

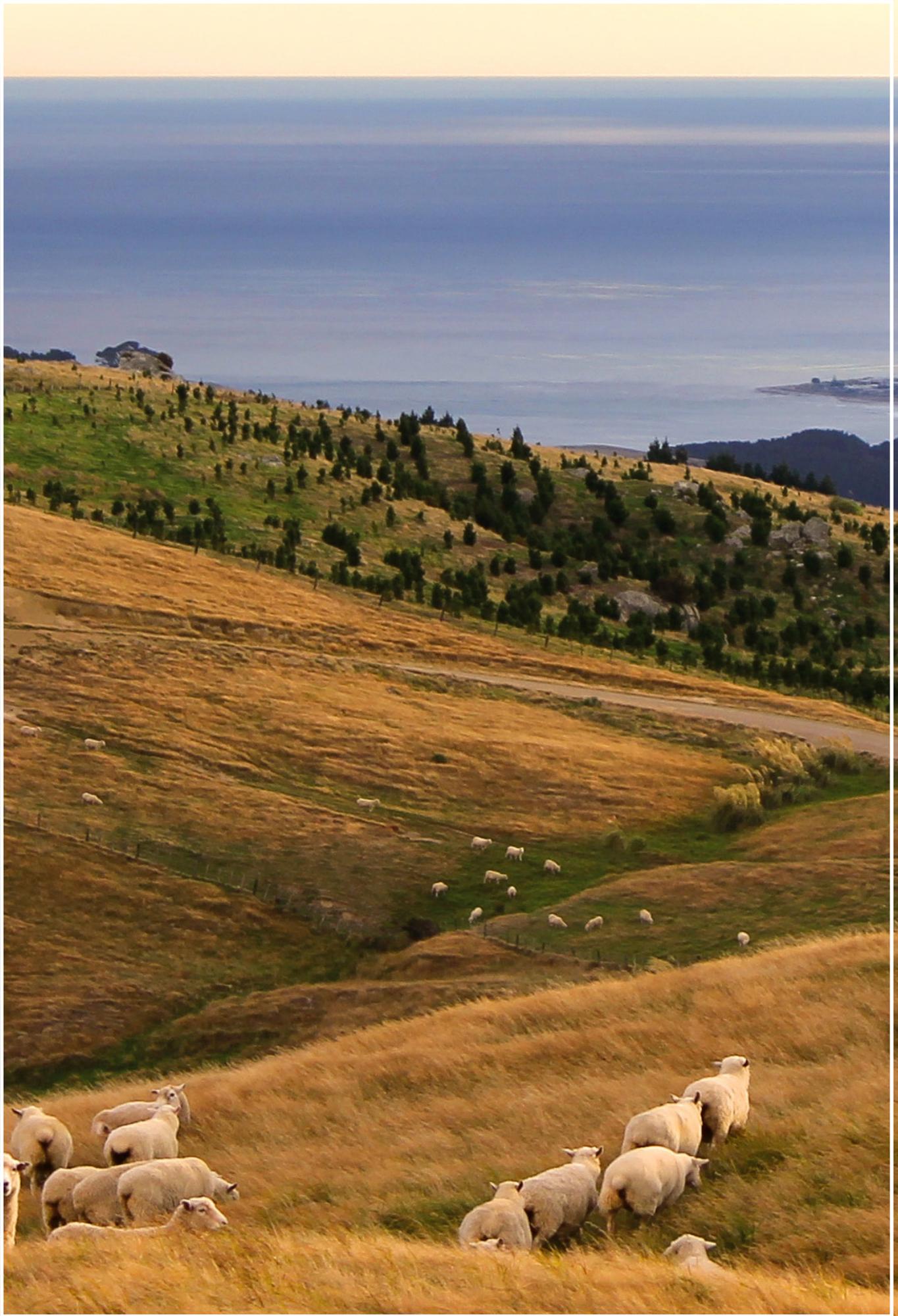


TARARUA DISTRICT COUNCIL

SUMMARY

of the *Annual Report 2018/2019*





This Annual Report Summary is the year end snapshot of the Council's activities, finances, and performance results for the financial year ended 30 June 2019.

The information this Summary contains is taken from the Annual Report 2018/19 itself, which was adopted by Council on 31 October 2019. The Annual Report 2018/19 provides detailed information on the Council's service and financial performance at year end.

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

This summary has been audited by the Council's independent auditors to ensure consistency with the full Annual Report for 2018/19. The Council received an "unmodified" opinion on the full 2018/19 Annual Report and Summary.

FROM YOUR MAYOR & CHIEF EXECUTIVE

A large part of the work delivered by Council during 2018/19 was to enable the district to gain full benefits over the next five years from growth opportunities.

We have some challenges in response to the strong population increase we are experiencing, which has exceeded even the optimistic forecasts in our most recent Long Term Plan. This growth places pressure on existing infrastructure and requires us to revisit plans for new infrastructure projects to ensure they will accommodate revised population forecasts.

To ensure our infrastructure investments into roading, the three waters and buildings gives us robust 20–30 year outcomes, more work is going into the planning side of projects. This enables a focus on risks such as climate change, insurability, changes in technology, and legislative compliance.

This way we ensure Tararua District is able to cope with population growth, while maintaining sustainable development, affordability and resilience.

Council has continued to support the work undertaken by the community-led group, Connect Tararua, in their efforts to lobby Central Government for increased digital connectivity. Their initiative has led to a significant increase in planned telecommunications infrastructure in the near term, with the remaining challenge to gain full district coverage. Council will continue to support the efforts of Connect Tararua as they strive to unlock the potential that good quality digital connectivity will afford everyone in Tararua.

We are pleased to receive positive acknowledgements, from external organisations, for the work undertaken by Council. This demonstrates the commitment of staff to delivering great results. Examples include Audit New Zealand commenting in the interim management report that "We consider that a culture of honesty and ethical behaviour has been created", while NZ Transport Agency (NZTA) has similarly provided a clean investment audit across \$42 million of funding for the 2018–2021 National Land Transport Programme (NLTP) with no recommendations attached.

“ We are pleased to receive positive acknowledgements, from external organisations, for the work undertaken by Council. This demonstrates the commitment of staff to delivering great results”.

The success of the Tararua Alliance partnership, implemented for roading and reticulation services, has transformed the way we procure services in other areas of Council. Not only has Council approved an extension to the Tararua Alliance contract for a further 10 years, new alliances have been established for procurement of Council's Information Technology (IT) services and the establishment of the Pahiatua Water Treatment plant.

The 75,000m³ Woodville raw water impounded supply became operational during the year but is awaiting a winter before filling. The 6,000m³ Pahiatua treated water reservoir was also completed during the year, and the public who attended open days commented in the improvement in resilience for the town supply. An agreement was also reached to engage a company for the design and build of the Pahiatua Water Treatment Plant, to vastly improve

the quality of water for residents, and attracts Ministry of Health subsidy. The co-funded Pongaroa water treatment plant was completed during the year also due to subsidy from the Ministry of Health, and now provides a reliable water supply after a period of regular boil water notices.

There are shortages of all types of housing in towns across the district as our population grows.

The availability of land is being investigated to build additional pensioner housing units as planned for in the Long Term Plan, as well as the best areas for future residential development in Woodville, Dannevirke and Pahiatua. Key to this is understanding the capacity of existing underground infrastructure to cope with the anticipated future demand.

We expect current demand will only increase as we draw closer to construction of the new Manawatu-Tararua Highway. Housing needs for construction workers who build the road will exacerbate our current growth

challenges and Council must manage this in a cost-effective way for ratepayers. We have watched with interest the dramatic rate increases other districts and cities have faced as a result of fast-paced growth. Careful management is required to avoid such increases in Tararua, and we are committed to achieving the right balance for our community while maximising the benefits these opportunities afford our district.

Council continues to work on improvements to Route 52, River Road and Weber Road, particularly after the recent ministerial announcement

of a rail hub to be built in Dannevirke. Such a hub is likely to increase overall logging traffic on Tararua roads. We acknowledge the NZ Transport Agency was oversubscribed by funding applications, which meant they were unable to co-fund a \$10 million upgrade of Route 52 between Weber and the boundary with Central Hawke's Bay District Council. However, with the Provincial Growth Fund enabling a study into logging impacts on these routes, and the forecast billion tree programme, we are confident of additional external funding being obtained in 2019/20.

Staff capacity to meet the ever-increasing challenges imposed by regulatory and legislative change has continued to be a theme for the year. With continued change in the regulatory requirements for three waters (water, wastewater and stormwater) and health and safety, we have added resources to our Risk Management area. An extension to the cadetships for building officers, for example, will build staff capability for the future.

Council has been installing bulk flow zone meters at various points across the water network. This allows the identification of broken pipes or unusually high water use to be effectively targeted for repair to avoid impacts on supply.

The establishment of a dedicated Programme and Projects team will improve management of project risks and increase public communication on key projects with our growing capital

We continue to prudently manage the finances, despite the necessary investments, maintaining rate increases at a stable level in line with Long Term Plan forecasts. This increase in funding pressure ultimately means Council, and therefore ratepayers, face rates increases or reductions in our levels of service. Council has benefited from the current low interest rate environment, particularly through our involvement with the Local Government Funding Agency (LGFA). Council's debt is currently at \$25 million against the \$21 million budgeted, with the increase largely due to greater infrastructure investment to address climate change, meet legislative requirements and satisfy community outcomes.

As with climate change, there are a number of other challenges facing Tararua as we look to the future. One of these includes

Earthquake prone buildings and what this means for the viability of the business districts. We successfully advocated along with other Councils across the region for Ministers and officials to change some of the rules to better balance public safety risks against the viability of upgrades.



Council was successful in leveraging funding from the Provincial Growth Fund allocated towards the development of a cycle-walk strategy, to additionally fund a visitor strategy and action plan for the Tararua District.

Once complete, further funding applications will be made to focus attention on those tourism opportunities best suited for our district, with the cycle-walk strategy focused on priority projects in collaboration with both Council and community groups.

Council was also successful in securing PGF funding for a Land Diversification Project. Given the challenges faced by many farmers in meeting the consent

requirements of Horizons One Plan, this project seeks alternative crop options for consideration. The project funding allowed for investigation into four crops; feijoas, hazelnuts, cider apples and berries. Subject to the outcome of the project, these crops may not only offer farmers diversification options but also seed new industries for Tararua such as cider and fruit wine, supporting growth of the tourism sector. This project is expected to be completed in late 2019,

when the results will be shared through public workshops.

The opportunity the PGF has provided has meant a diversion of some resources to the various projects, however Council believed it was important to maximise the outcomes for the district. While this funding is welcome, it does create an obligation for Council to fund the ongoing maintenance and renewal cost of these assets.

A successful Central Government Tourism Infrastructure Fund application of more than \$100,000 in funding will be utilised to build a toilet and shower block adjacent to the Mangatainoka Reserve, to meet increased patronage from freedom campers. The installation of four solar compacting rubbish bins across the district at Mangatainoka Reserve, Waihi Falls, Akitio Beach and Herbertville are also bonuses of the funding. These bins are expected have lower operating costs by as much as 60% over conventional bins, due to less frequent emptying.

We continue to build a strong relationship with the New Zealand Motor Caravan Association (NZMCA), as well as promote Tararua District as a great visitor destination at the COVI Motorhome Caravan and

Outdoor Supershow in Auckland. Council also invested in one of six documentaries screened on Choice TV, called RV Explorers, that showcased different regions of the country. The documentary has seen NZMCA members touring the route visiting all the main towns in Tararua, including Pongaroa and Akitio.

Coming together with shared values will build a strong identity for Tararua District and provide a prosperous future for our young people to inherit over the coming years.

We must keep up with the pace of change to create a modern community that attracts investment, adventure and cohesiveness. Council will play its part in this process and welcomes the reinstatement of the community well-beings; social, economic, cultural and environmental, into Local Government legislation.

Together, we have in front of us some fantastic opportunities to build a better future for Tararua, such as the new Manawatu-Tararua Highway. By working as one, we can tackle the inevitable challenges when they arise, and remain focused on a positive future. This collaboration has been the theme of Council over the last year and the foundations for what lies ahead have been laid in this year's achievements, which have been positive overall.



Tracey Collis
Mayor

Blair King
Chief Executive



LAYING THE FOUNDATION

Whilst Council is focused on achieving results, it must also develop future capacity and capability in staffing resources, enable innovation, and ensure we have the relationship in place to secure suppliers and maximise external funding options. To deliver this requires investment in three outcomes – people, their development, and enabling transformation.

LAYING THE FOUNDATION

OUR CRITICAL RESOURCE – STAFF AND SUPPLIERS

He aha te mea nui o te ao? He tangata, he tangata, he tangata. *What is the most important thing in the world? It is people, it is people, it is people.*

Council is committed to providing development opportunities, both externally and internally, for staff. In doing so, we encourage staff to use this training to improve service delivery, utilise new technology that enables efficiency, and ensure we are a client of choice for suppliers.

Council has been very fortunate to attract diverse staff across different cultures, backgrounds, experiences and qualifications. Even better, the majority of talent is coming from within our district. This is not only indicative of the culture we have developed within Council but also the Tararua community as a whole, who provide a welcoming, supportive and friendly environment that encourages people to stay or return here to the place they call home.



We acknowledge the importance of recognising staff for their achievements and contributions to Council by nominating them for external awards. This year we had three notable nominations:

- Sandy Lowe, Risk Manager, was nominated and awarded the Brookfields Emerging Leader of the Year Award 2019. This award recognises and celebrates people who have a proven track record of designing or delivering successful programmes, projects, processes or practices with an identifiable community impact.
- Blair King, Chief Executive, was nominated for the Blake Awards, reflecting positive feedback from suppliers on our procurement and internal staff culture.
- Claire Mills was nominated for a Customer Service Award with the Southern Tararua Business group.

LAYING THE FOUNDATION

LEADERSHIP DEVELOPMENT

Our approach to leadership development includes cadetships and professional development, to gain the qualifications we need in staff for specific roles, providing opportunities for growth within Council and being involved in inter-council projects.



TRAINING OPPORTUNITIES

Leadership is an integral function of management. We believe no matter what level, everyone can be a leader.

Three staff completed a credible week-long course run in New Zealand, to update them on risk management, leadership insights, resilience and negotiating.

Five staff have completed a specific Local Government Accelerated Leadership Programme, done in conjunction with other councils. The programme encourages networking, sharing of ideas, growth and leadership development.

LEADING CULTURE AND BEHAVIOURS

Culture takes time, patience and persistence.

We used the ADKAR change management model (awareness, desire, knowledge, action, and reinforce) to imbed into the organisation a culture that helps us to move closer to our vision of being a client

of choice. We also embarked on a parallel journey to become an employer of choice.



HORIZONTAL LEADERSHIP

We were able to break down walls and silos, and built close cross functional relationships based on trust and open communication.

As staff are encouraged to openly voice their opinions and to take risks, it was only natural that conflicts emerged. So we created an environment where such constructive conflict is encouraged as it is necessary for the growth of the

organisation and fine-tuning rough ideas. As a result, we created leaders who were not in a traditional leadership role.

It was critical that staff not only did things well, but they started to influence the decisions and outcomes. That, to us, was empowerment.

We also created a team culture that resulted in cutting of red tape. Almost every decision can be made by the project team which is quite agile with the way it responds to changes and challenges. For example, the Alliance team can go from fault identification to engineered decision to implementation within one day in an emergency situation and still deliver a cost effective solution.

TRANSFERABLE SKILLS

We developed skills that are of value across multiple functions and sectors,

for example Stakeholder management, strategic planning and analytics. We also found that the different disciplines in the various projects were coming together and the results meant better outcomes, future proofed solutions, reduced waste, and cheaper whole of life cost.

LAYING THE FOUNDATION

INNOVATION AND BUSINESS TRANSFORMATION

CATALYST FOR CHANGE

Procurement was used as the catalyst for change.

We took a strategic approach, where how we procure can help us achieve

and enable our strategic and community outcomes, including services levels and cost effectiveness. It also enabled us to take a lead in our supply chain management – growing capability and capacity in our supply chain at a local level and enabling greater innovation by suppliers.

The four principles of Know what you want, Attract the best, Choose the right ones and Manage them fairly is not only being used in procurement but in all our relationships.

THE COLLABORATIVE MODEL

The traditional contracting model of a master/servant relationship -

lowest cost, adversarial, with lots of reporting but low asset management planning outcomes – was an approach we abandoned when we first established the Tararua Alliance with Downer NZ.

The main driver for that change was that our resources were being consumed on the wrong things, not gaining much positive traction towards achieving community outcomes and did not have a strategic outlook.

Our challenges continue to be many – for example, how do we optimise what funding we have for infrastructure whilst growth in funding base is minimal, increasing

legislative and compliance cost, responding to climate related events, and the contracting sector being pushed to cut cost and compromising quality and outcomes.

The collaborative model, where partnership is focussed on people, trust and behaviours, was the basis to drive better asset management and “best for network” decisions. We agreed this was the way forward.

Council approved an extension to the Alliance model for a further 10 years based on assessing whether other providers in the market could provide a better roading network and relationship. NZ Transport Agency, who are the largest funder of rural roads, agreed the decision to retain the partnership, was prudent.

On the back of this successful collaborative partnership, we had a few more this year: IT Alliance (MBS and Council), FILTAR

– Pahiatua Water Treatment Plant (Filtec and Council), Breeze - Integrated financial planning and reporting solution (IBIS an Australian company and three other New Zealand councils).



MODEL IS SUSTAINABLE

The culture we have created, the structure we have in place,

imbedding the principles underpinning ADKAR and client/ employer of choice, and developing leadership across the organisation will ensure the business transformation journey continues and is sustainable.



PROJECT MANAGEMENT APPROACH

The Programmes and Projects team was established in late October 2018, with a focus on assisting Council in delivering projects, managing project risk, and developing project management capability across Council.

The immediate focus for the team was to undertake ongoing refinement on Council's project frameworks over time, building capability and maturity in project planning, improving the project management culture within Council, and delivering better project outcomes. While our delivery of projects has been improving, better planning will help to reduce administrative setbacks and improve project quality.

A continuing focus for the team will be:

- To build on and refine the recently established project methodology.
- Building a coordinated view and understanding of projects being undertaken across the organisation. This will allow better alignment and prioritisation, so that the Council can focus efforts in the areas of greatest need.
- Initiate a new reporting framework, providing greater clarity to the Council on key projects and also improve the amount of information and regularity of updates on the Council website.
- Ongoing development of the project risk rating framework, and a contractor assessment framework to capture lessons learned and performance evaluations for contractors providing service to Council.

BUSINESS INTELLIGENCE

The aim of Council's business intelligence project is to centrally store data, internal and external of Council, into a structured data warehouse, with valuable outputs for analytics and trend information.

It will also enable layering of multiple data from different sources that will result in better insights into Council's performance as well as providing management better information for decision making.

As an example, Council has been able to capture all customer requests information and has combined this with weather information, showing a correlation to the volume of customer requests increasing in wet weather. This could then be used to inform future work programmes to reduce complaints. We are also looking at layering front line staff hours, call waiting times and number of abandoned calls. This will also help be better roster staff and also proactively manage resources.

A continuing focus for this project will be:

- Improving the quality and efficiency of collecting Council's data.
- Translating data into information in a visual manner for management insights and decision-making.
- Combining multiple data sources together to create better insights.
- Creating personalised and where possible real time management dashboards enabling quick and easy oversight of the activity drivers that impact on Council's performance and service delivery to residents.

STRATEGIC SCORECARD

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

THE 3 MAIN STRATEGIES

01.

CONTINUED INVESTMENT IN
CORE INFRASTRUCTURE

02.

PROMOTING AND FACILITATING
ECONOMIC DEVELOPMENT

03.

CONTINUED FINANCIAL VIABILITY THROUGH
SUSTAINABLE GROWTH AND INVESTMENT

In the 2018–2028 Long Term Plan, Council maintained the same three strategies. But through consultation with the community, prioritised, refocussed and expanded on the strategies given the progress, the new challenges and opportunities ahead.

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Two fatal accidents were recorded on local roads during the year, however, the cause was not due to road factors.

A total of 69 safety audits were completed on internal sites, with 68 scoring high results. For external contractors, a total of 40 sites were audited with 37 scoring high results and one site closed down.

A total of 608 safety observation reports were completed by all staff, one first aid treatment reported and six near miss reports completed. Any near miss reports are investigated to look into actions learnt or preventions to ensure no repeat actions.

Council invested \$740,000 in minor safety projects during the year.

Council also invested another \$2.4 million in the Saddle Road to mainly improve safety.

With the closure of the Manawatu Gorge, traffic commenced using Ballance Valley Road. This placed a high stress on a low volume local road with roading edge breaks that generated a safety concern, so a decision was made to shoulder widen sections of the road. This work was completed by NZ Transport Agency.

The overall condition of our footpaths is very good – only a small number of defects noted. What the results shows is that of the 301,638m² of footpaths in the database for the district, only 760m² (2,646m² last year) has a defect severity grading of 4 or 5 (5 being the highest).

Public satisfaction has increased significantly from last year – from 65% to 78%. This reflects the increase in budgets. Council aims to further improve the results in the next financial year.

Vehicle entranceways continue to cause safety issues to those with mobility scooters and pushchairs as they transition from footpaths to the road. Vehicle entrance ways are the responsibility of property owners. Council is exploring options to address these safety issues.

We continue to maintain our parks, reserves, playground equipment and sports facilities to relevant safety standards.

In response to the Asbestos Regulations (2016), Tararua District Council has completed asbestos surveys, identifying all asbestos on Council premises. This has resulted in the planned removal of high risk friable asbestos and the ongoing management of low risk non-friable asbestos. Ongoing management of asbestos that poses low risk means, keeping a record of its presence and ensuring this is communicated and considered with all affected parties at the time of any disturbance. This may be through planned works or improvements on or near the asbestos, or damage through natural disaster or incident.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

ON TRACK

2016/17

ON TRACK

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Pahiatua and Woodville water storage completed.

Akitio and Pongaroa water treatment plants completed.

Optimisation of wastewater treatment plant is ongoing.

Power generators for water treatment plants purchased.

Council has completed the stormwater modelling. Further refinement of the model using current weather patterns to identify network improvements is in progress.

Council continues to work on improvements to Route 52, River Road, and Weber Road.

Council is working closely with the Provincial Development Unit, NZ Transport Agency, and KiwiRail, after the recent ministerial announcement of a rail hub to be built in Dannevirke, to improve the resilience of our rural roads.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

NEED TO CATCH UP

2016/17

NEED TO CATCH UP

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



To support efficient transport access and digital connectivity within the district and regionally.

Immediate response to reinstate safe access, subsequent clean-up, and then planned repairs to approximately 230 sites of significant repair which has resulted in \$6 million expenditure in emergency works.

Council has continued to support the work undertaken by the community-led

group, Connect Tararua, in their efforts to lobby Central Government for increased digital connectivity. Their initiative has led to a significant increase in planned telecommunications infrastructure in the near term, with the remaining challenge to gain full district coverage.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

NOT APPLICABLE

2016/17

NOT APPLICABLE

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

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 have lodged a consent application for Woodville.

Council has a current memorandum of partnership with Rangitane o Tamaki nui a Rua. This covers processes for engagement in decision-making. A new memorandum of partnership with Ngati Kahungunu ki Tamaki nui a Rua Trust was confirmed by Council at its June 2019 meeting, and this will be signed at a suitable joint function.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18 **NEEDS MORE EFFORT**

2016/17 **NEED TO CATCH UP**

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



To meet legally required performance standards.

Three of our seven wastewater schemes are operating under temporary consents (current consents have expired). We continue to monitor our discharge whilst operating under these consent conditions to ensure we are minimising our impact on the receiving environment.

Completed Akitio and Pongaroa water treatment plant.

We continue to meet all resource consents for urban water supplies.

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 as E. coli was present in water sampling in Pongaroa in September. Council placed a boil water notice with

immediate effect as a precaution to residents in Pongaroa. The new treatment plant will address future issues.

Part 5 was non-compliant as this requires 24 hour monitoring of our water schemes. Twenty-four hour monitoring is now in place in five schemes. Twelve months of data is required to be available for assessment (after UV disinfection was installed). Therefore, new plants at Akitio and Pongaroa will not be compliant until 12 months from the commissioning of the new treatment plant. Pahiatua will have 24 hour monitoring in place with the construction of its new treatment plant due in mid 2020. Norsewood requires further investment to enable 24 hour monitoring.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18 **NEEDS MORE EFFORT**

2016/17 **NEED TO CATCH UP**



Supporting and facilitating growth in local business.

Council was successful in receiving funding from the Provincial Growth Fund (PGF) during the year to develop a Visitor and Cycle-Walk Strategy for the district. The strategy will highlight growth opportunities for tourism and develop a cycle-walk map that stakeholders can work to. The strategy is expected to lead to further applications for funding.

Council was also successful in gaining PGF funding for Land Use Diversification study. The study will investigate feijoas, hazelnuts, cider apples and berries as alternative crop options. It is anticipated this study will provide opportunities for farmers facing issues gaining consents under Horizons One Plan.

A new Tourism Networking Group was established during the year. The objectives are to encourage operators to collaborate and deliver tourism training.

The Tararua Business Network worked alongside 31 entrepreneurs during the year to explore both start-up and growth opportunities for businesses.

The Tararua Business Network delivered or facilitated 11 workshops for business owners during the year. Topics included social media management, financial management and presentations from Spark and Inland Revenue.

The Tararua Business Network facilities were utilised for 108 external bookings.

The Tararua Business Network team continued to collaborate with CEDA to promote and deliver the Regional Business Partners network. This network supports growth and innovation of New Zealand businesses through training, mentoring and research and development funding.

Council engaged a professional event manager to audit the Woodville MotoX during the year with a view to developing a growth strategy for the event. The growth strategy is aimed at bringing additional visitors to the district and encouraging them to shop and do business outside the event.

Council commissioned a feasibility study during the year into extending the Southern Tararua Business Awards to cover the entire district. Results will be discussed with the business community during the second half of 2019.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

ON TRACK

2016/17

ON TRACK



Promote the district by telling our story.

In addition to having the Visitor Guide available through the i-SITE, district information centres and tourism operators, Council continues to fund distribution at a number of i-SITEs across New Zealand and other neighbouring visitor destinations. Council also fund the visitor guide to be distributed on the Interislander Ferries and at ferry terminals in Wellington and Picton.

Council increased its support for the Woodville MotoX during the year by providing funding to support promotion as well as continuing to sponsor the River Race. Tararua District Visitor Guides were also made available at the event.

Council attended the COVI Motorhome Caravan and Outdoor Supershow in Auckland during the year. Over 800 attendees completed a brief survey that better informs Council on what this market are looking for when choosing a holiday destination.

Council invested in one of six documentaries made by the NZ Motor Caravan Association (NZMCA) showcasing different areas of New Zealand called RV Explorers. Council designed the itinerary for the film crew and organised a range of activities for filming. The Tararua documentary was premiered at Tui Brewery and later screened on Choice TV. Participants in the filming have confirmed NZMCA

members are travelling the route taken by the documentary.

Council continued its presence at both Central District Field Days and the Hilux Rural Games during the year. Activities in the district were promoted to visitors predominantly from the lower North Island at these events.

Council continued its support for local events with a presence at both the Dannevirke A & P Show and Wheels with Attitude.

Council undertook a new sponsorship of the North Range Trio running event during the year. Cross country races of 50km, 25km and 12.5km all finish at Ferry Reserve with entrants exceeding 450 this year. Council introduced the organisers to local organisations Woodville Radio and Tui Brewery and is engaging further to grow the event.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

ON TRACK

2016/17

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Build district identity.

Council began a project to replace the 'Tararua Country' visitor branding and signage with a strong 'Tararua District' brand.

Replacement 'Tararua District' marketing material was used at all events during the year.

New visitor signage has been approved by Council and is expected to be installed during the second half of 2019.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

ON TRACK

2016/17

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Provide business friendly and welcoming support for new residents and businesses.

Three hundred and sixteen welcome packs were sent to new residents during the year.

Council provided organising and marketing support to the Tararua District Expo held in Dannevirke on 6 April. The Expo targeted new residents in particular, linking them to clubs and organisations across the district.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

ON TRACK

2016/17

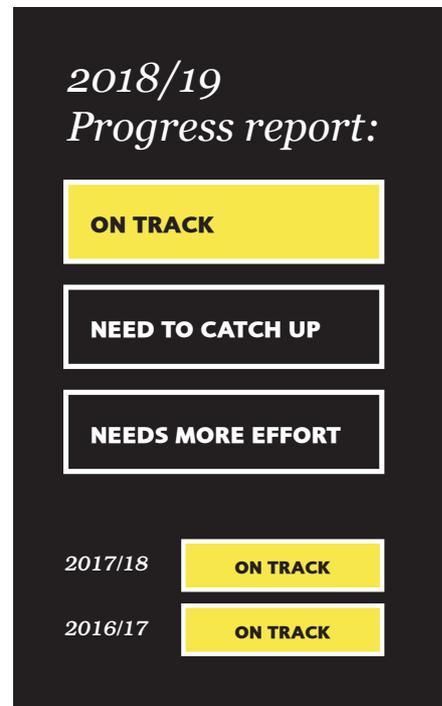
ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Facilitate the development of key reserves and recreational facilities to attract (and retain) residents and visitors.

Council was successful in securing funding from the Tourism Infrastructure Fund to build a toilet and shower block at Mangatainoka Reserve. The funding also provides for the installation of solar compacting rubbish bins at Mangatainoka Reserve, Waihi Falls, Akitio Beach and Herbertville.



03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Ensuring affordability.

Rates increased in 2018/19 to 3.95% from 2.23% in the 2017/18 year. This increase includes the significant increases in emergency funding, capital projects, operational expenditure with regards to compliance and infrastructure insurance.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18 **ON TRACK**

2016/17 **ON TRACK**

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Reducing financial and business risk

Our external debt increased higher than expected this year, from \$17 million to \$25 million, against a projected \$21 million debt forecast. These are 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.

We have been able to achieve reducing average interest rate costs year-on-year for the prior three years, from 5.15% to 3.67% in the current year.

Our cash balance has remained stable at just over \$5 million for the past three years.

Adequate insurance policies are in place to mitigate risk of unplanned asset replacements due to natural disasters. Council has also obtained additional cover for it underground assets in response to the heightened risk of damage due to natural climatic events.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18 **ON TRACK**

2016/17 **ON TRACK**

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Financial sustainability (long-term financial health)

Total debt levels (external and internal) continue to be within the limits set in the Long Term Plan.

External debt increased from \$17 million to \$25 million against a projected \$21 million debt forecast. This was due to a higher capital spend than planned due to the end of year carry-forwards, emergency works and increase in scope of several projects.

Depreciation reserves for future asset replacements is \$32 million, increased by \$4 million from previous year.

We maintained a strong balance sheet that leaves us well placed to achieve Council's long-term strategy by having sufficient headroom to invest in core infrastructure.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

NEED TO CATCH UP

2016/17

ON TRACK

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Cost control.

Operating expenditure excluding depreciation and fair value movement of derivatives was \$24.9 million (\$23.3 million last year). The main driver for this increase was the additional unbudgeted expenditure for emergency repairs on the roading network from the weather events. This increased from \$3.7 million to \$6.2 million, the highest value of emergency works the Council had incurred to-date.

We also exceeded our budgets in water supply and wastewater. For water

supplies, it was due to responding to the Havelock North Inquiry by increasing compliance, monitoring and treatment costs. For wastewater, it was the unbudgeted cost increases in the consent renewal process.

We also had cost increases in capital projects, mainly due to change in scope to address resilience and safety, change in compliance requirements and community expectation. Examples are Pahiatua and Woodville water storage, and roadside trees.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

NEED TO CATCH UP

2016/17

ON TRACK

HOW WE SPENT YOUR RATES

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

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

KEY:  Increase from 2017/18  Decrease from 2017/18  No change from 2017/18



STORMWATER

3%
\$59



All open drains across the district have been sprayed 4 times a year; developed 12 options for the 4 major towns as part of the stormwater modelling; 71% of community are satisfied with services offered; no habitable floors flooded.



TREASURY AND SUPPORT

-1%
-\$29



Achieve reducing average interest rate costs year-on-year for the prior three years, from 5.15% to 3.67% in the current year; cash balance has remained stable at just over \$5 million for the past three years.



REGULATORY SERVICES

6%
\$129



57 staff trained in Civil Defence; 4,815 building consents processed over an average of 14 days; 71 resource consents processed over an average of 17 days; increased staff capacity in the consenting departments; District Licensing Committee received 148 applications; 132 complaints received in regards to illicit dumping around the district compared to 186 last year.

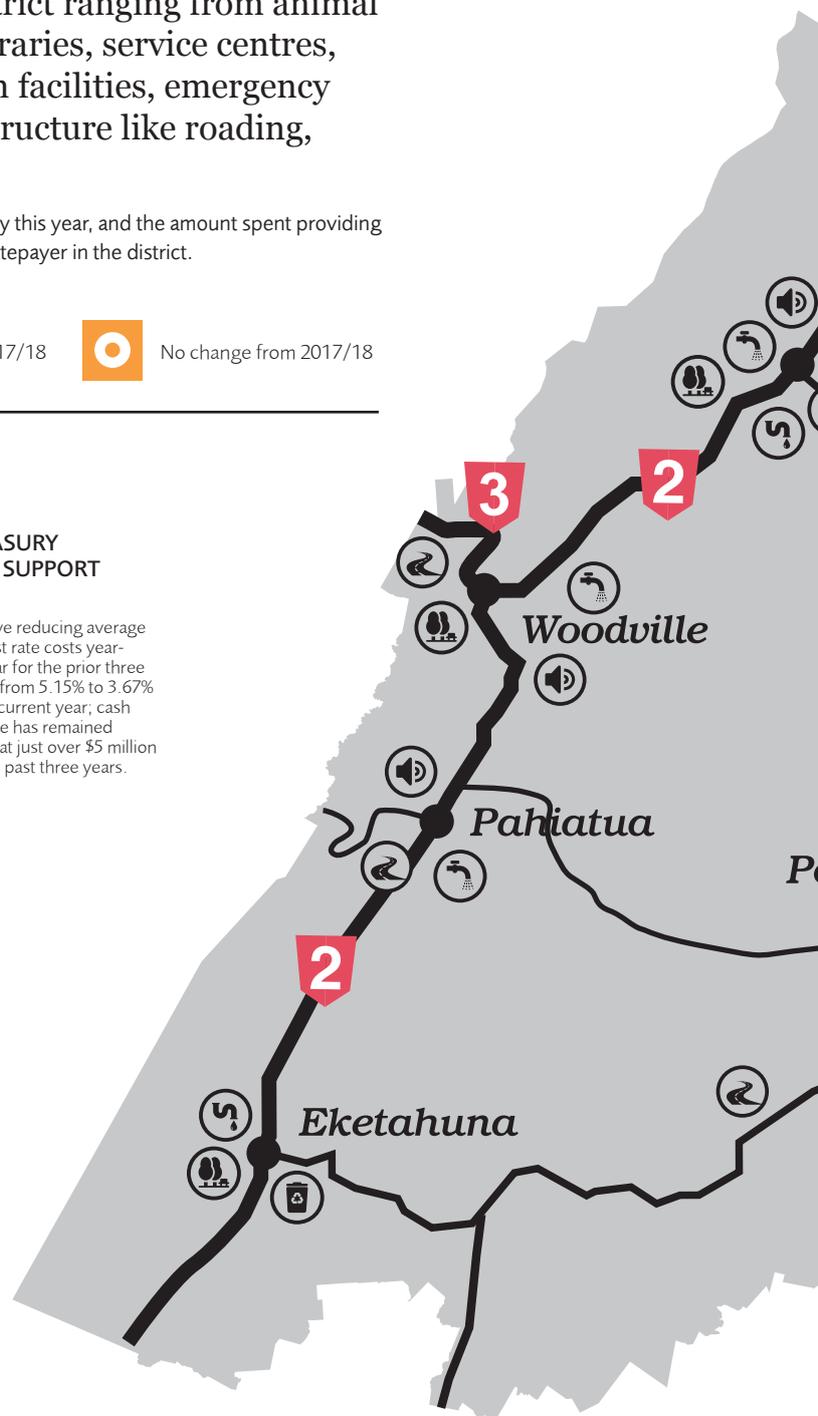


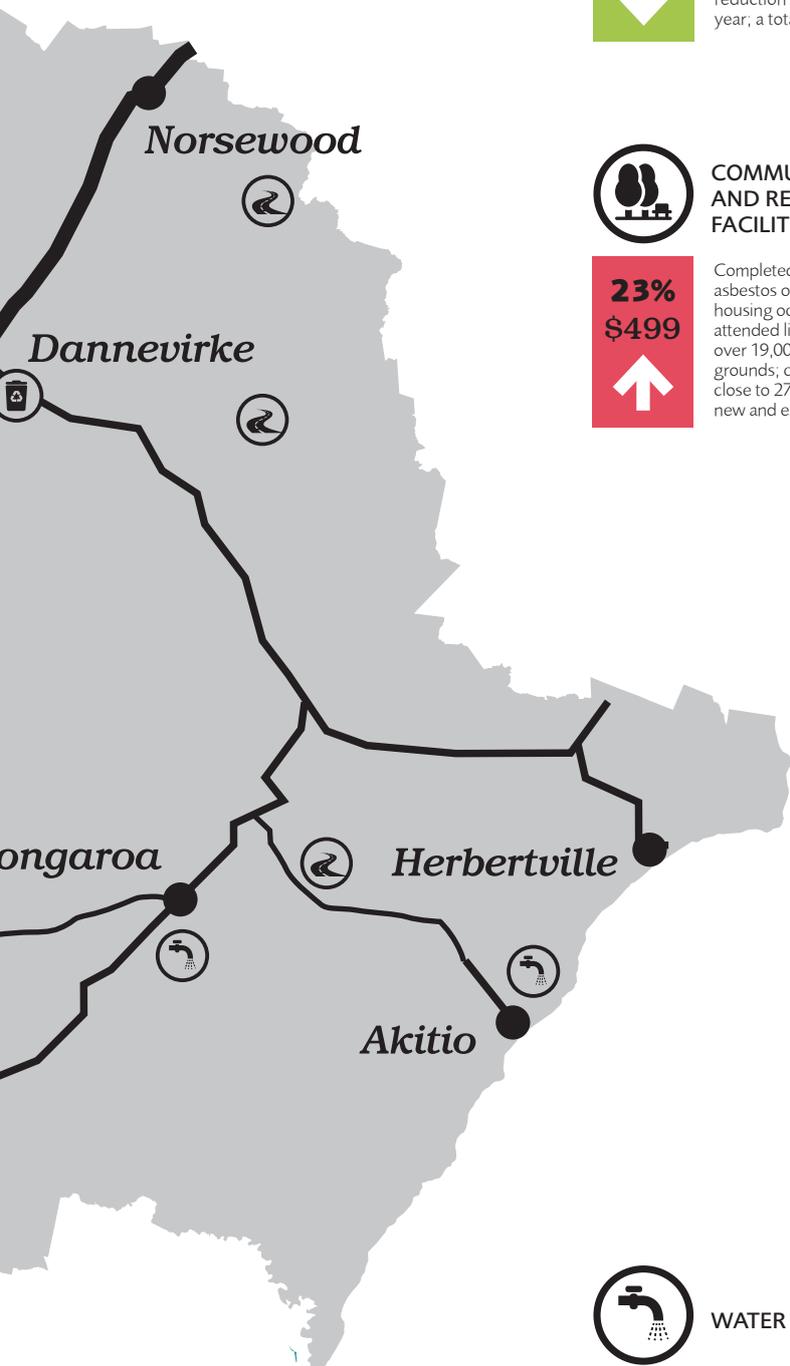
BUILDING COMMUNITIES AND LEADERSHIP

9%
\$193



Continued to support the work undertaken by the community led group, Connect Tararua; new memorandum of partnership with Ngati Kahungunu ki Tamaki nui a Rua Trust was confirmed by Council; provided grants totalling \$308,000 to community groups; established a twin towns relationship for Pahiatua and Kazimierz Dolny (Polish town).





ROADING AND FOOTPATHS

28%
\$594



Minor safety projects - \$740,000 district wide and \$2.4 million in the Saddle Road; \$6 million expenditure in emergency works; total capital investment was \$15.2 million; new agreement with Tararua Alliance extending their contract for up to 2029; Passed the Investment Performance audit; reduction of 800 customer service requests from last year; a total of 1,341m² footpath upgraded.



COMMUNITY AND RECREATION FACILITIES

23%
\$499



Completed asbestos surveys, identifying all asbestos on Council premises; Pensioner housing occupancy was 99%; 650 adults attended library led programmes and events; over 19,000 visitors stayed in our camping grounds; customer service centres handled close to 27,500 calls; \$1.3 million invested in new and existing facilities.



SOLID WASTE

6%
\$132



Savings of \$89,000 in annual glass collection cost; capping of Eketahuna landfill on-going; an average of 87% of community are satisfied with services offered; total capital investment was \$390,000.



WASTEWATER

11%
\$247



Total capital investment was \$2.3 million; Health and Safety audits completed; 7 generators purchased; 90% of community are satisfied with services offered; 76 customer request that took an average 32 minutes to respond and 110 minutes to resolve; all wastewater pump stations across the district have been maintained and condition assessed.



DISTRICT PROMOTION AND ECONOMIC DEVELOPMENT

4%
\$95



Received external funding totalling \$165,000 to develop a Visitor and Cycle-Walk strategy, for Land Use Diversification study and to build a toilet and shower block at Mangatainoka Reserve; Facilitated 11 workshops for business owners; Tourism Networking Group established; worked alongside 31 entrepreneurs to explore both start-up and growth opportunities; Forestry assets valued at \$3.6 million.



WATER SUPPLIES

11%
\$241



Pahiatua and Woodville water storage completed; Akitio and Pongaroa water treatment plants commissioned; Total capital investment was \$3.5 million; 85% of community are satisfied with services offered; median response and resolution times were well below targets; infiltration gallery at the headworks in the Tamaki River for the Dannevirke treatment has been extended; Dannevirke, Norsewood, Woodville, Pahiatua, and Eketahuna water scheme safety plans are all current.

The symbols indicate the locations of significant projects.

FINANCIAL PERFORMANCE SCORECARD

The Financial Strategy provides the framework and context for decision-making, with the focus for Council in the coming years being delivering services in an efficient and effective manner, and involving new and innovative approaches to ensure we maintain affordability.

Our vulnerability to climate events, the impacts of changing regulations, and the projection of population growth in our district are key issues requiring prudent and sustainable financial management.



Operating performance

Council continues to achieve a favourable operating result to budget, with 2018/19 being a favourable variance of \$3.05 million.

This is boosted by subsidies from New Zealand Transport Agency (NZTA) of \$15.6 million compared to a budget of \$9.4 million. This is due a continuation in severe weather events causing faults such as slips on the roading network being significantly greater than planned. This has been a trend over the previous three years, and as a result we have increased our emergency works budget in the 2019/20 Annual Plan by \$600,000.

The additional emergency roading works resulted not only in increased subsidy revenue, but also additional operating cost for Council. Overall, roading had a higher operating cost than budget of \$1 million.

Excluding this unbudgeted work, we incurred significantly higher expenditure in water supply as we continued to implement new testing and compliance regimes, and added chlorine to previously unchlorinated supplies such as Pahiatua. These were direct consequences following from the Havelock North Water Inquiry and were necessary to continue to ensure safe drinking water.

The ongoing wastewater consent renewal process for Eketahuna and Pahiatua also had a significant effect on this year's operating result due to the need to increase monitoring and compliance activities in order to obtain data for consent renewals.

Council also commenced roadside tree harvesting this year. The purpose of this activity is to improve safety in the roading corridor. This is currently funded from the forestry reserve.

2018/19 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

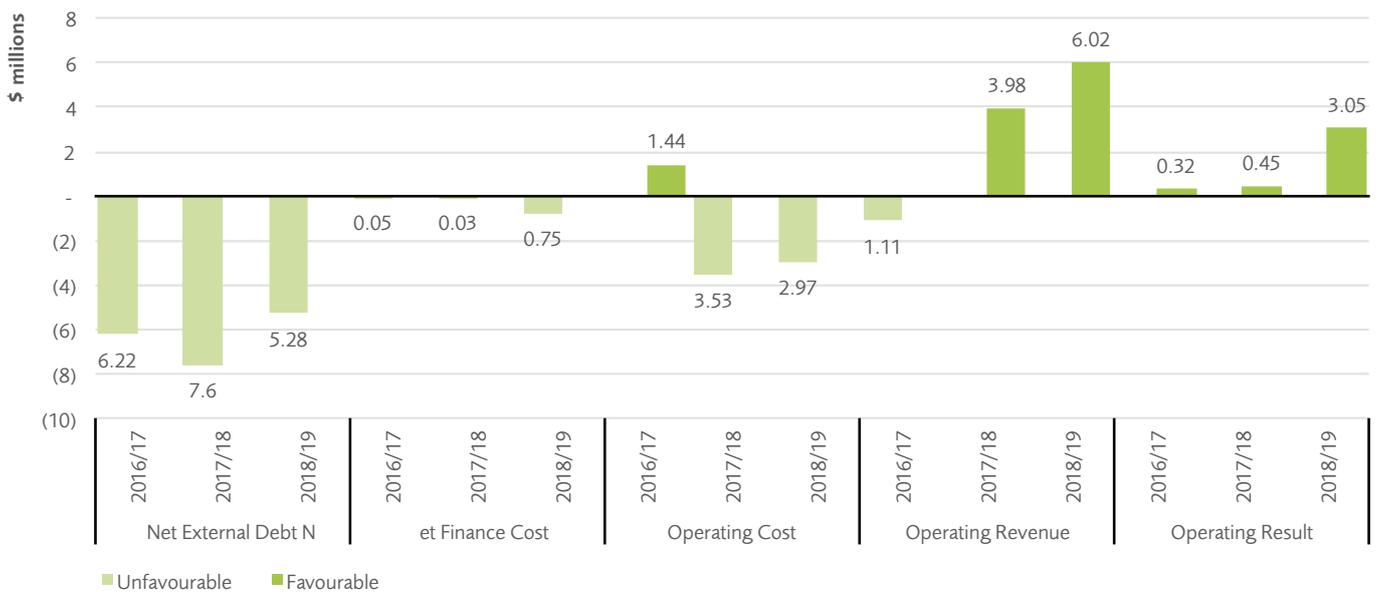
2017/18

MINOR VARIATION

2016/17

ACHIEVED

FINANCIAL PERFORMANCE ACTUAL VS BUDGET VARIANCE





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 5.15% to 3.67%. Looking forward, the flexibility of our borrowing strategy will enable Council to continue to participate in the projected lower interest rate environment, whilst also enabling Council to lock in some of its borrowing costs as fixed rates

at very favourable rates over a range of maturities, reducing the impact of unforeseen interest rate increases.

Our external debt increased higher than expected this year, from \$17 million to \$25 million, against a projected \$21 million debt forecast. This was due to a higher capital spend than planned due to the end of year carry-forwards, emergency works and increase in scope of several projects. Our cash balance has remained stable at just over \$5 million for the past three years. 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.

2018/19 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

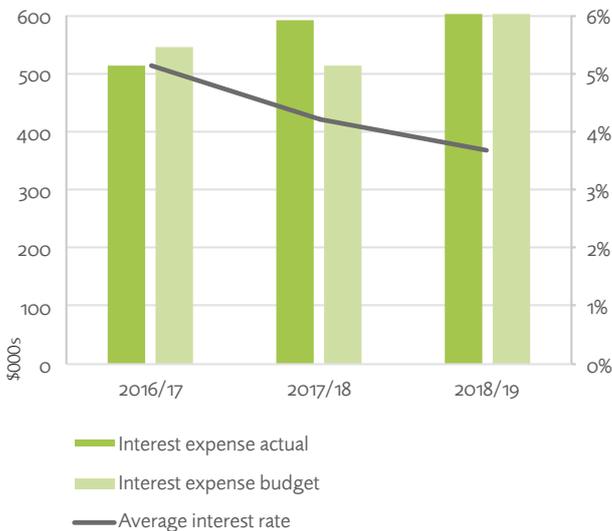
2017/18

ACHIEVED

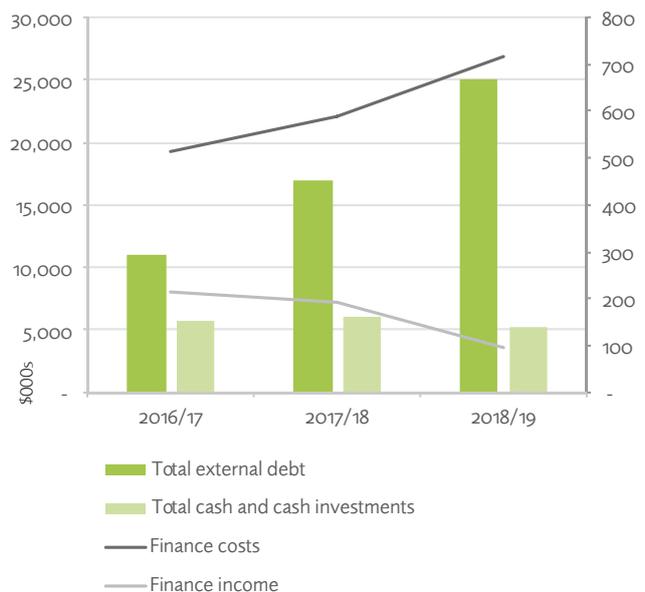
2016/17

ACHIEVED

INTEREST RATE PERFORMANCE



DEBT AND CASH INVESTMENT POSITION





Capital expenditure performance

One of the three limbs in Council's strategy set in the 2018–2028 Long Term Plan has been on Core Infrastructure. In the 2018/19 year, 90% of spending was on core infrastructure (roading, footpaths, water, wastewater, stormwater, solid waste).

Total capital expenditure for 2018/19 was \$23.9 million against a \$22.7 million budget. \$4.9 million consisted of unplanned emergency renewals in Roothing activity. Over the last three years Council spent \$9.4 million in unplanned emergency renewals from significant weather events. Council has responded by increasing its emergency works budget in the 2019/20 Annual Plan by \$600,000. More emphasis on drainage and resilience works was included 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 71% in 2016/17 to 83% in 2018/19. This improvement reflects the investment council has made to improve the capability and capacity to deliver capital projects.

Council continues to invest in increasing the capability and capacity to deliver projects with a Programmes and Projects Team introduced during 2018/19.

The objective of this team is to ensure timely completion of Council projects through improved project management disciplines.

This year, the Tararua Alliance delivered on the planned roading capital expenditure, despite the significant unplanned emergency repairs. This was an increase in the total roading capital budget by approximately 20%.

2018/19 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

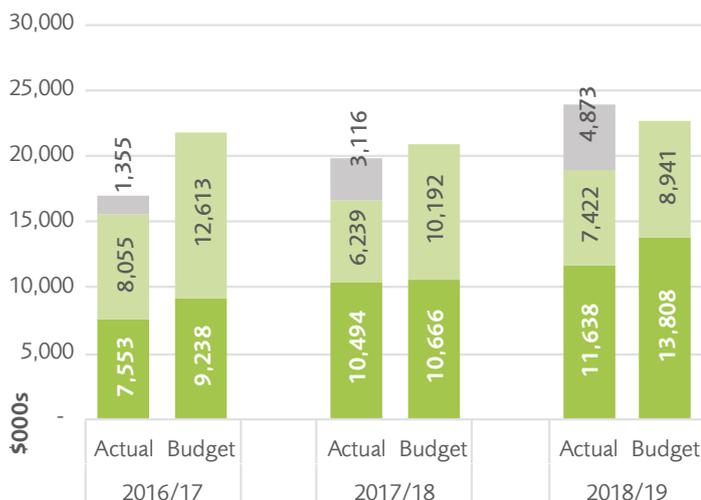
2017/18

ACHIEVED

2016/17

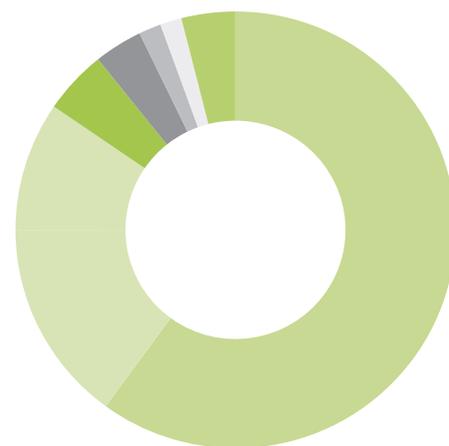
MINOR VARIATION

HOW MUCH CAPITAL EXPENDITURE WAS SPENT?



- Renewal
- New
- Unbudgeted emergency renewals

WHERE WAS CAPITAL EXPENDITURE SPENT?



- Support 5%
- Swimming pools 2%
- Footpaths 3%
- Stormwater drainage 5%
- Other 4%
- Roothing 60%
- Water supplies 15%
- Wastewater 9%

SERVICE PERFORMANCE SCORECARD

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



Service performance

These were reviewed in the 2018–2028 Long Term Plan. With this being Year 1 of the Long Term Plan, the revisions entailed 27 new measures, targets increased for 25 measures, and the targets reduced for five measures. Twenty-five previous measures were removed.

Despite the increase in targets for 25 measures, and 27 new measures introduced, Council has achieved well overall, with 80% of the measures met. Highlights for the year include four groups of activities exceeding all of their performance targets. These were Building Communities and Leadership, District and Economic Development, Wastewater, and Stormwater. The latter two activities contributed to Council achieving 90% of the Department of Internal Affairs mandatory performance measures.

Of the performance measures not achieved, Council has plans in place to improve a number of these. Infrastructure upgrades in the drinking water activity will address the measures not achieved and will ensure each scheme will have a suitable treatment regime to ensure safe drinking water. Treatment plants were constructed in Akitio and Pongaroa this year, and a new treatment plant for Pahiatua is scheduled for completion in 2020.

An increase in customer enquiries and demand in the regulatory group contributed to 6 out of 15 measures not being met. An additional resource in the building administration team has led to a significant increase in capacity. A second planner will be added to the planning department in July 2019 due to the significant increase in enquiries as a result of growth pressures.

2018/19 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2017/18

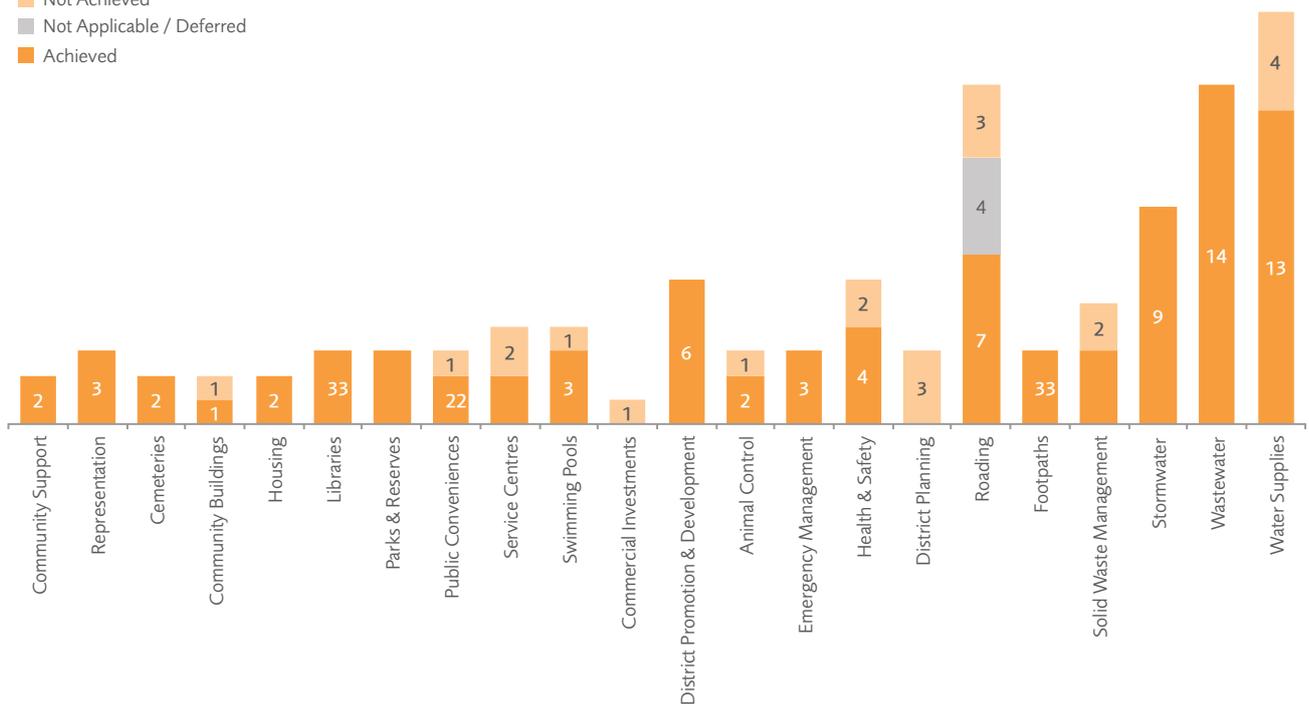
ON TRACK

2016/17

ON TRACK

SERVICE PERFORMANCE MEASURES FOR THE YEAR BY COUNCIL ACTIVITIES

- Not Achieved
- Not Applicable / Deferred
- Achieved



COMMUNITY SURVEY SCORECARD

Council continues to engage an external research provider to undertake the community survey, measuring the actual results against the same targets applied in the previous Annual Report.

OBJECTIVES

The objectives of the community survey were:

- Provide a robust measure of satisfaction with the Council's performance in relation to service delivery.
- Determine performance drivers and assist Council to identify the best opportunities to further improve satisfaction, including satisfaction among defined groups within the district.
- Assess changes in satisfaction over time and measure progress towards the long term objectives.

Four surveys were completed over the prior 12 months – October, February, April, and June. A total of 454 people were surveyed over telephone, 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.

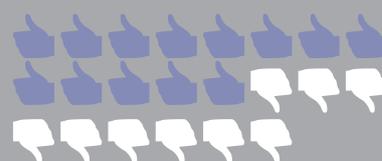
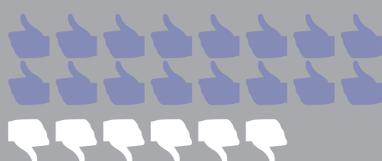
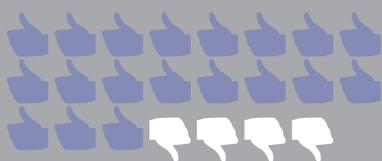
OBJECTIVES

Feedback from the results of the survey has been used to determine appropriate strategies to address and/or manage the community expectations.

We have increased funding significantly in the 2019/20 Annual Plan to improve service levels in the following areas:

- Roothing – increased funding for emergency works and preventative maintenance, such as drainage renewals and water tabling.
- Footpaths – maintained the increase in the maintenance budget, purchased new equipment and also developed a programmed approach to managing safety to address areas of high dissatisfaction including lichen and vehicle crossings.
- Completing Pahiatua water treatment plant and continuing to address the water supply and compliance issues.

COMMUNITY SURVEY RESULTS



2019 | 23 questions

2018 | 22 questions

2017 | 22 questions

2019 FEEDBACK

The results of the surveys are included in the service performance measures detailed in the 'Activities and Service Performance' section of the full 2018/19 Annual Report. We also took the opportunity to seek feedback on other aspects of Council. The notable results are (by percentage satisfied):

STRATEGIC SIGNIFICANCE

Satisfied with vision and leadership	80%	2018: 80%	2017: 74%
Satisfied overall Council performance	79%	2018: 85%	2017: 75%
Satisfied with staff	85%	2018: 86%	2017: 90%
Resources committed to Economic Development is the right amount	58%	2018: 61%	2017: 53%
Satisfied with availability of water	89%	2018: 85%	2017: 88%
Satisfied with quality of water	78%	2018: 73%	2017: 73%
Satisfied with financial management	73%	2018: 74%	2017: 65%
Satisfied with ability to protect dwelling from flooding	79%	2018: -	2017: -
Satisfied with ability to protect property from flooding	78%	2018: 75%	2017: 74%
Feel safe from dogs	85%	2018: 77%	2017: 77%
Satisfied with Council recreational facilities	95%	2018: 94%	2017: 91%
Satisfied with Council community buildings	95%	2018: 93%	2017: 93%
People that have used Council recreational facilities	96%	2018: 86%	2017: 80%
People that have used Council community buildings	75%	2018: 81%	2017: 81%
Satisfied with library opening hours and range of books/other materials	98%	2018: 95%	2017: 93%
Satisfied with managing and issuing building consents	82%	2017: 88%	2017: 86%
Satisfied with provision of dedicated walkways/cycleways	75%	2018: 73%	2017: 36%
Satisfied with rural roads	51%	2018: 54%	2017: 55%
Satisfied with urban roads	76%	2018: 72%	2017: 72%

FINANCIAL OVERVIEW AND MAJOR VARIANCES

Explanations for major variances from Council’s budget figures in Year 1 of the 2018–2028 Long Term Plan are detailed below.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Revenue

- Subsidies are \$6.4 million higher than budgeted. This is driven from NZ Transport Agency subsidies for Saddle Road development of \$2.4 million budgeted in 2016/17, and emergency work subsidy of \$4 million. A significant portion of the emergency work was at an enhanced subsidy rate of 86%.
- Fees and charges are under budget by \$270,000. This is due to writing off a number of non-recoverable debtors.
- Finance Revenue is \$128,000 under budget, due to significantly lower interest rates on investments. There is a corresponding saving in Finance Costs.
- Other revenue is lower than budget due to inclusion of budgeted forestry revenue – see below.
- Forestry Revenue has been budgeted under Other Revenue. Total revenue is higher than budgeted by \$75,000 as a number of roadside tree stands delivered good value logs. However, there is a corresponding increase in expenditure to recover difficult to harvest roadside stands.

Expenses

Other operating expenditure is higher than budget by \$1.8 million. Significant variances are explained below:

Deduct unfavourable budget variances	\$000s
Roading emergency works as explained under subsidies	(1068)
Harvesting roadside tree stands as explained under forestry	(457)
IT alliance being fully operational/ additional software licences	(153)
Treatment cost for Water Supplies	(121)
Community support (contribution towards Bush Multisport Trust floodlight repairs unbudgeted)	(86)
Increase in cost to tidy up Tudor Road in preparation for Pahiatua town centre upgrade.	(84)
Add favourable budget variances	
Savings in consultants fees in Regulatory activity	103
Favourable variance relates to an underspend in extraordinary maintenance due to contractor unavailability for the Victoria Avenue tree replanting project.	125
Budget variance	(1,741)

- Personnel costs are higher than budget by \$486,000. This is driven from additional resource required to monitor water quality, address risk issues and meet legislative requirements.
- Finance costs are higher than budget by \$618,000. This is made up by two components, the first is the interest costs incurred on our secured loans totalled \$715,000 compared to the budgeted costs of \$830,000. This saving is offset by an unbudgeted swap valuation movement of \$758,000 which is a non-cash accounting adjustment. Very low interest rates are offsetting slightly higher debt levels.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE CONT...

Other gains/(losses)

- The favourable variance is driven from a significant increase in forestry valuation driven by higher log prices and better quality valuation data.

Gain/(loss) on asset revaluations

- Gain on asset revaluation was \$9.1 million lower than budgeted. The most recent valuation showed unit rates did not increase as quickly as originally estimated.

STATEMENT OF FINANCIAL POSITION

Assets

- Cash and cash equivalents is higher than budgeted by \$2 million due to timing of debtors balance at 30 June requiring cash to settle.
- Debtors and other receivables is \$3.2 million higher than budget, made up of the June 2019 subsidy 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 \$3.2 million. This is due to holding less term deposits as cash was required to fund debtors at year end (see above).
- Non-current assets held for sale of \$184,000 were not budgeted for however at 30 June one of our investment properties was actively being marketed for sale.
- Other financial assets (non-current portion) is more than budget by \$75,000 as Council holds more borrower notes than planned.
- Investment property is less than budgeted with the movement of one

of our properties to assets held for sale.

- Forestry assets are higher than budgeted by \$2 million 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 \$78,000 mainly due to increase in value of carbon credits Council holds.
- Property, plant and equipment is significantly higher than budgeted due to higher project completion and a higher opening asset balance from the large revaluation movements in 2017/18 not recognised in year one of the Long Term Plan.

Liabilities

- Payables and deferred revenue is \$2.5 million greater than budgeted, due to timing of payments at year end.
- Borrowings (both current and non-current) are \$4 million greater than budgeted. This is due to significant capital works in the year.

- Employee entitlements are higher than budget by \$125,000 due to timing of accrued pay and slightly higher leave balance.
- Derivative Financial Instruments of \$1.4 million at year end was not budgeted for. This reflects the movements of swaps used to give Council certainty of borrowing costs.

Equity

- Accumulated funds are higher than budgeted due to the favourable operating surplus for the period.
- Asset revaluation reserves are significantly greater than budgeted due to the revaluation resulting in significantly higher opening balance from prior year.
- Special funded reserves are higher than budgeted due to Roothing revaluation resulting in higher depreciation transferred into the depreciation reserve, combined with enhanced subsidy for Roothing emergency renewals.

STATEMENT OF CASHFLOWS

Operating activities

Net cash inflow from operating activities is higher than budget by \$3.3 million. This is driven from higher subsidies from NZ Transport Agency for emergency works in the roading network.

Investing activities

Net cash outflow from investing activities is higher than budget by \$6.8 million. As mentioned above, roading emergency works was significantly higher than planned.

Financing activity

Net cash inflow from financing activities is higher than budget by \$4.8 million, driven by higher borrowings to fund capital development projects.

SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2017/18 Council Actuals \$'000s	2018/19 Council Actual \$'000s	2018/19 Council Plan \$'000s
OPERATING REVENUE			
Rates	21,409	22,204	22,395
Grants and subsidies	13,161	15,905	9,548
Finance revenue	192	96	224
Other revenue	3,077	3,104	3,119
Total operating revenue	37,839	41,309	35,286
EXPENDITURE			
Other operating expenses	17,947	18,871	17,097
Depreciation and amortisation	13,120	13,212	13,117
Employee benefit costs	5,352	6,035	5,549
Finance cost	679	1,448	830
Total operating expenditure	37,098	39,566	36,593
Other asset gains/(losses)	129	1,551	79
Surplus/(deficit) before tax	870	3,294	(1,228)
Taxation expense	-	-	-
Net surplus/(deficit)	870	3,294	(1,228)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Gains on Infrastructure assets revaluation	41,063	9,607	18,736
Fair value through equity	-	-	-
Tax on equity items	-	-	-
Total Comprehensive Revenue and Expense	41,933	12,901	17,508

SUMMARY STATEMENT OF FINANCIAL POSITION

	2017/18 Council Actuals \$000s	2018/19 Council Actuals \$000s	2018/19 Council Plan \$000s
Current assets	12,177	12,813	10,586
Non-current assets	932,343	954,163	912,638
Total assets	944,520	966,976	923,224
Current liabilities	10,375	13,487	6,535
Non-current liabilities	14,751	21,220	20,217
Total liabilities	25,126	34,707	26,752
Equity	919,400	932,269	896,470
Total equity	919,400	932,269	896,470
Total liabilities and equity	944,526	966,976	923,222

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2017/18 Council Actuals \$000s	2018/19 Council Actuals \$000s	2018/19 Council Plan \$000s
Balance at 1 July	877,466	919,370	878,962
Total comprehensive revenue and expense previously reported	41,933	12,901	17,508
Total Balance at 30 June	919,399	932,271	896,470
Comprising of:			
Accumulated Funds	344,809	350,615	342,466
Asset revaluation reserves	538,431	548,039	522,155
Special funded reserves	36,114	33,571	31,799
Trust funds	46	46	50
Total Equity	919,400	932,271	896,470

SUMMARY STATEMENT OF CASHFLOWS

	2017/18 Council Actuals \$000s	2018/19 Council Actuals \$000s	2018/19 Council Plan \$000s
Net cash flow from operating activities	14,306	15,115	11,809
Net cash flow from investing activities	(17,048)	(22,729)	(15,882)
Net cash flow from financing activities	6,000	8,000	4,072
Net increase/(decrease) in cash held	3,258	386	(1)
Opening balance	277	3,535	2,018
Total cash resources at 30 June	3,535	3,921	2,017

ACCOUNTING DISCLOSURES

These summary financial statements are a summary of the 2018/19 Annual Report and cover the period from 1 July 2018 to 30 June 2019.

These summary financial statements do not provide as complete an understanding as provided by the full 2018/19 Annual Report. A full copy is available on the Council website at www.tararua.govt.nz. The information included in this report has been prepared in accordance with PBE FRS 43; Summary Financial Statements.

The Summary reports were authorised for issue on 18 November 2019.

REPORTING ENTITY

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

Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. Accordingly, Council has designated itself as a public benefit entity 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 2019. The financial statements were adopted by Council on 31 October 2019.

BASIS OF PREPARATION

Statement of compliance

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

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets, 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).

Disclosure regards Tararua Aquatic Centre Trust

The Office of the Auditor General (OAG) has assessed that the Tararua Aquatic Centre Trust (TACT) continues to be controlled by Council, and should be consolidated into Council group financial statements. The Council does not agree with this assessment and has sought independent advice, and based on this advice has decided that for the 2018/19 Annual Report it will not prepare a consolidated Annual Report. The Council will continue to discuss with the OAG to resolve this matter by the 2019/20 Annual Report.

The financial statements in the 2018/19 Annual Report are of Council only.

COMMITMENTS

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

	2017/18 Council \$000s	2018/19 Council \$000s
Capital commitments	2,313	3,578
Operating leases as lessor	46	98
Operating leases as lessee	865	859

Contingent liabilities

Council has the following contingent liabilities:

Local Government Funding Agency (LGFA)

The Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+.

As at 30 June 2019, the Council is one of several local authority borrowers and guarantors of the LGFA. The LGFA's loans to local authorities are \$9.8 billion (2018:

\$8.6 billion), of which the Group and the Council have borrowed \$0.025 billion (2018: \$0.017 billion). As a result, the council's cross guarantee on LGFA's loans to other local authorities is 0.26% of \$9.8 billion (2018: Nil).

PBE Accounting Standards require the Group and the council to recognise the guarantee liability at fair value. However, the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Group and the

Council consider the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- the council is not aware of any local authority debt default events in New Zealand; and,
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

RELATED PARTY DISCLOSURE

Council has entered into related party transactions during the year that fall outside 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.

Council has had three transactions with a small business where a Councillor is an owner. The transactions were for catering services.

In two transactions Council received discounts for events held for the community. As a discount was applied, these are not considered at arm's length and therefore requires disclosure.

The third transaction was conducted on normal business terms for catering for an event for which the Councillor was an attendee.

The value of all three transactions totalled \$400.96 (including GST).

EVENTS AFTER THE BALANCE DATE

There are no post balance date events.

Independent Auditor's Report**To the readers of Tararua District Council's summary of the annual report
for the year ended 30 June 2019**

The summary of the annual report was derived from the annual report of the Tararua District Council (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 28 to 37:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance of the District Council.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 31 October 2019.

Council's responsibility for the summary of the annual report

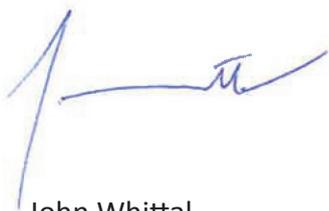
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than in our capacity as auditor, we performed a limited assurance engagement related to the District Council's Debenture Trust Deed which is compatible with those independence requirements. Other than this engagement, 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
18 November 2019



info@tararua.govt.nz

www.tararua.govt.nz

Dannevirke Service Centre

26 Gordon St, Dannevirke
PO Box 115, Dannevirke 4942
Ph: 06 374 4080 (24 hours)
Fax: 06 374 4137

**Woodville Service Centre
& Library**

45 Vogel St, Woodville
Ph: 06 376 0200 (24 hours)
Fax: 06 376 1025

Pahiatua Service Centre

136 Main Street, Pahiatua
Ph: 06 376 0110 (24 hours)
Fax: 06 376 0113

**Eketahuna Service Centre
& Library**

31 Main Street, Eketahuna
Ph: 06 376 0114 (24 hours)
Fax: 06 376 8181