

TARARUA DISTRICT
2020/21

Annual Report **Summary**

YEAR THREE OF THE 2018 - 2028 LONG TERM PLAN



Annual Report Summary

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 2021.

The information this Summary contains is taken from the Annual Report 2020/21 itself, which was adopted by Council on 23 February 2022. The Annual Report 2020/21 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 2020/21. The audited information, excluding the Council Services statement, received an unmodified audit opinion on 23 February 2022 with an emphasis of matter on the impact of 3 Waters Reform. The Council Services statement received a qualified opinion due to incomplete information about the number of complaints for some services.



The Mayor and Chief Executive's message

*He tina ki runga,
he tāmōre ki raro.*

*In order to flourish above,
one must be firmly rooted below.*

*It has been an eventful year that
has flown by. While at times it
has been challenging, we have
come through well and we are
stronger for it.*

Our team has worked with clear direction, sound financial judgement, and good planning to make sure our district is an even better place to live. Despite navigating policy reforms handed down by Central Government, recovering from the impacts of extreme weather events, and manoeuvring our way through Covid-19 levels, we kept our focus firmly on upholding our services and delivering on what we promised. As part of our commitment to the community to help reduce the effects of Covid-19 and its aftermath, we lowered the 2020/21 rates increase from the planned 5.9% to 2.5%.

We take pride in continuing to strengthen our relationship with iwi. A highlight from the past 12 months includes the overwhelming vote in favour of establishing a Māori ward. We are grateful for the important role that our iwi, Rangitāne o Tamaki Nui-ā-Rua and Ngāti Kahungunu ki Tāmaki nui-a-Rua, played in the Covid-19 welfare response throughout our district, including having key connections into those community groups where the need is. Iwi, together with Council and food distribution organisations, continue working hard to fill in the gaps when people face hardship. Thanks to a grant from the Ministry of Social Development, we are developing a future proofed plan together for food security in our district.

Last year, some important organisational changes took place in Council. We appointed a new Chief Executive and looked at how we could improve the way Council operates to better meet the needs of our community. With a vision to provide the best possible services, we reviewed our management structure and restructured the Executive Leadership Team. Positive results became evident recently when an external survey showed high satisfaction rates of residents. According to the survey, Tararua District Council was one of the top performing councils in the country. An internal survey held among Council staff also showed good results. There was also useful constructive feedback, which is exactly what we are looking for to further improve ourselves. The ongoing process of looking inwards to improve our operations has also highlighted the need for more skilled staff in key roles to further strengthen our teams.

As part of our commitment to provide excellent services, we have been working hard on a complete overhaul of our website. The new website will provide residents with quick access to information and services through intuitive navigation and beautiful design. Once online, we will be looking forward to your thoughts.

We recently celebrated the completion of Pahiatua's town centre upgrade. The reactions to the upgrade have been fantastic. As with any town upgrade there have been delays and inconvenience, but the finished result has been worth it and we look forward to watching Pahiatua flourish as other towns have, following their beautification.



Tracey Collis
Mayor



Bryan Nicholson
Chief Executive

The Mayor and Chief Executive's message continued.

Although our unemployment numbers are below the national average, the numbers of youth registered as jobseekers in the Tararua District is increasing.

Through the Mayor's Taskforce for Jobs we continue to create opportunities for our young people entering the workforce. Last year alone we helped support 72 people into work (38 full time placements, 34 part time, and nine apprenticeships). This is a huge success. We are especially grateful to the local businesses that have been employing our local young people. Another work scheme funded by the Ministry of Social Development, focusing on support for long-term job seekers, has allowed us to help more people into jobs. There is nothing more rewarding than seeing our people gain employment and confidence.

Additional job opportunities have opened up in the Tararua District with the large infrastructure projects that are underway in our district, such as the water treatment plant upgrades, and the two major roading projects, Huarahi Túhono – Weber to Wimbledon on Route 52 and Te Ahu a Turanga: Manawatú Tararua Highway. That is why, where possible, we prioritise using local contractors and suppliers to support our communities. Every dollar spent in our rural communities goes around up to eight times.

We have been very successful at securing external funding, which has given a substantial boost to the district. External funding allows us to provide extra services without putting pressure on ratepayers. Among others, we managed to secure \$14.6 million to expand the Huarahi Túhono – Weber to Wimbledon roading

programme. We also managed to secure \$5.02 million for investment in water, wastewater, and stormwater as part of the Government's Three Waters Reform. We are using this grant to upgrade our urban water treatment plants and to plan ahead for future investments into our water infrastructure. The Dannevirke water treatment plant upgrade is now complete, with Woodville and Eketāhuna following suit.

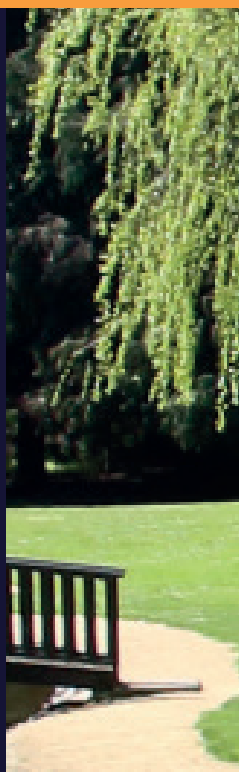
The Three Waters System Master Planning project will provide us with direction on what future investments will be needed to ensure our three waters systems and infrastructure continue to be resilient and reliable. Furthermore, we are taking stock of all the components of our three waters assets. Knowing exactly in what state our three waters asset components are, will help us to maintain the reliability of our systems and prepare for future investments.

We also received \$500,000 from the Provincial Development Fund to remove dangerous trees along Route 52, and to support Covid-affected businesses in our district. Local contractors were employed to carry out the work. This project was able to achieve over \$800,000 worth of work from the \$500,000 of funding due to the sale and management of the removed trees. This, together with the Route 52 upgrade, will make the road safer and more resilient.



***Tē tōia,
tē haumatia -***

***Nothing can be
achieved without a
plan, workforce, and
way of doing things***



Throughout the year we consulted with you on the direction of our 2021–2031 Long Term Plan.

Your inputs helped to define the services, key projects, and initiatives our district needs, how we'll pay for it, and what that means to the rates and our debt. Now that we have a clear and united path for the next ten years, we can roll up our sleeves and look to get the work done.

There will be more planning to do together shortly. We are underway to design a District Strategy to see what the future of the Tararua District might look like in 2050. Developing the new brand for our district – Land of Ranges – was one of the first steps in this direction. Whereas the Long Term Plan covers services and projects for the next ten years, the District Strategy looks at our vision for 2050 and will highlight outcomes for our people, our places, and spaces. We want as many people from our community to let us know their big ideas for the future and will communicate and engage with you on this.

Throughout the year our teams have been working hard to prepare for the changes that are expected to happen. There is a lot coming our way in the near future that will affect us all. The biggest reforms that we continue to deal with are the Three Waters Reform, Resource Management Act, and Future of Local Government Review. Among others, they aim to address long-standing

issues facing New Zealand – housing unaffordability and water management. More legislative and compliance changes are expected with freshwater policy, the Intergovernmental Panel on Climate Change report, recent overseer decisions on agriculture, and more. The good intentions behind these policies cannot be denied. However, Council is under pressure to stay abreast. We are trying to determine how, and to what extent, our district will be impacted. We all need to be fully aware what costs will be imposed, and what benefits are likely to be realised.

In line with this, we have been working on a Housing Strategy, which will tie well into the Government's plans to increase public housing. As part of this we have been working to build six new pensioner flats and continue to refurbish our existing pensioner flats as they become available. Additional new flats are planned on available Council land in Year 5 of the Long Term Plan.

We anticipate growth for our district and, in response to this, our planning is well underway. How will we prepare ourselves for the increased population? What will this mean for our infrastructure? What will this mean for our environment? These are some examples of the questions that need to be answered. Having a strategy in place provides direction as to where and how the growth will be accommodated within our district, while maintaining the Tararua District's unique character and protecting our environment.

Along with preparing ourselves for growth and its opportunities, our teams have also been busy planning ahead to make us more resilient to future changes, such as regulatory challenges and adverse weather events.

To make sure that we have the capacity to meet future unknown costs, we must continue to be financially strong, both in terms of debt and financial performance. It is vital that we manage our debt within acceptable levels. All this comes at a cost, and this is being felt in the rates increase of 9.82% for 2021/22.

There will be challenges ahead, but by working together as a team we can tackle them when they arise. We are confident that together we can look forward to a thriving future for our vibrant and beautiful district. As we sign out of the 2020/21 financial year, we would like to express our heartfelt gratitude to our councillors and staff, and to our fantastic community for the ongoing support and commitment to build an even better future for our Tararua District.

Tracey Collis
Mayor

Bryan Nicholson
Chief Executive

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.

There were eleven serious injury accidents and two fatalities recorded this year, compared to eight serious injury accidents last year. The cause was not due to road factors.

A total of 117 internal safety audits were completed with 117 scoring high results. For external contractors, a total of 43 sites were audited with 39 scoring high results and one site closed down. A total of 825 safety observation reports were completed by all staff, nil first aid treatment reported, and 17 near miss reports also completed.

Council invested \$1.8 million compared to \$640,000 in prior year for minor safety projects during the year.

Safety improvements included shoulder widening on Priest Road and Oxford Road, both roads are bypass routes around Woodville and have seen a significant increase in traffic since the closure of the Manawātū Gorge, and so the improved width provides a safety buffer. Improvements were also made to the Waihi Falls/Waihi Valley Road intersection, which is a main tourist route to the Waihi Falls. This intersection previously had difficult visibility coming from certain directions and has now been greatly improved.

The Tararua Alliance completed three heavy metal overlays and two seal extension works to improve the overall quality of the unsealed network. These major treatments are targeted and more extensive renewal works designed to improve safety and provide resilience to

areas of the network in distress. Heavy metal overlays were performed at Seaview Road, Herbertville, Towai Road, Pongaroa and Angora Road, Wimbledon – all with a focus to increase the ability of the road to be resilient to the current sustained heavy vehicle traffic from logging activities. Seal extensions occurred at Rimu Road leading up to the bridge and intersection with Route 52 and at the intersection with Waihi Valley and Waihi Falls Roads in support of the safety improvements made to this intersection.

We continued with our safety assessments of the road network, specifically around out of context curves with a focus on inconsistent journeys. This will become a dedicated and focused project as part of the next Roding Asset Management Plan.

The overall condition of our footpaths is close to the best we can get, with 98% falling within the footpath condition standards set out in the Asset Management Plan – only a small number of defects noted. Council received \$500,000 via the provincial development funds to address dangerous trees along Route 52 and to re-engage Covid-displaced businesses in our region. Historically, this route affected road users, including school buses and commercial traffic, with regular closures due to fallen trees on a reasonably regular basis. Following the Provincial Growth Fund project completion we have seen a much more resilient and safer route through, much less closures, improved sight vision and drying of saturated pavements.

This project was able to achieve over \$800,000 worth of work from the \$500,000 of funding due to the proper sale and management of the removed trees which meant the secondary outcome supporting affected local businesses post Covid-19 was extended past initial estimates.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK

Satisfaction with urban roads was significantly higher (65%) than satisfaction with rural roads (50%), but both were lower than last year.

Pahiatua town centre upgrade was completed in 2021.

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

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Council had the mechanisms in place, through the Tararua Alliance, to commence physical works at Route 52 as soon as funding was approved for the project. Approval was given in December 2020, with works starting in January 2021. The first six months have seen significant safety and resilience issues addressed throughout the site with isolated pavement repairs, a 1km pavement rehabilitation, two corners sight-benched to improve through visibility, seal widening along the narrowest sections of the route, and drainage issues addressed.

Additional funding was provided (\$300,000) for sealed road maintenance to enable the Tararua Alliance to get close to a full year ahead with the pre-reseal pavement repairs.

The benefit in doing this is that it avoids inefficiencies and duplication of movements around the network and more importantly allows the repairs to be done properly before the renewal treatment is completed. While only a 25% increase in the budget, the \$300,000 increase allowed close to a 100% increase in the amount of pavement stabilising repairs performed from initial plans at the start of the year.

Bridge and large culvert repairs and component replacements have been completed to extend the current life of the assets. Approximately \$300,000 was invested into rust proof coating of numerous bridges to protect them from the elements. We performed cleaning and painting of bridges and side rails, and much needed improvements to create consistent and safe approaches to bridges.

\$200,000 was invested into bridge

component replacements, including removal of old concrete side barriers and installation of galvanised pipe rails, which has significantly improved sight distances and perceived width of our bridges.

Council also carried out some condition assessments of strategic and high-risk bridges across the network, which allows us to more confidently plan the renewal profiles for those bridges and ensure the safe passage of heavy vehicles.

In reticulation, resilience work during the year focused on the construction of an independent 300mm trunk watermain and a 100mm service main in Wakeman Street, Pahiatua. We have isolated the trunk main from the reticulation, which results in less customers affected during any maintenance shutdowns in the Wakeman Street area. It also gives us the ability to service the fire hydrants along Wakeman Street without shutting down the supply to the entire town.

Another resilience project was the relining of over 1km of wastewater trunk mains in Woodville. These pipes transfer the entire wastewater for Woodville and were in poor condition and at risk of either collapse or blockage.

Upgrades to treatment plants (Dannevirke, Woodville, and Eketāhuna) are progressing, funded by the three waters reform stimulus funding. This upgrade will address both resilience and compliance with the drinking water standards.

Council is also completing the three waters system master planning project (total cost \$750,000), which includes concept redesign of Dannevirke, Woodville, Pahiatua, and Eketāhuna water, wastewater, and stormwater systems. This project aims to provide direction on future investment, ensuring transition to safe, reliable, and resilient systems.

Asset inventory data improvements are also being carried out to enable development of far more valuable modelling and improved investment decision making in the future.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

During the year, Tararua Alliance graded over 2,000kms of unsealed roads and spread over 15,000 tonnes of aggregate to ensure the unsealed roads stayed in good condition.

Prompt response to reinstate safe access, subsequent clean-up, and then planned repairs to approximately seven sites of significant repair as well as dozens of minor sites, which has resulted in \$2.9 million expenditure in emergency works.

A focused effort on understanding the capacity and condition of the bridges on the network has been underway to ensure the next three years renewal and replacement spend is targeted towards ensuring full access to the entirety of the road network. Initial results have already shown some sections of restricted access for the heaviest of vehicles on the road, so the renewals spend will focus on minimising those impacts – e.g. Bridge A7, Weber Road.

Continued engagement has been underway with Waka Kotahi to ensure the Tararua's roads that are being used in lieu of a state highway between Tararua and Manawatu are maintained to a suitable level and fit for their new purpose.

Fibre roll out for Dannevirke urban areas was completed during 2021. Covid-19

affected timing for the rural broadband initiative, which is between Government and Chorus. Fibre installation in the towns of Woodville and Pahiatua will now commence later in 2021, and Eketāhuna in 2022, subject to Covid-19 and supply-chain constraints.

Council completed the installation of duct for fibre in the new Pahiatua town centre in anticipation of the roll-out of fibre and potential for an expanded local closed circuit TV camera public safety system. In the Pahiatua CBD, there will be two suppliers of internet services in separate network infrastructure, being Inspire Net and Chorus. It is unusual for a CBD to have this level of resilience with two network providers who are able to wholesale or retail their services.

The Rural Connectivity Group completed their installation with Government funding through Crown Infrastructure Partners of eight new cell phone mobile towers. Connect Tararua with Council support intend to now review the effective improvement of this coverage to identify further opportunities for development.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Five of our seven wastewater schemes are currently operating on expired 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 Eketāhuna wastewater schemes, and have lodged a consent application for Woodville.

Council has partnership agreements with Rangitāne o Tamaki Nui-ā-Rua and Ngāti Kahungunu ki Tāmaki nui-a-Rua, and have established an operational working group with both iwi. The purpose of this meeting is to engage with our iwi partners on key Council operational projects and other work streams at the early stages. This will ensure that we are giving and receiving the required information early on in the process.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

NEED TO CATCH UP

2018/19

NEED TO CATCH UP

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



To meet legally required performance standards.

Five of our seven wastewater schemes are operating under expired consents (current consents have expired). We are currently going through the Pahiatua, Eketāhuna, and Woodville wastewater consents renewal process. Progressing with Horizons on the the renewal for the Pongaroa and Norsewood wastewater consents. We continue to monitor our impact on the receiving environment whilst operating under these consent conditions to ensure we are minimising our impact.

Council is undertaking a wastewater treatment plants performance assessment to assess the plants, confirm key deficiencies, and identify opportunities for improvement with associated options.

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

All schemes, except for Akitio, have a Water Safety Plan in place. Akitio does not require a water safety plan as its population is lower than the threshold. Safety plans will need updating once the water treatment upgrades are completed at Dannevirke, Woodville, and Eketāhuna.

We complied with Part 4 of the drinking water standards (bacteria compliance criteria) at all water supplies, apart from Pahiatua reticulation where we had one E. coli transgression that made us non-compliant.

Part 5 of the drinking water standards was non-compliant as this requires 24 hour monitoring of our water schemes. We will not meet this requirement until the upgrades are completed and the new Water Outlook monitoring (Scada) system is in place.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

NEED TO CATCH UP

2018/19

NEED TO CATCH UP

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Supporting and facilitating growth in local business.

The team provides support and guidance to prospective business owners. Eighteen entrepreneurs were assisted during the year.

Council received funding in excess of \$250,000 from Mayor's Taskforce for Jobs to support NEETs (young people who are Not in Employment, Education, or Training) aged between 18–24 and Covid-19 displaced people into employment.

The funding is targeted at employers to remove the barriers to employ people. Between August 2020 and June 2021, the programme has supported 73 people into full or part-time work placements.

DigitalSpaces at the i-SITE in Woodville opened in December 2020 and is now firmly established. It provides businesses access to good digital connectivity and training on how

to use technology. Through Kānoa – REDIU (previously known as the Provincial Development Unit) funding, an Activator is now employed who provides hands-on training on a range of business development topics.

The Ministry of Social Development (MSD) has started a flexi-wage programme that supports people who may face barriers finding work or are at risk of long-term unemployment. The team has successfully applied for funding from MSD to subsidise the wages of five workers and contribute towards the wages of their supervisor.

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

Council continued to engage with the trustees of the newly established Te Awa Community Foundation. The Foundation's vision is the building of funds to enhance our communities for future generations through the generosity of people today.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Promote the district by telling our story.

Council provides a range of support services to community organisations delivering events in the district. These include event listings on the Tararua.com website, design support and printing for marketing material, and small amounts of funding where appropriate. During the year, event marketing support was provided to 52 events being run by local community organisations.

This is our third year of strategic support of the Woodville MotoX. In 2021, Council continued race sponsorship of the junior motorcycle racing events. Council provided additional funding for a professional event manager to support with the growth of the event. This year was the 60th anniversary of the Woodville MotoX and it was livestreamed internationally through Sky Sport Next with around 17,000 unique views over two days.

Council operated a stand promoting activities on offer in Tararua to the largely regional visitors at the Ford Ranger NZ Rural Games 2021. The Tararua Marketing Team engaged with over 600 people with many quality conversations about the district.

Council attended the three-day Auckland based COVI Motorhome Show in support of our strategy to attract New Zealand Motor Caravan Association (NZMCA) members to visit Tararua District. At the 2021 show, Council engaged with around 800 prospective visitors.

Following the success of last year's event, Council attended the Hamilton Motorhome Show for the second consecutive year. The same marketing materials and stand from the COVI Show in Auckland were used. The stand attracted significant visitors and saw over 1,113 people take part in our survey.

Council continues to develop its relationship with members of the New Zealand Motor Caravan Association. Tararua District continues to have three (Dannevirke, Woodville, and Pahiatua) of the 50 or so Motorhome Friendly Towns in New Zealand. This has been a key feature of Tararua District's popularity amongst this key visitor market.

After its initial success in 2019, Council again organised the NZMCA Tararua District Golf Open in 2020. At this successful event, 42 participants played Dannevirke and Pahiatua golf courses over two days. Almost all the participants stayed on-site in their motorhomes.

Jazz in the Park is a new outside community event in Tararua, which was supported by Council. Across the district, live music was staged in public parks in six towns. The events generated significant media buzz within the district and were attended by around 350 visitors.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK



02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Build district identity.

The Tararua district brand *Land of Ranges* is now firmly incorporated into all the Council marketing and communication materials and will continue to do so as new material is produced.

New gateway signage points consist of large district entry and exit signs which have been installed on the Saddle Road, the Pahiatua Track, and at the northern and southern entrances to Route 52, with more to be erected in Norsewood, Woodville and Eketāhuna.

Plans are in place for town signs to be placed at entry points to 13 towns across the district. Designs and sites have been approved by Waka Kotahi (NZTA) and communities have been consulted on colours and images for the town signs.

With the Land of Ranges branding now well integrated into all district promotion materials, the Tararua District Visitor Guide continues to be the primary discussion and distribution material at events attended by the District Marketing team. Between July 2020 and June 2021, more than 6,000 copies were circulated – a new record.

More than 3,500 copies of the Must-do Walks and Rides guide were distributed. The 42 walks and tracks in the guide are currently subject to a comprehensive review. A revised guide will include updated information on new or re-established old tracks and walks. The guide is being reprinted in August 2021.

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ON TRACK

2018/19

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 distributed during the year. A total of 1,069 packs were distributed in the last three years.

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ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2019/20

ON TRACK

2018/19

ON TRACK



02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



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

For a second year running, Council was successful in securing \$28,800 from Central Government's Responsible Camping Fund during the year. This funding is for mowing, rubbish collection, and toilet cleaning at eight camping grounds and reserves across the district over the period between Labour Weekend 2020 and ANZAC Day 2021.

Co-funding from Central Government's Tourism Infrastructure Fund (TIF) has enabled Council to purchase four solar compacting rubbish bins. The TIF supports tourism growth through investment in local infrastructure. The bins have been placed in tourism areas and prominently feature the *Land of Ranges* branding.

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ON TRACK

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Ensuring affordability.

Rates decreased to 2.5% from 4.2% last year and from 3.95% in the 2018/19 year. This decrease was driven from revisiting the initial draft annual plan in light of the impacts of Covid-19 and the drought had on our ratepayers. While still allowing Council the ability to deliver on the priorities of the original

draft annual plan but also allowing room to provide economic stimulus to the district's economy through the various roading, water and other projects to be undertaken.

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ON TRACK

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Reducing financial and business risk.

Managing our exposure to interest rates and funding risk by holding our external debt as a combination of short and long term debt, with appropriate risk management strategies, we are in place to achieve low interest costs to ratepayers 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 3.67% to 2.58%.

The Treasury Risk Management Policy was reviewed and updated to reflect the current challenges and strategies allowing for greater participation in low floating rates but recognising long term investment rate risk.

Adequate insurance policies are in place to mitigate risk of unplanned asset replacements due to natural disasters. Council is also improving asset data and exploring loss modelling from natural disasters.

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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 financial prudence limits in the Long Term Plan.

Depreciation reserves for future asset replacements is \$35 million, a decrease of \$4 million from the previous year.

We continue to maintain 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 going forward.

Our external debt continued to increase from \$35 million to \$44 million, against a projected \$43 million debt forecast. This was the result of our significant investment in our infrastructure, and council prefunding debt that was scheduled to mature in April 2022.

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03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Cost control.

Operating expenditure, excluding depreciation and finance costs, was \$28.3 million (\$27.2 million last year).

The main driver for this is a combination of unbudgeted expenditure for emergency roading repairs from weather events, pre-reseal repairs on the roading network, and roadside trees felling. This amounted to \$1 million.

Increases were also noted in staff cost as additional unbudgeted resources were required to meet regulatory compliance, growth (increase in number of consents, completing growth impact analysis) and managing new projects.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

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2019/20

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2018/19

NEED TO CATCH UP



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 and does not include subsidies, fees and charges, or other revenue Council receives to fund these activities.

KEY:  Increase from 2019/20  Decrease from 2019/20  No change from 2019/20



STORMWATER

3%
\$68



Vegetation control, including 52km of open drain spraying and 3.5km of mechanical cutting; Asset management system improvements have been made to support improved decision-making; 63% community satisfaction with stormwater management.



TREASURY AND SUPPORT

-1%
\$(18)



Achieve reducing average interest rate costs year-on-year for the prior three years, from 3.67% to 2.58% in the current year.



REGULATORY SERVICES

6%
\$137



Emergency management continued to lead and support responses to Covid-19, 37 staff trained in Civil Defence and 2 staff were deployed in the Napier flood emergency; Digital radio network rolled out; 524 building consents processed over an average of 17 days; 135 resource applications were received; 108 food safety plans were registered and 186 applications were made for liquor licenses; 123 complaints were reviewed about illicit dumping with 98% being responded to within 48 hours; 67 complaints were received about abandoned vehicles with 94% responded to within 48 hours.

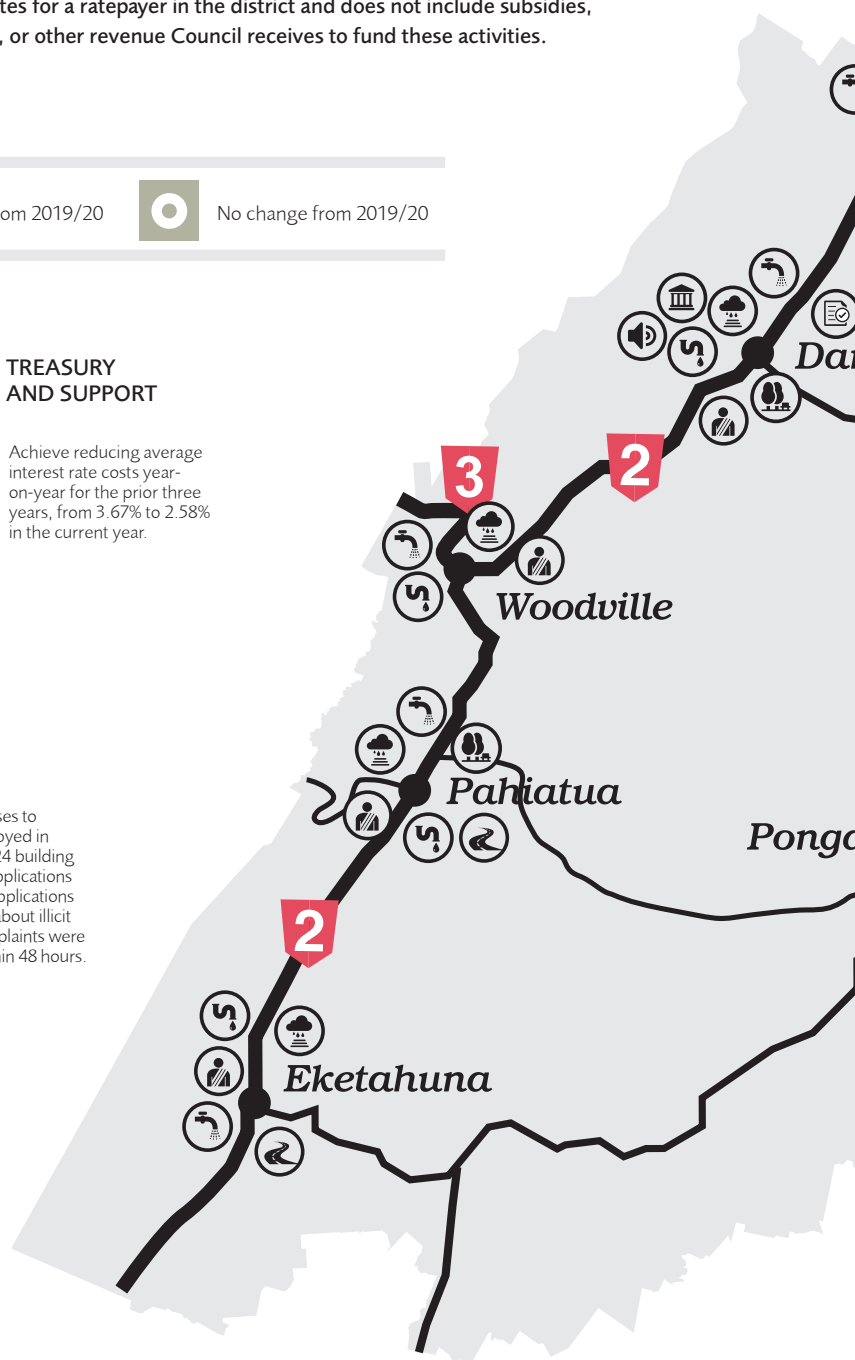


BUILDING COMMUNITIES AND LEADERSHIP

10%
\$217



\$232,000 granted to community groups; 89% community satisfaction with vision and leadership; Installation of ultra-fast broadband fibre in the four major towns is now underway as part of the Crown Infrastructure projects; Established a Māori Ward for the Tararua District for the 2022 election; Established two joint committees, Governance and Operational Working Group, involving both representatives from our Iwi and Council.





ROADING AND FOOTPATHS

26%
\$585



\$15.1 million in capital investment with \$14.5M of subsidies received; \$14.6 million investment was approved by Central Government for strengthening Route 52; 1,146 customer service requests relating to roads with an average response rate of 1.2 days; Removed 40,000m² of lichen off our footpaths; the team graded over 2,000km of unsealed roads spreading over 15,000 cubic meters of aggregate; resurfacing of 320,000m² of 49 sealed roads over 59km of length.



COMMUNITY AND RECREATION FACILITIES

23%
\$511



98% community satisfaction with facilities; 6,908 customer service requests received from close to 26,500 calls for the financial year; 98% pensioner housing occupancy; 666 adults attended Library-led programmes or events; almost 20,000 people used the outdoor swimming pools.



SOLID WASTE

7%
\$127



A solid waste trial was conducted with participant provided with waste education programmes, a recycling bin, refuse bin, glass crate, and a food waste bucket; The kerbside glass collection trial of 1,000 households diverted more than 988.15 kilograms from going to landfill; 79% resident satisfaction with solid waste management.



WASTEWATER

11%
\$255



88% community satisfaction with wastewater management; \$1.8 million investment in capital; 50 customer service requests that took an average of 53 minutes to respond to and an average 180 minutes to resolve; relining 960 sewer main across the network; Central Government funding was approved to carry out performance assessments of the seven wastewater treatment plants; Asset management system improvements have been made to support improved decision-making.



DISTRICT PROMOTION AND ECONOMIC DEVELOPMENT

4%
\$97



\$553,000 of external funding was received for various projects, 316 welcome packs were distributed; promoted the Tararua District to prospective visitors within the district and further afield by attending 4 major events; Via the Mayors Taskforce for Jobs supported 73 people into full or part-time work placements; created new job opportunities in working with Kānoa – REDIU (Roadside tree felling project) and Ministry of Social Development (Worker Programme); the Forestry assets had a value of \$2.3 million.



WATER SUPPLIES

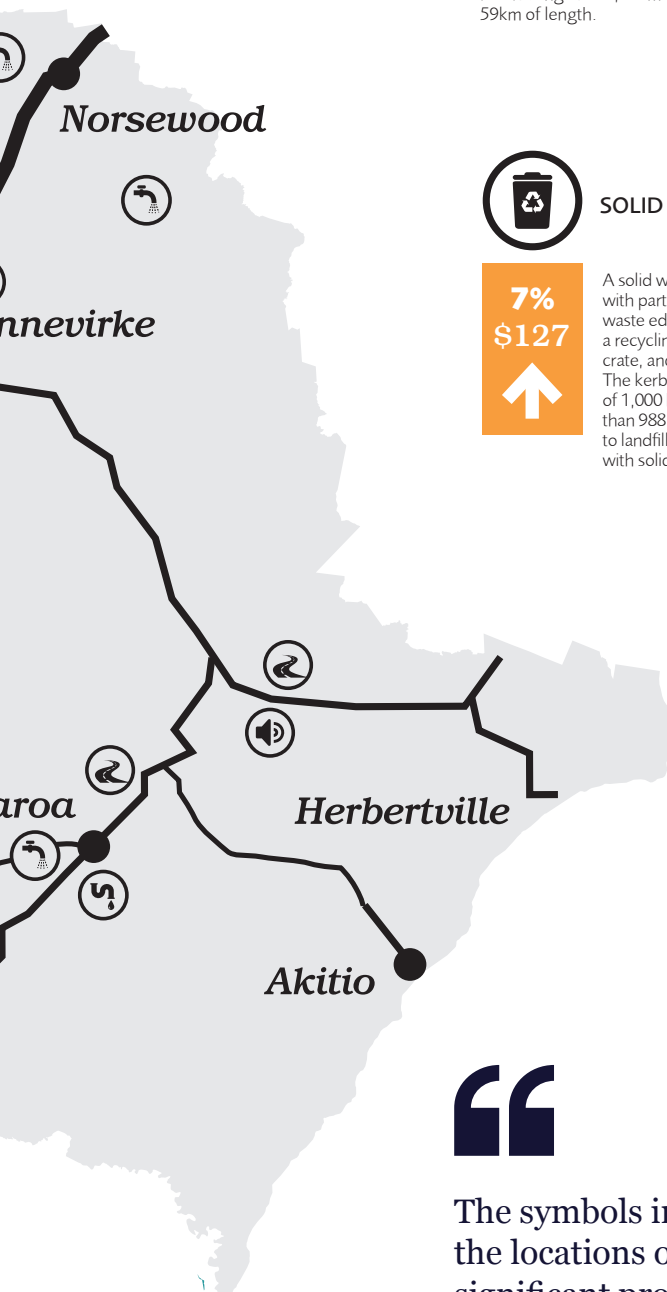
13%
\$286



\$3.5 million of capital investment; Pahiatua new water treatment plant was completed, plant fully commissioned and in operations; Planning, investigation, design, and construction works commenced for the upgrade of the Dannevirke water treatment plant. Planning, investigation, and design of upgrades to the Woodville and Eketāhuna water treatment plants is also well underway; Asset management system improvements have been made to support improved decision-making; repaired 180 water leaks; renewed or replaced 301 water tables, 1.1km water mains and seven fire hydrants across the district.



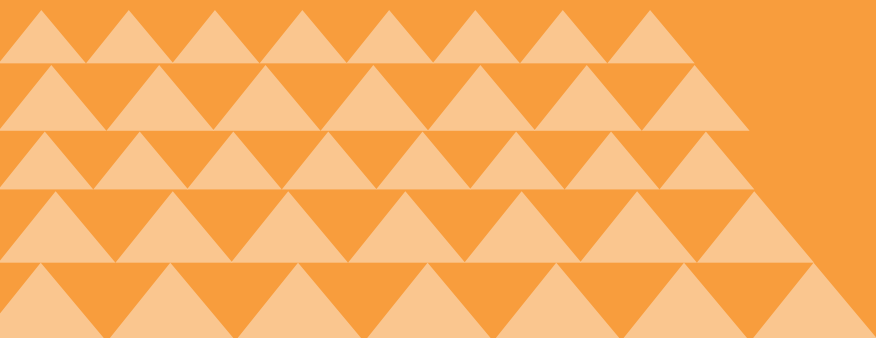
The symbols indicate the locations of significant projects.



Financial performance scorecard

The 2018 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 achieved a favourable operating result to budget of \$281,000.

This has been a result of the subsidies Council received from Waka Kotahi of \$14.5 million compared to a budget of \$12.7 million. This is due to:

- continuation of the emergency road works programme addressing faults such as slips on the roading network being significantly greater than planned.
- receiving a funding correction payment for the 2018/19–2020/21 financial years where the incorrect funding rate had been applied by Waka Kotahi.

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 \$177,000.

The remainder of the favourable variance against budget is a result of external funding Council received by way of the government grants for:

- Three Waters Reform
- Provincial Growth Fund for the upgrade of Route 52
- Continuation of the Right Tree Right Place project
- Digital Hub set up in Woodville
- Mayor's Taskforce for Jobs
- Council's Roadside Tree Removal project from the Provincial Development Unit
- Pahiatua water treatment plant from Ministry of Health funding
- Community outreach library programme from the National Library of New Zealand

Similar to the roading network, this external funding received across each of the activities had a corresponding unbudgeted operational expenditure to offset the funding received.

Other than these activities, where external funding has been received and consequently spent, Council was on track with their actuals to budget for the year.

2020/21 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

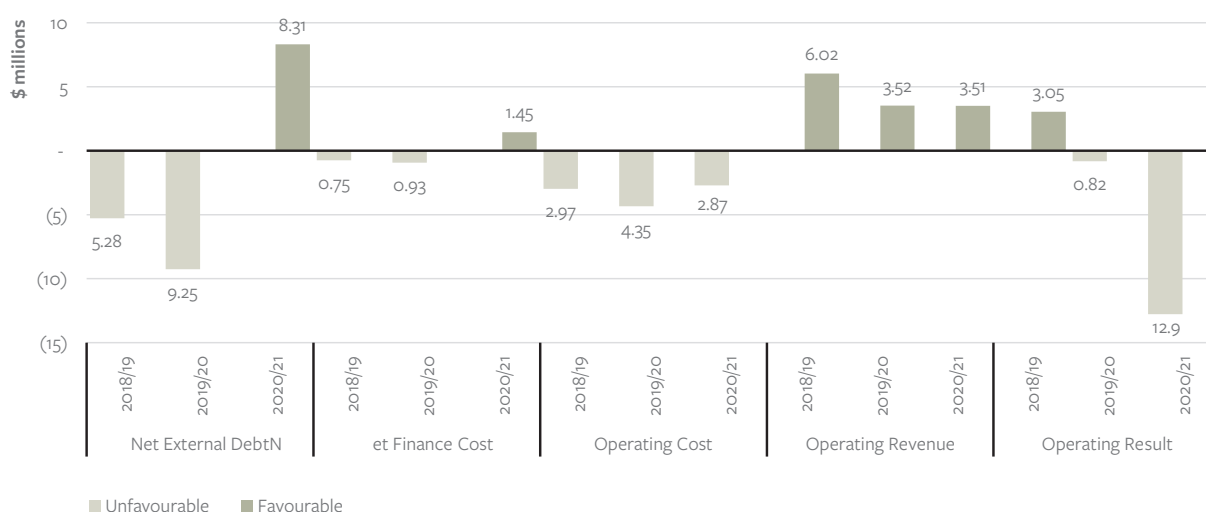
2019/20 **MINOR VARIATION**

2018/19 **MINOR VARIATION**

Significant variances were in the following activities:

- Solid Waste had an overspend of \$238,000 due to increase in contract costs higher than budgeted.
- Wastewater had a overspend of \$121,000 due to higher than budgeted electricity costs, increased testing costs and an increase in consultants required as part of our wastewater consent renewals.

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 record low interest rate environment, and ensuring sufficient long-term protection from risk of increasing interest rates by utilising swap instruments. The Interest Rate Performance graph (below) highlights that we have been able to achieve reducing average interest rates year-on-year for the prior three years, from 3.67% to 2.58%.

The Treasury and Risk Management Policy Council adopted in May 2020 has provided Council with the ability to pre-fund maturing debt within 18 months of maturity. This provides Council certainty and ensures it is not exposed

to credit margin volatility on the day of maturing debt. Council at balance date had pre-funded \$2 million of debt that is scheduled to mature in April 2022.

Our external debt increased slightly higher than expected this year, from \$35 million to \$44 million, against a projected \$43 million debt forecast. This slight increase in Council debt level is a result of Council pre-funding debt that was scheduled to mature in April 2022. Our cash balance at balance date was \$12.8 million.

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.

2020/21 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

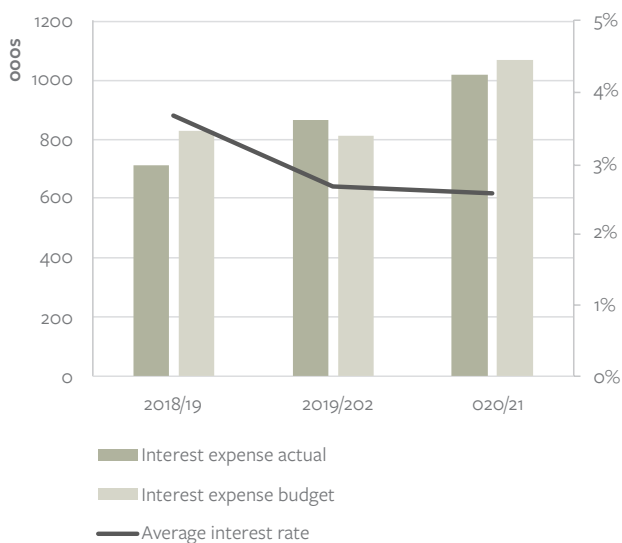
2019/20

MINOR VARIATION

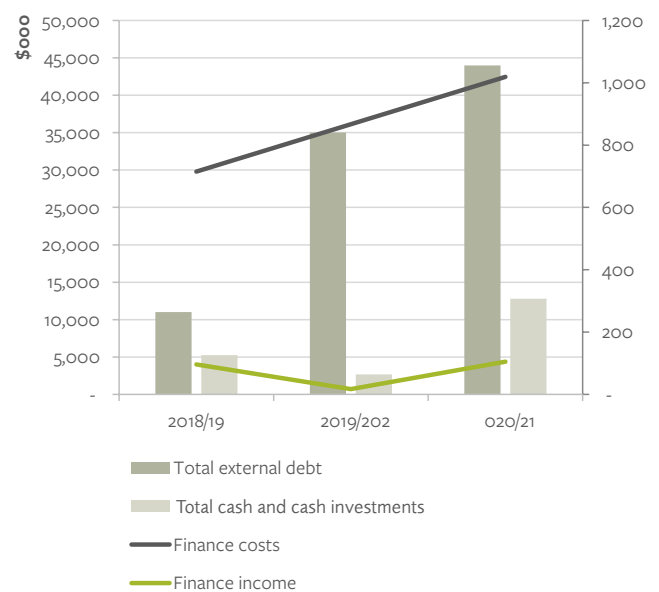
2018/19

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 is Core Infrastructure. In 2020/21 year, 89% of spending was on core infrastructure (roading, footpaths, water, wastewater, stormwater, solid waste).

Delivery of our capital expenditure programme excluding unplanned emergency works has decreased from 82% in 2019/20 to 64% in 2020/21. Most of this decrease in the delivery percentage is made up of Council's Route 52 upgrade, which is a multi-year project that Council had budgeted for in the current financial year and has an anticipated carry forward into the 2021/22 financial year of \$3.2 million. Council had also budgeted to complete a \$3.8 million project on our water network being AC pipe renewals. This project was fully dependent on securing external funding. However, Council was not successful in securing this funding and as a result the project did not go ahead. If we exclude the Route 52 Upgrade spend that is being carried

over into the next financial year and the AC Pipe Renewal project that has been abandoned, Council's capital expenditure delivery would be 87.9% in 2020/21. This is the result of the strong focus that Council has had on improving the delivery of the planned capital programme.

Total capital expenditure for 2020/21 was \$24.1 million against a \$34.1 million budget inclusive of \$2.6 million of carry forward budget from the previous year. This is compared to \$26.9 million spent in 2019/20. \$2.3 million of spending consisted of unplanned emergency renewals from significant weather events. Council 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.

2020/21 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

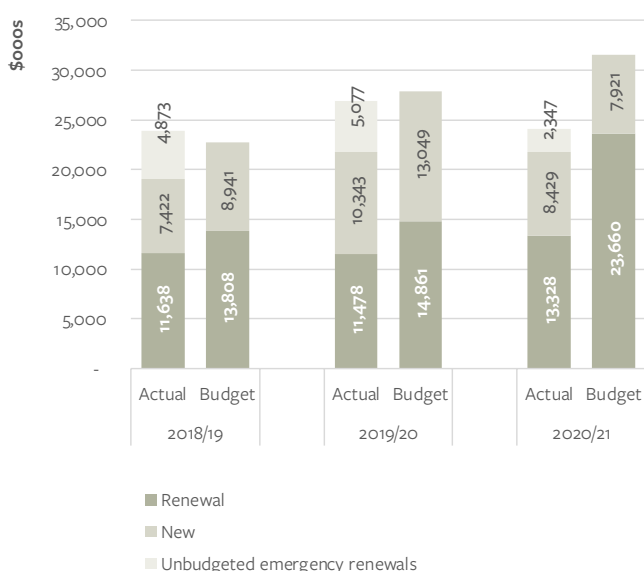
2019/20

ACHIEVED

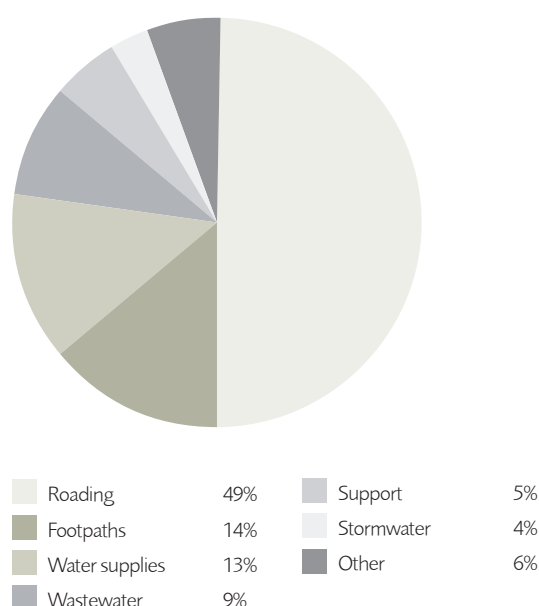
2018/19

ACHIEVED

HOW MUCH CAPITAL EXPENDITURE WAS SPENT?



WHERE WAS CAPITAL EXPENDITURE SPENT?



Service performance scorecard

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



Service performance

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

Overall, Council achieved 68% of its service performance measures. This is a slight reduction from 71% achieved in 2019/20. A highlight for the year is Council achieving 90% of the Department of Internal Affairs mandatory performance measures.

Council reviewed its service performance measures as part of the Long Term Plan. This saw 28 measures being removed, and 16 new measures being introduced from 2021/22 onwards, reflecting Council's updated vision and strategies in the Long Term Plan.

Of the performance measures not achieved, Council has plans in place to improve a number of these. We were successful with an application to the Provincial Growth Fund for \$14.6 million to upgrade Route 52. This is planned to be completed over the next three years. This project would help improve

satisfaction with rural roads and overall resilience of this section of road. We completed a solid waste audit this year to better understand our waste stream and identify opportunities to reduce waste and increase recycling volumes. As a result, we planned as part of the Long Term Plan to improve recycling services from 2022/23.

The Tararua District continues to experience unprecedented growth, resulting in an influx of customer enquiries and consent applications in the regulatory group. This contributed to 11 out of 15 measures not being met. However, a benchmarking exercise of community satisfaction across 16 other councils rated Tararua's building consent team the highest at 74% satisfaction.

For details on Council performance for the service performance measures, refer to the 'Activities and Service Performance' section of the Annual Report 2020/21.

2020/21 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

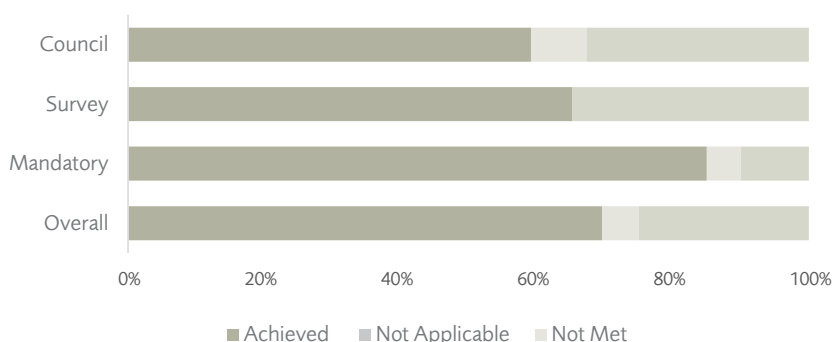
2019/20

NEED TO CATCH UP

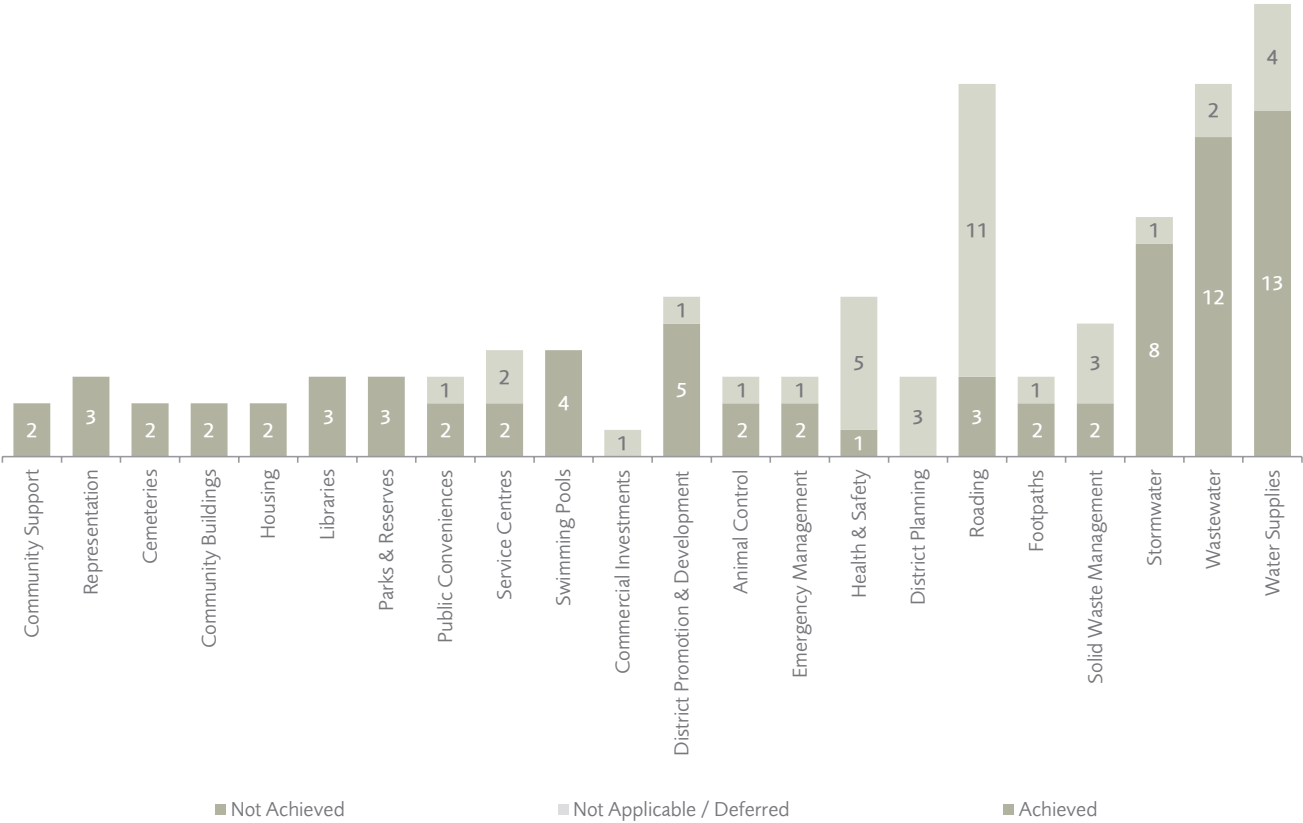
2018/19

ON TRACK

SERVICE PERFORMANCE MEASURES FOR THE YEAR BY COUNCIL ACTIVITIES



SERVICE PERFORMANCE MEASURES FOR THE YEAR BY COUNCIL ACTIVITIES



Community scorecard

Council continued 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.

Three surveys were completed over the prior 12 months – September, January, and May. A total of 451 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.

FEEDBACK

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

These include:

- Roading – Council was successful with its funding application to the Provincial Growth Fund to upgrade Route 52 as part of Shovel Ready Projects, resulting in \$14.6 million being approved with the upgrade programmed for completion in 2024.
- Feedback on recycling methods used by residents, along with the upcoming waste stream audit, will help inform decisions on how to enhance and encourage recycling services.

COMMUNITY SURVEY RESULTS



2021 | 23 questions



2020 | 23 questions



2019 | 23 questions

2021 FEEDBACK

The results of the surveys are included in the service performance measures detailed in the 'Activities and Service Performance' section of the 2020/21 Annual Report. We also took the opportunity to seek feedback on other aspects of Council that are of strategic significance and these are listed below:

STRATEGIC SIGNIFICANCE

Satisfied with vision and leadership	77%	2020: 81%	2019: 80%
Satisfied overall Council performance	80%	2020: 82%	2019: 79%
Satisfied with staff	87%	2020: 86%	2019: 85%
Satisfied overall quality of services	79%	2020: -	2019: -
Satisfied with availability of water	81%	2020: 86%	2019: 89%
Satisfied with financial management	69%	2020: 73%	2019: 73%
Satisfied with being kept informed and involved in its decision-making process	74%	2020: 78%	2019: 75%
Feel safe from dogs	82%	2020: - 82%	2019: 85%
Satisfied with Council recreational facilities	95%	2020: 95%	2019: 95%
Satisfied with Council community buildings	94%	2020: 94%	2019: 95%
People that have used Council recreational facilities	87%	2020: 83%	2019: 96%
People that have used Council community buildings	85%	2020: 83%	2019: 75%
Satisfied with library services	97%	2020: 98%	2019: 98%
Satisfied with managing and issuing building consents	74%	2020: 86%	2019: 82%
Satisfied with provision of dedicated walkways/cycleways	79%	2020: 77%	2019: 75%
Satisfied with rural roads	50%	2020: 50%	2019: 51%
Satisfied with urban roads	65%	2020: 75%	2019: 76%

Financial overview and major variances

Explanations for major variances from Council's budget figures in the Annual Plan 2020/21 are detailed below.

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Revenue

- Subsidies are \$2.4 million higher than budgeted. This is driven from NZ Transport Agency subsidies for emergency works of \$1.7 million, as well as funding received from the Provincial Growth Fund for Route 52 upgrade being \$633,000 more than budgeted. This project is externally funded with a total approved budget of \$14.6 million over 4 financial years. Funding of \$529,000 was also received from the Ministry of Health for the Drinking Water Assistance Programme for the Pahiatua Water Treatment Plant, and \$450,000 from the Department of Internal Affairs for the Three Waters Service Delivery Reform. These were offset by subsidy Council had budgeted to receive for a shovel ready project in the water activity that Council was not successful in securing with the three waters reform funding becoming available.
- Other revenue is \$600,000 above budget, due to the \$338,000 claim for drought and COVID-19 response costs. The drought costs have been provided for as being a doubtful debt. There was also \$199,000 insurance receipt for the Mangatainoka Grandstand which was burnt down.
- Finance revenue is \$82,000 higher than budgeted due to increased cash holdings primarily due to funds received for Route 52 and Three Waters Service Delivery Reform.
- No forestry revenue was budgeted for this year. The focus has been on roadside tree removal with the proceeds helping to offset some of the costs of these hazards from the roadside. This resulted in \$335,000 of forestry revenue.

Expenditure

Other operating expenditure is higher than budget by \$1.9 million. Significant variances are explained below:

Deduct unfavourable budget variances

Harvesting roadside trees as explained under forestry costs	(904)
Roading works carried out, with the main contributor being unsealed road maintenance.	(221)
Personnel costs are higher than budget by \$769,000. This is driven from additional resources required to deliver the Long Term Plan and the new staff structure. Rates penalties were also not applied for the first half of the financial year in response to Covid-19.	(854)

Budget variance

(1,979)

- Depreciation expense was higher than budget by \$1.6 million. This is predominantly due to a higher than budgeted property, plant and equipment capitalisation.
- Finance costs were less than budget by \$1.3 million. This is predominantly due to an unbudgeted non-cash adjustment of fair value of derivatives (swaps).

Gain/(loss) on asset revaluations

- Gain on asset revaluation was \$14.4 million higher than budgeted. The method that the planned increase is set is based on the Local Government Cost Index, whereas the actual valuation is based on Council's actual unit rates.

SUMMARY STATEMENT OF FINANCIAL POSITION

Assets

- Cash and cash equivalents is higher than budgeted by \$7.7 million mainly due to the Route 52 funding received.
- Other financial assets (current portion) is higher than budgeted by \$1.9 million. This is due to holding more term deposits at year end.
- Investment in CCOs and similar entities are more than budgeted by \$923,000 as these are not budgeted as part of the annual plan process.
- Other financial assets (non-current portion) is less than budget by \$490,000 as Council held term deposits as current assets as opposed to longer term deposits.
- Forestry assets are lower than budgeted by \$1.3 million due to an unfavourable valuation movement compared to budget.
- Intangible assets are higher than budgeted by \$783,000 mainly due to increase in value of carbon credits Council holds.

- Property, plant & equipment is \$9.9 million higher due to opening balances being higher than budgeted.

Liabilities

- Payables and deferred revenue is \$143,000 greater than budgeted, due to timing of payments at year end
- Borrowings (both current and non-current) are \$1.2 million greater than budgeted. This is due to Council prefunding debt that was due to mature to secure more favourable rates.
- Employee entitlements (both current and non-current) are higher than budget by \$265,000 due to the timing of accrued pay, as well as higher leave balances as a result of less leave being taken due to the Covid-19 restrictions.
- Derivative financial instruments of \$970,000 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 \$5.9 million higher than budgeted due to the opening balance being higher than planned as a result of a significantly higher surplus in the prior years.
- Asset revaluation reserves are higher than budgeted by \$4 million due to the revaluation being higher than budget.
- Special funded reserves are higher than budgeted by \$6.6 million due to lower renewals undertaken during the year.

SUMMARY STATEMENT OF CASHFLOWS

Operating activities

Net cash inflow from operating activities is higher than budget by \$1.6 million. This is driven from higher subsidies from NZTA for emergency works in the Roding network.

Investing activities

Net cash outflow from investing activities is lower than budget by \$5.6 million. This is due to lower capital expenditure spend during the year compared to budget.

Financing activity

Net cash inflow from financing activities is lower than budget by \$1.2 million, driven by higher borrowings to fund capital development projects.



Summary financial statements

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2019/20 Actual \$'000s	2020/21 Actual \$'000s	2020/21 Plan \$'000s
OPERATING REVENUE			
Rates	23,462	23,838	24,059
Grants and subsidies	14,296	24,790	22,398
Finance revenue	17	105	23
Dividends and subvention	73	-	-
Other revenue	3,851	4,656	3,763
Total operating revenue	41,699	53,389	50,243
EXPENDITURE			
Other operating expenses	20,916	21,449	19,549
Depreciation and amortisation	13,539	15,182	13,619
Personnel costs	6,314	6,867	6,098
Finance cost	1,680	(297)	1,070
Total operating expenditure	42,449	43,201	40,336
Other asset gains/(losses)	(3,199)	188	134
Share of associate surplus/(deficit)	8	(1)	-
Surplus/(deficit) before tax	(3,941)	10,375	10,041
Taxation expense	-	-	-
Net surplus/(deficit)	(3,941)	10,375	10,041
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Gains/(losses) on assets revaluation	(1,456)	35,056	20,686
Financial assets at fair value through other comprehensive revenue & expense	-	-	-
Tax on equity items	-	-	-
Total Comprehensive Revenue and Expense	(5,397)	45,431	30,727

SUMMARY STATEMENT OF FINANCIAL POSITION

	2019/20 Council Actuals \$000s	2020/21 Council Actuals \$000s	2020/21 Council Plan \$000s
Current assets	9,328	17,857	9,389
Non-current assets	96,3012	1,006,853	997,276
Total assets	97,2340	\$1,024,710	1,006,665
Current liabilities	12,889	9,063	6,073
Non-current liabilities	32,558	43,321	43,979
Total liabilities	45,447	52,384	50,053
Equity	926,893	972,326	956,612
Total equity	926,893	972,326	956,612
Total liabilities and equity	972,340	1,024,710	1,006,665

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2019/20 Council Actuals \$000s	2020/21 Council Actuals \$000s	2020/21 Council Plan \$000s
Balance at 1 July	93,2271	926,893	925,885
Adjustment*	13	-	-
Adjusted balance at 1 July	932,284	926,893	925,885
Total comprehensive revenue and expense previously reported	(5,397)	45,431	30,727
Total Balance at 30 June	926,893	972,326	956,612
Comprising of:			
Accumulated Funds	348,243	354,457	348,746
Asset revaluation reserves	546,583	581,639	578,281
Special funded reserves	32,013	36,179	29,539
Trust funds	54	51	46
Total Equity	972,340	972,326	956,612

SUMMARY STATEMENT OF CASHFLOWS

	2019/20 Council Actuals \$000s	2020/21 Council Actuals \$000s	2021/22 Council Plan \$000s
Net cash flow from operating activities	14,675	25,078	23,526
Net cash flow from investing activities	(27,262)	(25,759)	(31,312)
Net cash flow from financing activities	10,000	9,000	7,787
Net increase/(decrease) in cash held	(2,587)	8,319	1
Opening balance	3,921	1,334	2,018
Total cash resources at 30 June	1,334	9,653	2,019

* 2020: Adjustment of \$13,000 in the 2019/20 year relates to correctly reflecting Council's 14% share of prior year pro-fits with the change in accounting method with the adoption of PBE IPSAS 36 investments in associates and joint ventures equity method accounting for Council's investment in Manawatu-Whanganui LASS Ltd.

Accounting disclosures

These summary financial statements are a summary of the 2020/21 Annual Report and cover the period from 1 July 2020 to 30 June 2021.

These summary financial statements do not provide as complete an understanding as provided by the full 2020/21 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 23 February 2022, by Council.

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 2021. The financial statements were adopted by Council on 23 February 2023.

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 2020/21 Annual Report it will not prepare a consolidated Annual Report.

The financial statements in the 2020/21 Annual Report are of Council only.

COMMITMENTS

Commitments

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

	2019/20 Council \$000s	2020/21 Council \$000s
Capital commitments	828	128
Operating leases as lessor	339	350
Operating leases as lessee	899	1,903

Contingent liabilities

Council has the following contingent liabilities:

New Zealand Local Government Funding Agency (NZLGFA)

The Council is a guarantor of NZLGFA. The NZLGFA 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 2021, Tararua District Council is one of 24 local authority guarantors of the NZLGFA. Together with the other guarantors, Tararua District Council is a

guarantor of all of NZLGFA's borrowings. At 30 June 2021, NZLGFA had borrowings totalling \$13,610 million (2020: \$11,908 million).

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 NZLGFA

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

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.

BREACH OF STATUTORY DEADLINE

The Tararua District Council was required under Section 98 of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

EVENTS AFTER THE BALANCE DATE

Covid19

On 17 August 2021, all of New Zealand moved to Covid Delta Alert Level 4. On 31 August, all of New Zealand, south of Auckland, moved to Alert Level 3. On 7 September 2021, New Zealand, except Auckland, moved to Alert Level 2 on which the Tararua District Council still complies with.

On 3 December 2021, all of New Zealand was put into the new traffic light framework for the response to Covid-19. Tararua District was place in the orange alert setting. On 23 January all of New Zealand was place in the red alert setting.

No significant impact of these level changes on Council are anticipated with all services still available to ratepayers with no restrictions imposed..

Three waters reform

On 27 October 2021, the Local Government Minister announced that Central Government will process with the three waters service delivery reforms

using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters services delivery model including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty, the announcement, once legislated, will mean Council is no longer responsible for the delivery and infrastructure of three waters services from 1 July 2024. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected Central Government will develop details around the mechanism for the transfer of the water assets to be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Independent Auditor's Report

To the readers of Tararua District Council's summary of the annual report for the year ended 30 June 2021

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 2021.

The summary of the annual report comprises the following summary statements on pages 3 and 20 to 33:

- the summary statement of financial position as at 30 June 2021;
- 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 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance information 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.

However, the summary service performance information is affected by a limitation in the scope of the audit of the full Activities and Service Performance statement. This limitation is explained below in the section entitled *The full annual report and our audit report thereon*.

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

On 23 February 2022, we expressed a qualified opinion on the Activities and Service Performance statement and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2021. Our opinion was qualified because the District Council did not count complaints in accordance with the Department of Internal Affairs' guidance and its method of counting was likely to have understated the actual number of complaints received in the current year and prior year.

The District Council also did not maintain complete records of all complaints for us to determine whether the reported results for these performance measures were materially correct.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainties over the Government's three waters reform programme announcement. The impact of these reforms, once legislated, are described under "Events After the Balance Date" on page 33 of the summary financial statements.

Our auditor's report on the full annual report also includes a paragraph acknowledging that our audit was completed later than required by section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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.

In addition to our reporting on the summary and full annual reports, we have audited the District Council's 2021-2031 long-term plan and performed a limited assurance engagement related to the District Council's debenture trust deed. These engagements are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
25 March 2022



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Woodville Service Centre & Library 45 Vogel St, Woodville Ph: 06 376 0200 (24 hours) Fax: 06 376 1025	Eketahuna Service Centre & Library 31 Main Street, Eketahuna Ph: 06 376 0114 (24 hours) Fax: 06 376 8181