



Summary

Annual Report 2019/20

YEAR TWO OF THE 2018–2028 LONG TERM PLAN





Credit: Vicky O'Connor

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 2020.

The information this Summary contains is taken from the Annual Report 2019/20 itself, which was adopted by Council on 9 December 2020. The Annual Report 2019/20 provides detailed information on the Council's service and financial performance at year end.

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

This summary has been audited by the Council's independent auditors to ensure consistency with the full Annual Report for 2019/20. The audited information, excluding the Council Services statement, received an unmodified audit opinion on 15 December 2020 with an emphasis of matter on the impact of Covid-19. The Council Services statement received a qualified opinion due to incomplete information about the number of complaints for some services.

MAYOR'S MESSAGE

To adapt a sporting cliché – it has been a year of two halves for your Council.

The first half of the year was one of celebration as we achieved some significant milestones as a district. October saw the election of your new Council, with the results returning a good balance of new and experienced councillors.

Immediately following the election, we celebrated 30 years since Tararua District was established as part of the local government reforms. This provided a great opportunity for Council to tour the district hearing from our communities as we shared a cup of tea and slice of birthday cake.

We also achieved 20 years of partnership with Rangitāne o Tamaki Nui-ā-Rua. This milestone provided us with the opportunity to review how our partnership had evolved, and confirmed that there was still more work to be done by both parties to give full effect to this important relationship.

Our celebrations in the first half of the year saw the signing of our Memorandum of Partnership with Ngāti Kahungunu ki Tāmaki nui-a-Rua. This extension of our partnerships binds Council and our iwi partners like never before, and I am confident our ties will continue to

strengthen for the benefit of us all.

The first half saw Council adopt the new Land of Ranges branding for Tararua District. A low-key launch of the branding was implemented, with the entry signage on Saddle Road and Pahiatua Track being replaced. The new branding has also been incorporated within our district marketing material such as our Visitor Guide, new 'Must-do Walks and Rides' guide, and marketing signage. Plans are underway for wider implementation of this exciting new brand.

“ The opportunities to celebrate these milestones with our key stakeholders have brought our district closer together and has made us stronger, which became a vitally important foundation to work from as we moved towards the second half of the year.”

As we came to the end of 2019, we faced an emerging water shortage in Woodville following technical challenges at the water treatment plant. Compounding this was our understanding that the summer period was forecast to become one of the driest on record. This prompted water restrictions to be implemented across the district to help mitigate the impact.

As river flows reduced, in Woodville and Dannevirke in particular, we opened our Emergency Operations Centre in Dannevirke to manage what had become an emerging crisis.

Our communities heeded our call to help reduce water usage, with water savings reaching 25% recorded at times.

As the water crisis grew into an unprecedented drought, Council implemented emergency measures to ensure drinking water would remain available to residents. Actions taken included coordinating water deliveries to those on tank water, regularly meeting with large water users to reduce usage, leak detection work, and undertaking enabling works for water to be transported into the area by train from Palmerston North.

While the water crisis has abated in our towns, we are still conscious that our rural communities are still experiencing the effects of the unprecedented drought. Council continues to work with rural groups to help alleviate these impacts where at all possible. The lessons learnt from the water crisis are being included in the Water Bylaw review currently being undertaken by Council. Public consultation on the proposed Water Bylaw will begin shortly.



Of course, our second half challenges did not end with the water crisis. Just as we began to scale back our emergency response to the water situation, a new crisis emerged with Covid-19.

Our Emergency Operations Centre remained open to help manage this new threat and its impact on our livelihoods and way of life.

Council responded by coordinating the collective response from our communities and linking this into regional and national initiatives.

The welfare of our people became paramount, and Council staff manned the phones to understand what our communities and businesses needed. One of the key responses undertaken became the delivery of food and other essential supplies to community organisations or directly to our residents' doorsteps.

As I reflected on the challenges of Covid-19, I came to realise it also brought us benefits. The Covid-19 response has established or strengthened so many of our stakeholder relationships across the district, whether they be with iwi, community organisations, businesses, regional organisations, or Central Government agencies.



As Tararua, along with the rest of New Zealand, re-opened for business, we launched the #LoveLocalTararua brand to encourage us all to support our local economy.

I've been delighted to see this brand adopted and grow, and we're seeing the results in spending data. I feel there is a genuine confidence about our recovery and have tremendous confidence in our future.

Tracey Collis
Mayor

I believe we are stronger as a district than we have ever been in our 30-year history and that we must not only retain, but build on, these new or stronger relationships. Just as Winston Churchill once said, "Never let a good crisis go to waste." We've had our fair share of crises, let's not let them go to waste, let's continue to build a stronger Tararua District together.



CHIEF EXECUTIVE'S MESSAGE

As the Mayor has said in her comments, it certainly has been a year of two halves.

Last year was one of putting foundations in place for the future and this year started with beginning to build more of the structure we need for that future.

We continued the Pahiatua Main Street upgrade and water treatment plant projects and our consenting processes for

wastewater. We continued our planning for growth by forecasting current and future demands on our infrastructure as well as understanding the most suitable areas to accommodate that growth.

Our investigations into future growth are certainly timely as the numbers

show it has started. Resource consent applications are up 72% on the year before and subdivision consents 122%. While building consents are up only 1.7% in total, building consents for new single-story dwellings are up 62%. We forecast these numbers are just the beginning of what Tararua will experience.

We have also been involved in consenting for some key projects for our district. Arguably the most important project we have been involved in consenting is the new Te Ahu a Turanga: Manawatū Tararua Highway. The new Turitea Windfarm is another significant project we have been consenting on.

We have also continued our investment in training of staff and communities. Our Civil Defence training has grown significantly recently and provides resilience in the event of emergencies. Our staff continue to be recognised by their peers. Our Risk Manager, Sandy Lowe, attended a conference in Nashville, USA as part of her prize for winning the Brookfield Emerging Leadership Award

last year. Our IT Alliance Manager, Chris Whiley, was awarded the ALGIM ICT Leadership Award.

Our focus altered significantly as we headed towards the second half of the year. Our water infrastructure came under pressure during the unprecedented drought we have experienced. Our emergency management team came

together to monitor and manage the water crisis over a prolonged period with a positive outcome. We continue to evaluate the water crisis to inform the Water Bylaw review that is continuing. Our installation of internet connected water meters for extraordinary water users will also contribute valuable data for the bylaw review.

Covid-19 placed significant pressure on Council staff as they managed the pandemic on top of the water crisis and business as usual demands.

Our team has developed or deepened many community relationships during the crises we have experienced, and these relationships continue to improve as we lead the district through recovery towards a new future.

Council has continued to attract external funding from a range of sources during the year. This external funding is important as it reduces the

costs that must be met by ratepayers. Key funding received came from the Provincial Growth Fund, Eastern and Central Community Trust and Central Energy Trust. We thank these funders for their support. As we look to the year ahead, we will continue to lead the district recovery from the unprecedented series of crises we have faced and look forward to working with our Iwi partners and other stakeholders towards the goals we have set for the future.



Blair King
Chief Executive



RESILIENCE THROUGH ROBUST FOUNDATIONS

In previous years, Council had invested in increasing bulk water storage, pandemic planning, and moving to on-line transactions, whilst ensuring collaborative partnerships with suppliers. This included increasing staff capacity for granting consents, operating treatment plants to meet compliance standard, ensuring safety and innovation culture is at the forefront of work programmes, and maximising external funding options.

This year the water crisis, drought, and Covid-19 truly tested staff's resilience in not only responding to these events but also maintaining "business as usual" and at the same time, innovating and improving our systems and processes.

The following are the highlights:

RESILIENCE THROUGH ROBUST FOUNDATIONS

AWARDS AND RECOGNITION

We continued to acknowledge the importance of recognising staff for their achievements and contributions to Council by nominating them for external awards. This year, two staff were recognised, and we had five notable nominations:

AWARDED

- Risk Manager, Sandy Lowe, was awarded the John Garvey Scholarship giving her the opportunity to attend the ICMA Annual Conference in Portland Oregon in 2021.
- Chris Whiley, Manager of the IT Alliance, was awarded the ALGIM ICT Leadership Award.

NOMINATION

- Finance Team – NZ CFO Summit – Finance Team of the Year
- Eleanor Roberts – ALGIM – Best Customer Experience Award
- Jackie Hitt – NZHR – Human Resources Generalist of the Year
- Raj Suppiah – NZ CFO Summit – CFO of the Year

As all of these awards are contested nationally it reflected well on our organisation when many of those nominated were selected as finalists.



RESILIENCE THROUGH ROBUST FOUNDATIONS

BUSINESS CONTINUITY PLANS

During Covid-19, we had to quickly develop our Business Continuity Plans for the four different pandemic levels.

This gave us an opportunity to assess what can be completed remotely and electronically, and what services are critical to the continuing operation of Council. As a result, some internal processes were amended and improvements implemented.



RESILIENCE THROUGH ROBUST FOUNDATIONS

RECOVERY STRATEGY

A recovery strategy was developed with an outcome to lead the social and economic recovery for the Tararua District following the nationwide Covid-19 pandemic and the drought experienced throughout the district.

The three key strategies to help us achieve the outcomes are:

1. Seek out new ideas and initiatives that could enhance recovery.
2. Maximise the benefits of opportunities that will aid in recovery.
3. Identify and manage risks to reduce or eliminate problems, seek ideas and maximise opportunities.

We have developed a document listing what is “done, doing, and in the pipeline”. This is published monthly, informing the community of the progress on the recovery projects.

RESILIENCE THROUGH ROBUST FOUNDATIONS

EXTERNAL FUNDING AND INFLUENCE

We have been very successful in obtaining external funding:

\$500,000 grant from the Provincial Growth Fund for roadside tree harvesting to provide 27 people with employment post-Covid, and enable works as part of the Route 52 strengthening and safety project.

Approval for \$315,000 grant from Central Government to obtain additional treated water if required for Woodville, to supplement the 65 days continuous

drawdown on the new impounded supply.

\$355,000 grant from the Provincial Growth Fund for an economic and social impacts study into the feasibility of upgrading Route 52. This was initially as part of a study to investigate a forestry rail hub in Dannevirke.

We received \$393,000 funding from the Ministry of Health for the new Pongaroa Water Treatment Plant.

\$165,000 was received during the year towards the Digital Hub, Right Tree Right Place investigations, and developing strategies related to economic development and tourism.

We also organised a ministers visit to understand “right tree right place” concerns. That, in part, has helped shape the proposed Labour Policy of requiring consent for planting trees on higher quality (classes 1–3) rural land.

Council continues to advocate and apply for funding opportunities through “shovel ready” projects and other Provincial Growth Fund funds with \$89.4 million applied for to improve infrastructure and community facilities throughout the district.

RESILIENCE THROUGH ROBUST FOUNDATIONS

RISK MANAGEMENT

Strategic risk management and planning for adverse events has been a focus of this area of work, seeing business continuity planning updated for all functions as part

of Tararua District Council’s response to the global Covid-19 pandemic.

This planning has ensured we have identified essential services and staff, and determined how these can be managed during a pandemic event, increasing our resilience as an organisation.

Work has now begun for business continuity planning for critical infrastructure, with our water storage,

treatment and reticulation at top of mind following the 2019/2020 drought event. Further exploration and assessment of strategic risks will aid council in decision making and assist with prioritisation of work.

Deep dives into critical health and safety risks for the organisation have been completed with specific consideration given to ensuring the safety of the public, staff and our contractors.

RESILIENCE THROUGH ROBUST FOUNDATIONS

COLLABORATIVE PARTNERS

Council established three collaborative agreements. This is our preferred model where people, trust, behaviours and outcomes are the focus. Their achievements are many but the following highlights the culture and broader outcomes they have delivered.

TARARUA ALLIANCE

Provided expertise during the water crisis to analyse the current and forecasted situation to help the Emergency Operations Centre focus the limited resources in the right place through scenario modelling.

Reticulation physical works delivery team were able to park their planned workload and dedicate their time to the response.

As the event worsened, they became the lead planners on the action plan to bring water from outside our district via rail to both Dannevirke and Woodville.

The team that performs sexton work were called to dig a grave but ended up being pallbearers for a family that, due to lockdown restrictions, were not allowed to have enough people there to perform that task.

Looking at further ways to engage and support the community with projects, such as the barbecue-based trailer that is already being utilised by community groups to help fundraising efforts.

Working with UCOL and MSD to re-establish both an adult learning programme for civil trade qualifications and the Gateway programme for school age students to gain exposure, experience and some initial training in civil works.

IT ALLIANCE

Our IT Alliance stepped up during the Covid-19 shutdown, particularly in ensuring systems were in place to support the “new normal”. For example:

Completed planned Citrix upgrade early, and all staff were required to test their remote access prior to the commencement of lockdown.

93% of staff able to work remotely during lockdown within the first few days.

Implemented Microsoft Teams within 48 hours to enable remote staff/councillors to communicate and participate in meetings.

Provided invaluable GIS mapping of rural sector during the continuing drought and water crisis. This data was used for the co-ordination of over 100 tanker deliveries of water to drought-stricken farmers.

FILTAR ALLIANCE

The Filtar Alliance (Filtar and Council) urgently ensured Covid-specific health and safety protocols were in place, enabling essential work to continue during the Covid level 4 shutdown to ensure we remained on track to deliver the Pahiatua water treatment plant.



RESILIENCE THROUGH ROBUST FOUNDATIONS

INNOVATION

DIGITAL INFORMATION MANAGEMENT

During the Level 4 Lockdown many staff worked remotely while still requiring access to incoming information. Records and Information staff responded quickly, working with other departments to develop methods of digital distribution of documents and incoming mail. This enabled many business-as-usual functions such as payment of invoices to be completed without delay. Most of these processes will continue to be used beyond lockdown and will be developed and expanded to incorporate other internal functions.

IOT SMART DEVICES

A successful trial of IoT meter installation was completed during this financial year. These meters will aid the Council in keeping track of consumption, leakage and over-consumption of water on exceptional water connections in both urban and rural areas. This is more than the quarterly manual reading that we currently undertake. This information is fundamental to save this valuable resource and to reduce associated

maintenance costs especially in times of a shortage of water. A second stage project is now planned to roll out an additional 100 meters to provide further data to help inform decisions around water usage.

PROJECT MANAGEMENT FRAMEWORK

A review of the existing project management framework was initiated, and the idea of a project concept was introduced. This allows the senior leadership team to assess ideas against strategic direction before it moves into a feasibility phase, which focuses on risk and funding options. This review provides opportunity to improve and embed project management culture into the organisation with a focus on forward thinking and planning.

PROCUREMENT BROADER OUTCOME

Council revisited its procurement strategies and explored the desire to include broader outcomes. The Tararua Alliance procurement strategy with NZ Transport Agency was updated to reflect

the “Four Well-beings” outcomes and creating wider public value.

Council was successful in securing \$500,000 in funding from the Provincial Growth Fund for the removal of trees along Route 52. The objectives of this project was to ensure the broader outcomes of social procurement and redeployment of unemployed or otherwise displaced people was achieved. As at 30 June, we had contracted six local contractors who, in total, employed 34 staff. This exceeded our expectations and numbers agreed with Provincial Growth Fund for this project.

This year, the Tararua Alliance contracted out the stormwater, wastewater, and water service connections. This initiative was to achieve the following outcomes:

1. Assist local contractors to recover from the impact of Covid-19.
2. Upskill and grow our local contractors.
3. Give local residents more options for contracting building work.
4. Refocus the Tararua Alliance onto more value added projects.

RESILIENCE THROUGH ROBUST FOUNDATIONS

LOVE LOCAL CAMPAIGN



As part of the Covid-19 response, Council developed the Love Local marketing campaign.

The campaign was designed to encourage Tararua residents to support local

businesses wherever possible. Promotion included district-wide signage, website and social media promotion, and regular feature articles in the Bush Telegraph newspaper. The campaign has been a success, with other businesses and organisations adopting the branding for marketing initiatives. Council intends developing a strategy for the continued use of the Love Local brand beyond Covid-19.

STRATEGIC SCORECARD

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

THE 3 MAIN STRATEGIES

01.

CONTINUED INVESTMENT IN
CORE INFRASTRUCTURE

02.

PROMOTING AND
FACILITATING ECONOMIC
DEVELOPMENT

03.

CONTINUED FINANCIAL VIABILITY
THROUGH SUSTAINABLE GROWTH
AND INVESTMENT

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

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

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

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

A total of 71 safety audits were completed on internal sites, with 71 scoring high results. For external contractors, a total of 22 sites audited, with 22 scoring high results and no sites closed down. A total of 495 safety observation reports were completed by all staff. No first aid treatments were reported, and three near miss reports were completed.

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

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

The overall condition of our footpaths is close to the best we can get – only a small number of defects noted. What the results show is that, of the 322,660m² of footpaths in the database for the district, none had a defect severity grading of 4 or 5 (5 being the highest).

Council invested \$640,000 in minor safety projects during the year.

Council has received \$500,000 from the Provincial Growth Fund to address the dangerous trees along Route 52. This project will also help improve the resilience of the road.

Overall public satisfaction with urban roads has remained consistent with last year, despite the impact of Covid-19 on our work programmes. This reflects the increase in budgets.

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

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

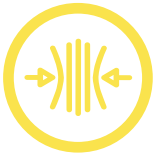
2018/19

ON TRACK

2017/18

ON TRACK

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Optimisation of wastewater treatment plants is ongoing.

Water leak detection was completed for Dannevirke and Woodville.

The Woodville impounded supply floating cover installation was completed in October 2019, and filling of the 90,000m³ storage facility was undertaken and commissioned.

To reduce water loss, leak detection surveys were carried out in Woodville and Dannevirke. This was successful in locating 13 leaks in Woodville equating to 200m³ loss in a 24-hour period, and 54 leaks in Dannevirke equating to 469m³ loss in 24 hours.

Data was collated and analysed throughout the water crisis to help understand how demand could be met against supply available. Programmes have been identified to incorporate the modelling and data analysis as part of the monitoring and alerts systems.

Council commissioned a report to estimate the economic impact of the rail

hub project on Route 52. Funding for this study was from the Provincial Growth Fund. Council also included the Route 52 project in the Crown Infrastructure “shovel ready” projects to obtain further funding to improve this road.

Stormwater modelling was completed. Further investigation of the key potential projects identified will be carried out based on benefit versus value, while considering climate change impacts and Council’s outcomes and strategic focus.

Additional funding was provided for sealed road maintenance to enable the Tararua Alliance to get close to a full year ahead with the pre-reseal pavement repairs. The benefit in doing this is to avoid inefficiencies and duplication of movements around the network and, more importantly, it allows the repairs to bed in properly before the renewal treatment is completed.

Bridge and large culvert repairs and component replacements were completed to extend the current life of the assets.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

NEED TO CATCH UP

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Prompt response to reinstate safe access, subsequent clean-up, and then planned repairs to approximately 215 sites of significant repair, has resulted in \$5.98 million expenditure in emergency works.

Fibre roll-out for the urban areas has commenced, with Dannevirke being the first.

During the year, Tararua Alliance graded over 2,000km of unsealed roads and spread over 11,000 cubic metres of

aggregate to ensure the roads stayed in good condition.

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

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

NOT APPLICABLE

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



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

Five of our seven wastewater schemes are currently operating on temporary consents. The terms and conditions of new consents will be more rigorous than previous consents due to increased environmental standards under the provisions of the new regional 'One Plan'. We are going through consent hearings for both the Pahiatua and

Eketāhuna wastewater schemes. A consent application for Woodville was lodged early 2018/19.

Council has partnership agreements with Rangitāne o Tamaki Nui-ā-Rua and Ngāti Kahungunu ki Tāmaki nui-a-Rua.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

NEED TO CATCH UP

2017/18

NEED TO CATCH UP

01. CONTINUED INVESTMENT IN CORE INFRASTRUCTURE



To meet legally required performance standards.

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

We had no enforcement actions against Council for not meeting resource consent conditions for our wastewater schemes.

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

All water supply schemes, except for Akitio, have a Water Safety Plan in place. Akitio does not require a water safety plan as its population is lower than the threshold.

We complied with Part 4 of the drinking water standards (bacteria compliance criteria).

Part 5 of the drinking water standards was non-compliant as this requires 24-hour monitoring of our water schemes. Twenty-four-hour monitoring is now in place in three out of seven schemes. Twelve months of data is required to be available for assessment (after UV disinfection was installed).

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

NEED TO CATCH UP

2017/18

NEEDS MORE EFFORT

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Supporting and facilitating growth in local business.

The Tararua Business Network team provides support and guidance to prospective business owners. Fifteen entrepreneurs were assisted during the year.

Council operates the Tararua Business Network to support business owners in Tararua District. The priority is supporting small to medium enterprises to either establish or grow.

The Tararua Business Network team deliver training and workshops to current or prospective business owners across the district. During the year the team delivered 9 workshops including social media training and financial management.

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

Council continued to explore external funding from the Provincial Growth Funding. This year we were successful in obtaining funding for Tourism and Trails Strategy, Economic Development Support, Labour market strategy, Digital Hub, Right Tree Right Place, rail hub, Pongaroa Water Treatment Plant upgrade and Roadside Trees. Total funding received was slightly above \$1.43 million.

The Economic Development team were heavily involved in the response to Covid-19 supporting the community and businesses. The team also spearheaded a telephone survey of businesses across the district on behalf of Council, CEDA, Ministry of Social Development and the local Chambers of Commerce. The survey provided insights into what would be necessary during the recovery phase of the pandemic.

As part of the Covid-19 response Council developed the Love Local marketing campaign. The campaign was designed to encourage Tararua residents to support local businesses wherever possible.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Promote the district by telling our story.

The marketing team provides a range of support services to community organisations delivering events in the district. These include event listings on the Tararua.com website, design support and printing for marketing material and small amounts of funding where appropriate. During the year, 22 community organisations were provided event marketing support.

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

Shortly after the local government election in October 2019 the marketing team organised a series of 30th anniversary celebrations across the district. The 30th anniversary celebrations were a fantastic opportunity for returning and new Councillors to engage with the communities that make up Tararua District. The celebrations were well received by the public, with feedback received being overwhelmingly positive.

Council attended the three day COVI Motorhome Caravan and Outdoor Supershow in Auckland during the year. The 2020 show was held just prior to Covid-19 and we incorporated the new Land of Ranges branding on the stand. The new branding received incredibly positive feedback from the over 800 prospective visitors spoken to.

Council attended the Hamilton Motorhome Show for the first time in 2019. We utilised the same marketing material and stand that we took to the COVI Show in Auckland.

Council continued our strategic support for the Woodville MotoX during the year and switched race sponsorship in 2020 from the River Race to the junior racing events, co-sponsoring alongside Palmerston North Airport.

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

Council continued its sponsorship of the North Range Trio running event event in 2019. The event attracted 450+ entrants with an equal number of supporters in attendance.

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

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



Build district identity.

A new district brand was developed and adopted by Council during the year after consultation with our Iwi partners. The Land of Ranges brand was given a soft launch with the billboards on Saddle Road and Pahiatua Track replaced.

This year we also launched a new 'Must-do Walks and Rides' guide for the district. A limited number of guides were printed as we anticipate hearing about old walk and cycle tracks that have either been omitted or require work to re-establish.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

ON TRACK

02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



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

Four hundred and thirty-seven welcome packs were distributed during the year, a 38% increase on the previous year.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

ON TRACK

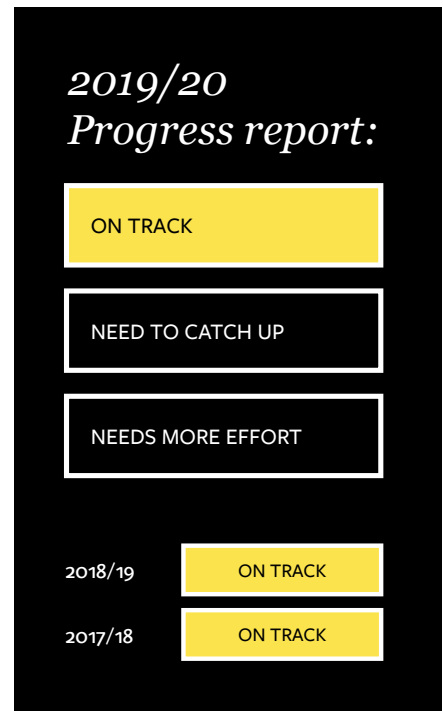
02. PROMOTING AND FACILITATING ECONOMIC DEVELOPMENT



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

Council was successful in securing \$26,000 from Central Government's Responsible Camping Fund during the year. This funding paid for mowing, rubbish collection and toilet cleaning at seven reserves and domains across the district.

Council spent \$74,000 replacing the steps at the Waihi Falls Reserve, improving safety of the walking track to the base of the falls.

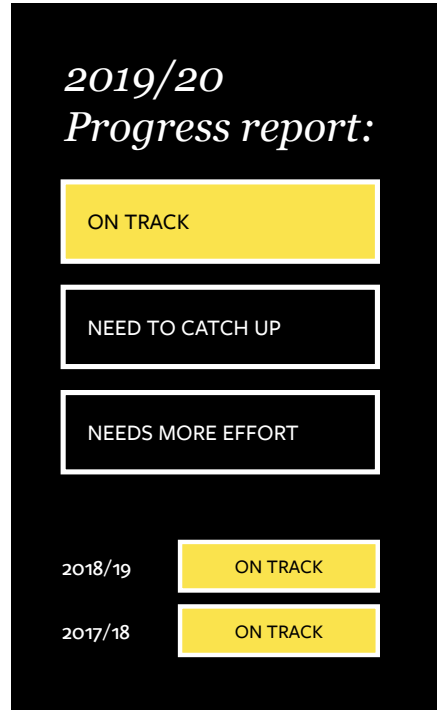


03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Ensuring affordability.

Rates increased to 4.2% from 3.95% last year and from 2.23% in the 2017/18 year. These increases are required to fund the significant increases in emergency repairs, operational expenditure with regards to compliance and infrastructure insurance and increases in service levels.



03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



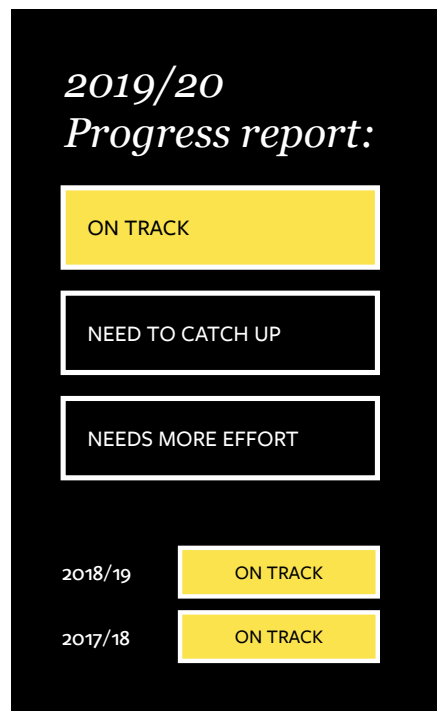
Reducing financial and business risk

Managing our exposure to interest rates and funding risk by holding our external debt as a combination of short and long term debt, with appropriate risk management strategies, we are in place to achieve low interest costs to rate-payers and minimise impacts of future rate increases.

We have been able to achieve reducing average interest rate costs year-on-year for the prior three years, from 4.22% to 2.68%.

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

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



03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Financial sustainability (long-term financial health)

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

Depreciation reserves for future asset replacements is \$31 million, a decrease of \$1 million from the previous year.

We continue to maintain a strong balance sheet that leaves us well placed to achieve Council's long-term strategy by having

sufficient headroom to invest in core infrastructure going forward.

Our external debt continued to increase from \$25 million to \$35 million, against a projected \$27 million debt forecast. This was the result of our significant investment in our infrastructure.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

ON TRACK

2017/18

NEED TO CATCH UP

03. CONTINUED FINANCIAL VIABILITY THROUGH SUSTAINABLE GROWTH AND INVESTMENT



Cost control.

Operating expenditure, excluding depreciation and fair value movement of derivatives, was \$27.2 million (\$24.9 million last year). The main driver for this is a combination of unbudgeted expenditure for emergency roading repairs from weather events, pre-reseal repairs on the roading network, and roadside trees felling. This amounted to \$23 million.

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

We also exceeded our budgets in water supply due to responding to increased compliance, monitoring and treatment costs.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

NEED TO CATCH UP

2017/18

NEED TO CATCH UP

HOW WE SPENT YOUR RATES

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

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

KEY:  Increase from 2018/19  Decrease from 2018/19  No change from 2018/19



STORMWATER

3%
\$61



Mechanical clearing of open drains was completed in Huxley Street and Penny Lane in Pahiatua, and in Bowen, Fergusson, and Burgoyne Streets in Woodville. 600 metres of earthenware was relined in Woodville; 66% community satisfaction with stormwater management.



TREASURY AND SUPPORT

-1%
-\$30



Achieve reducing average interest rate costs year-on-year for the prior three years, from 4.22% to 2.68% in the current year.



REGULATORY SERVICES

6%
\$135



Emergency management led supported responses to Covid-19, drought and critical water shortages from December through to June, with approximately 55 staff directly involved; 383 building consents processed over an average of 15 days; 101 resource applications were received 151 complaints were reviewed about illicit dumping with 98% being responded to within 48 hours; 78 complaints were received about abandoned vehicles with 89.5% responded to within 48 hours.

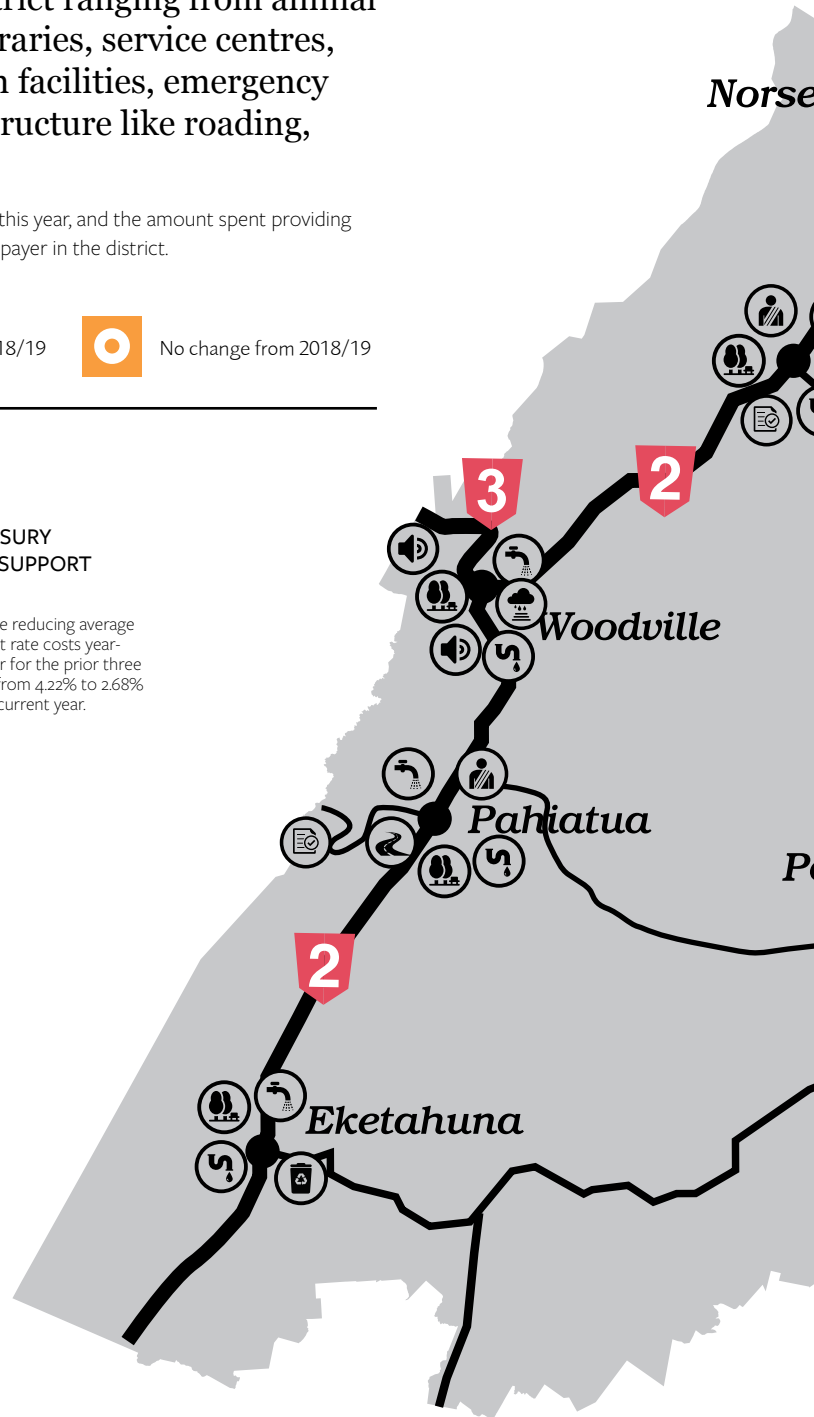


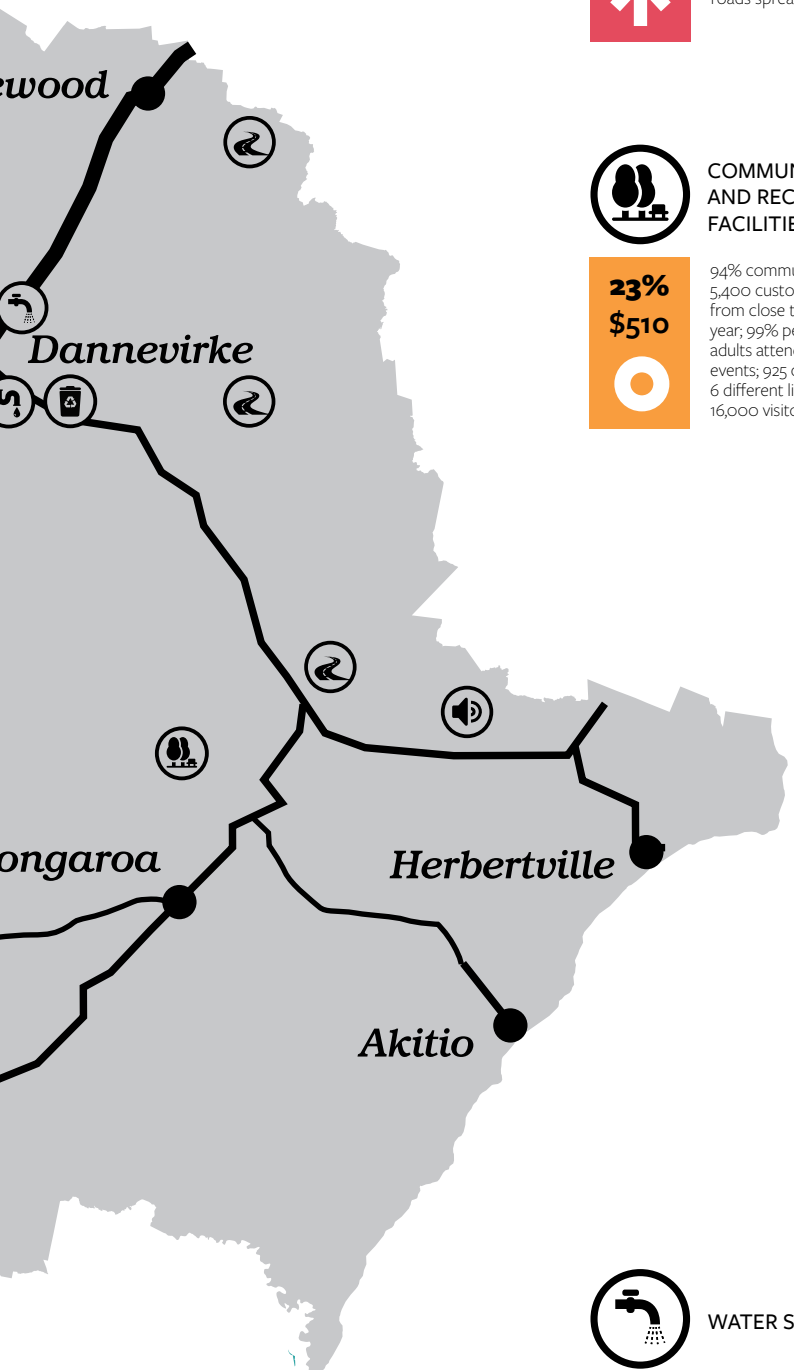
BUILDING COMMUNITIES AND LEADERSHIP

9%
\$202



338,000 granted to community groups; 86% community satisfaction with vision and leadership; Signed Memorandum of Partnerships with Ngāi Kahungun ki Tamaki nui-a-Rua iwi; Achieved 20 years of partnership with Rangitane o Tamaki Nui-a-Rua; Supported the #Love Local Taranua campaign as part of Council's recovery plan for the district.





ROADING AND FOOTPATHS

27%
\$608



\$13.3 million in capital investment; 856 customer service requests relating to roads with an average response rate of 1.2 days; Construction of the Pahiatua town Centre upgrade was well underway; emergency works were undertaken on 215 sites to the value of just over \$6 million; the team graded over 2,000km of unsealed roads spreading over 11,000 cubic meters of aggregate.



COMMUNITY AND RECREATION FACILITIES

23%
\$510



94% community satisfaction with facilities; 5,400 customer serves requests received from close to 26,500 calls for the financial year; 99% pensioner housing occupancy; 753 adults attended Library-led programmes or events; 925 children participated to complete 6 different literacy related challenges; over 16,000 visitors stayed in our camping grounds.



SOLID WASTE

6%
\$120



Capping of Eketahuna landfill and compaction requirements were completed; 80% resident satisfaction with solid waste management.



WASTEWATER

11%
\$254



91% community satisfaction with wastewater management; \$2.9 million investment in capital; 33 customer service requests that took an average of 40 minutes to respond to and an average 102 minutes to resolve; 17,000 meters of sewer and stormwater pip condition surveys were completed with inhouse CCTV unit with a further 12,000 meters of sewers surveyed by an external contractor.



DISTRICT PROMOTION AND ECONOMIC DEVELOPMENT

4%
\$95



\$665,000 of external funding was received to provide support for applications and projects relating to the PGF, establish 1 of 5 Digital Hubs nationally in Woodville, Right Tree Right Place study to investigate tree species that might be suitable for planting in Tararua District and Route 52 Dangerous Roadside Trees Removal; Forestry Block had a value of \$2.3 million; was involved or supported 36 events.



WATER SUPPLIES

12%
\$274



Outstanding response to the 1 in 50 year drought together with the community; \$6.9 million of capital investment; Pahiatua new water treatment plant was well on the way with construction continuing during the Covid-19 shutdown being classed as essential service; renewed 93 year-old cast iron water main in Burns Street Dannevirke which included 26 water laterals and 4 fire hydrants; new water mains in Victoria Street Dannevirke and Grant and Normanby Streets in Woodville; also renewed or replaced 22 laterals, 256 manifolds, and six fire hydrants across the district.

The symbols indicate the locations of significant projects.

FINANCIAL PERFORMANCE SCORECARD

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

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



Operating performance

Council achieved an unfavourable operating result to budget, with 2019/20 being an unfavourable variance of \$822,000 (before other gains and losses).

This is boosted by subsidies from NZ Transport Agency (NZTA) of \$14.1 million compared to a budget of \$9.9 million. This is due to a continuation of the emergency road works programme addressing faults such as slips on the roading network being significantly greater than planned. This has been a trend over the previous three years, and as a result we increased our emergency works budget in the 2019/20 Annual Plan by \$600,000.

The additional emergency roading works resulted not only in increased subsidy revenue, but also additional operating cost for Council. Overall, roading had a higher operating cost than budget of \$600,000.

Excluding this unbudgeted work we incurred significantly higher expenditure in water supply, with significant additional costs incurred as we ensured drinking water was able to be delivered during the severe drought that impacted much of our district. This resulted in Council operating

an Emergency Operations Centre, coordinating water deliveries and actively managing the water crisis. Activities included addressing leaks and installing a pipeline in Dannevirke to enable water to be trained into the district, however this was not required due to the conservation efforts of ratepayers.

The Covid-19 pandemic also caused an unbudgeted increase in costs, with additional software licences being required to enable staff and councillors to operate remotely during the lockdown. Council also operated a full Emergency Operations Centre to coordinate the response to the pandemic, followed by initiating recovery programmes post-lockdown to ease the economic and social impact on the community.

Council also continued roadside tree harvesting this year, however losses in this activity have been offset partly from funding from the Provincial Growth Fund. The purpose of this activity is to improve safety in the roading corridor. This is currently funded from the forestry reserve.

2019/20 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

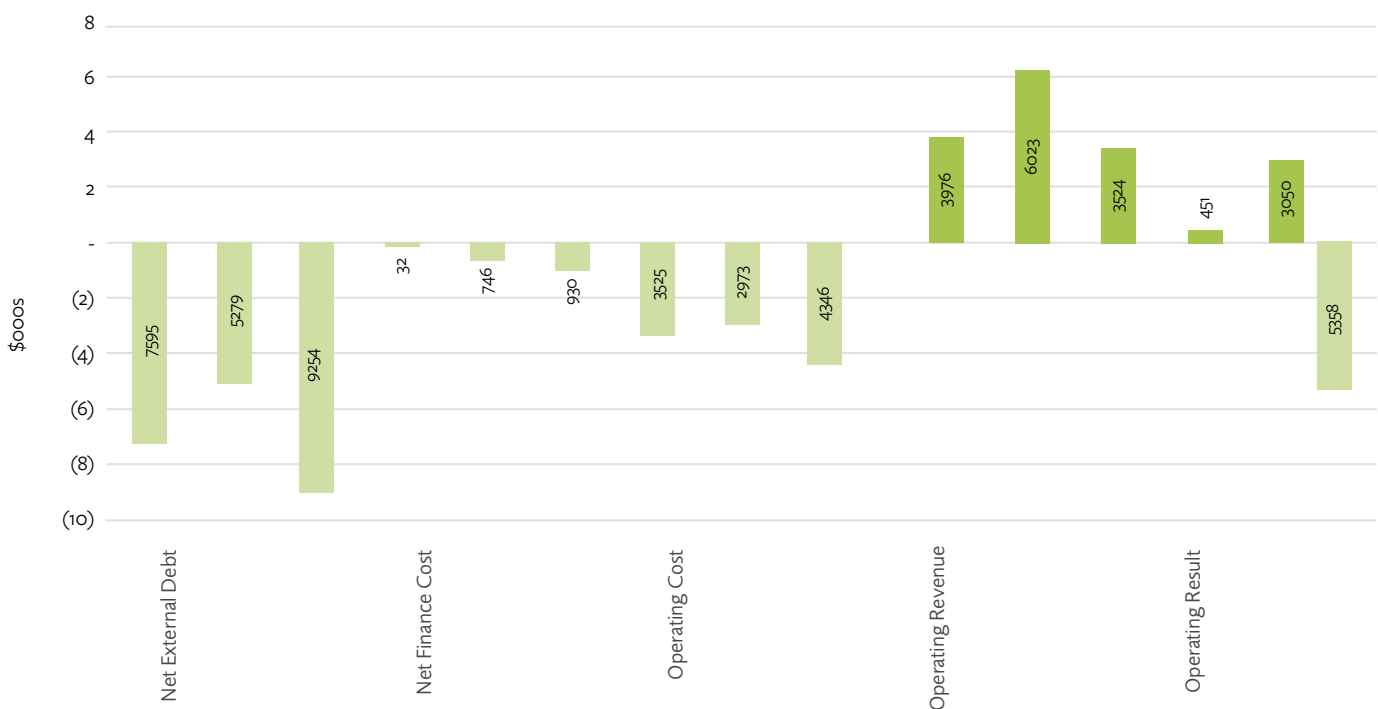
2018/19

MINOR VARIATION

2017/18

MINOR VARIATION

FINANCIAL PERFORMANCE ACTUAL VS BUDGET VARIANCE





Treasury performance

A strategic focus for Council is cost control. We have actively managed our cost of debt by having strategies that allow participation in the current record low interest rate environment, and ensuring sufficient long-term protection from the risk of increasing interest rates by utilising swap instruments. The Interest Rate Performance graph (below) highlights that we have been able to achieve reducing average interest rate costs year-on-year for the prior three years, from 4.22% to 2.68%.

In May 2020, Council adopted an updated Treasury and Risk Management Policy enabling greater flexibility and participation in lower floating interest rates, and allowing for increased debt capacity for the upcoming Long Term Plan by increasing the debt to revenue limit

from 100% of total revenue to 150%.

Our external debt increased higher than expected this year, from \$25 million to \$35 million, against a projected \$27 million debt forecast. Opening balance debt was \$4 million higher than expected. The remaining \$4 million variance was due to a higher than planned capital spend due to the end of year carry-forwards, emergency works and increase in scope of several projects. Our cash balance at balance date was \$2.6 million.

Despite the higher than planned net debt, our strong balance sheet allowed us to provide relief to residents impacted from Covid-19 and drought whilst still leaving us well placed to achieve Council's long-term strategy by having sufficient headroom to invest in core infrastructure going forward.

2019/20 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

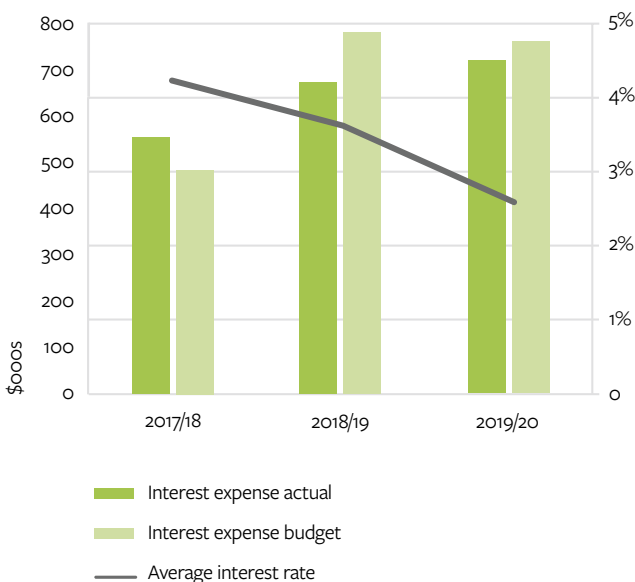
2018/19

ACHIEVED

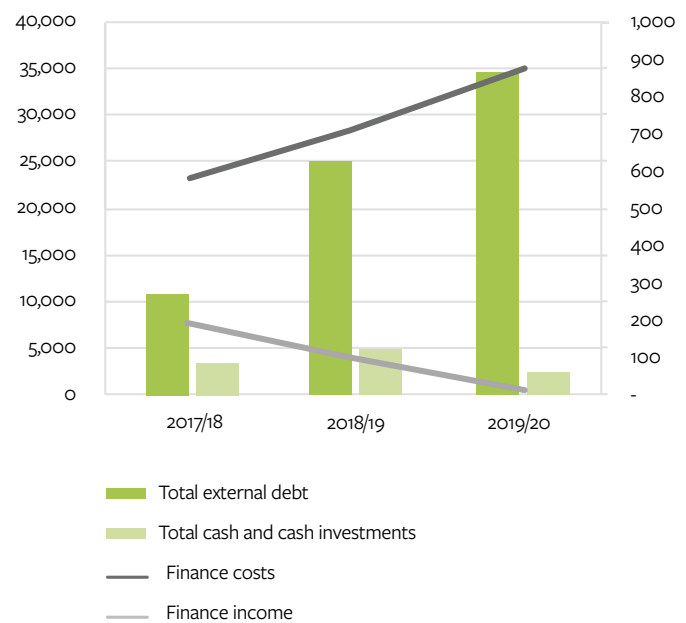
2017/18

ACHIEVED

INTEREST RATE PERFORMANCE



DEBT AND CASH INVESTMENT POSITION





Capital expenditure performance

One of the three limbs in Council's strategy set in the 2018–2028 Long Term Plan is Core Infrastructure. In the 2019/20 year, 88% of spending was on core infrastructure (Roothing, footpaths, water, wastewater, stormwater, solid waste).

A strong focus for Council has been on improving the delivery of the planned capital programme, with the introduction of a Programmes and Projects Team in 2018/19. Excluding unplanned emergency works, our capital expenditure delivery has increased from 71% in 2016/17 to 82% in 2019/20.

The Covid-19 pandemic lockdown that occurred in New Zealand from March to May impacted on our delivery in 2019/20. The roading activity was significantly impacted, resulting in \$1.6 million of renewal work having to be carried forward into the 2020/21 year (nil 2018/19). Prior to the Covid-19 event, Council was on target to achieve 88% of its planned capital

programme. The overall improvement in delivery over the previous four years reflects the investment Council has made to improve the capability and capacity to deliver capital projects.

Total capital expenditure for 2019/20 was \$26.9 million against a \$27.9 million budget inclusive of \$6.6 million of carry forward budget from the previous year. This is compared to \$23.9 million spent in 2018/19. \$4.2 million of spending consisted of unplanned emergency renewals in Roothing activity. Over the last three years Council spent \$12.2 million in unplanned emergency renewals from significant weather events. Council responded by increasing its emergency works budget in the 2019/20 Annual Plan by \$600,000. More emphasis on drainage and resilience works was included in the 2018–2028 Long Term Plan to reduce the impact on service levels as a result of increased weather-related events.

2019/20 Progress report:

ACHIEVED

MINOR VARIATION

SIGNIFICANT VARIATION

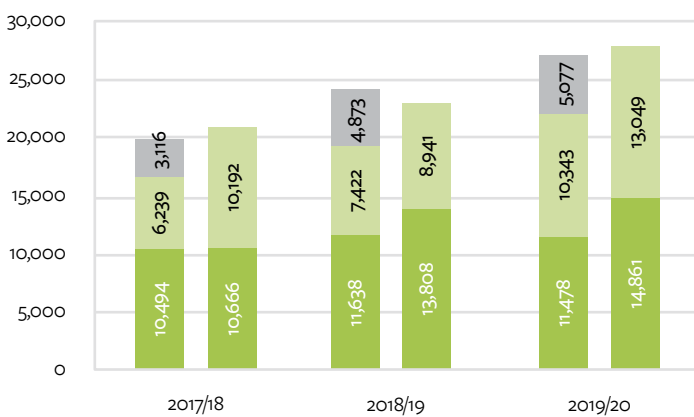
2018/19

ACHIEVED

2017/18

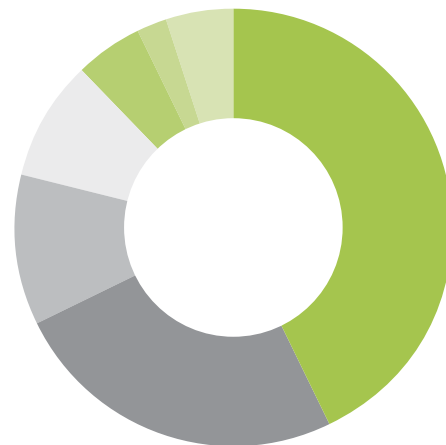
ACHIEVED

HOW MUCH CAPITAL EXPENDITURE WAS SPENT?



- Renewal
- New
- Unbudgeted emergency renewals

WHERE WAS CAPITAL EXPENDITURE SPENT?



- Roothing 43%
- Water Supplies 25%
- Wastewater 11%
- Footpaths 9%
- Support 5%
- Stormwater 2%
- Other 5%

SERVICE PERFORMANCE SCORECARD

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



Service performance

Two emergency events – Covid-19 and severe drought – impacted on our service performance results in 2019/20. Of the 112 service performance measures, 11 measures were impacted by either Covid-19 lockdown or the water crisis caused by the severe drought.

Overall, Council achieved 71% of its service performance measures. This is a slight reduction from 80% achieved in 2018/19, reflecting the impact of the two emergency events. A highlight for the year was Council achieving 90% of the Department of Internal Affairs mandatory performance measures.

Of the performance measures not achieved, Council has plans in place to improve a number of these. We continue to apply for external funding required to upgrade Route 52 with a “shovel ready” application lodged with Crown Infrastructure Partners and the Provincial Growth Fund. This project would help

improve satisfaction with rural roads. We will carry forward unspent funding to complete the road reseal programme that was impacted by Covid-19. A solid waste audit is planned for the 2020/21 year to better understand our waste stream and identify opportunities to reduce waste and increase recycling volumes.

Customer enquiries and demand in the regulatory group continues to increase, contributing to 4 out of 15 measures not being met. Council has introduced two building cadets to increase future capacity and capability and has added a 3rd planner to the planning department in June 2020 due to the 40% increase in resource consent applications as a result of growth pressures.

For details on Council performance for the service performance measures, refer to the ‘Activities and Service Performance’ section of the Annual Report 2019/20.

2019/20 Progress report:

ON TRACK

NEED TO CATCH UP

NEEDS MORE EFFORT

2018/19

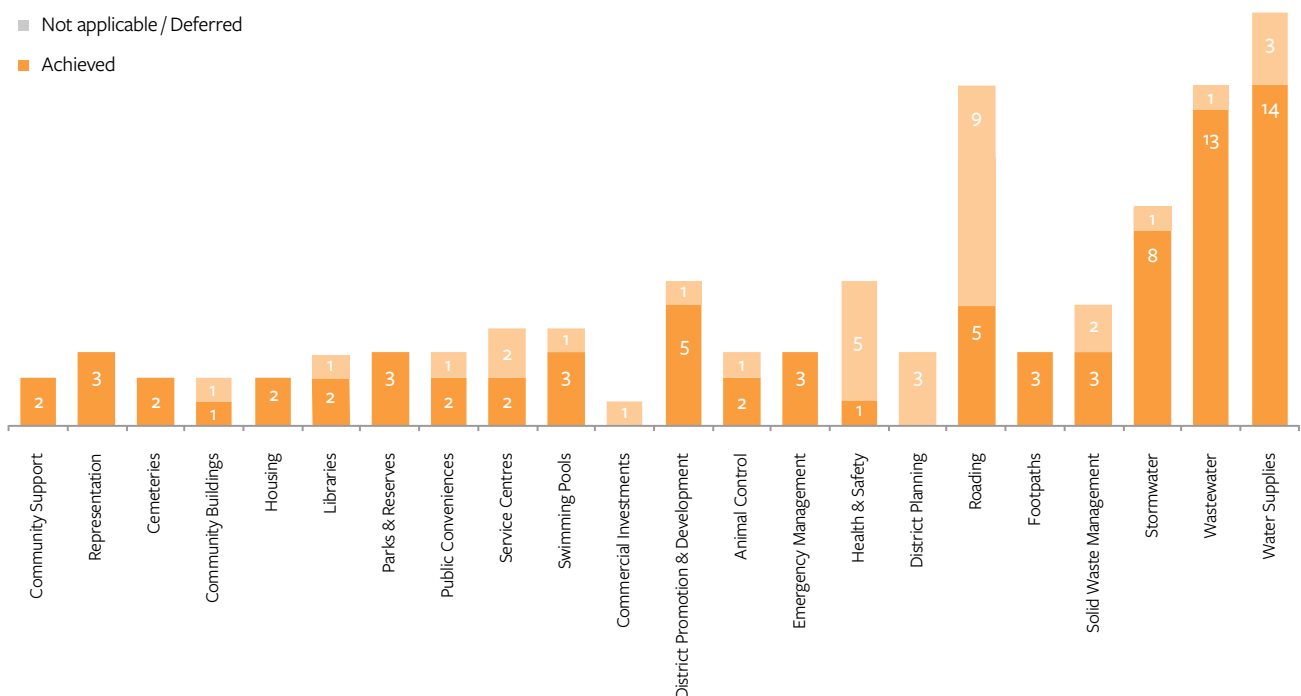
ON TRACK

2017/18

ON TRACK

SERVICE PERFORMANCE MEASURES FOR THE YEAR BY COUNCIL ACTIVITIES

- Not achieved
- Not applicable / Deferred
- Achieved



COMMUNITY SURVEY SCORECARD

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

OBJECTIVES

The objectives of the community survey were:

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

Three surveys were completed over the prior 12 months – September, January, and May. A total of 451 were surveyed over telephone, split evenly with roughly 113 people surveyed each quarter. The reason for doing the survey at different times in the year is to see trends and seasonal impact on resident satisfaction.

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

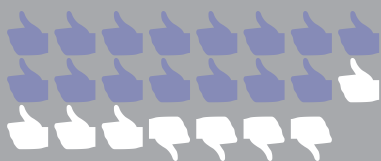
OBJECTIVES

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

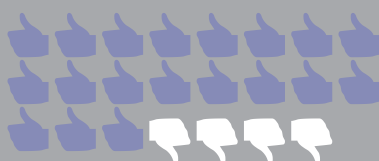
These include:

- Rooding – Council has applied to Crown Infrastructure Partners and Provincial Growth Fund to upgrade Route 52 as part of “shovel ready” projects. Council will continue to advocate for funding for the necessary safety and resilience improvements for this route.
- Water – Completing Pahiatua water treatment plant and continuing to address the water supply and compliance issues.
- Feedback on recycling methods used by residents, along with the upcoming waste stream audit, helps to inform decisions on how to enhance and encourage recycling services.

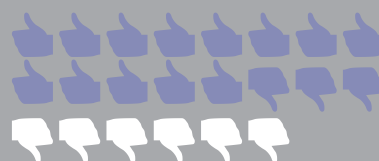
COMMUNITY SURVEY RESULTS



2020 | 23 questions



2019 | 23 questions



2018 | 22 questions

2020 FEEDBACK

The results of the surveys are included in the service performance measures detailed in the 'Activities and Service Performance' section of the Annual Report 2019/20. We also took the opportunity to seek feedback on other aspects of Council. The notable results are:

Satisfied with vision and leadership	81%	2019: 80%	2018: 80%
Satisfied overall Council performance	82%	2019: 79%	2018: 85%
Satisfied with staff	86%	2019: 85%	2018: 86%
Satisfied with availability of water	86%	2019: 89%	2018: 85%
Satisfied with quality of water	74%	2019: 78%	2018: 73%
Satisfied with financial management	73%	2019: 73%	2018: 74%
Satisfied with being kept informed and involved in any decision-making process	78%	2019: 79%	2018: 94%
Satisfied with Council recreational facilities	95%	2019: 95%	2018: 93%
Satisfied with Council community buildings	94%	2019: 95%	2018: 93%
Satisfied with library opening hours and range of books/other materials	98%	2019: 98%	2018: 93%
Satisfied with managing and issuing building consents	86%	2019: 82%	2018: 85%
Satisfied with provision of dedicated walkways/cycleways	77%	2019: 75%	2018: 95%
Satisfied with rural roads	50%	2019: 51%	2018: 54%
Satisfied with urban roads	75%	2019: 76%	2018: 73%
Feel safe from dogs	82%	2019: 85%	2018: 77%
People that have used Council recreational facilities	83%	2019: 96%	2018: 86%
People that have used Council community buildings	83%	2019: 75%	2018: 86%

FINANCIAL OVERVIEW AND MAJOR VARIANCES

Explanations for major variances from Council’s budget figures in Year 2 of the 2018–2028 Long Term Plan are detailed below.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Revenue

- Subsidies are \$2.9 million higher than budgeted. This is driven from NZ Transport Agency subsidies for emergency works of \$3.6 million, as well as funding received from the Ministry of Business, Innovation and Employment for the rail hub feasibility study of \$354,000. A significant portion of the emergency work was at an enhanced subsidy rate of 86%. This is partially offset by the NZ Transport Agency subsidies for footpaths being \$1.1 million less than budgeted due to planned works being deferred as a result of Covid-19.
- Fees and charges are higher than budget by \$102,000. This is predominantly due to an influx of new house builds across the district and an increase in solid waste fees charged.
- Finance revenue is \$63,000 under budget, due to significantly lower interest rates on investments.
- Council received an unbudgeted subvention payment of \$73,000 from the sale of Civic Assurance House in August 2019.
- No forestry revenue was budgeted for this year. The focus has been on roadside tree removal with the proceeds helping to offset some of the costs of these hazards from the roadside. This resulted in \$364,000 of forestry revenue.

Expenses

Other operating expenditure is higher than budget by \$2.7 million. Significant variances are explained below:

DEDUCT UNFAVOURABLE BUDGET VARIANCES	
Roading emergency works as explained under subsidies	-1,505
Harvesting roadside tree stands as explained under forestry	(884)
Additional consultant fees and remedial work undertaken in Regulatory activity	(134)
Maintenance costs for Water Supplies, mainly related to the water crisis caused by this year’s drought.	(393)
Increase in costs to operate transfer stations during Covid-19 lockdown	(30)
Add favourable budget variances	
Pahiatua town centre refurbishment being delayed due to Covid-19	267
BUDGET VARIANCE	-2,679

- Personnel costs are higher than budget by \$388,000. This is driven from additional resource required to monitor water quality, address risk issues and meet legislative requirements.
- Finance costs are higher than budget by \$867,000. This is predominantly due to an unbudgeted non-cash adjustment of fair value of derivatives (swaps) which decreased in value by \$830,000.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE CONT...

Other gains/(losses)

- The unfavourable variance is driven from a significant decrease in forestry valuation of \$1.3 million and loss on disposal of infrastructure assets of \$1.9 million.

Gain/(loss) on asset revaluations

- Gain on asset revaluation was \$20.6 million lower than budgeted. The method that the planned increase is set is based on the Local Government Cost Index, whereas the actual valuation is based on Council's actual unit rates. Also, physical inspections of some assets resulted in a reduction of quantities and/or a change in condition rating.

STATEMENT OF FINANCIAL POSITION

Assets

- Cash and cash equivalents is lower than budgeted by \$684,000 due to timing of debtors balance at 30 June requiring cash to settle.
- Debtors and other receivables is \$1.8 million higher than budget, made up of the June 2020 subsidy claim from NZ Transport Agency. Due to the volume of emergency work late in the season, the claim was significantly higher than budgeted.
- Other financial assets (current portion) is lower than budgeted by \$428,000. This is due to holding less term deposits as cash was required to fund debtors at year end (see above).
 - Other financial assets (noncurrent portion) is more than budget by \$294,000 as Council holds more borrower notes than planned.
- Investment property and asset held for sale is \$94,000 more than budgeted due to a positive movement in valuation.

- Forestry assets are higher than budgeted by \$111,000 due to a favourable valuation movement.
- Intangible assets are higher than budgeted by \$373,000 mainly due to increase in value of carbon credits Council holds.
- Property, plant, and equipment is \$18 million higher due to opening balances being higher than budgeted and significantly higher capital expenditure as a result of \$5.7 million carry forwards not planned, and additional spend on roading emergency works completed during the year. This is despite budgeted valuation gains not eventuating.

Liabilities

- Payables and deferred revenue is \$2 million greater than budgeted, due to timing of payments at year end.
- Borrowings (both current and non-current) are \$8.2 million greater than budgeted. This is due to significant capital works during the year.

- Employee entitlements (both current and non-current) are higher than budget by \$350,000 due to timing of accrued pay and higher leave balances due to less leave taken due to the Covid-19 lockdown.
- Derivative financial instruments of \$2.3 million at year end was not budgeted for. This reflects the movements of swaps used to give Council certainty of borrowing costs.

Equity

- Accumulated funds are \$21 million higher than budgeted due to the opening balance being higher than planned as a result of a significantly higher surplus in the prior year.
- Asset revaluation reserves are less than budgeted by \$11 million due to the revaluation resulting in significantly higher opening balance from prior year.
- Special funded reserves are less than budgeted by \$2.2 million due to higher renewals undertaken during the year.

STATEMENT OF CASHFLOWS

Operating activities

Net cash inflow from operating activities is higher than budget by \$1.3 million. This is driven from higher subsidies from NZ Transport Agency for emergency works in the roading network.

Investing activities

Net cash outflow from investing activities is higher than budget by \$8.1 million. This is due to significantly higher capital expenditure as a result of \$6 million carry forwards not planned, and additional spend on roading emergency works completed during the year.

Financing activity

Net cash inflow from financing activities is higher than budget by \$4.2 million, driven by higher borrowings to fund capital development projects.

SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2018/19 Actual \$000s	2019/20 Actual \$000s	2019/20 Plan \$000s
Operating Revenue			
Rates	22,204	23,462	23,373
Grants and subsidies	15,905	14,296	11,386
Finance revenue	96	17	80
Dividends and subvention	-	73	-
Other revenue	3,104	3,851	3,336
Total operating revenue	41,309	41,699	38,175
Expenditure			
Other operating expenses	18,871	20,916	18,133
Depreciation and amortisation	13,212	13,539	13,231
Personnel costs	6,035	6,314	5,926
Finance cost	1,448	1,680	813
Total operating expenditure	39,566	42,449	38,103
Other asset gains/(losses)	1,551	(3,199)	94
Share of associate surplus/(deficit)	-	8	-
SURPLUS/(DEFICIT) BEFORE TAX	3,294	(3,941)	166
Taxation expense	-	-	-
NET SURPLUS/(DEFICIT)	3,294	(3,941)	166
Other Comprehensive Revenue and Expense			
Gains on infrastructure assets revaluation	9,607	(1,456)	19,164
Fair value through equity	-	-	-
Tax on equity items	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	12,901	(5,397)	19,330

SUMMARY STATEMENT OF FINANCIAL POSITION

	2018/19 Actual \$000s	2019/20 Actual \$000s	2019/20 Plan \$000s
Current assets	12,813	9,328	8,354
Non-current assets	954,163	963,012	943,976
Total assets	966,976	972,340	952,329
Current liabilities	13,487	12,889	6,948
Non-current liabilities	21,220	32,558	26,038
Total liabilities	34,707	45,447	32,987
Equity	932,269	926,893	919,342
Total equity	932,269	926,893	919,342
TOTAL LIABILITIES AND EQUITY	966,976	972,340	952,329

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2018/19 Actual \$000s	2019/20 Actual \$000s	2019/20 Plan \$000s
Balance at 1 July	919,397	932,271	900,012
Adjustment*	(29)	13	-
Adjusted balance at 1 July	919,269	932,284	900,012
Total comprehensive revenue and expense previously reported	12,901	(5,397)	19,330
Total Balance at 30 June	932,269	926,893	919,342
Comprising of:			
Accumulated funds	350,615	348,243	327,476
Asset revaluation reserves	548,039	546,583	557,595
Special funded reserves	33,571	32,013	34,221
Trust funds	46	54	50
TOTAL EQUITY	932,269	926,893	919,342

SUMMARY STATEMENT OF CASHFLOWS

	2018/19 Actual \$000s	2019/20 Actual \$000s	2019/20 Plan \$000s
Net cash flow from operating activities	15,115	14,675	13,303
Net cash flow from investing activities	(22,729)	(27,262)	(19,151)
Net cash flow from financing activities	8,000	10,000	5,848
NET INCREASE/(DECREASE) IN CASH HELD	386	(2,587)	-
Opening balance	3,535	3,921	2,018
TOTAL CASH RESOURCES AT 30 JUNE	3,921	1,334	2,018

ACCOUNTING DISCLOSURES

These summary financial statements are a summary of the 2019/20 Annual Report and cover the period from 1 July 2019 to 30 June 2020.

These summary financial statements do not provide as complete an understanding as provided by the full 2019/20 Annual Report. A full copy is available on the Council website at www.tararua.govt.nz. The information included in this report has been prepared in accordance with PBE FRS 43; Summary Financial Statements.

The Summary reports were authorised for issue on 8 January 2021.

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 2020. The financial statements were adopted by Council on 9 December 2020.

BASIS OF PREPARATION

Statement of compliance

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

Measurement base

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

Functional and presentation currency

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

Disclosure regards Tararua Aquatic Centre Trust

The Office of the Auditor General (OAG) has assessed that the Tararua Aquatic Centre Trust (TACT) continues to be controlled by Council, and should be consolidated into Council group financial statements. The Council does not agree with this assessment and has sought independent advice, and based on this advice has decided that for the 2019/20 Annual Report it will not prepare a consolidated Annual Report. The Council will continue to discuss with the OAG to resolve this matter by the 2020/21 Annual Report.

The financial statements in the 2019/20 Annual Report are of Council only.

COMMITMENTS

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

	2018/19 Council \$000s	2019/20 Council \$000s
Capital commitments	3,578	828
Operating leases as lessor	98	339
Operating leases as lessee	859	899

Contingent liabilities

Council has the following contingent liabilities:

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (NZLGFA)

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

As at 30 June 2020, Tararua District Council is one of 24 local authority guarantors of the NZLGFA. Together with the other guarantors, Tararua District Council is a guarantor of all of NZLGFA's

borrowings. At 30 June 2020, NZLGFA had borrowings totalling \$11,908 million (2019: \$9,531 million).

PBE Accounting Standards require the Group and the council to recognise the guarantee liability at fair value. However, the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Group and the Council consider the risk of the NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

RELATED PARTY DISCLOSURE

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

EVENTS AFTER THE BALANCE DATE

On 19 August, Infrastructure Minister Shane Jones announced that Council was successful in being awarded \$14.6 million in funding for upgrades to Route 52 between the Tararua District and Central Hawke's Bay. This project was one of Council's shovel-ready projects it submitted to the Infrastructure Reference Group (IRG) during the nationwide lockdown and has been successful in being approved in principle, funding from the Provincial Development Unit in the Government's Covid-19 response and recovery fund. This road is an important link between the regions for locals, travellers, tourists and transport vehicles. This project will significantly improve safety and resilience of the road for all traffic as the route has been deteriorating as a result of increased traffic and the geology of the road making it susceptible to damage such as slips and dropouts during bad weather. This project will provide job opportunities and areas for growth for many within our district. This project will be managed by the Tararua Alliance.

On 27 August, Council signed a Memorandum of Understanding (MOU) for the Three Waters Service Delivery Reform. The reform programme is part of the July 2020 Government announced \$761 million funding package to provide post Covid-19 stimulus to maintain, improve three waters infrastructure, support a three year programme to reform local government water service delivery arrangements (reform program), and support the establishment of Taumata Arowai, the new Water Services Regulator. It is designed to support economic recovery, and address persistent systemic issues facing the three waters sector. This MOU will see Council receive \$5.02 million on the return of the signed agreement, funding agreement and acceptance of its delivery plan. Council had identified six projects and these will be delivered mainly by the Tararua Alliance and other contractors.

COVID-19 IMPACT

Covid-19 has had minimal impact on Council in relation to both its non-financial and financial performance. The impact on each activity group is detailed below:

BUILDING COMMUNITIES AND LEADERSHIP

Community support

The Covid-19 lockdown resulted in the cancellation of various events across the district, particularly in the sporting area. This saw an estimated \$40,000 reduction in grants being issued as the events were unable to take place under the lockdown restrictions.

Representation

The lockdown period impacted how Council meetings were conducted, with these being held remotely. This required the additional purchase of software and hardware to enable this to happen.

To support the district's recovery from the pandemic (and the impacts of the water crisis) the 2020/21 Annual Plan was adopted with a reduced rates increase to 2.5%, providing leniency for late payments and temporary waivers of penalties.

COMMUNITY AND RECREATION FACILITIES

Libraries

All Tararua Library branches were closed during alert levels 4 and 3 in response to the pandemic for a period of approximately nine weeks. This impacted on Council's ability to deliver planned reading programmes which resulted in the service performance measure not being met. Staff affected by the library closures were able to be part of the Emergency Operations Centre Team. The impact on revenue and expenditure however was minimal.

Swimming pools

All swimming pools were closed during alert levels 4 and 3. Whilst this had minimal impact on revenue and expenditure, the closure of Wai Splash meant it was unable to meet its service performance target of being open for a minimum of 50 weeks.

Community buildings

Bookings for halls were impacted during and post lockdown, resulting in an estimated loss in revenue of \$3,500 and the building utilisation service performance measure not being met. Council also waived the hireage fees for regular community group users from 1 June to 31 August as part of its district recovery plan. In addition, there was also an increase of \$14,500 for cleaning expenses (including Council offices, libraries and service centres) during the lockdown period with extra cleans required.

District promotion and economic development

Whilst there was minimal impact to revenue and expenditure, Council was unable to meet its service performance measure in relation to the number of workshops and/or seminars delivered as this was scheduled to take place just prior to lockdown.

However, Council was successful in securing \$500,000 in funding as part of the Government's response package for one of its "shovel ready" projects submitted for the removal of trees along Route 52.

The Economic Development team were heavily involved in the district's recovery to Covid-19, including the #LoveLocalTararua campaign. Impacts of this are anticipated to be reflected in the 2020/21 year.

WATER SUPPLIES, WASTEWATER, AND STORMWATER

Covid-19 impacted on the completion of capital projects and key projects such as smart metering. The Pahiatua Water Treatment Plant upgrade was unaffected

as it was deemed an essential service. There was minimal impact on revenue and expenditure, or the service performance measures.

INFRASTRUCTURE VALUATION

The most recent valuation was performed in-house and reviewed by an independent registered valuer using optimised depreciated replacement costs. The valuation performed was effective as at 1 July 2019. Covid-19 has not had an impact on the infrastructure valuation.

District planning

During alert level 4, applications for resource consents continued to be processed remotely and site inspections were only performed if the application was for an essential service. Low risk applications were processed without a site inspection, whereas applications considered high risk were processed as

much as possible. All site inspections resumed at alert level 3.

The service performance measure requiring 100% of building consent applications to be processed and approved within the statutory timeframe (20 working days) was impacted as a result of lockdown with Council meeting 92% of its target. There was little impact on revenue and expenditure.

Emergency management

The Emergency Operations Centre was activated in response to Covid-19 and additional costs were incurred, however these were spread across other Council activities mainly through salary and wages.

ROADING AND FOOTPATHS

Council was unable to complete all of its scheduled capital projects programme which resulted in significant carry forward of works, in particular the Pahiatua Mainstreet Upgrade. This also impacted on the level of NZ Transport Agency subsidies received for footpaths with Council receiving \$1.1 million less than

anticipated due to the planned works being deferred.

There were additional costs incurred for roading due to Covid-19 restrictions, but these were offset by reduced maintenance costs. Whilst footpaths were not impacted, some service performance measures for roading were not achieved,

such as the roughness survey, as by the time alert levels had dropped the renewal programme was unable to be completed due to weather conditions. However, Council was successful in securing \$14.6 million in funding for its Route 52 “shovel ready” project as part of the Government’s response package.

SOLID WASTE MANAGEMENT

All recycling (except glass) collected from 23 March 2020 until 15 May 2020 was directed straight to landfill during alert levels 4 and 3 of the Covid-19 lockdown. This resulted in an estimated \$35,000 additional expenses incurred to operate the transfer stations, due to the requirement for additional staff and a traffic management plan. Service performance measures for both kilogram of waste to landfill and tonnage of recycled materials were not achieved. Council’s target for kilograms of waste to landfill was 256kg versus actual 275kg, whilst tonnage of recycled materials was targeted at 1,220t versus actuals of 1,066t.

FORESTRY ASSETS

Registered valuer, ForestStat Ltd, has valued forestry assets as at 30 June 2020. A post-tax discount rate of 6.5% was used to discount the present value of expected cash flows. Whilst the valuer noted that Covid-19 resulted in a drop in prices in March, log prices increased thereafter, with the effect of Covid-19 not having a major impact on the valuation.

INVESTMENT PROPERTY, LAND AND BUILDING

Council considered the impact of Covid-19 on the carrying value of investment property, land and buildings at 30 June 2020 as part of its annual investment property valuation. Assessment of market sales and information throughout May and June 2020 indicated that the demand for all property types in the Tararua District remained high post Covid-19. The impact of low property supplies in the district significantly outweighs the uncertainty of Covid-19. The most recent valuation was performed by an independent registered valuer with extensive market knowledge in the type and location of assets owned by Council. The valuation for land and buildings was effective as at 1 July 2017.

SERVICE PERFORMANCE MEASURES

Covid-19 has had an impact on 11 of Council’s 112 Service Performance Measures.

- Utilisation of our community buildings was lower with the closure of facilities.
- The number of weeks Wai Splash swimming pool was open for public use was not met with the closure during lockdown.
- The number of workshops and/or seminars the District Promotion and Development team were able to deliver was impacted by the Covid-19 lockdown.
- Regulatory services saw a number of performance measures impacted by Covid-19. These included swimming pool and/or spa fencing inspections, registered premises inspected for compliance within statutory timeframes, consents issued within statutory

timeframes, and licenced premises inspected annually for compliance. With the lockdown taking place council was unable to perform inspections and as a result did not meet these performance measures.

- Completion of the roading renewal programme with the lockdown taking place, this has impacted on Council’s road roughness on sealed roads, smooth travel exposure and the percentage of sealed local network that was resurfaced performance measures.
- The final measures that were impacted were the kilograms of waste per residents sent to landfills by Council and the tonnage of recycled materials processed by Council. During Covid-19 lockdown all recycling (except glass) was diverted to waste.

Independent Auditor's Report

To the readers of Tararua District Council's summary of the annual report for the year ended 30 June 2020

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 2020.

The summary of the annual report comprises the following summary statements on pages 3 and 28 to 37:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance of the District Council.

Opinion

In our opinion:

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

However, the summary service performance information includes a limitation in scope to the equivalent extent as the full audited Activities and Service Performance statement. This limitation is explained below in *The full annual report and our audit report thereon* section.

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 a qualified opinion on the Activities and Service Performance statement and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2020 in our auditor's report dated 9 December 2020. The basis for our qualified opinion on the Activities and Service Performance statement is explained below.

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council's response to any of these issues;
- sewage odour, sewerage system faults or blockages, and the District Council's response to issues with the sewerage system; and
- the performance of the stormwater system.

These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019.

Complete records for all complaints made to the Council were not available and we were unable to determine whether the Council's reported results for these performance measures were materially correct.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

Information about this matter is also disclosed on page 3 of the District Council's summary report.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual report in notes 13, 17, 19, 36, 37 and 38 to the financial statements and pages 85-171 of the Activities and Service Performance statement.

An extract of this information is included in the summary of the annual report on pages 3 to 39.

Council’s responsibility for the summary of the annual report

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

Auditor’s responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council’s debenture trust deed which is compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
28 December 2020



Credit: Elsie Thompson



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Pahiatua Service Centre
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