

# SUMMARY OF THE ANNUAL REPORT 2016/17

## ABOUT THIS 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 2017.

The information this Summary contains is taken from the Annual Report 2016/17 itself, which was adopted by Council on 31 October 2017. The Annual Report 2016/17 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](http://www.tararua.govt.nz)

This summary has been audited by the Council's independent auditors to ensure consistency with the full Annual Report for 2016/17. The Council received an "unmodified" opinion on the 2015/16 full Annual Report and Summary.



This report sets out our performance for year two of our 2015–2025 Long Term Plan. The challenges have been many but our overall results are positive.

Our focus continues to be on improving core infrastructure and increasing efforts in economic development within a prudent financial management framework. This has been a consistent strategic focus since 2012.

## Engaging and supporting our community

Council has been engaging with Rangitane o Tamaki nui-a-Rua, "Rangitane" and Ngati Kahungunu ki Tamaki nui-a-Rua, "Kahungunu", on a number of matters including Resource Management Act consenting issues and projects. We are pleased to note that we are working positively and constructively on matters of common interest with both Iwi.

We also introduced a public forum at the commencement of each Council monthly meeting to directly hear any concerns the community wanted to raise with the Councillors.

This year we completed the community survey but used a different service provider. Two surveys were completed – September/October 2016 and June/July 2017. Total residents surveyed for the first survey was 450 and the second was 277. The reason for doing the survey at different times in the year is to see trends and seasonal impacts on resident satisfaction.

We achieved 13 out of the 22 community satisfaction measures. A change from the 2014 survey is that we have chosen (after advice from the new survey company) that a score of 5 out of 10 is treated as "somewhat dissatisfied" instead of "somewhat satisfied". This has meant some of the survey results show a decline in customer satisfaction when compared to the 2014 survey results.

What the results show is that the residents are generally satisfied with the various services, infrastructure and facilities that are provided and maintained by Council. Satisfaction is highest in relation to parks and reserves, community facilities and waste management. However, residents are less satisfied with aspects of the water management and roading infrastructure. The unusual number of storm weather events we had this year was a contributing factor.

We also took the opportunity to seek feedback on other aspects of Council. What was encouraging to note was that 74% of the respondents were satisfied with the Vision and leadership, 79% overall were satisfied with the Councillors performance and 90% were satisfied with the overall performance of Council staff. This is

a significant improvement from the 2014 survey and shows we have lifted our performance.

## Rates affordability

Affordability is at the heart of our Long Term Plan. Council must balance the intergenerational equity issues with current rates affordability – in essence how much should current ratepayers pay compared to future generations.

Against a backdrop of slow but steady economic growth, our rating base has increased slightly, yet the issue of affordability continues to remain critical. External challenges such as the closure of the Manawatu Gorge and the One Plan impacts on farm sustainability are resulting in additional concerns for Council.

Delivery of water and wastewater activities to meet ever increasing standards and renewing piped networks were the main drivers for this year's rate increase. The need to significantly improve the quality of the wastewater and water networks driven by community expectations and higher standards set through renewing discharge resource consents, is resulting in major new investments in new infrastructure. Funding both the operating and capital requirements is presenting particular challenges for us to maintain affordability. Council must also set aside funding for the eventual replacement of these new assets.

Within these challenges, Council kept the rate increase to 1.71%, with a rural sector rate increase of 0.96%. The urban and industrial/commercial sector rates increases were higher due to the continued investment in our urban infrastructure to meet community expectations and required standards/legislation.

## Economic development and growth

A growing population is critical to rural communities in order to provide affordable services and infrastructure that meet increasing standards. We continue to see the positive change to migration trends, with families coming to live in Tararua from Australia and elsewhere. This is a welcome sign and gives us confidence in the future of Tararua.

We continue to invest in our economic development team to have a strong business support focus and sufficient resources to support local events, businesses and the wider community. For the last two years the team continues to exceed our targets.

As part of the Manawatu River Leaders Accord, the first whare (information kiosk) was installed in the Te Apiti Reserve and a further seven will be erected at culturally significant sites along both sides of the Manawatu River over the next two years.

Each whare will contain historical narratives, together with scientific facts that connect community to the stories, history and culture of the Manawatu River.

Plans for more work in the Te Apiti Reserve include new information boards and the ongoing planting of native trees. We were also successful in our bid for the Regional Mid-sized Tourism Facilities Grant Fund and received \$105,800 to help replace single pan Permalooos with larger toilet blocks at both ends of the Te Apiti – Manawatu Gorge, a very popular visitor destination.

## Infrastructure and partnerships

This year we took great strides toward delivering a transport network that will keep us moving. The Tararua Alliance is delivering better information on our roading network and focusing our limited resources to gain maximum benefits from our investment. The frequent rain and storm events over the year resulted in a challenging year to maintain service levels. Council funds these services in partnership with the NZ Transport Agency (nzta) who provided 63% of the maintenance costs of our network. Council was pleased to learn that this funding rate will increase by 1% in each year and eventually set at 66%.

The closure of the Manawatu Gorge is a major concern for the district, with particular impacts on Woodville. This is a State Highway regional link so is the responsibility of the NZ Transport Agency. Council is working hard with the NZ Transport Agency to ensure our local communities have a reliable and efficient long term roading link between Hawkes Bay and Manawatu-Whanganui Regions in the shortest time possible.

We are nearing completion of our goal to meet the urban water supplies compliance, quality and supply issues in our district. Our progress has been hampered by weather events and resources being diverted to deal with other pressing issues. We have made progress this year but it is next year when we will have a major push to complete the Woodville, Pahiatua and Pongaroa water upgrade projects.

We also made significant progress towards achieving the new higher standards for urban wastewater treatment. The majority of approved wastewater upgrades are complete and almost all of the water upgrades are either complete or underway. We still have a few major wastewater network upgrades to go with the focus now on Eketahuna and Pahiatua. This will be a focus for the next year.

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

In the 2015–2025 Long Term Plan, Council based the decision to sell its pensioner housing portfolio to a reputable social housing provider on a series of assumptions that were current in 2014/15.

Since then a number of these funding assumptions are no longer relevant, while the rental market in Tararua (and across New Zealand) has experienced very strong demand. As a result, Council

considered future options for pensioner housing as part of this 2017/18 planning process. Council resolved to defer selling the pensioner housing units and signal further consultation on this matter in the 2018–2028 Long Term Plan. Council's preferred option is to continue to retain the flats as a self-funding activity.

In addition, Council also decided to invest in improving the standard of units through the installation of heat pumps and minor upgrades. Council has also approved a part time staff resource to administer the housing units and ensure that our tenants are supported.

## The challenges

The year had not been short of challenges – from two significant weather events, closure of the Manawatu Gorge, to the Havelock North drinking water safety issues and the impact of the environment court decision on the One Plan.

We all know what it's like to have plans inconveniently changed. It can stir up different emotions for different people. Difficult situations inspire ingenious solutions, so I believe we need to look at the whole Manawatu Gorge closure as an absolute inconvenience. This is not to negate the impact it is having on our communities. It is about striving for innovation – as the proverb goes, "necessity is the mother of invention".

The announcement of a new eastern-western link (the alternate route for the Manawatu Gorge) by NZ Transport Agency and the Government's decision to list it as a Road of National Significance, brings recognition that priority for consenting and funding is required.

We will continue to work closely with NZ Transport Agency and the other Councils in the region to arrive at a long term solution that benefits the regions affected.

## Looking ahead

I believe with continued sound planning and prudent financial management, and a Council of committed and passionate people, we will continue to make significant progress towards achieving our vision and goals we have agreed with the community.

We will continue our investment to maintain the \$0.9 billion of assets we own and strengthen partnerships with Iwi, our communities, and stakeholders. We will continue to seek efficiencies to keep rates as affordable as possible, and will ensure our district's interests are represented at both a regional and national level.

Looking forward, our focus now turns to delivering on our promises for year three of our 2015–2025 Long Term Plan and, together with the community and stakeholders, develop the 2018–2028 Long Term Plan.

But most importantly, we will continue to ensure "Living Well in Tararua – it's more than just a promise".



Tracey Collis  
**Mayor**

# FROM YOUR CHIEF EXECUTIVE

This year, the Council continued to improve its operational capability and efficiency from process and structural changes.

The focus continues to be on delivering services in the most affordable and efficient way, considering both the replacement of assets in the future and current operational costs.

## Our performance

We have performed well, with a favourable net operating result of \$1.02 million compared to a budget of \$220,000.

Completing \$16.9 million of capital programmes against a total capital budget of \$21.8 million has delivered further improvements in water, wastewater, roading, and properties. Although the 2016/17 annual plan budget was \$13.9 million for projects, as a result of carry forward budgets from previous years and additional budget variations, the target programme grew to \$21.8 million. This means we achieved a completion rate of 78%, which is similar to the 2015/16 year when we completed \$16.8 million of capital investment with similar resourcing.

Despite these large investments in infrastructure, Council is in a very strong financial position overall, with low debt and low rate increases. External debt is at a low level of \$11.6 million while Council holds \$5.6 million of cash investments.

Operationally we performed well overall achieving 76% of our service performance measures, consistent with last year. It should be noted that 22 measures were not applicable last year as we did not carry out a community survey. We are now conducting community surveys every year so we can monitor our performance on a continual basis.

In the survey results, it was pleasing to note that the community had confidence in the staff in delivering the outcomes in our Long Term Plan.

All of this has been possible on the back of the lowest rates increase to-date of 1.71%.

## Infrastructure investments

Our capital programme was largely geared towards legislative compliance and, where we could, we worked in partnership with our communities and stakeholders to prioritise and co-fund the projects we carried out.

The \$16.9 million of capital investment included 82 projects that have been completed, 20 that are in commissioning phase and 32 still under construction. We received \$9.4 million of subsidies this year from the NZ Transport Agency and \$885,000 relates to the two major storm events in April 2017.

A full footpath condition survey was completed during February 2017, with a view to better understand Council footpath deterioration and to focus maintenance and renewals expenditure where most needed. The survey confirmed 99.7% of footpaths meet the required level of service.

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*Despite these large investments in infrastructure, Council is in a very strong financial position overall...*

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We have developed a plan to address the problem of stormwater draining into our urban wastewater systems from private homes, which has a significant impact on our wastewater treatment systems and discharges into rivers during heavy rain events.

Our partnership with Downer NZ in the Tararua Alliance continues to pay dividends. The Tararua Alliance is now approaching three years since implementation and there is still a large focus on continuous improvement and Best for Network decisions. Improved asset inventory and condition information is enabling better decision-making with regards to investment. An ongoing priority is to improve this information to enable more accurate long term replacement plans and budget forecasting.

The NZ Transport Agency completed their Audit of the Tararua Alliance and noted that Council has strong contract management processes in place through its role in the Tararua Alliance, and representation on the strategic governance group of the Tararua Alliance. The detailed information provided to the auditor confirmed they were happy Council was receiving value for money from the NZ Transport Agency Land Transport co-investment.

Focus for the roading activity continued to be on completing the Manawatu/Hawkes Bay alternate route (Saddle Road), safety improvements, including rehabilitation and resealing. This year, due to the two weather events in April 2017, we incurred \$1.4 million in emergency reinstatement.

For wastewater capital investment, we spent \$7.5 million over the last two years and spent another \$2.3 million this year. We have

budgeted to spend another \$2.1 million next year. For water capital investment, we spent \$1.9 million over the last two years and spent another \$3.4 million this year. We have budgeted to spend another \$4.3 million next year. This will bring our eight urban water schemes up to a storage and treatment level compliant with the mandatory drinking water standards set by government.

During 2016/17, Council restructured the Assets Team with more maintenance work being placed into the Tararua Alliance and additional project management resource brought in.

We have not just been focused on renewing core infrastructure. We have continued to make good progress in upgrading our community assets namely:

- Community buildings and facilities (92% satisfaction in our community survey),
- Playgrounds, sports fields, parks and reserves (93% satisfaction in our community survey),
- Camping grounds with visitor numbers up a further 5% after a 17% increase last year,
- Installed heat pumps in 65 pensioner flats to provide a more efficient heating option to tenants.

## Challenges

The ongoing closure of the Manawatu Gorge is presenting challenges, with completion of the \$8 million Saddle Road project made difficult due to the increased traffic volumes. We are aware that the road is under immense pressure and are working with the NZ Transport Agency to progress options for a new east-west inter-region transport link.

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*Improved asset inventory and condition information is enabling better decision-making with regards to investment.*

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The wet 2016/17 year has highlighted the importance of good drainage. The storms in April 2017 highlighted that we have improved water tables on our roads, but snow and tree fall damage has undone some of that work. For 2017/18, we will double the water tabling maintenance budget and also do more localised upgrades for the urban stormwater networks.

Water and especially water treatment were the highest risks for Council based on presentations to the Rural and Provincial meeting in Wellington. Similar to Worksafe responsibilities, Council must ensure we have suitable controls and risk management systems in place continuously from intake source through to final point of supply for all supplies. Staff are implementing multiple recommendations from the Havelock North inquiry, such as increasing and documenting the technical skills of staff, reviewing the Water Safety Plans, and developing agreed response plans.

A similar high profile risk relates to the renewal of wastewater consents. Public expectations are preferring land based disposal, yet the viability of that due to high land costs, and uncertain long term impacts, mean greater central government support is needed to implement this option and keep costs affordable.

## Looking ahead

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

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



Blair King  
Chief Executive

# OUR YEAR AT A GLANCE

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

## What We Said We Would Do



### ACHIEVED

- **Progress against our Vision and Strategy**  
Refer to page 8 – 'Our Progress Towards the Strategies in the Long Term Plan' – for details of our achievements.
- **Rates increases affordable**  
Rates increases have gradually decreased from 4.04% in 2012/13 to 1.71% this year.
- **Improve relationships and collaborate with other organisations**  
Relationships with Iwi, NZ Transport Agency, Horizons and Ministry of the Health continue to remain strong.
- **Operating expenses do not exceed budget**  
Total operating expenditure was \$1.4 million under budget.



### ALMOST ACHIEVED

- **Continue to address the water compliance, supply and quality issues**  
Significant progress was made, however we could not complete all projects. At year end, all of our seven schemes did not comply with the Drinking Water Standards.



### NOT ACHIEVED

- **Continued investment in our core infrastructure**  
We completed \$16.9 million of capital work, but had to carry over \$5.9 million to be completed in the next year.
- **Reduce environmental impact from our waste management practices**  
Three of our seven schemes are operating under temporary consents (current consents have expired).
- **Delivery of service level performance targets**  
We achieved 76% of service level measures. We achieved 34 out of 40 of the mandatory measures legislated by Parliament.

## Financial Overview

### Financial Results Compared Against Budgets

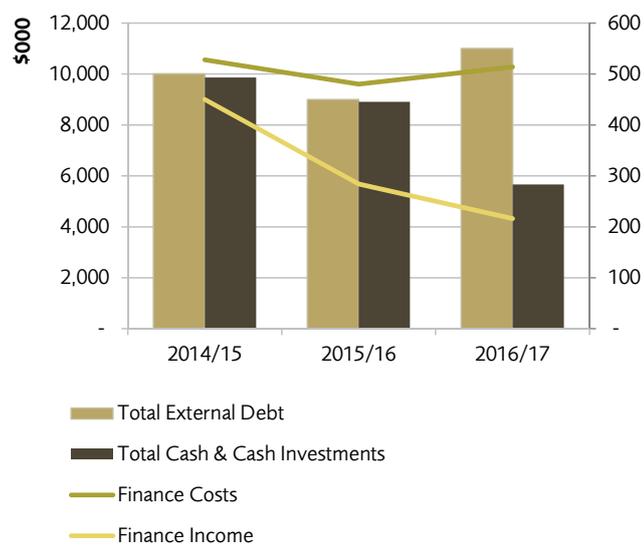
	This year	Compared to last year
<b>Overall Operating Result</b> \$800,000 – favourable	✓	↓
<b>Operating Revenue</b> \$1.1 million – unfavourable	✗	↓
<b>Operating cost</b> \$1.4 million – favourable	✓	↑
<b>Total External Debt</b> \$230,000 – favourable	✓	↓
<b>Capital Expenditure</b> \$4.9 million – unfavourable	✗	↑
<b>Net Debt</b> (borrowings less cash and other financial assets) \$6.3 million – unfavourable	✗	↓
<b>Net Interest</b> (excluding derivative valuation) \$46,000 – unfavourable	✗	↓

## Service Performance

	Council	Survey	Mandatory
<b>2016/17 measures</b>			
Achieved	36	13	34
Not achieved	12	9	5
Not applicable	-	-	1
	<b>48</b>	<b>22</b>	<b>40</b>
<b>2015/16 measures</b>			
Achieved	37	-	32
Not achieved	12	-	6
Not applicable	21	-	-
	<b>71</b>	<b>-</b>	<b>39</b>

## Treasury Management

### DEBT AND CASH INVESTMENT POSITION (\$'000s)



# STRATEGIC FOCUS

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

The 2015–2025 Long Term Plan maintained the same three overall strategies through consultation with the community, with some changes in priorities and focus that reflected new challenges and achievements.

The following summarises our progress towards the Council's Strategies in the 2015–2025 Long Term Plan.

## Strategy 1: core infrastructure

### Continued investment in core infrastructure

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
To build resilience in water, wastewater, stormwater, and roading networks.	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>We continue with our investment strategy and invested \$14.1 million this year in our core infrastructure to ensure we continue to have the capability to deliver the agreed service levels.</li> <li>However, we had to defer and carry forward 58 capital projects totalling \$5.86 million to 2017/18.</li> <li>The Tararua Alliance has formed a strong relationship with our funding provider, NZ Transport Agency. This is a critical relationship as we are reliant on funding to maintain the agreed level of service on our local roads. This resulted in securing an additional 1%, bringing total NZ Transport Agency funding to 66% from 2018/19 onwards.</li> <li>Our roading network was severely impacted by recent weather events, which resulted in over \$2 million of additional work. Whilst we have been successful in funding applications that resulted in a 19% increase in Financial Assistance rate, this additional work created challenges with resourcing. Post-event reviews have highlighted opportunities to improve around communications and making slip sites safe.</li> <li>A major area of focus for the Tararua Alliance has been on improving the asset inventory data, and condition assessing the entire network to ensure we achieve the most benefit for our investment.</li> <li>Six of our seven water schemes now have a current Water Safety Plan, although ongoing work is required to address a number of safety risks identified.</li> <li>The Pahiatua and Woodville treatment and storage upgrades were delayed and will be completed in the 2017/18 year.</li> <li>The stormwater capital development projects have been deferred so Council can complete stormwater modelling. This will allow Council to model the anticipated outcome of the stormwater infrastructure concepts and designs to ensure we are making the right decisions that produce the most benefit for the community and provide value for money solutions.</li> </ul>

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
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**Previous Years**

- In 2014/15, we invested \$14.4 million in our core infrastructure to ensure we continue to maintain and, in some areas, increase our service levels.
- Council has decided to bring forward the Woodville impounded supply upgrade project by one year into 2016/17 to address the current summer water quality and quantity issues. The dam size will be increased to 75,000m<sup>3</sup> and a floating cover will be installed. This project will double the capacity of the existing dam and stop algae growth in the dam.
- Project to install more water storage in the Pahiatua township has commenced. This is to supply all water for the town from the existing bore source and eliminate the need for any further take from the Mangatainoka river. The project has been delayed due to unsuitability of soil structure.
- Completed the project to lift the height of the water level in the Dannevirke impounded supply water by one metre increasing the capacity of the dam by five days.

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



**This Year**

- The Ministry for Environment funded treatment plant upgrade at Eketahuna has been deferred to 2017/18, as we are waiting on obtaining the new resource consent (conditions regards to treatment) to determine the design of the treatment plant. 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'.
- The lining of the Dannevirke Treatment plant was delayed due to poor weather conditions. The relining was completed in July 2017.

**Previous Years**

- We have received \$389,000 of the remaining funding for the Ministry for the Environment funded projects, bringing the total subsidy received to \$2.08 million.
- Three oxidation ponds in Dannevirke are relined and fully operational.
- Completion of Dannevirke No.1 and Woodville oxidation ponds was delayed. These projects will be completed next year.

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



**This Year**

- No fatal accidents on roads due to road factors.
- The overall condition of our footpath network is close to the best we can get – only a small number of defects noted. The results show that of the 301,638m<sup>2</sup> of footpaths in the database for the district, only 760m<sup>2</sup> (0.3%) have a defect severity grading of 4 or 5 (5 being the highest).
- We continue to maintain our parks, reserves, playground equipment and sports facilities to relevant safety standards.
- 58 safety audits on work sites were completed. The Alliance had no lost time injuries or medically treated injuries for the year. Three contractors' sites were reported as dangerous when audited, and were required to either close down or rectify immediately.
- Council invested \$222,000 in minor safety projects during 2016/17, compared to \$630,000 invested in 2015/16 where a significant portion was on converting streetlights to LED.
- Council also invested another \$1.3 million in the Saddle Road to mainly improve safety. This brings Council's portion to \$5 million to date.
- Council gained tertiary accreditation under the Health and Safety Act.

**Previous Years**

- No fatal accidents on roads due to road factors.
- Parks, reserves, playground equipment and sports facilities continue to be maintained to relevant safety standards.
- Appointed a Safety Officer, established a safety committee, implemented a regime of conducting safety audits on work sites and working towards being accredited at tertiary level in accordance with the Health and Safety Act.

# Strategic Focus

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
To meet legally required performance standards.	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Wastewater consent application hearings for Eketahuna and Pahiatua have been adjourned and delayed due to the commissioners requiring Council to include land/over land based discharge options in the application.</li> <li>Three of our seven schemes are operating under temporary consents (current consents have expired). We are currently renewing our Pahiatua and Eketahuna wastewater consents. We have submitted to Horizons the renewal for the Woodville wastewater consent.</li> <li>We continue to meet all resource consents for urban water supplies.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>A new resource consent for the Norsewood wastewater pond and discharge was received.</li> <li>Consent renewal applications for Eketahuna and Pahiatua wastewater discharges were completed and lodged.</li> <li>We continued to meet all existing resource consents for urban water supplies.</li> </ul>

## Strategy 2: economic development

### Promoting and facilitating economic development

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
Supporting and facilitating growth in local business.	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Visitors to the camping grounds in the district continue to show an increase – 12,246 in 2014/15; 14,322 in 2015/16; 15,046 in 2016/17.</li> <li>Two businesses have been incubated at the Tararua Business Network and have established in the district.</li> <li>The Tararua Business Network has worked alongside 47 businesses, providing support and enabling growth, and hosted 133 events in the Training/Seminar Room.</li> <li>A total of 47 businesses who contacted the Business Network for assistance received support and training, and were also presented with opportunities that varied according to the requirements of their business. Of these, 14 were existing small-medium enterprises (SMEs), 13 were new start-ups, and 20 were new ideas.</li> <li>Tararua Business Network hosted 26 workshops, 133 events in the Training/ Seminar Room and the Board Room was utilised for business meetings on 164 occasions. Training covered a range of topics including marketing and social media, legal and financial, employment relationships, customer service, health and safety, strategic business planning, and more.</li> <li>A website for the GO! Project has been developed and was launched on 19 December 2016. As a result of our new digital presence, profiling at national events and continued maximisation of land-utilisation opportunities, the GO! Project is now receiving support, enquiries and interest from all over New Zealand.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>As a result of previous years' upgrades, visitors to the Dannevirke Camping Ground increased by 60% from 2,821, in 2014/15, to 4,484 in 2015/16. Eketahuna Camping Ground visitors rose by 30% from 3,898, in 2014/15, to 5,054 in 2015/16. Numbers in Woodville were also higher than the year before, up until the camping ground closed for renovation in May 2016.</li> </ul>
Provide business friendly and welcoming support for new residents.	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>432 welcome packs were sent to new residents.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Welcome packs sent out to 363 new residents.</li> </ul>

# Strategic Focus

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
Build district identity; promote the district by telling our story.	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Over 10,000 people came to the district to attend major events, such as the Woodville Motocross, Wheels with Attitude, and Dannevirke A &amp; P Show.</li> <li>A major outcome for the year was the successful application to the Regional Mid-sized Tourism Facilities Grant Fund, which is administered by the Ministry for Business, Innovation and Employment. The region was able to successfully secure \$105,880 of funding for works to construct toilet facilities in the Te Apiti-Manawatu Gorge to increase capacity for growing numbers of visitors attracted to the popular walking area.</li> <li>Council continued to participate in national trade shows that provided the platform necessary to promote our district for those considering visiting or relocating here for lifestyle, business and/or investment. Over 123,000 people attended these trade shows.</li> <li>Based on Paymark and BNZ MarketView, the total value of spending in the district has increased by 4.3% compared to last year.</li> <li>The Tararua Business Network was also heavily involved in assisting the Ormondville Rail Preservation Group (ORPG) to organise and co-ordinate the Ormondville Five Viaducts Tour and Street Festival. The team worked closely with ORPG and local community volunteers to develop an event of national appeal. The new tourism website for the Tararua district launched in December 2016 (<a href="http://www.tararua.com">www.tararua.com</a>). The new site has been designed to be a user-friendly and interactive tool for visitors and locals.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Over 10,000 people came to the district to attend major events, such as Woodville Motocross, Wheels with Attitude, and Dannevirke A &amp; P Show.</li> <li>Council participated in national trade shows that provided the platform necessary to promote our district for those considering visiting or relocating here for lifestyle, business and/or investment. Over 241,000 people attended these trade shows.</li> <li>Tararua is recognised as embracing motorhome friendly opportunities and we have achieved accreditation to Pahiatua as "Motorhome Friendly".</li> </ul>

## Strategy 3: financial viability

### Continued financial viability through sustainable growth and investment

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

Strategy	Progress 2014/15	Progress 2015/16	Progress 2016/17	Comments
<i>Cost control</i>	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Operating expenditure excluding depreciation and fair value movement of derivatives was \$21.8 million (\$23 million last year). This shows that Council has through efficiencies, better cost management and changes to delivery of services been able to contain cost increases.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Operating expenditure, excluding depreciation and fair value movement of derivatives, was \$23 million which is similar to last year. This shows that Council, through efficiencies, better cost management and changes to delivery of services, has been able to offset other cost increases.</li> </ul>
<i>Affordability</i>	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Rates increases have declined from 4.04% in Year 2012/13 to 1.71% in 2016/17. The rates struck for the 2017/18 year is 2.23%.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Rates increases have reduced from 4.26% in 2011/12 to 1.71% in 2016/17.</li> </ul>
<i>Reducing financial and business risk</i>	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Council continues to have capacity to more than double its current borrowings of \$11 million.</li> <li>Forestry operations has accumulated net cash returns of \$888,000 from this activity.</li> <li>Adequate insurance policies are in place to mitigate risk of unplanned asset replacements due to natural disasters.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Council continues to have capacity to more than double its current external borrowing of \$9 million.</li> <li>Brought in-house the management of the forestry operations and has accumulated net cash returns from this activity.</li> </ul>
<i>Financial sustainability (long-term financial health).</i>	●	●	●	<p><b>This Year</b></p> <ul style="list-style-type: none"> <li>Total debt levels (external and internal) continue to be within the limits in the Long Term Plan.</li> <li>Core external debt is \$11 million.</li> <li>Depreciation reserves for future asset replacements are \$22 million, increased by \$3.8 million in the last three years.</li> </ul> <p><b>Previous Years</b></p> <ul style="list-style-type: none"> <li>Total debt levels (external and internal) continue to be within the limits in the Long Term Plan.</li> <li>Depreciation reserves for future asset replacements are \$20.8 million, increased by \$7 million in the last three years.</li> </ul>

# INNOVATION AND FRESH APPROACH

## Data driven, better decision-making

The Tararua Alliance is now approaching three years since implementation and there continues to be a large focus on continuous improvement and Best for Network decisions.

Council has commenced the work to improve the asset inventory database (especially with regards to drainage assets improving), our ability to inspect, maintain, value and plan for these assets, and the wastewater networks improving the connectivity and delineation of assets between manholes within the network. This is to improve our confidence in our data for our 2018–2028 Long Term Plan.

Improved asset inventory and condition information is enabling better decision-making with regards to investment. An ongoing priority is to enhance this information, to enable more robust long term condition and budget forecasting.

## Stormwater

In 2016, the Tararua Alliance started a project to create a digital stormwater model of the network, allowing Council to model the anticipated effects of infrastructure concepts and designs taking into consideration changing weather patterns.

This will help ensure we make the right decisions that produce the most benefit for the community and provide value for money solutions. The findings from this project will help Council prioritise our capital and renewal spending, ensuring we address the highest risk areas throughout the district.

## New asset management tool

To further assist programme delivery and asset management, Council is working with the Tararua Alliance to implement a new asset management tool for the water, wastewater, and stormwater networks.

The new software, by applying advanced analytics to dynamic life-cycle and maintenance data, enables visualisation of strategy and service level scenarios to manage and maintain assets. This will enable Council to improve service levels, and optimise capital investment with an aim to reduce maintenance spending.

## Deterioration modelling

The Tararua Alliance carried out the pavement deterioration modelling (dTIMS) to inform the pavement and surfacing renewals forward works programme, the Transportation Activity Management Plan, and budgets for the Long Term Plan.

The model uses all of the available asset information and level of services targets to recommend a maintenance or renewal strategy for every section of road (called a treatment length), whilst minimising the overall network maintenance costs in delivery of the level of service.

The resurfacing and pavement rehabilitation work will be carried out where it will generate the most cost savings, by reducing the quantity of maintenance required on the network, enabling investment in other areas. This lets us forecast long term network condition and budget needs, and improves our decision-making, resulting in more effective and efficient maintenance and renewals strategies.

## LED lighting

Council is continuing with upgrading the district's street lighting assets with new LED lighting is. A major push is next year, where we have budgeted \$405,000 to complete the LED upgrade project.

The purpose of the upgrade is to increase the operating life of the street lights, while reducing energy use.

## Pavement rehabilitation designs

Under the Tararua Alliance, pavement designs are completed for each site, ensuring the new pavement has the strength required to accommodate predicted vehicle movements, and there is a shift to reuse or recycle existing materials where possible through stabilisation. This was not done before the Tararua Alliance and can result in reduced costs and improved environmental sustainability through a reduction in aggregate being applied.

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

# SADDLE ROAD RECONSTRUCTION

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

This project is a joint initiative between Palmerston North City Council, Manawatu District Council, and Tararua District Council. The Tararua Alliance has been working in collaboration with all stakeholders to give regional resilience, and an alternative route to the Manawatu Gorge.

Whilst the project was put on hold in April 2017 due to an ongoing closure of the Manawatu Gorge, delaying completion of the project, significant upgrade works were completed totalling \$1.3 million. These resulted in improved motorist safety and travel times when the gorge was closed, through the provision of passing opportunities and the smoothing of curves.

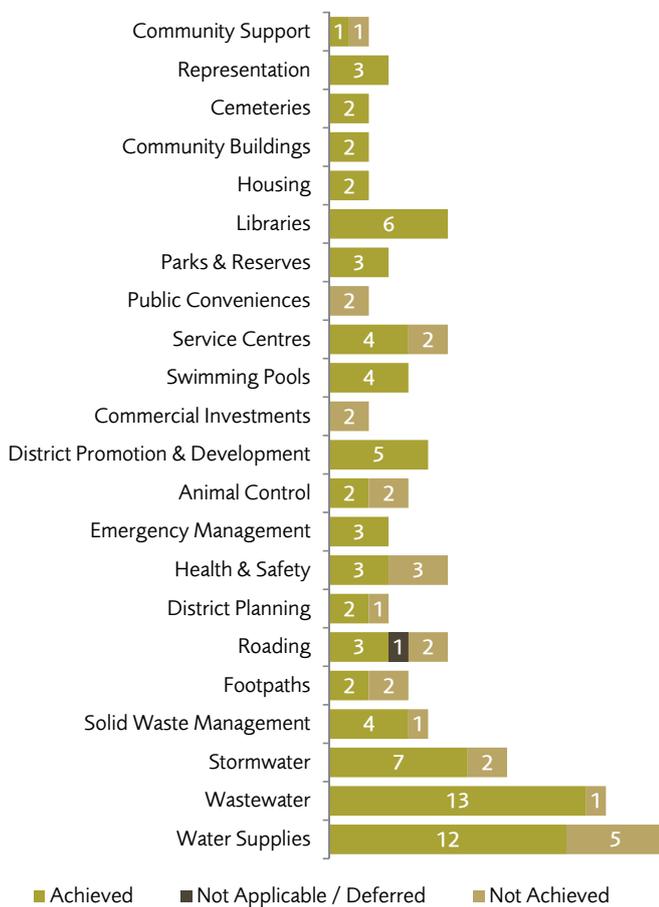
Feedback from motorists and stakeholders has been very positive towards the improvements that have been completed to date. There are ongoing concerns regarding the maintenance standard of the route, due to significant deterioration caused by increased traffic volumes during the gorge closure, which is being managed by the NZ Transport Agency for the duration of the gorge closure, minimising additional costs to Tararua ratepayers.

# SERVICE PERFORMANCE

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

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

## SERVICE PERFORMANCE RESULTS FOR THE YEAR BY COUNCIL ACTIVITIES



## Achievements

- The community's satisfaction with the Councillors and Community Boards exceeded our target and are the highest to-date.

- We met 23 out of the 27 measures for the Community and Recreation facilities Group of Activity.
- The total number of hours community and recreational facilities were booked increased another 35% this year.
- We exceeded all targets for the District Promotion and Development activity.
- The response times for wastewater and water faults continue to be well within our targets.
- 99% of Council's footpath met the required conditions standards.

## Areas for Improvements

- Due to high level of vandalism to our public toilets we did not meet the targets for public satisfaction and number of customer service request.
- The targets for occupancy and net operating surplus for our commercial investments were not met. This is mainly due to the inability to find suitable tenants and significant log harvesting for the forestry activity was delayed due to poor weather conditions.
- The Regulatory department did not achieve 6 out of 16 targets, mainly due to staff resources and an increase in customer service request/applications.
- Four out of the seven wastewater schemes do have renewed consents. Two of the schemes are currently in the consent hearing process.
- All of the six water schemes did not comply with the drinking water standards as the required number of samples were not collected and tested.
- 37% and 36% residents indicated through the community survey that they were not satisfied with footpath and roads respectively in the district.
- We did not meet our targets for water loss. We achieved 29% compared to a target of less than 7%.
- Due to the severe weather events we exceeded our targets for the number of customer request for issues with our stormwater water network and water clarity issues with our water network.
- The weather events also impacted our ability to make roads passable within 24 hours. We achieved 97% compared to our target of 99%.

# COMMUNITY SURVEY

This year we completed the community survey but used a different service provider. Two surveys were completed – September/October 2016 and June/July 2017.

Total residents surveyed for the first survey was 450 and the second was 277. The reason for doing the survey at different times in the year is to see trends and seasonal impact on resident satisfaction. Council intends to complete the survey quarterly but sample 113 residents for each survey making it a total of 452 residents for the year.

What the results aim to show is the ratepayers' general satisfaction with the various services, infrastructure, and facilities that are provided and maintained by Council.

## COMMUNITY SURVEY RESULTS

2014

21 questions



2017

22 questions

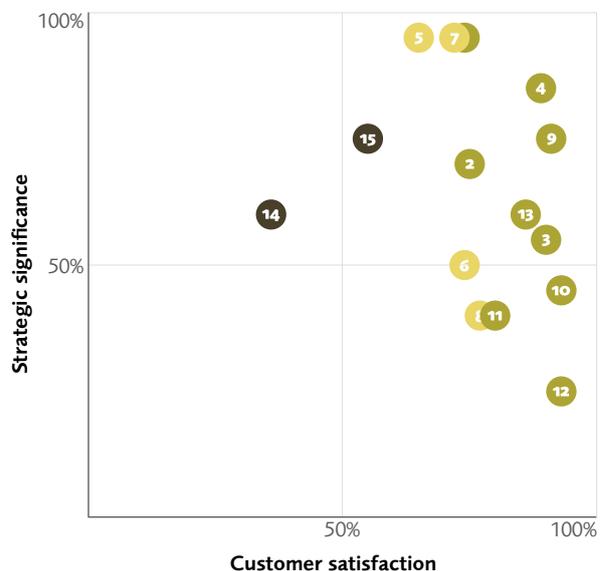


A change from the 2014 survey is that we have chosen (after advice from the new survey company) that a score of 5 is treated as "somewhat dissatisfied" instead of "somewhat satisfied". This has meant some of the survey results show a worsening of customer satisfaction when compared to the 2014 survey results.

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

- 1 Vision and leadership – 74%
- 2 Overall Council performance – 75%
- 3 Satisfied with staff – 90%
- 4 Availability of water – 89%
- 5 Financial management – 65%
- 6 Ability to protect property from flooding – 74%

- 7 Quality of water – 72%
- 8 Feel safe from dogs – 77%
- 9 Satisfied with Council recreational facilities – 91%
- 10 Satisfied with Council community facilities – 93%
- 11 Percentage that have used Council recreational facilities in the last year – 80%
- 12 Library opening hours and range of books/other materials – 93%
- 13 Managing and issuing building consents – 86%
- 14 Provision of dedicated walkways/cycleways – 36%
- 15 Satisfied with rural roads – 55%



■ Very dissatisfied    ■ Somewhat dissatisfied    ■ Satisfied

We will incorporate the feedback from the results of the survey into our long term planning to ensure we continue to address and/or manage the community expectations.

# 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.



● | 3% | \$67

## DISTRICT PROMOTION AND ECONOMIC DEVELOPMENT

Significant projects: Continued business development and connecting communities.



● | 5% | \$111

## REGULATORY SERVICES

Significant projects: Completed new dog pound; Improved animal control response; Transition of Rural Fire to FENZ.



● | 22% | \$446

## COMMUNITY AND RECREATION FACILITIES

Significant projects: Upgrade of camping facilities and playgrounds; Completed Woodville combined library/service centre.



● | 32% | \$659

## ROADING AND FOOTPATHS

Significant projects: Saddle Road; Flood damage repairs across the district; Reseals and culverts across the district; Eketahuna town centre upgrade completed.



● | 8% | \$166

## BUILDING COMMUNITIES AND LEADERSHIP

Significant activities: Elected new Council; Community grants; CCTV for main streets; Introduced public forum at Council meetings.



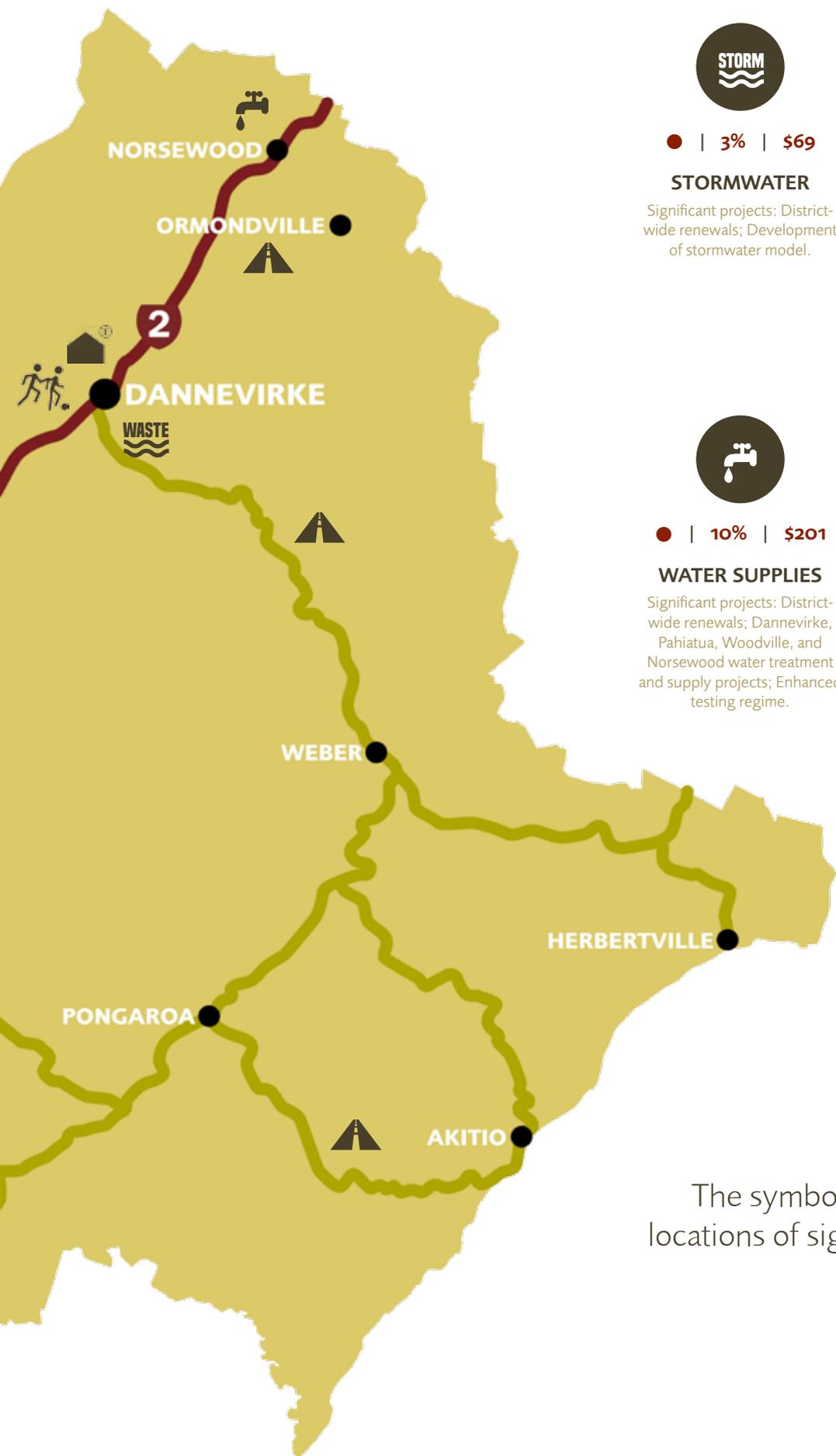
● | 7% | \$135

## SOLID WASTE MANAGEMENT

Significant projects: Started closure of Eketahuna landfill and construction of transfer station; Reviewed Waste Minimisation Plan.



● = decrease from 2015/16    ● = increase from 2015/16



● | 3% | \$69

**STORMWATER**

Significant projects: District-wide renewals; Development of stormwater model.



● | 9% | \$186

**WASTEWATER**

Significant projects: Dannevirke oxidation ponds and membrane cassettes; District-wide renewals; Started Pahiatua and Eketahuna consent renewals.



● | 10% | \$201

**WATER SUPPLIES**

Significant projects: District-wide renewals; Dannevirke, Pahiatua, Woodville, and Norsewood water treatment and supply projects; Enhanced testing regime.



● | 1% | \$21

**TREASURY AND SUPPORT**

Significant projects: Interest costs were well within budget.

The symbols indicate the locations of significant projects.

# FINANCIAL OVERVIEW AND MAJOR VARIANCES

Explanations for major variances from Council's budget figures in the 2016/17 Long Term Plan are detailed below.

## Statement of Comprehensive Revenue and Expense

### Revenue

- Fees and Charges are under budget by \$639,000. This is due to the reclassification of rates penalties (\$290,000) and metered water charges (\$512,000) to Rates.
- Subsidies are under budget by \$174,000. Subsidies we have received from the NZ Transport Agency are higher than budget by \$175,000. This is due to receiving a higher subsidy rate of 83% for emergency works compared to the normal rate of 63%. Offsetting this is a delay in the Pongaroa water upgrade, resulting in subsidy of \$400,000 from the Ministry of Health not yet received. We expect this to be completed in 2017/18.
- Other revenue is lower than budget due to inclusion of budgeted forestry revenue - see below. This is offset by receipt of \$37,000 for recovery of retention income resulting from the in specie distribution of receivable assets from the liquidation of Infracon and higher domain board revenue of \$30,000 more than budgeted.
- Forestry revenue has been budgeted under the Other Revenue. Due to unfavourably wet weather, harvesting of forestry at Kaiparoro was unable to commence as planned, resulting in lower forestry revenue than budget of \$356,000.
- Interest received was lower than budgeted by \$75,000. This is due to lower average deposit rates than expected of 3.16% compared to a budgeted 3.60%.

### Expenses

- Finance Costs are under budget by \$373,000. Lower interest expense on loans of \$29,000 is due to lower interest expense during the year mainly due to lower external debt than planned. A significant favourable variance of \$335,000 is as a result of an unbudgeted non-cash adjustment of fair value of derivatives (swaps) which has increased in value.
- Personnel Costs are showing higher than budget mainly due to reclassifying \$273,000 of staff seconded to the Alliance budgeted as operating expenditure to personnel costs.
- Other expenses are under budget by \$1.2 million. The significant variances are explained in the following table:

Add back reclassified items	
Rates debits	410
Rates internal	330
Alliance salary reclassification	273
Add favourable budget variance	
Lower harvesting expenses as explained under revenue	208
<b>Budget Variance</b>	<b>1,221</b>

### Other Gains/(Losses)

- The main reason for the favourable variance is due to the unbudgeted increase in the forestry valuation of \$519,000.

### Gain/(loss) on Asset Revaluations

- Council had an Infrastructure revaluation completed as at 1 July 2016. The result of the valuation was a increase of \$25,000 whereas an increase of \$14 million had been budgeted. Valuation adjustments are non-cash.

## Statement of Financial Position

### Assets

- Cash and cash equivalents is lower than budget due to utilising cash to keep external borrowings minimised.
- Other Financial assets (current) are lower than budgeted due to holding less term deposits as cash has been utilised to keep external debt minimised.
- Debtors and other receivables are higher than budget due to two reasons. Firstly, NZ Transport Agency debtors of \$1.8 million for the May and June claim received in July, and secondly due to higher rates debtors than planned. In relation to the rates debtors, a significant portion relates to abandoned land properties, for which Council is instigating action to resolve.
- Property, plant and equipment is lower than budget mainly due to the infrastructure revaluation resulting in a decrease, rather than the budgeted increase.

### Liabilities

- Trade and other payables are lower than budget by \$100,000 due to timing of payments at year end.
- Tenant contributions are lower than budget by \$195,000. As tenant contribution flats are vacated, new tenancies will be on a similar terms to the non-tenant contribution flats as Council moves away from offering tenant contribution tenancies.

### Equity

- Asset revaluation Reserves are lower than budget due to the budgeted infrastructure valuation increase of \$14 million, actually resulted in being a \$25,000 increase.
- Accumulated funds are lower than budgeted due to the budgeted opening balance being lower than expected.
- Special Funded Reserves are \$3 million above budget due to a higher opening balance than budgeted.

## Statement of Cash Flows

Overall net increase in cash balances held were lower than budget by \$2.5 million.

Significant variances are:

### Operating Activities

Cash flow from operating activities are below budget by \$480,000. This is mainly as a result of the following:

- Net cash from forestry harvesting activities lower than budget due to the Kaiparoro harvest being delayed.
- \$400,000 capital subsidy for the Pongaroa water supply project was not received due to a delay in the project. We expect to receive this in 2017/18.

### Investing Activities

Cash outflow from investing activities was higher than budgeted due to a larger capital expenditure programme resulting from previous year project carry forwards and budget variations during the financial year.

### Financing Activity

No significant variance was noted in cash flow from financing activities.

# SUMMARY FINANCIAL STATEMENTS

## Summary statement of comprehensive revenue and expense

	2015/16 Council Actual \$000's	2016/17 Council Actual \$000's	2016/17 Council Plan \$000's
<b>Operating Revenue</b>			
Rates	20,622	21,005	21,022
Grants and subsidies	10,778	9,438	9,612
Finance revenue	284	216	291
Other revenue	5,549	2,874	3,721
<b>Total operating revenue</b>	<b>37,233</b>	<b>33,533</b>	<b>34,646</b>
<b>Expenditure</b>			
Other operating expenses	17,538	16,175	17,387
Depreciation and amortisation	11,368	11,610	11,797
Employee benefit costs	4,891	5,112	4,775
Finance cost	935	171	544
<b>Total operating expenditure</b>	<b>34,732</b>	<b>33,068</b>	<b>34,503</b>
Other asset gains/(losses)	640	557	77
<b>Surplus/(deficit) before tax</b>	<b>3,141</b>	<b>1,022</b>	<b>220</b>
Taxation expense	-	-	-
<b>Net surplus/(deficit)</b>	<b>3,141</b>	<b>1,022</b>	<b>220</b>
<b>Other Comprehensive Revenue and Expense</b>			
Gains on Infrastructure assets revaluation	(7,631)	25	14,054
Fair value through equity	-	-	-
Tax on Equity Items	-	-	-
<b>Total Comprehensive Revenue and Expense</b>	<b>(4,490)</b>	<b>1,047</b>	<b>14,274</b>

## Summary statement of financial position

	2015/16 Council Actual \$000's	2016/17 Council Actual \$000's	2016/17 Council Plan \$000's
Current assets	13,427	10,424	16,080
Non-current assets	878,679	884,374	900,306
<b>Total assets</b>	<b>892,106</b>	<b>894,798</b>	<b>916,386</b>
Current liabilities	4,618	7,765	4,673
Non-current liabilities	11,067	9,567	13,210
<b>Total liabilities</b>	<b>15,685</b>	<b>17,332</b>	<b>17,883</b>
Equity	876,419	877,466	898,504
<b>Total equity</b>	<b>876,419</b>	<b>877,466</b>	<b>898,504</b>
<b>Total liabilities and equity</b>	<b>892,106</b>	<b>894,798</b>	<b>916,386</b>

## Summary statement of changes in equity

	2015/16 Council Actual \$000's	2016/17 Council Actual \$000's	2016/17 Council Plan \$000's
<b>Balance at 1 July</b>	<b>880,910</b>	<b>876,419</b>	<b>884,230</b>
Total comprehensive revenue and expense previously reported	(4,490)	1,047	14,274
<b>Total Balance at 30 June</b>	<b>876,419</b>	<b>877,466</b>	<b>898,504</b>
<b>Comprising of:</b>			
Accumulated Funds	350,302	348,461	352,366
Asset Revaluation Reserves	497,343	497,368	518,950
Special Funded Reserves	28,730	31,595	27,138
Trust Funds	44	42	50
<b>Total Equity</b>	<b>876,419</b>	<b>877,466</b>	<b>898,504</b>

## Summary Statement of Cash Flows

	2015/16 Council Actual \$000's	2016/17 Council Actual \$000's	2016/17 Council Plan \$000's
Net cash flow from operating activities	16,185	11,460	11,940
Net cash flow from investing activities	(16,565)	(15,948)	(14,065)
Net cash flow from financing activities	(1,198)	2,003	2,126
<b>Net increase/(decrease) in cash held</b>	<b>(1,578)</b>	<b>(2,485)</b>	<b>1</b>
Opening balance	4,341	2,762	3,518
<b>Total cash resources at 30 June</b>	<b>2,763</b>	<b>277</b>	<b>3,519</b>

# ACCOUNTING DISCLOSURES

These summary financial statements are a summary of the 2016/17 Annual Report and cover the period from 1 July 2016 to 30 June 2017. These summary financial statements do not provide as complete an understanding as provided by the full 2016/17 Annual Report. A full copy is available on the Council website at [www.tararua.govt.nz](http://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 xx November 2017.

## 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 2017. The financial statements were adopted by Council on 31 October 2017.

## 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).

## Commitments

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

	2015/16 Council	2016/17 Council
	\$'000's	\$'000's
Capital Commitments	3,724	2,514
Operating Leases as Lessor	76	60
Operating Leases as Lessee	1,035	927

## Contingent Liabilities

Council has the following significant contingent liabilities:

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

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

## Related Party Disclosure

Council has not entered into any related party transactions during the year that falls outside a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

## Events After Balance Date

There are no post balance date events.

## To the readers of Tararua District Council's summary of the annual report for the year ended 30 June 2017

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 2017.

The summary of the annual report comprises the following summary statements on pages 16, 17, 20 to 25:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance of the District Council.

### Opinion

In our opinion:

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

### Summary of the annual report

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

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

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

### 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 reporting on the summary annual report, we have also reported on the full annual report, and carried out an independent assurance review of the District Council's Debenture Trust Deed. These engagements are compatible with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board. Other than this reporting and these engagements, we have no relationship with or interests in the District Council.



John Whittal,  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
30 November 2017





## OUR DISTRICT

Resident population (2015) .....	17,350
Number of rateable properties .....	10,590
Area (ha) .....	427,000
Net capital value (\$m) .....	\$4,570
Total roading network (km) .....	1,957
Elected representatives (Council and Community Boards) .....	17

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Dannevirke

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[www.tararua.govt.nz](http://www.tararua.govt.nz)