

2009/10: Tararua's Year in Retrospect

From the Mayor and Chief Executive

The global recession dominated headlines in 2009-10, and against this backdrop, we give thanks to the community, Councillors and staff for the successes delivered.

Following the staff restructure at the start of 2009, we were able to minimise use of engineering consultants, with these savings going into developing and updating Asset Management Plans. This work enabled Audit New Zealand to remove their "qualification" that without robust Asset Management Plans, they were unable to confirm our proposed 10-year budgets were viable. The revised Asset Management Plans, and reduced consultants also meant Council could trim the forecast rates requirements in the 2010/11 year.

Examples of the successes delivered through 2009/10 include:

- Reviewing Infracon's service delivery in maintaining our water networks, parks and reserves, and roading. This meant the proposal to bring a Reserves Maintenance team in-house was no longer required, but we will recruit a specialist treatment plant team.
- Awarding a new Roading and Bridge Maintenance contract for \$11.7 million over three years. This is within \$50,000 of the previous tender five years ago, yet includes a tighter level of service to reflect ratepayer concerns.
- Starting the Reserve Management Plan process for Akitio and Herbertville Coastal area, and consulting on a draft Plan for the iconic Dannevirke Domain and surrounds.
- Obtaining a new 4WD fire appliance with two thirds subsidy from the National Rural Fire Authority. This will

enable our volunteers to respond to a wider range of incidents. We have also supplied volunteers with pagers, to reduce response times, and avoid reliance on "phone trees".

- Gaining better fire weather data to manage risks in the coastal area through building a fully subsidised remote all weather station (RAWS).
- Working with the coastal communities, Police, Fire, Search and Rescue and the Boating Clubs to build a new radio repeater at Cape Turnagain, to provide uninterrupted radio coverage down the coast to the Masterton district.
- Working closely with Horizons Regional Council under the Memorandum of Understanding we jointly signed, to improve the quality of discharges from our wastewater plants. Through an innovative trial conducted by staff, the compliance for discharge of phosphorus has greatly improved.
- Obtaining workers under the Community Max scheme funded by the Ministry of Social Development to build a mountain bike and walking track through the reserve at the north end of Dannevirke.
- Agreeing with Central Hawkes Bay District Council to jointly send staff to promote our districts at the Auckland Home Show.
- Reviewed the Class 4 Gambling Policy that controls pokie machines, and agreed to impose a sinking lid policy.

Further successes are outlined under each of the activity headings within the Highlights section.

Rating Review

A rates review was initiated by the the Council during its current term, as concerns were raised by some ratepayers that the current system needed to more fairly reflect who pays for what services and whether all possible rating groups were being considered.

Although there was extensive effort and commitment put into the rating review, it was felt that there was still more work to be done before releasing a Statement of Proposal. Council will be recommending to the incoming Council that the rating review work be continued after the October elections.

Acknowledgement

The positive roles played by the two community boards – Eketahuna and Dannevirke, together with the two community committees – Woodville Districts' Vision and Pahiatua On Track, continue to keep Council well informed on local issues. The "local" perspectives are vital to healthy leadership.

The invaluable work undertaken by Council elected members, staff and contractors over the past year, during difficult and stressful times, is acknowledged with gratitude.

A special thank you to Maureen Reynolds, who will not be standing for Mayor this election, for her leadership, contribution and dedication to the District. She has left a wonderful legacy and will be very missed by the staff, Council and those she has worked with over the 12 years of her service as Mayor for the Tararua District. The Council and staff wish her well.



Roly Ellis
Mayor



Blair King
Chief Executive

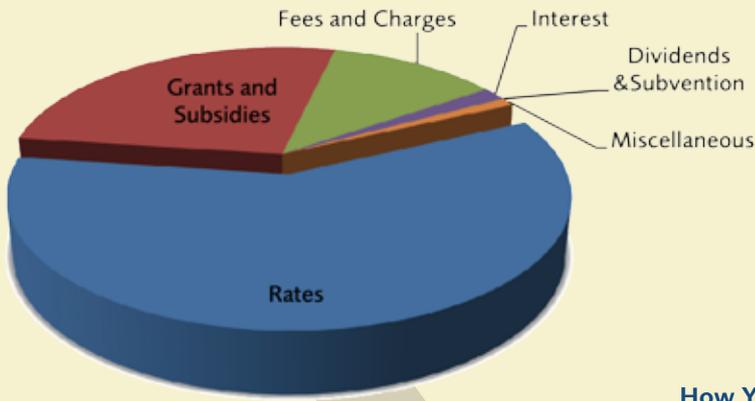


Our District

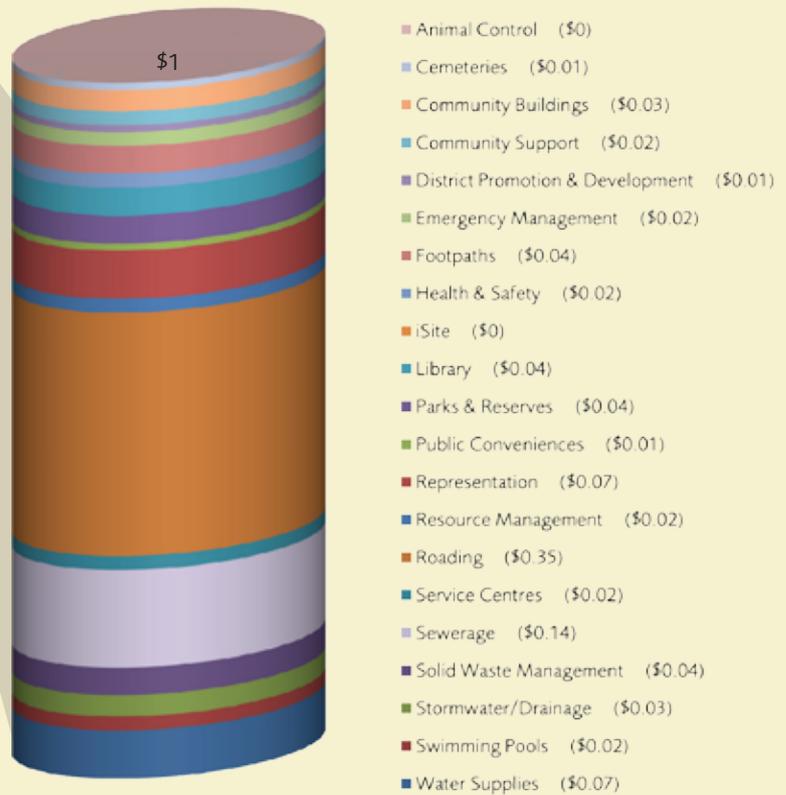
Resident population (2006)	17,634
Number of rateable properties	10,599
Area (ha)	427,000
Net capital value (\$m)	\$2,356
Total roading network (km).....	1,956
Elected representatives (Council & Community Boards)	17

Annual Report - a Year in Summary

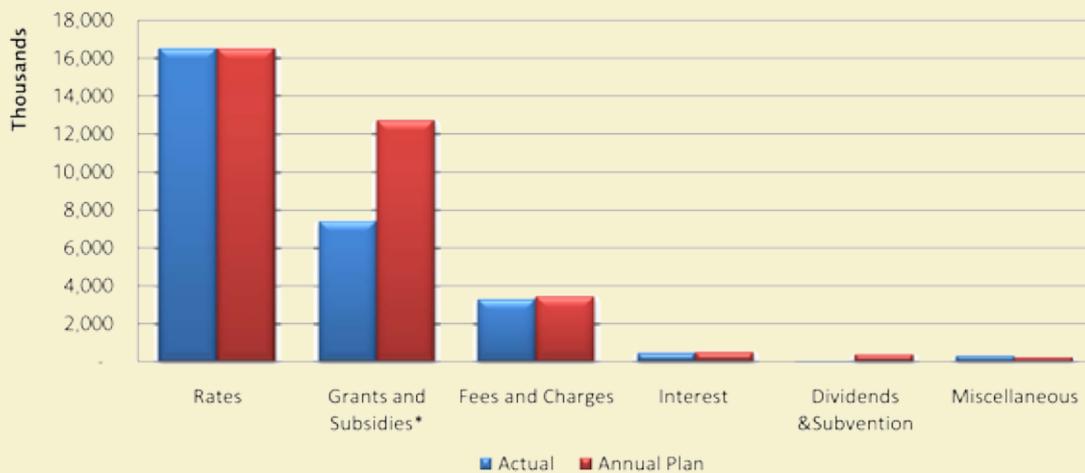
**Where the Money Came From
\$28.02m**



How Your Rate Dollar Was Spent



Actual Compared to Estimate – Income



* Explanation for variance in Grants & Subsidies income can be found on page 10 under Financial Strategy Overview.

Annual Report - a Year in Summary

Summary of Performance Measures

	2005/06	2006/07	2007/08	2008/09	2009/10
Total number	83	100	83	83	87
Not applicable in year	1	24	1	18	21
Applicable measures	82	76	82	65	66
Percentage of applicable performance measures achieved	56%	71%	65%	66%	77%
Percentage not achieved	44%	29%	37%	34%	23%

Performance Measure Achievements Tararua District Council 2005/06 to 2009/10



Summarising another Busy Year

This is a summary document of what the Tararua District Council has achieved over the past financial year reporting against the 2009/10 Annual Plan that was adopted by Council in June 2009. These summary financial statements are a summary of the 2009/10 Annual Report and cover the period from 1 July 2009 to 30 June 2010. The Summary Financial Reports were authorised for issue on 26 November 2010 by Audit New Zealand. These summary financial statements do not provide as complete an understanding as provided by the full 2009/10 Annual Report, however 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 FRS43; Summary Financial Statements.

Reporting Entity

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

The Tararua District Council and group (TDC) consists of Tararua District Council, its subsidiaries and associate. They are domiciled and incorporated in New Zealand.

Their ownership and objective are:

- TDC Holdings Limited (100% owned subsidiary) – Profit Orientated Entity.
- Tararua Forest Limited (100% owned subsidiary) – Profit Orientated Entity.
- Infracon Limited (66% owned subsidiary) – Profit Orientated Entity.
- Tararua Aquatic Community Trust (subsidiary established in New Zealand by TDC as Settlor and controlled by virtue of financing) – Public Benefit Entity.
- Manawatu-Wanganui LASS Limited (14% investment) – Public Benefit Entity.

The financial statements of TDC are for the year ended 30 June 2010. The financial statements received an unqualified audit opinion and were authorised for issue by Council on 27 October 2010.

Basis of Preparation

The financial statements of TDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They

comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The primary objective of Tararua District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Tararua District Council has designated itself and the group as public benefit entities. The accounting policies set out in the 2009/10 Annual Report have been applied consistently to all periods presented in these financial statements.

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

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

Fundamental uncertainty about the validity of the going concern basis on which the financial statements and performance information have been prepared

In forming their opinion for Infracon, Audit New Zealand considered the adequacy of the disclosures made in notes about the use of the going concern basis upon which the financial

Annual Report - a Year in Summary

statements and performance information have been prepared. That assumption depends on:

- the Company's bank continuing to support the Company; and
- the Company's ability to meet its financial forecasts.

The auditors had consider the disclosures to be adequate as the outcome of the bank's continued support and the ability of the Company to meet its financial forecasts is uncertain at this stage. The validity of the going concern basis upon which the financial statements and performance information are prepared depends on continuing support from the bank, and the Company meeting its financial forecasts.

If Infracon was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, Infracon may have to provide for further liabilities that might arise, and to re-classify non-current assets and liabilities as current assets and liabilities.

Commitments

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

	Council \$000's	Group \$000's
Operational Commitments	17,320	4,774
Capital Commitments	798	829
Operating Leases	172	85

Contingent Liabilities

Council had \$2,000 contingent liabilities for June 2010 (2009 \$0), however, the group totalled \$2.174 million (2009 \$2.734 million).

In addition, Council had a contingent liability for an undetermined amount to New Zealand Mutual Liability RiskPool. The liability is for leaky home claims in other areas of the country that may become known in the future and relate to when Council was a member of RiskPool.

Related party disclosure

Council has entered into related party transactions during the year. The most

significant of these are shown below but full details of this can be found in Note 27 of the Annual Report.

Council engaged its 66% owned (via TDC Holdings Limited) subsidiary, Infracon Limited, to maintain roading and other facilities and services.

	Council \$000's	Group \$000's
Services received by Council from Infracon Limited during the period (GST exc)	11,095	7,879
Amounts payable to Infracon Limited by Council at year end as contract retentions (GST inc)	417	278
Amounts payable to Infracon Limited by Council at year end (GST inc)	1,328	620

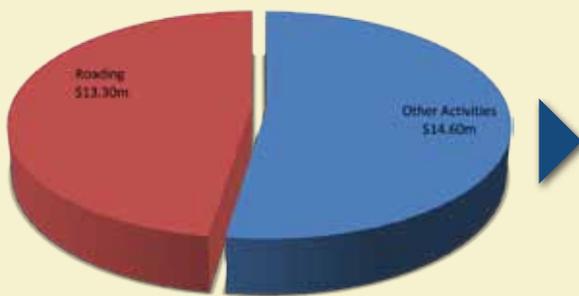
Related party transactions involving directors and trustees

P Burne (Morris & Bailey Limited, provided services to Infracon Limited)	708	528
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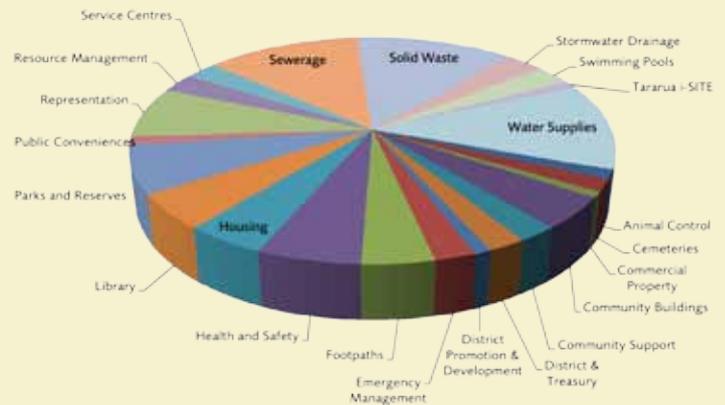
Events after balance date

No post balance date events occurred up to the date of the report adoption that are known to have a material affect on the Financial Statements and Notes to the Financial Statements of Council.

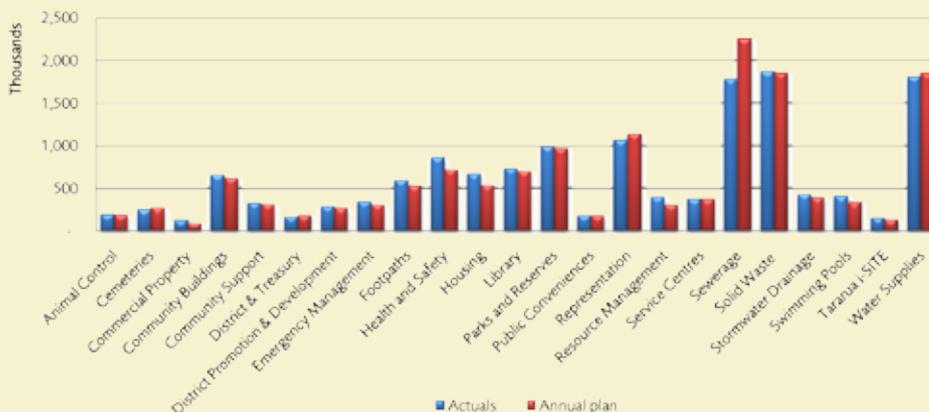
How the Money was Spent
\$27.90m



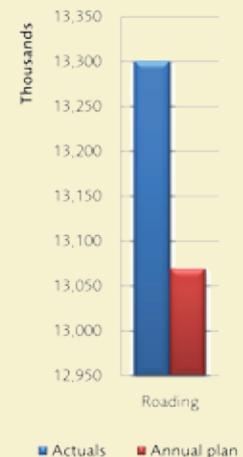
Expenditure (Other Activities)



Actual Compared to Estimate – Expenditure (excl Roothing)



Roading Expenditure



Variance for Roading expenditure can be found on page 7 and 8 under Roading in 2009/10 Highlights in Summary.

Capital Expenditure

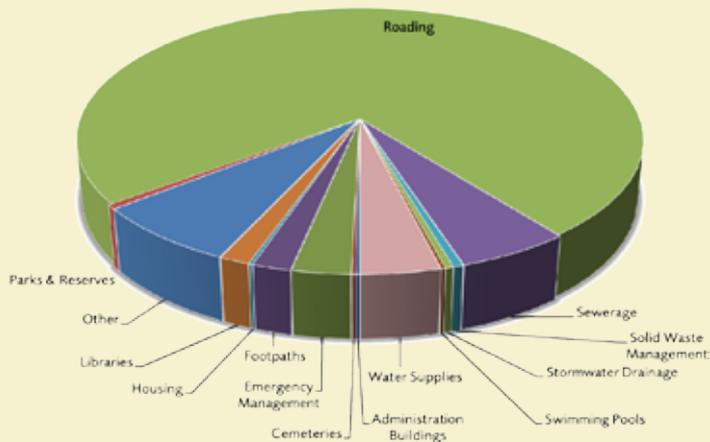
Council spent \$8.53 million in 2009/10 on capital development and renewals compared to a budget of \$15.144 million.

Property, Plant and Equipment

The total book value of all Council's operational and infrastructural assets is \$795.8 million (including intangible assets) compared to \$764 million last year.

The total amount of amortisation and depreciation charged on these assets for the year was \$10.25 million (2009: \$8.9 million).

Capital Expenditure by Activity



Activity	Actual	
	\$000's	%
Administration Buildings	14	0.2%
Cemeteries	16	0.2%
Emergency Management	247	2.9%
Footpaths	162	1.9%
Housing	20	0.2%
Libraries	125	1.5%
Other	632	7.4%
Parks & Reserves	41	0.5%
Roading	6367	74.6%
Sewerage	479	5.6%
Solid Waste Management	43	0.5%
Stormwater Drainage	31	0.4%
Swimming Pools	18	0.2%
Water Supplies	335	3.9%
Total Capital Expenditure	8,531	100.0%

Asset Management Plans

What Council has done to Improve the Quality of our Asset Information

Council received an overall qualified audit opinion in respect of the 2010-19 Community Plan.

Our overall opinion was qualified due to the fact that we did not have adequate information (in the form of Asset Management Plans) in relation to our Water and Wastes Infrastructure (Water Supplies, Sewerage, Solid Waste and Stormwater), as well as Property, Parks and Reserves.

It should be noted that there was a sufficiently robust Asset Management Plan in place in respect of the Roading activity.

The overall qualified opinion flowed through to all three limbs of the Audit Report issued on the 2009-19 Community Plan on the basis that:

- We did not have adequate information to support the forecasts expenditure and levels of service for water and wastes infrastructure;
- Consequently the extent to which forecast information and proposed performance framework did not provide an appropriate basis for the

meaningful assessment of Council's performance; and

- Because of this we were unable to demonstrate, as required by section 101 of the Act, that Council has satisfied the "prudent financial management" provisions of the Act.

What we have done to improve the Quality of our Asset Management Plan's

Since July 2009 Council has undertaken the following initiatives:

- Restructured the Asset Management Planning Activity of Council – specifically by reducing reliance on consultants and taking responsibility and creating ownership of Asset management by bring responsibility back in house;
- Developed a new Stormwater Asset Management Plan;
- Updated the deficient Water and Wastewater Asset Management Plans;

- We are in the process of developing Reserve Management Plans for the three iconic Council reserves;
- We are developing a new Refuse Management Plan that reflects the impending expiry of the two Regional Council landfill consents (Council will close the landfills and not apply for new consents; then build two new transfer stations and then truck the refuse to neighbouring Central Hawke's Bay for a fee).

Our Asset Management Plans have been subject to Audit NZ's audit processes this year. Audit NZ have concluded that

- We now have adequate information to support the forecasts expenditure and levels of service for water and wastes infrastructure;
- Consequently our forecast information and performance framework does provide an appropriate basis for the meaningful assessment of Council's performance; and
- Because of this we can now demonstrate as required by section 101 of the Local Government Act 2002, that we have satisfied the "prudent financial management" provisions of the Act.

2009/10 Highlights in Summary

This is a brief summary of some of the Council's achievements in the 2009/10 financial year.

Animal Control

- The dog database is currently up-to-date and is shared with the National Dog Database.
- 100% of known dogs were registered.

Commercial Property

- Our properties in this activity were fully rented and maintained at an acceptable level for the year. A contribution from the rental income was able to be used to offset the general rate requirement.
- The Woodville Infracon depot has been painted externally.

Community Buildings

- New seating was installed in the Dannevirke Sports Centre stadium and hand driers were installed in the toilets.
- The Dannevirke Town Hall had new vinyl laid in the downstairs kitchen, hall, and in the ladies toilets. A new lighting bar was erected in the stage area.

Community Support

- A \$25,000 grant to Pukaha Mt Bruce to go towards the education programmes for the public around conservation of New Zealand wildlife, wildlife habitats and the natural environs of New Zealand.

District Promotion and Development

- Tourism Qualmark assessment achieved 78.2% – 60% to pass.
- Increase in Interislander sales first quarter – 191% on previous year.
- Successful Mystery Shopping report February/March 2010.
- The introduction of a Tararua Fun Map.
- Peter Kenyon, small town enthusiast community presentation.
- Successful show with Garry McCormick & Mayor Tim Shadbolt.
- Top seller of tickets for Manawatu Track & Tunnel Walk 2010.
- Continual increase in visitor numbers:

2007/08	14,756
2008/09	15,022
2009/10	16,404

Emergency Management

- Replaced the Te Uri fire appliance with a new National Rural Fire Authority specific appliance.
- Purchased and installed five civil defence radios in CD Welfare Centres and Rural Fire Stations.
- Installed two fire specific radios in Council fire response vehicles.
- Purchased and installed a new Rural All Weather Station (RAWS) at Pahiatua. Subsidised by National Rural Fire Authority.
- Brokered the installation of a RAWS at Akitio Station. Paid fully by NIWA but used by Rural Fire.
- Purchased four satellite phones to ensure full communication coverage within the district.
- Installed a pager repeater and issued pagers to all Tararua district volunteer rural fire forces to increase response efficiency.
- Obtained agreement for Tiraumea Volunteer Rural Fire Force to be re-constituted under the Tararua District Council Rural Fire Authority.
- Continuous upgrade of fire fighting equipment within all volunteer rural fire forces.
- Completed building plans and cost estimates for the new Herbertville Fire Station/Civil Defence Centre.
- Employed a new Resilience Manager who lives locally in Dannevirke.

Footpaths

- The design and planning for the upgrade of the central business district of Woodville has been completed under the \$50,000 budget with \$44,768 expended. This project is continuing with plans being drafted for future public consultation.
- The renewal of existing footpaths continues within the urban area with \$49,286 expended, achieving a completed length of 1147m (2538m²), within the \$50,000 budget. Footpath Rehabilitation has been completed in both Pahiatua and Eketahuna.
- Performance measures not achieved: responding to or actioning rectification of complaints within seven days. Twenty complaints were received during the year,

all but three were responded to within seven days.

Health and Safety

- Council was re-accredited as a Building Consent Authority for a further two year period. The audit by the accreditation authority certified that the building consent team met the required statutory standards.
- All building consents were issued within the statutory timeframe.
- Three premises discovered selling alcohol without a licence were investigated and remedial action taken.
- All food premises were registered and maintained the required standard. One premise was closed temporarily to carry out remedial work.
- Performance measures not achieved: having 100% of registered premises comply with food hygiene regulations within three months of inspection. 88% of premises complied within the timeframe with the remainder by February 2010. 70% of registered premises were visited during the year. The target of 100% was not achieved due to a number of premises being only open part time or seasonally and have a good record of sound management practices. A target of responding to 100% of noise callouts within 30 minutes was not achieved. 92.5% were responded to within the timeframe.



New driveway at Elsinore Court

Housing

- New fences were erected at Aften Court, Burns Street, and Gordon Street in Dannevirke, and Centennial and Ruahine Flats in Woodville.
- New Driveway was commenced in Elsinore Court in Dannevirke.

Library

- Ran successful Eastern & Central Read'n Summer Reading Programme.
- Ran successful Eastern & Central Winter Warmers Reading Programme.
- Piloted successful Math is Fun Programme at Eketahuna branch, funded by Wairarapa REAP.
- Collaborated with Te Wananga O Tamaki Nui a Rua to catalogue their library materials on to Library Thing.
- Added a digital repository (Kete) to the Aotearoa People's Network Kaharoa and began to populate this with the photographic collection held at Dannevirke Library.
- Introduced a successful district-wide quiz for Library Week, this will be run annually in the future.
- Introduced automatic book rotation to ensure the book collections rotate to all branches in a timely manner for customer selection.
- Reintroduced the Library Stars programme, which rewards junior members for borrowing from the library collections.
- Ran a successful district-wide quiz for years 7 and 8 as part of the New Zealand Post Children's Book Awards.
- Reviewed the online databases subscribed to by the library. Ceased subscription for some unused databases and replaced these with the genealogical database Ancestry.com
- Reviewed library use and membership of the libraries and recommended that the Annual Card Fee be removed to encourage growth in membership. This fee was removed from 1 July 2010.
- Dannevirke Library had an interior repaint.

Parks and Reserves

- Continued the planting programme at Dannevirke Lower Domain.



- Continued planting Makirikiri Reserve and set up a programme to reduce Old Man's Beard.
- Continued involvement in the Manawatu Gorge Biodiversity project.
- A new waterline was installed at the Dannevirke Camping Ground.
- The building of the new house at Carnival Park Pahiatua commenced.

Representation

Council completed the following matters:

- Tararua District Plan review
- Annual Plan 2010/11
- Annual Report 2008/09
- Representation review
- Review of Class 4 Gambling and Racing Board Venue policy
- Asset Management Plans

Resource Management

- Appeals to the Environment Court were lodged against some decisions made on submissions to the District Plan review. An appeal was made to the Environment Court against the decision to decline the Waitahora Wind Farm resource consent application.
- In conjunction with Horizons, consent was granted to the eastern extension of the Te Rere Hau windfarm.
- Council, in conjunction with Horizons and Palmerston North City Council, dealt with the Turitea Wind farm resource consent application.

- Performance measures not achieved: Council processed 88% of resource consents within the statutory timeframe compared to a target of 100%. Council is reviewing their processes in response to these results.

Roading

- Although there was a reduction in the approved programme work from NZ Transport Agency we maintained rural roads to an acceptable level. Favourable tender rates were achieved for reseals and pavement rehabilitation. The target length for reseals was extended from 90km to 100km and the pavement rehabilitation target was achieved and under budget.
- **Pahiatua to Boundary Route Upgrade (R Funded):** This project has been listed in the NZ Transport Agency long-term plan as a Category 2 funded project. This needs to be rated to a Category 1 project in order to receive funding from NZ Transport Agency. Requirements for this funding are that the project meets a Benefit Cost (BC) Ratio, which is a calculation to determine the most cost effective option, of 1:4. The maximum achieved BC for this project is 1:2.3. Therefore, no funding has been approved from NZ Transport Agency at this stage. Funding required for 2009/10 is \$3 million.
- **Maintenance Chipseal:** The target of 90km length and 560,000m², at a budgeted cost of \$2,300,000, was exceeded with 100.7km length and 598,133m² completed at a cost of \$2,274,167. Due to the favourable tender rates the target rate was extended and approved by Council to assist with the backlog catch up of only

achieving 70km for the 2008/09 financial year.

- **Pavement Rehabilitation:** The target of 12.5km (70,000m²) at a budgeted cost of \$1,650,000 was exceeded with 12.5km (68,815m²) of work completed at a cost of \$1,585,967. The target achieved and under budget due to competitive tender rates.
- **Minor Improvements:** Projects with a value of \$859,000 are targeted for completion each year. Corner widening, minor road realignment projects and miscellaneous minor improvement projects have been completed at a cost of \$805,678. The budget was reduced due to the non approval of additional NZ Transport Agency funding for the 2009-12 programme.
- **Seal Extensions:** The only seal project was a carry-over from 2008/09 due to NZ Transport Agency funding constraints. This enabled sealing of 1.395 km of Coast Road at a total cost of \$200,948. It is unlikely NZ Transport Agency will enable future seal extensions for another two years.
- Performance measures not achieved: to fix 100% of road surface repair requests within the timeframes specified in contracts. 97% were responded to within the time limits and the remaining requests were held up due to contractor issues and weather.

Road Maintenance

Items of significant interest for Road Maintenance are as follows:

- **Maintenance Metal:** A total of 31,703m³ of maintenance metal has been placed with 18,060m³ placed for Heavy metal overlays and 13,643m³ placed as general spreading of maintenance metal. Placement of maintenance metal and heavy metal overlays ensure traffic has a good and trafficable surface to drive upon as well as material for the grader to grade.
- **Grading:** A total of 4191km of grading of unsealed road has been completed. With a total of 778km of unsealed roads this accounts to the road having been graded an average of 5.4 times over the past 12 months.
- **Watertabling:** A total of 204km of watertabling of both unsealed and sealed roads has been completed. Watertabling is the terminology meaning cleaning of the roadside drains.
- **Digout Repairs:** A total of 5579m² of both digout repairs have been completed on both sealed and unsealed roads.

Service Centres

- The implementation of a new phone system that gives us the tools to deliver effective customer service, by monitoring calls waiting and staffing levels.
- The implementation of a new customer request reporting system from 2010 through Civica; this will allow us to better serve our customers by capturing more

detailed and useful data. Reporting will be more specific as a result of the structure and data captured.

- Current and regular information available on both Council and staff internal websites.
- Of the 3217 service requests logged, 62% of customers were reached and informed of the progress or final outcome.

Sewerage

- Telemetry system upgraded to improve the alarming and early warning system. This will lead to better response times to issues in the water and waste water systems and improve the monitoring of these systems.
- Work has advanced on achieving dissolved reactive phosphorus (DRP) removal from the wastewater treatment plant discharge, and we have been able to reduce the levels to below that stated in the consent successfully. This will be implemented at other plants.
- During the year there was one breach of resource consent due to a chemical non-compliance for dissolved reactive phosphorus that lasted for 1.5 days. Horizons Regional Council deemed the impact of this to be minor.

Solid Waste Management

- The sites for the proposed Dannevirke and Pahiatua transfer stations have been approved by Council and the draft drawings are complete.



Pahiatua Swimming Baths main pool

- The four landfills of Dannevirke, Eketahuna, Pahiatua and Pongaroa have passed a compliance inspection with Horizons Regional Council, and from July 2009 have been operating under the \$10 per tonne waste levy, as per the Waste Minimisation Act 2008.
- New leachate ponds are complete for the Pahiatua Landfill.

Stormwater Drainage

- Re-aligned the Mangapurupuru drain behind Primary wools to mitigate the erosion occurring into the bank.
- Asset Management Plans have been prepared. These will allow Council to look forward with a strategic focus, which effectively ensures that funds are spent on the most appropriate project.

Swimming Pools

- **Woodville:** New filtration pump was installed.
- **Eketahuna:** The leaks in the main pool have been repaired.
- **Pahiatua:** The leaks in the main pool have been repaired. The filtration pipes from the filtration pump to the new filters have been replaced in the main pool.

Water Supplies

- Telemetry system upgraded to improve the alarming and early warning system. This will lead to better response times to issues in the water and waste water systems and improve the monitoring of these systems.
- New impounded Dannevirke storage site agreed. Draft design finished and landowner agreement completed.
- Installed a new flow meter and rebuilt the rock weir in Eketahuna to enhance the intake structure to provide better water management.
- Performance measures not achieved: to improve the current supply gradings to secure funding for upgrades. Council is currently developing a water quality upgrade strategy. Compliance with drinking water standards has been deferred for three years by government, and funding for upgrades has not yet been approved.
- All water supply systems in the district currently have a grading of Ee.



**Her Worship the Mayor
M E (Maureen) Reynolds**

PO Box 45
Dannevirke
06 374 7505



**Deputy Mayor
Cr D A (David) Lea**

182 Main Street
Pahiatua
06 376 7798



**Cr W H (Warren)
Davidson**

RD 3
Eketahuna
06 375 8364



Cr R (Roly) Ellis

PO Box 42
Pongaroa
06 376 2512



Cr K R Fenemor

RD 3
Dannevirke
06 374 2719



Cr W H (Bill) Keltie

RD 1
Pahiatua
06 376 8996



**Cr C D (Claire)
Matthews**

55 Tararua Street
Pahiatua
06 376 6594



Cr D A (David) Roberts

PO Box 69
Dannevirke
06 374 6405



**Cr C W (Chris)
Southgate**

PO Box 147
Dannevirke
06 374 2740

Note: this is the retiring Council that held seat during the financial year to 30 June 2010.

2009/10 Summary of the Consolidated Financial Statements

Financial Strategy Overview

Council ended the year with a financial deficit of \$38,000 for the 2009/10 year. This result was as expected due to:

- Awaiting subsidies for the proposed \$8.7million upgrade of the Pahiatua Track route, that is supported as a strategic project for this region and Wairarapa. Discussions with the New Zealand Transport Agency have indicated if we can double the benefit-cost ratio by altering the scope of the works, then it is likely to be funded.
- Still awaiting the \$1.425 million subsidy for building a new treatment plant and 24 hours storage for Pahiatua water that remains subject to the Ministry of Health programme placed on hold by the Government. In the interim, the Ministry of Health have approved a \$200,000 subsidy to connect the new bore to the current town supply due to the higher quality and security of raw water we can obtain relative to the stream.
- The Broadband network subsidy of \$688,000 is no longer required as the Government has cancelled the regional broadband approach and subsidies of \$622,000.
- Reduced fees and charges of (\$154,000) due to less building consents (\$57,000) and water fees (\$60,000) and landfill fees (\$97,000) this was offset by increased revenue with in roading \$24,000 and sewerage \$26,000.
- No dividends were declared by our Council Controlled Trading Organisation (TDC Holdings Ltd) that owns shares in Infracon and Forestry as at 30 June 2010, compared to \$207,140 received in 2009. This has been attributed to the economic downturn affecting the profitability of Infracon Limited.
- Reduced income from investments as interest rates fell.

Council operating costs were less than budget by \$601,000. The most significant under expenditure was:

- Within the roading activity, \$324,000 as NZ Transport Agency approved a lower programme value for sealed pavement maintenance and structures maintenance, therefore a higher emphasis was placed on routine drainage, environmental maintenance, and traffic services. Emergency reinstatement was also significantly under budget (\$603,000) as it was not required.
- In addition Sewerage operating costs were under budget by (\$289,000) primarily due to savings made by Council on the Infracon Ltd contract for the sewerage treatment plant at Dannevirke \$160,000 and Woodville \$100,000.

Council costs were above budget for:

- Depreciation by \$1.106 million as at the time of setting the budgets the significant increase from the 2008/09 asset revaluation and the additional storm water network assets gained as part of the asset management plans were not known.
- There was an increase of \$240,000 in personnel costs due to a planned retirement not occurring during the year and additional increases in market rates, and a new staff member was employed in Emergency Management, a role formerly contracted out.

Financial - Capital

Just over \$8.53 million was spent of the total \$15.14 million budgeted on capital developments and renewals during the year.

Capital Developments - A total of \$1.762 million was spent on capital developments compared to a budget of \$7.82 million. The main expenditure items and variances to budget include:

- Roothing contributed \$1.197 million of the total development costs (\$4.098 million budgeted) of which \$3.0 million was unspent on the Pahiatua Track improvements.
- Sewerage capital of \$1.7 million for the Pahiatua Effluent Quality Improvement as the consent is still progressing.

- The Eketahuna effluent quality improvement budget (\$930,000) is to be carried forward as the construction will commence in 2010/2011.
- The Solid waste budget is under spent for the Pahiatua transfer station (\$314,198) and waste disposal investigation (\$14,360). These budgets are to be carried forward.
- The Stormwater Mangapurupuru stream diversion of \$200,000 is to be carried forward and completed in 2010/2011.
- Water developments budget of \$2.734 million for Pahiatua New Well.
- The District Promotion and Development budget of \$688,000 for the Broadband project to be funded from the Ministry of Economic Development has not become available and is unlikely to be required.

Renewal Capital – A total of \$6.768 million was spent on renewals compared to a budget of \$7.327 million. The main expenditure items and variances to budget include:

- Parks & Reserves under budget by \$152,020 as the caretaker's house at the Pahiatua camping grounds is currently underway and will be completed in 2010/11.
- Roothing renewals of \$345,301 that relate to work already underway.
- Other support costs including computer system UPS and server \$80,204, Administration building air conditioning and carpet replacement \$268,103, plant, equipment and motor vehicles of \$247,998 will be carried forward and spent in 2010/11.
- Sewerage has spent \$317,309 this year but is under budget by \$279,608 (including the carry forward from the previous year). The variation all relates to work underway mainly in mains replacements in Dannevirke, Pahiatua and Eketahuna.

Statement of Comprehensive Income for the Year Ended 30 June 2010

This statement details the operating revenue and expenditure of Council and its Group, as well as other transactions that have impacted on Council's net worth.

	2008/09 Council Actual \$000's	2009/10 Council Actual \$000's	2009/10 Council Plan \$000's	2008/09 Conso- lidated Actual \$000's	2009/10 Conso- lidated Actual \$000's
Operating Revenue					
Rates	15,984	16,521	16,511	15,974	16,514
Grants and subsidies	7,608	7,425	12,710	7,615	7,451
Interest and dividends	1,012	466	880	816	486
Other Income	3,687	3,604	3,651	36,139	33,120
Total operating revenue	28,291	28,016	33,752	60,544	57,571
Expenditure					
Other operating expenses	13,845	12,771	13,372	27,330	26,416
Depreciation and amortisation	8,912	10,254	9,148	10,993	12,450
Employee benefit costs	3,887	4,116	3,927	19,410	18,928
Interest	791	758	1,012	1,232	990
Total operating expenditure	27,435	27,899	27,459	58,965	58,784
Other asset gains/(losses)	(3,127)	(115)	-	(3,168)	100
Surplus/(deficit) before tax	(2,271)	(38)	6,293	(1,589)	(1,113)
Taxation expense	-	-	-	228	(98)
Net surplus/(deficit)	(2,271)	(38)	6,293	(1,817)	(1,015)
Surplus/(deficit) attributable to minority interests		-	-	176	(406)
Other Comprehensive Income					
Gains on Infrastructure assets revaluation	16,983	33,757	59,873	16,903	33,844
Total Comprehensive Income	14,712	33,719	66,166	15,086	32,829

Statement of Movements in Equity for the Year Ended 30 June 2010

Equity is the community's interest in Council and its Group and represents total assets less liabilities. This statement reconciles the movement in equity from one year to the next.

	2008/09 Council Actual \$000's	2009/10 Council Actual \$000's	2009/10 Council Plan \$000's	2008/09 Conso- lidated Actual \$000's	2009/10 Conso- lidated Actual \$000's
Balance at 1 July	753,452	768,164	755,850	768,791	783,807
Total comprehensive income	14,712	33,719	66,166	15,086	32,829
Distributions to owners (minority interest)	-	-	-	(70)	-
Total Balance at 30 June	768,164	801,883	822,016	783,807	816,636
Total comprehensive income attributable to:					
Tararua District Council	14,712	-	66,166	14,910	33,235
Non-controlling interests	-	-	-	176	(406)
Total comprehensive income	14,712	33,719	66,166	15,086	32,829



Statement of Financial Position as at 30 June 2010

This statement summarises what Council and its Group owns and what they owe at balance date. The term "current" indicates what is receivable or payable within one year.

	2008/09 Council Actual \$000's	2009/10 Council Actual \$000's	2009/10 Council Plan \$000's	2008/09 Conso- lidated Actual \$000's	2009/10 Conso- lidated Actual \$000's
Current assets	12,375	13,445	16,622	20,225	22,748
Non-current assets	770,651	802,215	825,196	788,203	817,849
Total assets	783,026	815,660	841,818	808,428	838,597
Current liabilities	6,703	4,863	7,576	12,191	11,030
Non-current liabilities	8,159	8,914	12,226	12,430	10,931
Total liabilities	14,862	13,777	19,802	24,621	21,961
Equity attributable to minority interest	-	-	-	6,172	5,796
Net Assets / Equity	768,164	801,883	822,016	783,807	816,636

Statement of Cash Flows for the Year Ended 30 June 2010

This statement shows how Council and its Group generated and used cash during the relevant financial year.

	2008/09 Council Actual \$000's	2009/10 Council Actual \$000's	2009/10 Council Plan \$000's	2008/09 Conso- lidated Actual \$000's	2009/10 Conso- lidated Actual \$000's
Net cash flow from operating activities	9,242	10,054	15,441	12,444	12,469
Net cash flow from investing activities	(11,978)	(9,672)	(15,099)	(13,127)	(10,090)
Net cash flow from financing activities	(80)	(25)	687	(3,953)	(1,521)
Net increase/(decrease) in cash held	(2,816)	357	1,029	(4,636)	858
Opening balance	4,692	1,876	1,379	6,729	2,093
Total cash resources at 30 June 2010	1,876	2,233	2,408	2,093	2,951

Major Budget Variations

Statement of Financial Position

Cash and cash equivalents (including other financial assets)

Council's cash reserves remain very high at \$17 million, this did vary to budget by \$1.8 million as Council did not receive the additional subsidy funding of \$5.3 million less capital expenditure not completed of \$6.6 million.

Debtors and Other Receivables

Debtors and other receivables are lower than plan by \$409,000 as this figure is very dependent on the size and timing of NZ Transport Agency subsidies.

Property plant and Equipment

Council's assets – property plant and equipment are valued at \$795 million, an increase of \$31.9 million from the prior year. During the year there was capital expenditure of \$9.53 million invested in purchasing, developing and renewing Council assets.

The total amount of depreciation charged on these assets for the year was \$10.254 million. The Council revalued its assets by \$33.7 million, and during the review of the asset management plans discovered additional storm water assets valued at \$6.7 million.

Creditors and Other Payables

Current liabilities are \$1.8 million less than the prior year due to short term loans of \$1 million maturing in 2009 and being rolled over to long term debt in 2010, as well as a reduction of \$920,000 in accounts payable.

Borrowings

External debt remains at \$10 million, this is unchanged from the prior year as Council did not complete the forecast capital works programme.

Asset Revaluation Reserve

The increase in revaluation reserves of \$33.7 million is due to the revaluation of our infrastructure assets carried out in 2010. The

increase is due mainly to higher unit costs in roading and utilities, which are dependant on the cost of oil and labour costs.

Special Funded Reserves

Special funds have not increased by the additional \$4.5 million in the budget as the budget overestimated the Actual amount of depreciation that was going to be funded.

Statement of Cash Flows

The Council's cash position increased by \$357,000 against the prior year due to the decrease in debtors of \$730,000 less the increase in other financial assets of \$1.457 million plus the decrease in creditors of \$918,000 and cash movements of \$140,000. Grants and subsidies not received and capital work not completed during the year also impacted on the cash balance in the annual plan. Council refinanced \$3 million of loans during the year.

To the readers of Tararua District Council and group's summary financial statements, performance information and the other requirements for the year ended 30 June 2010

We have audited the summary financial statements, performance information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out on pages 1 to 11.

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements, performance information and the other requirements from which they are derived.

In our report dated 27 October 2010 we:

- expressed an unqualified audit opinion on:
 - the full financial statements;
 - the performance information; and
 - the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report; and
- referred to previous concerns about forecast expenditure and levels of service for water and waste infrastructure having been addressed, as explained below.

Previous concerns about forecast expenditure and levels of service for water and waste infrastructure have been addressed

Our audit report on the 2009-2019 LTCCP, dated 24 June 2009, contained a qualified opinion because there was inadequate

information to support the forecast expenditure and levels of service for water and waste infrastructure.

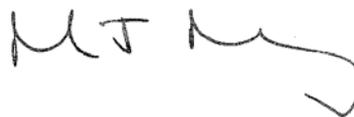
Since then, the Council has improved its information by enhancing its water and waste infrastructure asset management plans, including developing a stormwater asset management plan. The enhancements to the water and waste infrastructure asset management plans show that the forecasts in the 2009-2019 LTCCP were reasonable. The enhancements also provide the necessary support for the forecasts. Therefore, those forecasts and the performance framework contained in the 2009-19 LTCCP provide an appropriate basis for the meaningful assessment of the Council's performance in the areas of water and waste.

Basis of Opinion

Our audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Tararua District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, performance information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.



Mark Maloney, Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
26 November 2010

Matters relating to the electronic presentation of the summary audited financial statements, statement of service performance and the other requirements

This audit report relates to the summary financial statements, statement of service performance and the other requirements of Tararua District Council and group for the year ended 30 June 2010 included on the Tararua District Council's website. The Council is responsible for the maintenance and integrity of the Tararua District Council's website. We have not been engaged to report on the integrity of the Tararua District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, statement of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, statement of service performance and the other requirements as well as the related audit report dated 25 November 2010 to confirm the information included in the audited summary financial statements, statement of service performance and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.