depreciation, housing, and forestry reserves) and external borrowing (using LGFA and banks).



## 23. Equity

Summary of Equity Movements – a supplementary explanation to the Statement of Movements in Equity.

	Council Accum Funds \$000s	Council Asset Rev Res \$000s	Council Special Funded Res \$000s	Council Trusts \$000s	Council Total Equity \$000s
<b>2018</b>					
<b>Balance at 1 July</b>	<b>348,461</b>	<b>497,367</b>	<b>31,595</b>	<b>42</b>	<b>877,465</b>
Net surplus/(deficit) for the year	870	-	-	-	870
Fair value through equity, valuation gains	-	-	-	-	-
Increases/(decreases) from revaluation	-	41,064	-	-	41,064
Tax on equity items	-	-	-	-	-
<b>Change in equity for the year before transfers of equity reserves</b>	<b>870</b>	<b>41,064</b>	<b>-</b>	<b>-</b>	<b>41,934</b>
<b>Transfers between equity reserves:</b>					
Net Appropriation from Accumulated. Funds to Special Funds	(4,519)	-	4,519	-	-
Net Appropriation to Accumulated. Funds from Trust Funds	(4)	-	-	4	-
Net Transfers from Revaluation Reserves to Accumulated. Funds	-	-	-	-	-
<b>Total change in equity for the period</b>	<b>(3,653)</b>	<b>41,064</b>	<b>4,519</b>	<b>4</b>	<b>41,934</b>
<b>Balance at 30 June</b>	<b>344,809</b>	<b>538,431</b>	<b>36,114</b>	<b>46</b>	<b>919,400</b>
<b>2017</b>					
<b>Balance at 1 July</b>	<b>350,302</b>	<b>497,342</b>	<b>28,731</b>	<b>44</b>	<b>876,419</b>
Net surplus/(deficit) for the year	1,022	-	-	-	1,022
Fair value through equity, valuation gains	-	-	-	-	-
Increases/(decreases) from revaluation	-	25	-	-	25
Tax on equity items	-	-	-	-	-
<b>Change in equity for the year before transfers of equity reserves</b>	<b>1,022</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,047</b>
<b>Transfers between equity reserves:</b>					
Net Appropriation from Accumulated Funds to Special Funds	(2,865)	-	2,865	-	-
Net Appropriation to Accumulated Funds from Trust Funds	2	-	-	(2)	-
Net Transfers from Revaluation Reserves to Accumulated Funds	-	-	-	-	-
<b>Total change in equity for the period</b>	<b>(1,841)</b>	<b>25</b>	<b>2,865</b>	<b>(2)</b>	<b>1,047</b>
<b>Balance at 30 June</b>	<b>348,461</b>	<b>497,367</b>	<b>31,595</b>	<b>42</b>	<b>877,466</b>

## 24. Revaluation reserves

2018

	Balance 1 July 2017 \$000s	Revaluation assets changes \$000s	Disposals/ value adjust. \$000s	Balance 30 June 2018 \$000s
<b>Council Revaluation Reserves</b>				
<b>Fixed Assets Revaluation Reserves</b>				
Operational: Land	6,249	797	-	7,046
Operational: Buildings	15,553	9,758	-	25,311
Intangible: Carbon Credits	317	105	-	422
Heritage Assets	8	-	-	8
Reserves: Cemetery	1,158	-	-	1,158
Reserves: Parks and Reserves	1,525	-	-	1,525
Reserves: Roading	524	-	-	524
Reserves: Sundry	294	-	-	294
Reserves: War Memorials	115	-	-	115
Roading Network	356,996	32,156	-	389,152
Roading Land	4,527	-	-	4,527
Bridges and Culverts	50,321	(665)	-	49,656
Stormwater	8,534	(145)	-	8,389
Water Network	36,436	(750)	-	35,686
Wastewater	14,808	(191)	-	14,617
<b>Total fixed assets revaluation reserves</b>	<b>497,368</b>	<b>41,063</b>	<b>-</b>	<b>538,431</b>



## 2017

	Balance 1 July 2016 \$000s	Revaluation assets changes \$000s	Disposals/ value adjust. \$000s	Balance 30 June 2017 \$000s
<b>Council Revaluation Reserves</b>				
<b>Fixed Assets Revaluation Reserves</b>				
Operational: Land	6,247	-	-	6,249
Operational: Buildings	15,553	-	-	15,553
Intangible: Carbon Credits	344	(27)	-	317
Heritage Assets	8	-	-	8
Reserves: Cemetery	1,158	-	-	1,158
Reserves: Parks and Reserves	1,525	-	-	1,525
Reserves: Roading	524	-	-	524
Reserves: Sundry	294	-	-	294
Reserves: War Memorials	115	-	-	115
Roading Network	360,166	(3,170)	-	356,996
Roading Land	4,527	-	-	4,527
Bridges and Culverts	50,803	(482)	-	50,321
Stormwater	8,308	226	-	8,534
Water Network	33,444	2,992	-	36,436
Wastewater	14,323	485	-	14,808
<b>Total fixed assets revaluation reserves</b>	<b>497,342</b>	<b>25</b>	<b>-</b>	<b>497,367</b>

## 25. Special funded reserves

2018

	Balance 1 July 2017 \$000s	Transfers in \$000s	Transfers out \$000s	Transfer interest in \$000s	Balance 30 June 2018 \$000s
Tararua General Purpose	1,714	17	-	42	1,773
Tararua Land Subdivision and Development	-	-	-	-	-
Council Depreciation	23,456	10,353	(5,943)	814	28,680
Tararua Emergency Roothing	2,330	396	(1,231)	105	1,600
Tararua Gratuity	86	-	(20)	2	68
Infrastructure Protection Reserve	47	-	-	4	51
Tararua Housing	1,110	384	(417)	51	1,128
Dannevirke Airport Authority	4	-	-	-	4
District Cemeteries	23	-	-	-	23
Makuri Water Scheme	12	-	-	1	13
Recreation Grant	78	-	(38)	1	41
Tenant Contribution	492	-	-	14	506
Pongaroa Water Supply Depreciation	202	15	(118)	6	105
Heritage Reserve	74	-	(3)	2	73
Biodiversity Protection	22	-	-	-	22
Election	(67)	37	-	-	(30)
Waste Management	291	97	(70)	8	326
TACT Wai Splash Depreciation	143	-	(12)	4	135
Forestry Reserve	1,096	262	(318)	1	1,041
Bush Multisport Depreciation	125	-	-	3	128
Domain Boards Bank Balances	361	180	(132)	18	427
<b>Total Council</b>	<b>31,599</b>	<b>11,741</b>	<b>(8,302)</b>	<b>1,076</b>	<b>36,114</b>

### Summary of special fund movements

	Balance 30 June 2017 \$000s	Net transfer (to)/from Accumulated Funds \$000s	Balance 30 June 2018 \$000s
<b>Total Council</b>	<b>31,599</b>	<b>4,515</b>	<b>36,114</b>



## 2017

	Balance 1 July 2016 \$000s	Transfers in \$000s	Transfers out \$000s	Transfer interest in \$000s	Balance 30 June 2017 \$000s
Taranaki General Purpose	1,700	37	(58)	35	1,714
Taranaki Land Subdivision and Development	-	-	-	-	-
Council Depreciation	20,476	7,986	(5,820)	814	23,456
Taranaki Emergency Roothing	2,272	-	-	58	2,330
Taranaki Gratuity	84	-	-	-	84
Infrastructure Protection Reserve	133	-	(90)	4	47
Taranaki Housing	1,096	137	(165)	42	1,110
Dannevirke Airport Authority	4	-	-	-	4
District Cemeteries	22	-	-	1	23
Makuri Water Scheme	12	-	-	-	12
Recreation Grant	56	20	-	2	78
Tenant Contribution	489	3	-	-	492
Pongaroa Water Supply Depreciation	198	7	(10)	7	202
Heritage Reserve	73	-	-	1	74
Biodiversity Protection	12	10	-	-	22
Election	(12)	-	(55)	-	(67)
Waste Management	269	57	(44)	9	291
TACT Wai Splash Depreciation	182	40	(86)	7	143
Forestry Reserve	1,171	189	(301)	37	1,096
Bush Multisport Depreciation	121	-	-	4	125
Domain Boards Bank Balances	374	131	(144)	-	361
<b>Total Council</b>	<b>28,731</b>	<b>8,617</b>	<b>(6,773)</b>	<b>1,021</b>	<b>31,595</b>

## Reserves

The Council has an obligation to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community; and to act in the best interest of its ratepayer.

The management of reserves forms an integral component of meeting these obligations. Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest.

Council has 23 reserves, of which 22 are Council created discretionary reserves that the Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the Council's treasury management.

These reserves are disaggregated into the following categories:

### Depreciation Reserves

These reserves are used to fund renewal capital works and used to fund internal borrowing.

The Council's assets are depreciated as they are consumed. As such, the cost of this depreciation is passed on to the consumer through either rates or fees and charges. There will normally be a timing difference between the collection of this depreciation charge and the utilisation of it to fund renewal capital works

Description	Purpose of fund
Council Depreciation	To receive depreciation funded each financial year, less any outgoings to pay for capital renewal of assets or debt prepayment for amount borrowed to fund capital development.  This is the only reserve that can be used to fund internal borrowing.
Makuri Water Scheme	To establish a depreciation reserve to fund the renewal of assets for this scheme.
Pongaroa Water Supply Depreciation	To establish a depreciation reserve to fund the renewal of assets for this scheme.
Tararua Aquatic Community Trust Wai Splash Depreciation	To establish a depreciation reserve to fund the renewal of major assets.
Bush Multisport Depreciation	To establish a depreciation reserve to fund the renewal of major assets.

## Special Reserves

The value of these reserves funds is that they allow projects to precede without distortion in the revenue patterns particularly rates. The reserve also provide a useful source of funds for an unforeseen requirement.

Council authorises the establishment of special funds and process for accumulating and utilising special funds. Approvals of specific uses are set out in the Long Term Plan, or in Council decisions.

Description	Activity to which fund relates	Purpose of fund
Tararua General Purpose	All activities	Created for financing specific projects which shall be determined at Council's discretion.  This reserve is also to receive: <ul style="list-style-type: none"> <li>• Proceeds from sale or disposal of assets where a particular function is discontinued, and for property sales.</li> <li>• Insurance monies received when buildings or property are damaged and not reinstated.</li> <li>• Proceeds from forestry not otherwise required for the funding of continued operations and maintenance of the forest.</li> <li>• Residual of all existing reserves which have outlived their original purpose and could therefore be usefully merged as a general purpose fund and so classified.</li> </ul>
Tararua Emergency Roothing	Roothing and Footpaths	To provide funds to re-establish the district's infrastructural assets following a disaster, together with funds received from Central Government. There is no plan to use this reserve other than if a disaster occurs.
Tararua Gratuity	All activities	This reserve is for staff who have qualified or qualify for gratuities.
Tararua Housing	Pensioner Housing	To account for any surplus from the housing activity and proceeds from sales/disposal of housing assets. These reserves will be used for the Housing activity.  This reserve can be used to fund internal borrowing.
Dannevirke Airport Authority	Commercial Investment	To account for any surplus from Dannevirke Aerodrome and proceeds from sales/disposal of Dannevirke Aerodrome assets. This reserve will be used solely for operation and capital expenditure for Dannevirke Aerodrome.



Description	Activity to which fund relates	Purpose of fund
District-Wide Cemetery	Cemeteries	To accumulate funds from the purchase of cemetery plots in the district.  This reserve will be used solely for operation and capital expenditure for the Cemeteries activity.
Recreation Grant	Community Support	To accumulate funds to support recreational projects in the district.
Tenant Contribution (Debt Repayment)	Pensioner Housing	To account for and refund tenant contributions for leasing of Council's housing properties.
Heritage Reserve	Community Support	To accumulate funds to be used to further the district land use outcomes. The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 2: Schedule of Heritage Resources.
Biodiversity Protection	Parks and Reserves	To support: <ul style="list-style-type: none"> <li>• Sustainable management of the district's natural and physical environment</li> <li>• Protection and enhancement of the community's environment values</li> </ul> The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 3: Schedule of Natural Features (significant trees, vegetation and habitats landscapes).
Election	Representation	To account for elections funds rate funded each year to spread out election cost in each election year.
Infrastructure Protection Reserve	Water Supplies, Wastewater, Stormwater	This reserve is created to accumulate funds to pay for Council's share of the mutual insurance liability under LAPP in the event of a major event experienced by LAPP member councils.
Waste Management	Solid Waste	To account for the waste management levies received. This reserve will be solely used to fund specific projects for this activity.
Domain Boards Bank Balances	Parks and Reserves	To account for the bank balances of the domain boards in trust.
Forestry Reserve	Commercial Investments	Proceeds from forestry not otherwise required for the funding of continued operations and maintenance of the forest.  This reserve can be used to fund internal borrowing.



## 26. Trust accounts

These special reserves are set up to receive bequest from communities in the district for specific purpose. These funds are held in trust for these specific purposes.

	Balance 1 July 2017 \$000s	Funds Received \$000s	Expenses Paid \$000s	Interest Earned \$000s	Balance 30 June 2018 \$000s
Dannevirke Fairbrother	8	-	-	-	8
Dannevirke Urban Campsite	1	-	-	-	1
Ormondville Play Group	1	-	-	-	1
Pahiatua Heritage	23	-	-	1	24
Arts Council of NZ	-	18	(16)	1	3
Mayoral Storm Relief Fund	9	-	-	-	9
<b>Total Council</b>	<b>42</b>	<b>18</b>	<b>(16)</b>	<b>2</b>	<b>46</b>

### Summary of trust fund movements

	Balance 1 July 2017 \$000s	Net transfer to/(from) Accumulated Funds \$000s	Balance 30 June 2018 \$000s
<b>Total Council</b>	<b>42</b>	<b>4</b>	<b>46</b>

## 27. Reconciliation of net surplus to net cash inflow from operating activities

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Reported surplus/(deficit) from Statement of Comprehensive Revenue and Expense</b>	<b>1,022</b>	<b>870</b>
<b>Add (Less) Non-Cash Items</b>		
Depreciation & amortisation	11,610	13,120
Impairment losses/(recoveries)	-	-
Effect of change in discount rate on provisions and discount unwind	6	(73)
Value of forests sold	137	125
Changes in fair value	(335)	512
Other (gains)/losses & revaluation (increases)/decreases	(628)	(129)
Bad debts written off or bad debt provision	(37)	35
<b>Total non-cash items</b>	<b>10,753</b>	<b>13,590</b>
<b>Add/(Less) Movements in Working Capital Items</b>		
(Increase)/decrease in inventory and livestock	7	48
(Increase)/decrease in accounts receivable & prepayments	(343)	1,449
Increase/(decrease) in accounts payable & accruals	(49)	1,655
Increase/(decrease) in employee provisions	20	16
(Increase)/decrease in net GST	50	(12)
<b>Total movements in working capital</b>	<b>(315)</b>	<b>(154)</b>
Add/(less) items classified as investing activities	-	-
<b>Total items classified as investing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash surplus from operating activities</b>	<b>11,460</b>	<b>14,306</b>

## 28. Related party disclosures

Related party disclosures have not been made for transactions with related parties that are 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.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

### Key management personnel compensation

	2016/17 \$000s	2017/18 \$000s
<b>Councillors</b>		
Remuneration	293	311
Full-time equivalent members	9	9
<b>Senior management team, including the chief executive</b>		
Remuneration	771	848
Full-time equivalent members	4	5
<b>Total key management personnel remuneration</b>	<b>1,064</b>	<b>1,159</b>
<b>Total full-time equivalent personnel</b>	<b>13</b>	<b>14</b>



## 29. Capital commitments and operating leases

### 2018

	< 1 Year \$000s	1-5 Years \$000s	> 5 Years \$000s	Total \$000s
<b>Capital Commitments</b>				
Road network	1,394	-	-	1,394
Water Supplies	658	-	-	658
Community and Recreation Facilities	234	-	-	234
Support	28	-	-	28
<b>Total capital commitments</b>	<b>2,313</b>	<b>-</b>	<b>-</b>	<b>2,313</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

#### Alliance collaborative agreement

In October 2014, the Tararua District Council formed an alliance with Downer New Zealand to undertake road corridor maintenance activities on its road, footpath, and stormwater networks. This collaborative agreement (the Tararua Alliance) replaced the maintenance contract the Council previously had with Infracon Limited (in liquidation). In 2016 management of the water and wastewater reticulation networks was added to the agreement. The Tararua Alliance brought together members of the Council's Engineering Services team and Downer New Zealand Ltd to form a single delivery team to undertake all facets of the transportation and utilities reticulation infrastructure – including asset management, regulatory functions, design, physical works, and performance management.

The Tararua Alliance agreement is for a term of 5 years and the budgets for each year will be determined as part of Council's planning process. The budgets for 2018/19 are as follows:

- Operational expenditure (including overheads and finance cost) - \$6,931,000
- Capital expenditure \$13,377,000

### 2017

	< 1 Year \$000s	1-5 Years \$000s	> 5 Years \$000s	Total \$000s
<b>Capital Commitments</b>				
Water Supplies	1,042	-	-	1,042
Road network	925	-	-	925
Wastewater	394	-	-	394
Support	95	-	-	95
Community and Recreation Facilities	50	-	-	50
Solid Waste Management	8	-	-	8
<b>Total capital commitments</b>	<b>2,514</b>	<b>-</b>	<b>-</b>	<b>2,514</b>

## Operating leases as lessee

The Council lease two buildings in the normal course of its business.

These leases have a non-cancellable term of 5 years and 10 years.

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2016/17 \$000s	2017/18 \$000s
Not later than one year	157	158
Later than one year and not later than five years	466	477
Later than five years	304	230
<b>Total non-cancellable operating leases</b>	<b>927</b>	<b>865</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$NIL (2017: \$NIL).

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

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

## Operating leases as lessor

Investment property and reserve lands are leased under operating leases. The majority of the leases have a non-cancellable term of 5 years.

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

	2016/17 \$000s	2017/18 \$000s
Not later than one year	27	20
Later than one year and not later than five years	33	26
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>60</b>	<b>46</b>

No contingent rents have been recognised during the period.

## 30. Derivative financial instruments

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Current Liability Portion</b>		
Interest rate swaps	-	5
<b>Total current liability portion</b>	<b>-</b>	<b>5</b>
<b>Non-Current Liability Portion</b>		
Interest rate swaps	589	682
<b>Total current liability portion</b>	<b>589</b>	<b>682</b>
<b>Total derivative financial instruments</b>	<b>589</b>	<b>687</b>

## 31. Financial instruments

### Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Financial Assets</b>		
Fair value through the surplus or deficit - held for trading	-	-
<b>Loans and Receivables</b>		
Cash and cash equivalents	277	3,535
Debtors and other receivables	4,648	6,094
Other financial assets		
- term deposits	5,384	2,478
- community loans	-	-
- loans to related parties	-	-
<b>Total loans and receivables</b>	<b>10,309</b>	<b>12,107</b>
<b>Fair Value Through Other Comprehensive Revenue and Expense</b>		
Other financial assets		
- Local Government Funding Agency borrower notes	161	240
- local authority and government stock	118	135
<b>Total fair value through other comprehensive revenue and expense</b>	<b>279</b>	<b>375</b>
<b>Total financial assets</b>	<b>10,588</b>	<b>12,482</b>
<b>Financial Liabilities</b>		
<b>Fair Value Through the Surplus or Deficit</b>		
Borrowings		
- interest rate swaps	589	687
<b>Financial Liabilities at Amortised Cost</b>		
Creditors and other payables	4,140	5,790
Borrowings		
- bank overdraft	-	-
- secured loans	11,000	17,000
- debentures	-	-
<b>Total financial liabilities at amortised cost</b>	<b>15,729</b>	<b>23,477</b>

### Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Valuation Technique			
	Total \$000s	Quoted market price \$000s	Observable inputs \$000s	Significant non-observable inputs \$000s
2018				
Financial Assets				
Unlisted shares				
- New Zealand Local Government Insurance Corporation Limited	118	-	-	118
- Unlisted shares (MW LASS)	16	-	-	16
- Local Government Funding Agency borrower notes	240	-	-	240
Financial Liabilities				
Derivative financial instruments	687	-	687	-
2017				
Financial Assets				
Unlisted shares				
- New Zealand Local Government Insurance Corporation Limited	118	-	-	118
- Unlisted shares (MW LASS)	1	-	-	1
- Local Government Funding Agency borrower notes	160	-	-	160
Financial Liabilities				
Derivative financial instruments	589	-	589	-

There were no transfers between the different levels of the fair value hierarchy.

### Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2016/17 \$000s	2017/18 \$000s
<b>Balance at 1 July</b>	<b>262</b>	<b>278</b>
Gain and losses recognised in the surplus or deficit	-	-
Gain and losses recognised in other comprehensive revenue and expense	-	-
Purchases	16	37
<b>Balance at 30 June</b>	<b>278</b>	<b>315</b>



## 32. Financial instrument risks

Council have a series of policies to manage the risks associated with financial instruments. Council are risk averse and seeks to minimise exposure from its treasury activities. Council has established Treasury and Risk Management Policy. This policy does not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

#### Council

Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This relates to shares in Civic Assurance which are held at net asset backing value as impairment of a New Zealand Government owned company is not deemed necessary.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

#### Council

Council has purchased plant and equipment associated with the construction of certain infrastructural assets from overseas which required it to enter into transactions denominated in foreign currencies. All such purchases have now been completed so there is no exposure to this risk.

It is Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

#### Council

Council actively manages interest rate risk through fixing of funding costs using swaps, therefore reducing the uncertainty related to interest rate movements. Council's Treasury and Risk Management Policy is to maintain fixed rate debt between the range of 55%–90% compared to floating debt.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

#### Council

Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. Council manages the variability of interest rates by using fixed rate swaps for external borrowing and term deposits for cash investments.

### Credit risk

In the normal course of its activities, the Council incurs credit risk from debtors and financial institutions. Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss.

#### Council

Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits, which gives rise to credit risk. There are no significant concentrations of credit risks except that Council's cash resources are mainly held by two trading banks.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.



## Maximum exposure to credit risks

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

	2016/17 Actual \$000s	2017/18 Actual \$000s
Cash at bank and term deposits	5,661	6,013
Debtors and other receivables	4,648	6,097
Community and related party loans	-	-
Local Government Funding Agency borrower notes	161	240
Local authority and government stock	118	135
<b>Total credit risk</b>	<b>10,588</b>	<b>12,485</b>

## Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Counterparties with Credit Ratings</b>		
<b>Local Government Funding Agency</b>		
AA+ / AA-1+	160	240
<b>Cash at Bank and Term Deposits</b>		
AA-	5,661	6,013
<b>Counterparties without Credit Ratings</b>		
<b>Community and related party loans</b>		
Existing counterparty with no defaults in the past	-	-
Existing counterparty with defaults in the past	-	-
<b>Total community and related party loans</b>	<b>-</b>	<b>-</b>

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has only one significant concentration of credit risk in relation to debtors (NZ Transport Agency). This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.

Council has a large number of other credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers, there is no other significant risk.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

#### Council

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which includes Liability Management Policy. These policies have been adopted as part of the Council's Long Term Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$200,000 (2017: \$200,000). There are no restrictions on the use of this facility. Council has a pre-approved multi-option facility of another \$3 million to be used in the event of a natural disaster.

### Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000s	Contractual cash \$000s	Less than 1 year \$000s	1–2 years \$000s	2–5 years \$000s	More than 5 years \$000s
<b>2018</b>						
Creditors and other payables	5,790	5,790	5,790	-	-	-
Net settled derivative liabilities	687	687	5	29	261	392
Bank overdraft	-	-	-	-	-	-
Secured Loans	17,000	18,834	4,045	2,097	5,535	7,157
<b>Total</b>	<b>23,477</b>	<b>25,311</b>	<b>9,840</b>	<b>2,126</b>	<b>5,796</b>	<b>7,549</b>
<b>2017</b>						
Creditors and other payables	4,140	4,140	4,140	-	-	-
Net settled derivative liabilities	589	589	589	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	11,000	11,830	3,256	2,223	4,292	2,058
<b>Total</b>	<b>15,729</b>	<b>16,559</b>	<b>7,985</b>	<b>2,223</b>	<b>4,292</b>	<b>2,058</b>

## Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000s	Contractual cash \$000s	Less than 1 year \$000s	1–2 years \$000s	2–5 years \$000s	More than 5 years \$000s
<b>2018</b>						
Cash and Cash Equivalents	3,535	3,535	3,535	-	-	-
Debtors and other receivables	6,094	6,094	6,094	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	2,478	2,478	2,478	-	-	-
- community and related party loans	-	-	-	-	-	-
- Local Government Funding Agency borrower notes	240	240	-	-	-	240
- local authority and government stock	135	135	-	-	-	135
<b>Total</b>	<b>12,482</b>	<b>12,482</b>	<b>12,107</b>	<b>-</b>	<b>-</b>	<b>375</b>
<b>2017</b>						
Cash and Cash Equivalents	277	277	277	-	-	-
Debtors and other receivables	4,648	4,648	4,648	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	5,384	5,504	5,504	-	-	-
- community and related party loans	-	-	-	-	-	-
- Local Government Funding Agency borrower notes	160	160	-	-	-	160
- local authority and government stock	118	118	-	-	-	118
<b>Total</b>	<b>10,587</b>	<b>10,707</b>	<b>10,429</b>	<b>-</b>	<b>-</b>	<b>278</b>

## Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

	Note	2016/17 (\$000s)				2017/18 (\$000s)			
		-100bps	-100bps	+100bps	+100bps	-100bps	-100bps	+100bps	+100bps
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Interest Rate Risk									
Financial Assets									
Cash and Cash Equivalents	1	-	-	-	-	(35)	-	35	-
Financial Liabilities									
Nett settled derivatives	2	(1,024)	-	(185)	-	(1,238)	-	(178)	-
Borrowings:									
- bank overdraft		-	-	-	-	-	-	-	-
- LGFA loans	3	(25)	-	25	-	80	-	(80)	-
- multi-option credit facility		-	-	-	-	-	-	-	-
Total sensitivity to interest rate risk		(1,049)	-	(160)	-	1,193	-	(223)	-

### Explanation of sensitivity analysis – Council

- 1 Cash and cash equivalents include deposits at call totalling \$3,535,000 (2017: \$277,000).  
A movement in interest rates of plus or minus 1% has an effect on interest revenue of \$35,450 (2017: \$2,800).
- 2 Council has in place interest rate swaps with Westpac as at year end to hedge the rise of interest rates in the future.
- 3 The value of loans under swap arrangements totalled \$9,000,000 (2017: \$8,500,000), with \$8,000,000 unhedged.

### 33. Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financial Policies in the Council's Long Term Plan.

The Council has the following Council-created reserves:

- Asset Revaluation Reserves
- Special funded reserves
- Trust funds

Any gain or loss on infrastructure asset revaluation is applied to the specific asset reserve.

Special funded reserves are reserves restricted by Council decision. Transfers to and from these reserves are at the discretion of the Council. Interest is added to these funds where applicable.

Trust Funds are set up where the Council has been donated funds that are restricted for a particular purpose. Interest is added to trust funds where applicable, and deductions are made where funds have been used for the purpose they were donated.



## 34. Contingent assets and liabilities

Council is aware of the following contingent liabilities existing at year end.

	2016/17 Actual \$000s	2017/18 Actual \$000s
<b>Contingent Liabilities</b>		
Weathertight claims	50	50
<b>Total contingent liabilities</b>	<b>50</b>	<b>50</b>

### Contingent liability

#### Weathertight claims

Council has a contingent liability for a claim relating to weathertightness under the Funding Assistance Package. Under this programme, Council agrees to fund 25% of the cost to remedy the weathertightness defect.

Council has one claim for a potential cost initially estimated at \$125,000. Council is working with the Ministry of Business, Innovation and Employment and the owners to confirm the final 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 estimated for the value of \$50,000 to also account for any further increases in cost.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by Carter Holt Harvey. Subsequently, in December 2016, Carter Holt Harvey commenced third party proceedings against 48 councils, including Tararua District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing code compliance certificates. The councils have applied for orders setting aside and striking out Carter Holt Harvey's claims against them. The Ministry of Education's claim against Carter Holt Harvey is for 833 school buildings, two of which are located at one school within Tararua region. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

## 35. Post balance date events

There are no post balance date events.

## 36. Major budget variations

Explanations for major variances from Council's budget figures in the 2017/18 Annual Plan are detailed below.

### Statement of comprehensive revenue and expense

#### Revenue

- Rates revenue is lower than budget by \$92,000 due to writing off non-recoverable penalties.
- Subsidies are \$4.2 million higher than budgeted. This is driven from NZ Transport Agency subsidies for Saddle Road development of \$1.2 million budgeted in 2016/17, and emergency work subsidy of \$3.7 million. A significant portion of the emergency work subsidy was at an enhanced rate of 84%. This is partially offset by the Eketahuna wastewater treatment plant subsidy of \$650,000 not being realised, as the plant was not built as planned.
- Fees and charges are under budget by \$430,000. This is predominantly due to not on recovering expenses from Fire and Emergency New Zealand, as Council's actual expenses were lower than budget.
- Finance Revenue is \$17,000 greater than budget. This is due to holding slightly more cash than anticipated during the year.
- Other revenue is lower than budget due to inclusion of budgeted forestry revenue – see below. This is offset by domain boards receiving \$80,000 more revenue, \$87,000 of insurance proceeds, \$20,000 revenue from honey sales, \$15,000 water storage tank sales and \$95,000 of various other revenue.
- Forestry Revenue has been budgeted under Other Revenue. Total revenue is lower than budgeted by \$228,000 as planned harvesting operations in Kaiparoro forest did not proceed due to bad weather and difficulty in attracting suitable harvesting operators.

#### Expenses

- Other operating expenditure is higher than budget by \$1.2 million. Significant variances are explained below:

	\$000s
<b>Deduct unfavourable budget variances</b>	
Road emergency works as explained under subsidies	(1,425)
<b>Add favourable budget variances</b>	
Lower harvesting expenses as explained under forestry revenue	187
<b>Budget variance</b>	<b>(1,238)</b>

- Depreciation and amortisation is higher than budget by \$1.6 million. This is driven from found assets increasing the valuation and subsequent depreciation expense. The asset data improvement work by the Alliance identified numerous historic assets in the roading network that were not recorded in the asset register, and subsequently never valued or depreciated. These assets were recognised to accurately model the Long Term Plan 2018/28 financials.
- Personnel costs are higher than budget by \$357,000. This is driven from reclassifying \$291,000 of staff seconded to the Alliance from budgeted operational costs to personnel costs. The balance is additional resource in frontline customer services to manage higher customer requests, employing an additional staff member instead of engaging a consultant for marketing, and staff time to manage additional water testing.
- Finance cost is higher than budget by \$164,000. This is driven from interest on higher external debt balance and an unbudgeted non-cash adjustment of fair value of derivatives (swaps) which decreased in value.

#### Other gains/(losses)

- The favourable variance is driven from a significant increase in forestry valuation driven by higher log prices. This is partially offset by losses on assets as rural fire plant and equipment was gifted to Fire and Emergency New Zealand (FENZ).

#### Gain/(loss) on asset revaluations

- Gain on asset revaluation was \$26.2 million greater than budgeted. As explained in depreciation and amortisation cost above, a significant number of found assets were included in the Roothing revaluation. Council also revalued its building stock which resulted in a significant increase due to higher property values.



## Statement of Financial Position

### Assets

- Debtors and other receivables is \$2.2 million higher than budget, made up of the June 2018 claim from NZ Transport Agency. Due to the volume of emergency work late in the season, the claim was significantly higher than budgeted.
- Other financial assets (current portion) is lower than budgeted by \$1.2 million. This is due to holding less term deposits as cash was required to fund debtors at year end (see above).
- Inventory is lower than budget by \$23,000 due to gifting rural fire inventory to Fire and Emergency New Zealand and holding slightly less material stock.
- Other financial assets (non-current portion) is lower than budget by \$42,000 as Council holds fewer borrower notes than planned.
- Forestry Assets are higher than budgeted by \$623,000 due to a favourable valuation movement (see 'Other gains/losses' above) and delays with harvesting mean less stock was extracted.
- Intangible assets are higher than budgeted \$75,000 mainly due to increase in value of carbon credits Council holds.
- Property, plant and equipment is significantly higher than budgeted due to revaluation movements being larger than budgeted. As explained in gains and losses on asset revaluation above, Roding included found assets and buildings had significant value increases.

### Liabilities

- Payables and deferred revenue is \$1.5 million greater than budgeted, due to timing of payments at year end.
- Borrowings (both current and non-current) are \$6.4 million greater than budgeted. This is due to significant capital works and utilising in the year
- Employee entitlements are higher than budget by \$57,000 due to timing of accrued pay and slightly higher leave balance.
- Tenant contributions are lower than budgeted due to switching tenant contribution units to standard rental agreements.

### Equity

- Accumulated funds are lower than budgeted due to the opening balance being lower than planned.
- Asset revaluation reserves are greater than budgeted due to the revaluation resulting in significantly higher gain than planned. See Other gains/losses on asset revaluation above.
- Special funded reserves are higher than budgeted predominantly due to Roding revaluation resulting in higher depreciation transferred into the depreciation reserve.

## Statement of cash flows

### Operating activities

Net cash inflow from operating activities is higher than budget by \$2.5 million. This is driven from higher subsidies from NZ Transport Agency for emergency works in the Roding network.

### Investing activities

Net cash outflow from investing activities is higher than budget by \$4 million. As mentioned above, roading emergency works was significantly higher than planned.

### Financing activities

Net cash inflow from investing activities is higher than budget by \$4.8 million, driven by higher borrowings to fund capital development projects.



# Council's Interests in Other Entities

The Local Government Act 2002, Schedule 10 (28) requires Council to provide information regarding its involvement in Trading Organisations (CCTOs), companies and other organisations under the control of Council or in which Council has a significant interest.

## **Manawatu-Wanganui LASS Limited**

This company was set up in 2008 by seven local councils to investigate the possibilities of economies of scale by joint procurement.

Tararua District Council owns 1/7th equal share or 14% of this company and has a liability for \$1,000 share capital.



# General Information



# Council

## Her Worship the Mayor



**Mrs T H (Tracey) Collis**

PO Box 115  
Dannevirke  
06 374 4080  
[tracey.collis@tararua.govt.nz](mailto:tracey.collis@tararua.govt.nz)

## North Ward Councillors



**Deputy Mayor**  
**Cr A L (Allan) Benbow**

38 Cowper Road  
Dannevirke 4930  
06 374 8854  
021 374 984  
allan.benbow@tararua.govt.nz



**Cr E J D (Ernie) Christison**

PO Box 345  
Dannevirke 4942  
027 442 8099  
ernie.christison@tararua.govt.nz



**Cr J E (Jim) Crispin**

8 Stairs Street  
Dannevirke 4930  
06 374 6768  
027 717 8862  
jim.crispin@tararua.govt.nz



**Cr C J (Carole) Isaacson**

63 Umutaoroa Road  
RD 8  
Dannevirke 4978  
06 374 5577  
027 307 5013  
carole.isaacson@tararua.govt.nz

## South Ward Councillors



**Cr S (Shirley) Hull**

Mangahao Road  
RD 3  
Pahiatua 4983  
06 376 7283  
shirley.hull@tararua.govt.nz



**Cr P (Peter) Johns**

44 McLean Street  
Woodville 4920  
06 376 5048  
027 442 7115  
peter.johns@tararua.govt.nz



**Cr A J (Andy) Thompson**

393 Ballance Valley Road  
RD 3  
Pahiatua 4983  
06 376 7372  
027 482 4345  
andy.thompson@tararua.govt.nz



**Cr A K (Alison) Franklin**

615 Ridge Road North  
RD 3  
Pahiatua 4983  
06 376 6487  
alison.franklin@tararua.govt.nz



# Community Boards & Council Committees

## Community Boards

### Dannevirke Community Board

Generally meets on the first Monday of the month at 3:00pm.

- **Chairperson**  
Mr W R (Ross) MacDonald  
91 Piri Piri Road, RD 7, Dannevirke 4977  
06 374 7996  
gloriarossmacdonald@gmail.com
- **Deputy Chairperson**  
Mr P (Pat) Walshe  
2 Cuba Street, Dannevirke 4930  
06 374 5702  
patrickw11@hotmail.com
- Mr T (Terry) Hynes  
281 Top Grass Road, Rua Roa, RD 8, Dannevirke 4930  
06 374 5761  
kinvara281@gmail.com
- Ms K (Kim) Spooner  
2 Lower Domain Road, Dannevirke 4930  
06 374 9090  
kimsponer@xtra.co.nz
- **Councillor**  
Mrs C J (Carole) Isaacson  
RD 8, Umutaoroa, Dannevirke 4978  
06 374 5577  
carole.isaacson@tararuaadc.govt.nz

### Eketahuna Community Board

Generally meets on the first Friday of the month at 10:00am.

- **Chairperson**  
Mr C C (Charlie) Death  
Nireaha Road, RD 2, Eketahuna 4994  
06 375 8503  
deaths@inspire.net.nz
- **Deputy Chairperson**  
Ms S (Sharon) Shannon  
125 Larsens Road, Eketahuna  
06 375 8130  
bevansharon@hotmail.com
- Mrs D F (Diana) Eagle  
1775 Mangaone Valley Road, RD 4, Eketahuna 4993  
06 376 8256 or 027 323 3570  
eagleeketahuna@xtra.co.nz
- Ms P (Pauline) Wilson  
102 Stanly Street, Eketahuna 4900  
06 375 8805  
paulinewilson@xtra.co.nz
- **Councillor**  
Mr A J (Andy) Thompson  
393 Ballance Valley Road, RD 3, Pahiatua 4983  
06 376 7372 or 027 482 4345  
andy.thompson@tararuaadc.govt.nz

### Community Committees

Woodville operates its own autonomous community committee, Woodville Districts' Vision (Inc).

Pahiatua operates its own autonomous community committee, Pahiatua on Track (Inc).

## Council Committees

### Chief Executive's Performance Appraisal Committee

- **Chairperson**  
Her Worship the Mayor, Mrs T H (Tracey) Collis
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr S A (Shirley) Hull

### Tribunal and Hearings Committee

- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr S A (Shirley) Hull

### Audit and Risk Committee

- **Chairperson**  
Mr K (Kevin) Ross
- Deputy Mayor, Mr A L (Allan) Benbow
- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr J E (Jim) Crispin
- Cr S A (Shirley) Hull

### Works Liaison Committee

- **Chairperson**  
Cr J E (Jim) Crispin
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr E J (Ernie) Christison
- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr P (Peter) Johns
- Cr A J (Andy) Thompson

### Taranua District Licensing Committee

- **Chairperson**  
Mr David Lea
- **Secretary**  
Mrs Joan Spencer
- **Members**  
Mr Nick Perry  
Mrs Maureen Reynolds  
Mr Kerry Sutherland

### Iwi Liaison Working Party

- **Chairperson**  
Her Worship the Mayor, Mrs T H (Tracey) Collis
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr P (Peter) Johns



# Management Team & Directory

## Management team

### Executive staff

Blair King ME (Civil) MIPENZ  
Chief Executive

Peter Wimsett CA, BBS  
Manager Strategy & District Development

Raj Suppiah CA  
Chief Financial Officer

Chris Chapman  
Taranua Alliance Manager

Craig Lunn BRPC (Hons), MNZPI  
Manager Planning and Regulatory

Dave Watson  
Group Manager Plant and Property

## Directory

### Head office and council chambers

PO Box 115 Dannevirke 4942	26 Gordon Street Dannevirke
Telephone:	(06) 374 4080
Fax:	(06) 374 4137
General email:	info@tararua.govt.nz
Council website:	www.tararua.govt.nz
District website:	www.tararua.com
Facebook:	TaranuaDC

### Service centre locations

<b>Dannevirke</b> 26 Gordon Street, Dannevirke (06) 374 4080	<b>Pahiatua</b> 136 Main Street, Pahiatua (06) 376 0110
<b>Woodville</b> 45 Vogel Street, Woodville (06) 376 0200	<b>Eketahuna</b> 31 Main Street, Eketahuna (06) 376 0219

### Other

#### Bankers

Westpac New Zealand Limited  
Dannevirke

Bank of New Zealand  
Dannevirke

#### Auditors

Audit New Zealand  
PO Box 149  
Palmerston North  
On behalf of the Auditor-General

#### Insurance Brokers

Aon New Zealand Ltd  
Wellington



# Glossary of Terms

**Activity** The operation of a facility or the provision of a service.

**Asset Management Plan** A plan, which identifies the current status of an asset, future renewal programme and options to meet growth due to demand/expansion.

**Capital Development** The creation of new assets or the addition of new components to existing assets that extend any asset's service potential.

**Capital Renewal** The replacement of existing assets when they have reached the end of their useful life.

**Community Outcomes** The community's priorities for the future of the district, identified through a community consultation process.

**Cost of Service** The true cost of performing an activity. Calculated as the total of direct costs, support costs, depreciation, interest and debt servicing.

**Depreciation** The cost or value of the economic benefit of an asset used during a financial year.

**Groups of Activities** The Council's services are divided into nine groups of activities based on their relationship and the rationale for providing them.

**Indicator** Flag or signal that represent an issue of concern or which measure change or progress toward a desired outcome.

**Infrastructural Assets** Systems and networks that provide a continued service to the community that are not generally regarded as tradeable. These assets include roads, footpaths, water and sewerage services, and stormwater systems.

**Long Term Plan (LTP)** A plan which outlines the Council's programme for the next 10 years and how it will contribute to achieving the community outcomes.

**Measure** The actual piece of information or data used to gauge an indicator.

**Operational Expenditure** All funding for providing services on a day to day basis, excluding renewal and capital expenditure.

**Operating Revenue** Revenue received as part of day-to-day activities. Includes user charges and rates but not capital revenue (such as new loans).

**Performance Measure** Measure by which organisational performance may be judged in relation to objectives.

**Policy** A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

**Revenue and Financing Policy** The Revenue and Financing Policy sets out who should pay for Council's activity and how they should pay for the activity.

**Service Delivery Plan** Outlines each of the Council's activities including service levels, performance measures, issues and future demand.

**Targeted Rate** A rate levied over a particular group of properties that receive or are capable of receiving a specific service or benefit additional to that provided by general rate funding.

**Toby** A valve situated at the property boundary for the purpose of controlling the flow of water to the property.

**User fees and charges** Fees charged to the community for use of specific services and facilities provided by the Council.

**Vision** Council's view of the future state of its community. It is used to inspire people into action, define future direction and implies that what we do now can influence and change the future for the better.