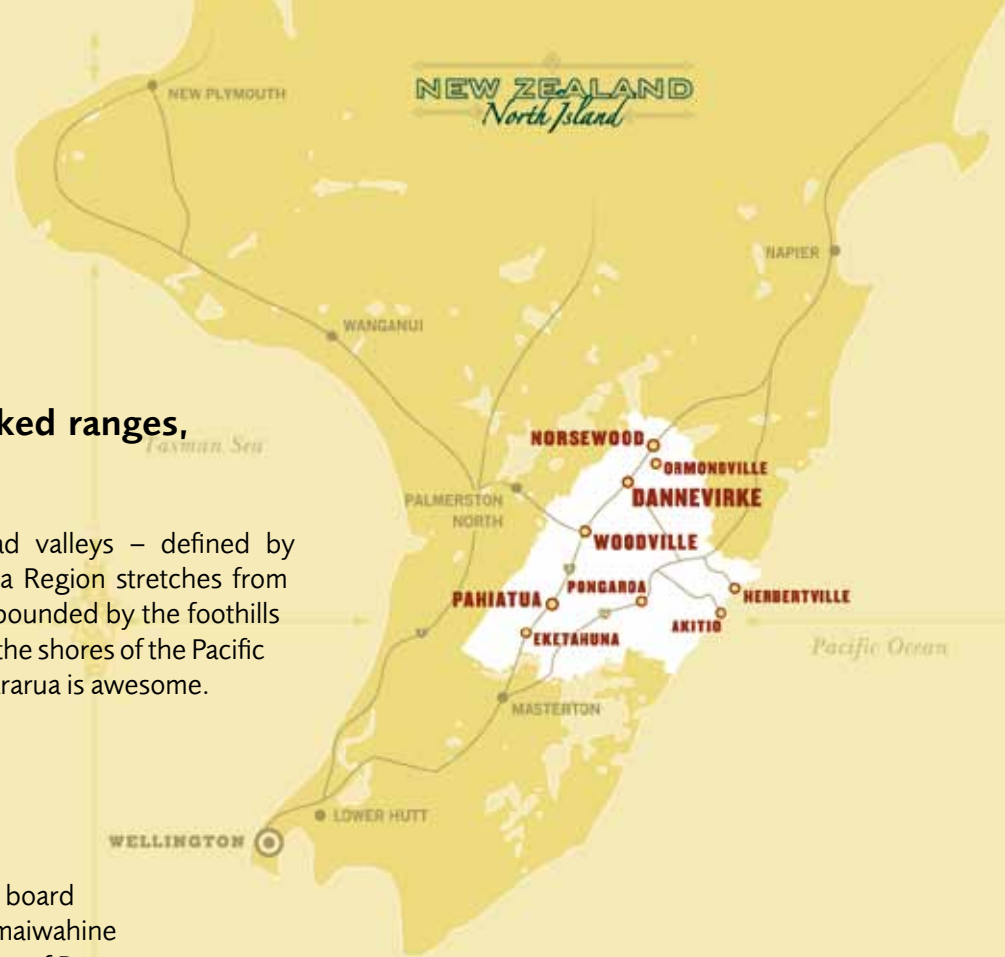


2011/12



# Annual Report

1 July 2011 – 30 June 2012



## Untouched coastline, bush-cloaked ranges, sparkling fish-filled rivers...

Rugged ranges, remote coastline, bush-clad valleys – defined by hundreds of kilometres of river. The Tararua Region stretches from Mount Bruce to north of Norsewood, and is bounded by the foothills of the majestic Ruahine and Tararua ranges to the shores of the Pacific on the East Coast, the physical presence of Tararua is awesome.

### In the beginning...

The Kurahaupo canoe made landfall on the Mahia Peninsula; the three principal chiefs on board were Ruatea, Whatonga and Popoto. Rongomaiwahine of the Mahia Peninsula, one of the descendants of Popoto, married Kahungunu, a descendant of the Takitimu aristocracy. Their marriage was the beginning of the Ngati Kahungunu of Hawke's Bay.

Whatonga established himself near Cape Kidnappers, and built himself a house which he called 'Heretaunga'. Whatonga's son, Tara, who was born in Hawkes Bay finally made his home in the Wellington area. His name is commemorated in many places from Napier through to Wellington. From Whatonga's second marriage was born Tautoki, who was the father of Tane-nui-a-Rangi, or Rangitane as he is more commonly known.

Tara's descendants, the Ngai-Tara, and the Rangitane people eventually peopled many parts of the Heretaunga, Central Hawke's Bay, Tararua and Wairarapa areas. The pre-European history of the District tells of a vast primeval forest with clearings occupied by Maori.

European settlement within the District started in 1854 when the first sheep were driven up the coast from Wellington to establish coastal stations, but access to this area remained almost entirely by sea until well into last century.

There are some great communities waiting to be discovered in Tararua. Each has a unique identity, story to tell and experience to share. From the hardship tales of the Scandinavian settlers who felled the Seventy Mile Bush, to the pioneers who established farming on the region's rugged east coast at Herbertville and Akitio. These communities are one of the elements that make this region unique in New Zealand.

Around 95% of Tararua's 400,000 hectares is farmed and the region has a reputation for producing high quality stock. Sheep, beef and dairy are the most significant types of farming, representing 90% of all holdings and accounting for 99% of total stock units. Forestry is a growing industry and there are now more than 13,000 hectares planted in pinus radiata.

Pastoral farming continues to be the major economic sector within Tararua.

**Tararua is a unique, proud and diverse region of rugged unspoiled landscape.**

# **ANNUAL REPORT 2011/2012**

**① ARARUA DISTRICT COUNCIL**



# Contents

|  |           |   |            |
|--|-----------|---|------------|
| <b>Introduction</b>  | <b>7</b>  | District Promotion and Development .....                | 79         |
| Introduction from the Mayor and Chief Executive .....                          | 7         | Emergency Management .....                              | 83         |
| What Council has done to Improve the Quality of our<br>Asset Information ..... | 10        | Footpaths .....   | 87         |
| How this Report Works .....  | 11        | Health and Safety .....                                 | 90         |
|  |           | Housing .....   | 93         |
|  |           | Libraries .....   | 95         |
| <b>Highlights</b>  | <b>15</b> | Parks & Reserves .....                                  | 99         |
| Highlights of the Year .....   | 15        | Public Conveniences .....                               | 103        |
| Financial Overview .....   | 22        | Representation .....                                    | 105        |
| Compliance with Policies .....   | 26        | Resource Management .....                               | 109        |
| Non-Financial Performance .....  | 28        | Roading .....   | 113        |
| Council Five-Year Summary .....  | 32        | Service Centres .....                                   | 119        |
|  |           | Sewerage .....  | 121        |
| <b>Reports &amp; Policies</b>  | <b>34</b> | Solid Waste Management .....                            | 125        |
| Linkage Between Council Policies & Plans .....                                 | 34        | Stormwater Drainage .....                               | 131        |
| Report on Long Term Council Community Plan and<br>Policies .....               | 35        | Swimming Pools .....                                    | 134        |
| Capital Expenditure Report .....   | 36        | Water Supplies .....                                    | 136        |
| Revenue & Financing Policy Report .....  | 52        |   |            |
| Governance Report .....  | 56        | <b>Financial Statements</b>                             | <b>142</b> |
| Report of the Auditor-General .....  | 58        | Consolidated Statement of Comprehensive Income .....    | 142        |
| Statement of Compliance and Responsibility .....                               | 61        | Consolidated Statement of Changes in Equity .....       | 143        |
|  |           | Consolidated Statement of Financial Position .....      | 144        |
|  |           | Consolidated Statement of Cash Flows .....              | 146        |
| <b>Statements of Service Performance</b>                                       | <b>65</b> | Statement of Commitments and Operating Leases .....     | 148        |
| Animal Control .....   | 65        | Statement of Accounting Policies .....                  | 151        |
| Cemeteries .....   | 68        | Consolidated Notes to Financial Statements .....        | 164        |
| Commercial Property .....  | 72        | Governance over Council Controlled Organisations .....  | 217        |
| Community Buildings .....  | 74        | Council's Significant Interests in Other Entities ..... | 218        |
| Community Support .....  | 76        | Community Outcomes .....                                | 227        |

# Contents continued...

|   |            |
|---|------------|
| <b>General Information</b>                  | <b>238</b> |
| Council.....                                | 238        |
| Community Boards & Council Committees ..... | 240        |
| Management Team & Directory .....           | 241        |
| Tararua District Council Statistics.....    | 242        |
| Glossary of Terms.....                      | 243        |



# Introduction

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ANNUAL REPORT 2011/12

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# Introduction from the Mayor and Chief Executive

Improved delivery of core services was Council's goal this year – including gaining Audit NZ praise for a well written and presented document, community support for a new 10 year Plan, building a new Woodville Water Treatment Plant, working with Horizons Regional Council to gain \$2 million of external funding for wastewater treatment discharge upgrades, and organisational restructuring.

This has been achieved within a year of continual change, by weather events, legislation changes, flow-on effects for insurances from the Christchurch Earthquakes and funding pressures. The closure of the Manawatu Gorge in August 2011, meant the Saddle Road was the preferred alternative route. NZ Transport Agency have pledged a further \$4.5 million for upgrading the alternative routes (Saddle Road and Pahiatua Track), as well as funding to repair damage on these and other local roads significantly impacted by the Gorge closure.

Other successes included the GO! Project (around what crops could be developed to improve returns for landowners), gaining funding for the Wind Energy Education Centre, and community events such as the Woodville Motorcross, which have all helped put Tararua back on the map.

Council kept the overall rates increase to 4.24% compared to 4.56% last year and 6.48% as set out in the 2009 Community Plan. As you will see throughout this report, we are performing well and have responded well to the challenges. Our significant achievements have been:

## 2012-22 Long Term Plan

The Long Term Plan also cements Council's Vision and the outcomes it wants to achieve for the district in the next ten years.

Getting a resounding acknowledgement from Audit New Zealand that our document is one which other councils could model against has been a significant achievement for Council this year.

## Freshwater Clean-up Fund

Council was successful in securing funding subsidies from Horizons (from the Government Freshwater Clean-up Fund).

This funding will assist to subsidise the significant cost for capital projects to upgrade our wastewater systems. Council acknowledges the support and good working relationship it has with Horizons Regional Council who helped us secure the \$2.075 million funding towards these projects.

## Changes to Council Group Structure

Council simplified the reporting lines to its subsidiaries by approving the liquidation of TDC Holdings through a special resolution following the resignation of the Board of Directors. All assets of TDC Holdings will be transferred to Council. This meant that the two subsidiary companies, Tararua Forest Limited and Infracon Limited, would sit directly under Council.

## The GO! Project

The GO! Project has been a tremendous success for us. The aim of the project was to provide meaningful information for people wanting to diversify their cropping and broaden their potential revenue base.

We presented cropping packages at various events and have about 40 landowners registered with the programme.

The GO! Project offers the Tararua District community increased opportunities for job creation, biodiversity, sustainable farming systems and increased family business incomes.

## Promoting Research & Development and Business Capability

Council is working with Vision Manawatu and New Zealand Trade & Enterprise under the Regional Business Partners programme to help local businesses with capability developments and the encouragement of research and development.

Regional Business Partners are part of a nationwide network of organisations who can help business access information, funding, training and development services. The network was set up by New Zealand Trade and Enterprise and the

Ministry of Business, Innovation and Employment to support business growth and innovation in New Zealand's regions.

This year a total of 16 new capability assessments were completed and \$18,000 was allocated towards training. In addition, two businesses received Research & Development Funding to the value of \$229,000.

## Local Government Proposed Reforms

In February 2012, the minister for Local Government announced The 'Better Local Government' reform to provide clarity around the role of councils, stronger governance, improved efficiency and responsible financial management.

The local government sector as a whole thought there was very little evidence that a substantive problem exists that required these legislative changes. For Tararua, the rate increases are being driven by required core infrastructure work and commodity price increases, such as oil.

Council made a submission to the proposed changes and will continue to work with the local government sector and central government to represent the interest of its ratepayers.

## Investments in Infrastructure

This year Council continued to focus on core infrastructure – roads, water, solid waste and sewerage. This work included "business as usual" maintenance and improvements necessary for the district's future.

Council invested \$12.3 million on capital development this year which is 21% higher than what we spent last year. Roothing had the highest investment with \$1.1 million towards capital development and \$6 million towards renewals. The Dannevirke Transfer Station and impounded water supply, and the Woodville town centre and treatment plant upgrades were the other significant projects.

## Service Performance

This year Council achieved 72% of service performance measures compared to 70% in the previous year and 77% in 2009/10. Council has implemented procedures to improve the process around managing service requests. The aim is to ensure the timely action and closure of customer service requests, as well as improving the reporting procedures in our systems including capital projects in our Long Term Plan.

## Rates Review

Council introduced a uniform targeted rate for roading, this year.

As part of the Long Term Plan, Council continued with the rates review and introduced new rating mechanisms and remissions. This completes the major rates review commenced in 2008.

It is important to understand that the Council gets no extra revenue from this change to rates. It just shifts around "who pays" and by "how much". Council will monitor the proportions by sector capital value, land value and actual roading expenditure over time.

## Financial Performance

Council made an operating surplus, excluding non cash movements, of \$11 million tracking well against budget. Overall financial result taking into account depreciation, gains and losses, and fair value movements of assets was an operating net deficit of \$1.46 million (refer to page 22 of this report). Overall revenue was over budget by \$1.52 million mainly due to higher NZ Transport Agency subsidy and the receipt of water upgrade subsidies from the Ministry of Health. Overall expenditure was over budget by \$3.24 million due to higher depreciation and operating expenses for the Roothing and Solid Waste activities.

Debt levels are as budgeted and interest rates were at an average of 5% compared to 6.1% last year.

## Looking Ahead

### Delivering on Long Term Plan

Council needs to deliver on Vision and Strategy in its Long Term Plan. Affordability will play a major role as Council tries to balance the desire to keep rates increases low while at the same time investing in our infrastructure and enabling the district to thrive by attracting more business and people. Council sees the investing in our infrastructure, innovation and cost efficiency, and economic growth, as vital to achieving our vision for the district.

### Forming Strategic Partnership with Stakeholder Groups

Engaging with stakeholder groups has been valuable and we want to continue with these partnerships. We will continue to look at ways to seek the groups' views and involve them in our annual and long term planning processes.

Through these partnerships, Council aims to bring together the key sectors and agencies in the district, to help prioritise and strategise developments and deliver improved levels of service.

### Economic Growth – GO! Project and Wind Energy Centre

Our district has a great lifestyle that needs promotion in order to attract more residents. These projects present opportunities for Council to promote the district in many ways and are linked to the strategic focus for economic development and promotion for our district.

Stimulating local business and supporting initiatives that lead to increased job opportunities are both vital strategies for the long-term future development of our region.

## Shared Services Initiatives

Council will continue to work on shared service initiatives to gain efficiencies in operations. Initiatives like establishing a single rating valuation services provider to undertake and manage a consistent valuation database will achieve cost savings for Council.

Council is currently working on several initiatives, for example exploring shared Building Accreditation Authority and shared services arrangements for Environmental Health and Liquor Licensing, with Councils and agencies across the Manawatu and Hawke's Bay regions.

## Our Continued Relationship with Customers

The restructuring of Council group and internal operations structure, delivery of levels of service, responding and anticipating rather than reacting to changes/pressures have seen Council grow into an agile and responsive organisation. We will continue to build on this.

## Acknowledgement

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

The invaluable work undertaken by Council elected members, staff and contractors over the past year, during difficult and stressful times, is acknowledged with gratitude. The 2011/12 Annual Report reflects the diversity of work carried out over those 12 months and the efforts of many people to support and improve the quality of life experienced in Tararua.



Blair King  
Chief Executive



Roly Ellis  
Mayor

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

Council received an overall modified audit opinion in respect of the 2009-19 Community Plan.

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

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

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

- we did not have adequate information to support the forecast expenditure and levels of service for water and waste infrastructure;
- consequently, the extent to which forecast information and proposed performance framework did not provide an appropriate basis for the meaningful assessment of Council's performance; and
- because of this we were unable to demonstrate, as required by Section 101 of the Local Government Act 2002, that Council has satisfied the "prudent financial management" provisions of the Act.

In 2012, we received an unmodified audit opinion for our 2012-22 Long Term Plan in part because of the significant

improvements made to our Asset Management Plans. Audit New Zealand in their Audit Opinion indicated that "the underlying information and assumptions used to prepare the Long Term Plan provide a reasonable and supportable basis for the preparation of the forecast information" and that "the information in the Long Term Plan is based on materially complete and reliable asset or activity information".

The following are the initiatives Council has undertaken since 2010 to improve our Asset Management Plans:

- Undertook in-house asset management training with staff and councillors.
- Further restructured the Assets Group – to ensure asset management planning functions are supported by in-house resources.
- Developed a standard reporting framework for all asset management plans.
- Condition assessment of all council buildings and community assets was undertaken.
- Combined existing Property and Parks asset management plans into one plan- community assets.
- Developed and updated the roading, wastewater, storm water and community assets plans including strategic planning assumptions, demand forecasts, level of service measures, and forecast renewal and new capital projects to form the basis to inform the 2012-22 Long Term Plan.

# How this Report Works

## Purpose of this Annual Report

The purpose of this annual report is to compare the Council's actual performance for the year from 1 July 2011 to 30 June 2012 against what was forecast in the annual plan for that year.

An annual report is required by section 98(1) of the Local Government Act 2002 (the Act); Financial Statements, and non-financial information. Cost of Service Statements are required to be included for each significant activity.

## Structure of this Report

This Report has five sections – Highlights, Reports and Policies, Statements of Service Performance, Financial Statements and General Information.

## Highlights

These include:

- Highlights for the Year – highlights key achievements and challenges faced by Council for the year.
- Financial Overview - an overview of the financial performance and position, and key operational information.
- Non-financial Performance – summarises Council's achievements against performance measures in the Annual Plan.
- Council's Five-Year Summary – an overview of financial performance and position and key operational information.

## Reports and Policies

Provides the linkage of these policies.

Reports on the Council's long-term planning and funding policies.

Reports that show how the Council fulfils its responsibilities to govern the District well.

## Statements of Service Performance

These show the detail of work done and money spent in each major area grouped by significant activity, and reports our performance against targets we set for ourselves for each area.

## Financial Statements

These detail the Council's and group's position and recent performance in financial terms. Both the Financial Statements, Statements of Service Performance, and Cost of Service Statements are externally audited before publication.

These statements include a consolidation of Council's own operations and those of the Council controlled organisations.

## General Information

This section provides the make up of the Council, its Community Boards and Committees, Management, a directory, general statistics of the district, and the district's history and location. A glossary of the terms completes this section.

## Relationship to Other Key Documents

Under the Act, a local authority must prepare and adopt these key documents:

- Long Term Plan (previously the Long-Term Council Community Plan) (section 93).
- Annual Report (section 98(1)).

The inter-relationship between each document is provided in the Reports and Policies section. The relative sections of the Act refer to the Local Government Act 2002, unless stated otherwise:

- Revenue and Financing Policy (sections 102 and 103).
- Liability Management Policy (sections 102 and 104).
- Investment Policy (sections 102, 105 and 106).
- Development Contributions or Financial Contributions Policy (sections 102 and 106).



- Partnerships with the Private Sector Policy (sections 102 and 107).
- Remission and Postponement of Rates on Maori Freehold Land Policy (sections 102 and 108).
- Rates Remission Policy (sections 102 and 109).
- Rates Postponement Policy (sections 102 and 110).
- Significance Policy (section 90).

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# Highlights

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ANNUAL REPORT 2011/12

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# Highlights of the Year

This section highlights the key achievements and challenges Council faced during the year.

## 2012-2022 Long Term Plan

Council adopted the 2012-22 Long Term Plan on 27 June 2012 and received an unmodified audit opinion from Audit New Zealand.

Audit New Zealand advised Council that the Long Term Plan was of a very high quality, that it adequately addressed the right debate and that the financial strategy was well presented. The significant improvements made to the Asset Management Plans were also noted.

In developing the Long Term Plan, Council had discussions with key employers, businesses, sector representatives, Iwi and the public. From these discussions Council, in the Long Term Plan, will deliver on a shared vision, being:

"A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure"

The strategy for achieving this vision is to continue with Council's current focus on core network infrastructure and financial prudence. Council will also slowly reduce some roading levels of service and concentrate on urban water supply upgrades and improved wastewater treatment.

The additional emphasis in the Long Term Plan is to provide more focus on economic development and promotion to attract and retain residents and businesses. These strategies are critical to the future prosperity of the district.

## Freshwater Clean-up Fund

In 2011, Horizons and Council identified pond leakage at the Dannevirke sewage treatment plant. Council and Horizons have been working together to identify options to stop this leakage, and to upgrade other schemes in the district to protect river water quality, and to comply with current consent conditions in regards to discharge of effluent.

To help meet the significant cost and resolve consent issues relating to discharges into the Manawatu River, Council

sought funding from the Ministry for the Environment (MfE) through Horizons.

In June this year, Council received confirmation that it was successful in securing the required funding from Horizons.

Council, in its Long Term Plan, has included projects totalling \$6.450 million over the first three years of the plan to upgrade the Dannevirke, Woodville and Pahiatua wastewater systems. The funding that Council will receive from Horizons, will contribute \$2.075 million towards these projects.

Council is currently working with Horizons to agree on a Project plan for implementation of these projects.

## Changes to Council Group Structure

Council considered alternative ownership structures for holding some of the "non-public good assets" as a result of amendments to key legislation for local authorities in 2002.

Consequently, Council developed the Corporate Group for the purpose of holding its commercial assets. Through its 100% owned subsidiary, TDC Holdings Limited (TDC Holding), Council holds 66% of the shares in Infracon Limited (Infracon) and 100% of the shares in Tararua Forests Limited (Tararua Forest). All of these entities are considered Council Controlled Trading Organisations (CCTOs).

Council formed the Corporate Group for the purpose of:

- Separating the management and governance of Council's commercial assets from the possibility of political interference.
- Using various commercial performance indicators as a means of measuring the performance of and/or returns from Council's commercial assets. Performance indicators include, but are not limited to, measuring the rate of return on investment and

determining whether debt/equity funding is at an appropriate level.

- Reducing the exposure of Council's public good assets (i.e. parks, bulk-water facilities, etc.) to the various commercial risks that they would be subject to if they were held in the same entity as Council's commercial assets.
- In addition, rules on receiving roading related subsidies from central Government were also altered so that:
  - Roothing works would only be funded if the price for undertaking such work was determined under a competitive pricing procedure; and
  - Payments for roading contracts could not be made directly to local authorities.

Effectively, this legislative change forced local authorities to form CCTOs in order to continue to receive funding for roading.

Council reviewed its company structures as part of its long term plan considerations. In June 2012 Council simplified the reporting lines from Tararua Forests Limited and Infracon Limited to Council by approving the liquidation of TDC Holdings through a special resolution and the transfer of all assets to Council. This meant that the two subsidiary companies (Tararua Forests Limited and Infracon Limited) will again sit directly under Council.

This decision followed the resignation of the holding company directors effective from 1 July. A new committee was formed to represent Council's interests as Shareholders, with Mayor Roly Ellis, Deputy Mayor Bill Keltie and Councillor Chris Southgate being appointed.

Further consideration is being given to the future of Tararua Forests and a decision is expected in the 2012/13 financial year.

## Dannevirke Transfer Station

The Dannevirke Transfer Station was officially opened on 30 April 2012. The opening of the transfer station means that Council can now process most of the recyclables within the district which will lead to considerable ongoing savings when compared to the old "red bin" collection scheme.

The change in scope and delay in completing the construction of the Transfer Station resulted in cost overruns. The overrun in capital was funded mainly from existing budget with \$110,000 funded from internal loans. The operation cost overrun was funded through cost savings from other activities in the asset group.

The new Transfer Station has a weighbridge that allows the council to accurately measure the amount of waste being received. This will enable Council to charge users for the actual amount of refuse they create thereby encouraging them to reduce and recycle. Council will continue to charge

on a volume (per cubic metre) basis at transfer stations and landfills in Woodville, Pahiatua, Eketahuna and Pongaroa.

Council will, in the next year, look to consolidate waste disposal services in the district. This includes extending and promoting kerbside collection as a preferred method of refuse disposal compared to transfer stations and landfills. The number of days transfer stations and landfills are open will be reduced accordingly.

## Windfarms

During the year Council, together with adjoining local authorities, processed two significant wind farm applications.

Genesis Energy sought consent for the Castle Hill Wind Farm consisting of up to 286 turbines up to a maximum height of 135m, or up to 242 turbines up to a maximum height of 155m, or a combination of turbines, situated in the south eastern part of Tararua and the northern part of Masterton District. The wind farm site comprises of over 30,000ha of farm land, with a "turbine corridor" of 1,276ha and, if it proceeds, would be the largest wind farm in Australasia and one of the largest land based wind farms in the world. The application was considered by Commissioners jointly appointed by the Tararua and Masterton District Councils and Greater Wellington and Horizons Regional Councils.

Following a public hearing spread over a number of weeks, the Commissioners have determined that the 155m high turbines would generally be unsuitable for the environment and have largely reduced the height to 135m, with some reduced to 115m high. After deleting 19 of the proposed turbines, the Commissioners have consented to up to 242 turbines – unless land owners affected by the deleted turbines agree to their reinstatement, in which case up to 267 turbines may be constructed. The Commissioners also imposed a series of conditions to mitigate adverse effects of the proposal.

The applicant has 10 years in which to start work on the project and construction work is required to be completed within 10 years of construction commencing.

The applicant and two submitters have appealed the decision to the Environment Court, which will finally determine the outcome.

Mighty River Power also sought consent to build the Puketoi Wind Farm containing up to 53 turbines, up to 160m high and a transmission line from the wind farm on the Puketoi Ranges to the proposed Turitea Wind farm on the Tararua Ranges.

This application was considered by Commissioners jointly appointed by the Tararua District Council, Palmerston North City Council and Horizons Regional Council. Following the public hearing, consent was granted to the proposal, subject to a number of conditions. Like Castle Hill, this consent will lapse after 10 years if construction hasn't commenced by that time.

Two of the submitters to the application have appealed the decision to the Environment Court, which will now be responsible for determining the outcome.

## Water Treatment Plant Upgrades

### Woodville

Council reached a milestone when it commissioned the new water treatment plant in Woodville. This new treatment plant together with the impounded water supply will address the water quality and supply issues for residents at Woodville.

The quality of Woodville's water has long been a source of frustration in the town. Last year the residents had to put up with an algae bloom in the impounded supply that caused a major taste/odour problem with the town water supply. This year due to a major slip above the headworks of the Woodville water intake discoloured water got into the clean water reservoirs and into the town reticulation system.

This new treatment plant together with the impounded water supply will address the water supply and quality issues for residents at Woodville.

### Eketahuna

Council has received funding of \$381,000 for the upgrade of the Eketahuna treatment plant. Work has already commenced on the construction of the plant and preparing the site. Council expects the construction to be completed by December 2012.

## Woodville Town Centre Upgrade

Council in February 2012 approved the contract to commence the upgrade of the Woodville town centre budgeted for \$753,000. The upgrade work was extended to include Ormond street at an additional cost of \$185,000 to commence in the next financial year.

This project signals Council's aim to continue with the mainstreet upgrade projects, with Eketahuna and Pahiatua already programmed in the Long Term Plan. These upgrades have three main objectives:

- To provide an attractive town centre environment for residents that increases local pride.
- To increase local business by attracting out of town travellers to stop and shop.
- To upgrade infrastructure (water, stormwater, wastewater, communications) where required while the road and footpath are being dug up.

Council and residents are pleased with the progress and performance of the contract. Work has been carried out with interruptions to business kept to a minimum where possible.

Council organised promotions to encourage people to shop at Woodville through a radio programme and is looking to have a "Shop & Win Lucky Draw Contest" next year. This is to encourage residents and visitors to shop in the main street.

In June 2012, Council gave approval for some night work to be carried out to help ease the interruptions to businesses and also ensure the project is completed as scheduled.

## The GO! Project

The Tararua District Council had brilliant foresight in 2000 when it launched and funded the GO! Project. The Council have spent seven years researching soil, climate and potential crops to encourage diversification in the district.

Council and Tararua businesses are of the view that the district has a great lifestyle that needs promotion in order to attract more residents. Stimulating local business and supporting initiatives that lead to increased job opportunities are both vital strategies for the long-term future development of this region.

Council has identified market links, forms of funding and rates of return on investment for the crop options that have been selected as highly suitable for the district.

The aim of the project is to provide meaningful information for people wanting to diversify their cropping and broaden their potential revenue base.

The information is intended for smallholders, lifestyle block owners and farmers looking for alternatives to traditional crop options.

The GO! Project offers the Tararua district community increased opportunities for job creation, bio-diversity, sustainable farming systems and increased family business incomes.

Council presented cropping packages at the A & P Show, Mid-Central Field Days, and the Mystery Creek Field Days and now has 40 landowners registered with the programme.

The Field Days also offered opportunities to network with targeted groups in the growing industry and service providers. The outcome was shared intellectual property, and market links.

Council continues to receive enquiries, at an individual and service providers' level, about the GO! Project. It has become evident that service providers could become a more natural go-between – with the individual market sector – as they are already operating at this level.

## Impounded Water Supply

The design changed midway through – this project changed from an impounded supply to a "large dam". This required

seeking a Building Consent and "Certificate of Compliance" under the Building Act. Council obtained the required Building Consent in March 2012 and was issued the Certificate of Compliance. The importance of the dam and having it operational as soon as possible was highlighted during the year by the Alliance Plant ending their stock kill prematurely. This was due to excessive turbidity in the water supplied, after two days of heavy rain.

Construction resumed in March 2012 and Council expect this major project to be completed by the end of the next financial year. The progress over the last few months of the year has been very good. Overall, the project has run very successfully with good resourcing and practices from the contractor.

## Shared Services Initiatives

Council has been working actively on shared service opportunities with other Councils and agencies across the Manawatu and Hawke's Bay region to gain efficiencies in operations.

Initiatives we are working on include:

- Partnering with seven other councils on a Regional Archive rather than each Council delivering this separately.
- Bulk procurement of insurances, aerial photography, specialist legal advice and other services as part of the Manawatu-Wanganui Local Authority Shared Services company.
- Investigating a shared Building Accreditation Authority with Central Hawke's Bay and Hastings District Councils to coordinate processes and provide access to a broader range of expertise for processing consents.
- Investigating an expanded Rural Fire District that includes the rural areas of Hastings and Central Hawke's Bay District Councils.
- Working with Horizons and other agencies on the Manawatu River Leaders Accord to maximise opportunities for central government funding on any waterway clean-up options. Council has been successful in securing \$2.08 million funding from Horizons to this effect.
- Our Engineering Services has been leading a Regional Group of local authorities to develop contract documents which can be utilised region-wide for the tendering of contracts. This will help simplify processes, as well as make it easier for contractors to tender across the region.
- Looking to commence shared services arrangements with Central Hawke's Bay for Environmental Health and Liquor Licensing. This will provide both Councils with staff members who will be fully focussed on their areas of expertise, rather than being part-timers.

- Not renewing the landfill resource consents and instead looking to dispose of rubbish at the Central Hawke's Bay landfill facility. Council will establish a long term contract with Central Hawke's Bay for use of their facility. This reduces the cost of compliance with resource consents and requirements of the Emissions Trading Scheme relating to waste disposal and landfill operations.

## Amalgamation of Service Centres

Council has a number of separate service centres, information centres and libraries in the district i.e. Woodville, Pahiatua and Dannevirke. In Eketahuna, the service centre and library operations have been amalgamated into one service. Council is looking for efficiencies considered if the Eketahuna model could be successfully implemented in other towns.

In its Long Term Plan, Council proposed to move to single delivery centres in Pahiatua, Eketahuna and Woodville. For Dannevirke, Council proposed to move the information centre into the library.

However, the communities in Pahiatua, Eketahuna and Dannevirke wished to retain the status quo with only Woodville not submitting any objections to the proposal. Council will look at options to amalgamate the library and service centre in Woodville.

## Library – the Changing Face and Technology

The landscape of libraries is constantly evolving.

As more information becomes available digitally, the importance of the use of technology in the library has become more apparent. The Aotearoa People's Network Kaharoa (APNK), available at all four branches of the Tararua District Library, helps to bridge the digital divide. We are able to offer fast broadband internet access to those who either have no computer or are unable to access or afford broadband.

This year the library expanded the APNK service by introducing wifi access for those with their own devices. Use of this service rose 13% up to 40,217 separate sessions during the year. This has meant that more staff time and knowledge is required assisting customers to find the information they require online.

Use of the Blog (11,525 page visits) and Facebook site continues to grow.

Since 1998 physical issues from the library have been in decline. Last year saw the first increase since then and this year saw a negligible decrease in circulation.

An e-Book collection was launched in April 2012. In a New Zealand first, Tararua District Library partnered with Wairoa and Horowhenua Libraries and Wheelers Book Suppliers to

form a New Zealand e-Book consortia. This collection is in its infancy but if it follows world trends, use will rise at a rapid rate.

## Asset Management Plans

Council made significant improvements to the Asset Management Plans. Audit New Zealand in their Audit Opinion indicated that "the underlying information and assumptions used to prepare the Long Term Plan provide a reasonable and supportable basis for the preparation of the forecast information" and that "the information in the Long Term Plan is based on materially complete and reliable asset or activity information".

Council's asset management plans make good links to the wider aims of the organisation. This emphasises that asset management planning is integral to achieving Council's objectives, not just something to keep the auditors happy. Council's plans clearly set out our strategic link and this helps us in two ways:

- From the top down – the strategic direction that the Council has set, gives activity managers something to plan towards.
- From the bottom up – Council is able to show how its individual activities are planned and managed in a way that contributes to its overall objectives.

Council will be looking to further improve its asset data through a sound data collection approach and working closely with its contractors to capture asset condition and performance.

## Breach of Statutory Deadline

Council and the group had breached the statutory deadline for 2010/11 annual reporting. Council and its subsidiary, Infracon Limited, both had implemented new financial systems.

For Council, the new system created significant issues in completing bank reconciliations that caused the delay in Council adopting the 2010/11 Consolidated Annual Report. Council has since resolved this issue and from April 2012, is preparing and reviewing bank reconciliations on a daily basis.

Council is also working very closely with its subsidiaries to ensure timelines specified in their Statement of Intent, with regards to the Annual Report, are met.

## Local Government Proposed Reforms

Central government in March 2012 announced the 'Better Local Government' reforms that aim to provide clarity around the role of councils, stronger governance, improved efficiency and more responsible financial management.

These reforms propose an eight point programme, in two parts:

### Part 1

- Refocus the purpose of local government.
- Introduce fiscal responsibility requirements.
- Strengthen council governance provisions.
- Streamline council reorganisation procedures.

### Part 2

- Establish a local government efficiency taskforce.
- Develop a framework for central/local government roles.
- Investigate the efficiency of local government infrastructure provision.
- Review the use of development contributions.

Parliament, in June 2012, introduced the Local Government Act 2002 Amendment Bill (the Bill) to implement the first steps of the reform programme for the local government sector. The Bill implements Part 1 of the Government's Better Local Government reform programme:

#### • Refocus the Purpose of Local Government

In place of the current reference to promoting the four well-beings – social, economic, environmental and cultural – the Bill defines the local government's purpose as being "to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses".

At the Local Government Conference in June this year, Councils who attended the conference gave a resounding message to government to keep the environmental, social, cultural and economic wellbeings in the Local Government Act.

Council has made a submission to this effect. However, recognising central government's drive for cost efficiency and going "back to basics", Council in its Long Term Plan had signalled that it will focus on core infrastructure and financial prudence. Council intends to achieve cost effectiveness in its Long Term Plan through efficiency, collaboration and innovation.

#### • Introduce Fiscal Responsibility Requirements

The proposed changes to the Local Government Act will prescribe "parameters or benchmarks for assessing whether a local authority is prudently managing its revenues, expenses, assets, liabilities, investments, and general financial dealings".

Council supports debt benchmarks and that they should reflect standard banking limits and prudent financial management. Key aspects of Council's financial strategy in the Long Term Plan is affordability and prudent financial management.



Council has set financial limits on debt levels, which are consistent with good practice. Throughout the 10 years of the plan Council is operating well within the guidelines contained in the Treasury Policy.

- **Strengthen Council Governance Provisions**

This introduces the ability for Council to adopt policies on employee staffing levels and the remuneration of employees.

Council currently manages this through its Annual Plan process.

- **Streamline Council Reorganisation Procedures**

This change in the Act gives Ministerial power to direct the Local Government Commission on the priority and timing of reorganisation proposals.

Council, in driving for efficiency and to meet its Long Term Plan objectives, is actively working on shared service opportunities with other Councils and agencies across the Manawatu and Hawke's Bay regions.

For more information on the Amendment Bill, visit The Department of Internal Affairs website at [www.dia.govt.nz/better-local-government](http://www.dia.govt.nz/better-local-government)

Council has made a submission to the Local Government and Environment Select Committee on each proposed amendment in the Local Government Act 2002 Amendment Bill. For more information visit Council's website.

## Insurance for Infrastructure and Underground Reticulation Assets

Council insures its infrastructure and underground reticulation assets against significant natural events/disasters with Civic Assurance in the form of the Local Authority Protection Programme (LAPP) fund. In a catastrophe, members of the LAPP fund are required to meet 40% of the cost of the damage to their assets before central government will meet the remaining 60%.

In the wake of the Canterbury earthquakes Council insurance costs (both LAPP and material damage insurance) had increased by 120%, rising from \$181,000 (LAPP was \$40,000) in 2010/11 to \$399,000 (LAPP was \$161,000) in 2011/12. For 2012/13, the insurance premiums for material damage has increased to \$244,000, however, LAPP has reduced to \$83,000 due to mutual insurance.

With reinsurance cost increasing significantly, the trustees of LAPP had decided on a mixture of reinsurance and mutual self-insurance for LAPP members from 1 July 2012.

In this option, Council's contributions will be halved. The contributions collected by LAPP will meet the first \$5 million of claims while member councils will have collective exposure to meet claims from \$5 million to \$50 million. Partial

reinsurance for claims from \$50 million to \$100 million would be purchased by LAPP.

Council's exposure for the mutual insurance will be five times the annual contribution with a maximum of ten times the annual contribution per year. Given Council's contribution of \$83,000 that would mean a maximum exposure of \$830,000 to meet claims from member councils.

Council has a \$5 million line of credit facility set aside as an emergency fund should we be faced with a significant natural disaster. Council also has over \$2 million in the roading emergency reserve.

In the 2012-22 Long Term Plan Council has assumed that it will remain as a member of LAPP. Council will continue to rate the ratepayer for the full contribution but put aside 50% of the contribution in a reserve to meet Council's liability in the event of a major disaster.

In the long term, Council does not consider that mutual liability is the best option given the risk factors in comparison to that of other councils:

- GNS soil studies – show that Tararua district has a much lower risk factor for liquefaction than many of the other member councils.
- The geographical spread of Tararua district – the risks of significant damage to Council's infrastructure and reticulation assets at all locations at the same time is unlikely.

Council has informed Civic Assurance on 27 June 2012 its intention to withdraw from the LAPP fund by giving 12 months notice as required. In the next financial year, Council will explore other options for insurance of underground reticulation and infrastructure assets. A decision on the insurance option will be made by 30 June 2013.

## Risk Management Framework

The Council faces a range of business risks inherent in the functions of being a local authority. The Council's objective is to integrate risk management practices and procedures that are targeted to (and appropriate for) Council's strategic and operational goals and also appropriate for Council's business functions.

Council has recognised that for its asset management planning to be robust and sustainable it must be integrated with other corporate risk management processes. This encompasses strategies for Council's most critical assets, provide for the effects of asset failure and be integrated with disaster recovery plans and business continuity plans. Such integration will enhance Council's ability to optimise its decision making process for the betterment of the communities it serves.

As part of the Long Term Plan, Council has developed the draft Risk Management Framework to integrate risk management practices and procedures. This framework will be finalised by incorporating operational and business risk,

and is expected to be completed before the end of the 2012 calendar year.

Once adopted, Council will look to periodically update, monitor and report against the plan and the effectiveness of the risk management practices at Council.

## Wind Energy and Education Centre

The idea for the Wind Energy Education Centre (WEEC) was the result of a brainstorming session to develop a project that provided an opportunity for the community to engage in a positive way with wind – given the importance of wind and wind energy to the profile of the country and the Tararua region. "The Wind Energy Association predicts wind will be producing at least 20% of the country's electricity by 2030; a fourfold increase on the 5% this sector contributes today."

Council, with the support of Vision Manawatu, have commenced the WEEC project aiming to bring together some of the iconic elements of the Tararua/Manawatu regions into a unique information and education centre.

Council was pleased that Meridian Energy expressed interest in the Wind Energy Centre concept as the centre could provide opportunities to inform and educate people about wind energy, renewable energy generation, sustainability and energy use. Meridian Energy agreed to fund the Stage 1 & 2 Feasibility Study and Third Bearing has been commissioned to complete this study.

The multi-functional centre would be the ideal model to address the main aims for education, community engagement, lwi and information sharing. Tourism, visitor and school engagement could be coordinated through the centre with a comprehensive range of services and interactive models.

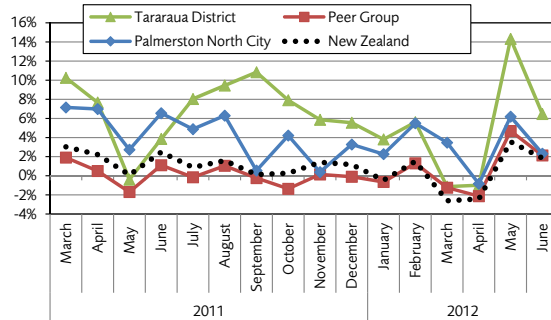
In order to move the project forward there are several fundamental items that need to be refined and clarified so that the stakeholders can move their decision making process towards the point where they can decide to proceed or not to the preparation of a detailed feasibility study.

## Growth in the Tararua Economy

Figures from electronic payment firm, Paymark, have shown consistent growth in retail spending in Tararua for the previous year. For the year to June 2012 Paymark data shows retail spending in Tararua District is well ahead of the peer

group Councils in New Zealand. Overall, the trends for retail spending on electronic cards has strengthened.

### Monthly Increase in Domestic Retail Spending (Paymark)



The trend last year is very positive for Tararua with domestic spending in Tararua well above the New Zealand trend.

Council will continue to work with Vision Manawatu – who are part of the Regional Business Partners and the nationwide network of organisations who can help businesses access information, funding, training and development services. This network was set up by New Zealand Trade and Enterprise, and the Ministry of Science and Innovation to support business growth and innovation in New Zealand regions.

## Restructuring at Council

### Assets Group and Engineering Services

Council's Assets Group and Engineering Services have undertaken a review to improve efficiencies. The Roading Liaison position which was in the Assets Group has now been absorbed into Engineering Services, as part of the three Area Roading Managers (these roles were previously known as Contract Supervisors).

The purpose of the Area Roading Managers is to create a greater customer service and ownership of respective regions. The main aim is to provide greater communication between the public, contractors and Council.

Over the next few years Council will look to see how it can position itself to better deliver services to the ratepayers.

# Financial Overview

This section of the report provides an overview of our financial performance for the year ended 30 June 2012. This overview provides an explanation to our financial statements and notes on pages 130 to 202.

## Overall Results

Council ended the year with an operating surplus excluding non cash movements of \$11 million tracking well against budget. Overall financial result taking into account depreciation, gains and losses, and fair value movements of assets was an accounting net deficit of \$1.47 million. The following table summarises Council's financial results for the year:

|   | 2010/11<br>Actual<br>000's | 2011/12<br>Actual<br>000's | 2011/12<br>Budget<br>000's | Variance to<br>Budget<br>000's |
|---|----------------------------|----------------------------|----------------------------|--------------------------------|
| <b>Total revenue</b>                                  | <b>29,006</b>              | <b>31,403</b>              | <b>29,883</b>              | <b>1,520</b>                   |
| Operating expenditure                                 | (14,110)                   | (15,614)                   | (13,373)                   | (2,241)                        |
| Personnel Cost  | (4,008)                    | (4,248)                    | (4,284)                    | 36                             |
| Finance cost  | (715)                      | (548)                      | (1,053)                    | 505                            |
| <b>Operating Surplus excluding non cash movements</b> | <b>10,173</b>              | <b>10,993</b>              | <b>11,173</b>              | <b>(180)</b>                   |
| <b>Non cash movements</b>                             |                            |                            |                            |                                |
| Depreciation  | (10,991)                   | (11,882)                   | (10,688)                   | (1,194)                        |
| Other gains and losses                                | (205)                      | (213)                      | -                          | (213)                          |
| <b>Fair Value movements</b>                           |                            |                            |                            |                                |
| Interest rate SWAPs                                   | (53)                       | (343)                      | -                          | (343)                          |
| Investment properties                                 | (31)                       | (16)                       | -                          | (16)                           |
| <b>Operating surplus/(deficit)</b>                    | <b>(1,107)</b>             | <b>(1,461)</b>             | <b>485</b>                 | <b>(1,946)</b>                 |

The results were due to the following:

- Revenue from grants and subsidies were higher than budget by \$1.6 million. The increase in subsidy is due to increase in road and emergency reinstatement



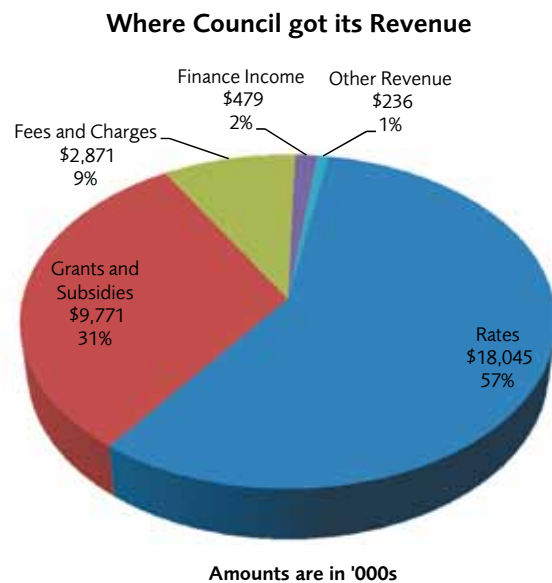
works. This is to take advantage of the higher subsidy level this year (subsidy is reduced to 59% for the three years, 2013 to 2015). The amended NZ Transport Agency programme of works meant Council received an additional \$1.34 million in subsidy for the additional works.

Council secured subsidies for the Eketahuna and Pahiatua water treatment plant upgrade of \$553,000 from the Ministry of Health.

- Depreciation and amortisation was over budget by \$1.19 million due to valuation increases in 2010/11. Significant increases are in roading (\$7.45 million against a budget of \$6.68 million) and solid waste depreciation (\$280,000 over budget due to the Dannevirke Transfer Station). These increases were offset slightly by lower footpath depreciation of \$112,000 due to a delay in starting the Woodville town centre upgrade project.
- Finance costs are lower than budget by \$162,000. The finance cost of \$891,000 comprises of unrealised loss from the fair value movement of interest rate swaps of \$343,000, interest cost from term debt of \$605,000 and the unwinding of landfill interest cost of \$57,000. Fair value movements in interest rate swaps and interest cost were not included in the budget. Interest cost on term debt is \$457,000 lower than budget due to uncompleted capital works (meant to be funded from debt), lower interest rates and interest rate strategies implemented by Council.
- Operating expenses were higher due to increased maintenance work on roads of \$1.14 million, as Council wanted to take advantage of the higher subsidy this year.
- Solid waste activity also had higher costs and lower revenue resulting in a net cost overrun of \$1.32 million. Budget was based on Dannevirke Transfer Station opening sooner and the "red bins" contract terminating earlier. The delay in completing the transfer station meant additional cost (not budgeted) for contractors to provide waste collection and disposal services was incurred.

## Revenue Sources

Council received \$31.4 million in revenue from a variety of sources. The following charts highlight some of the key financial areas where Council receive revenue from and how they were spent.



Council's primary revenue source is rates, which account for 57% of total revenue. Other revenue sources include user charges and fees, government subsidies and grants, interest and dividends, and other income.

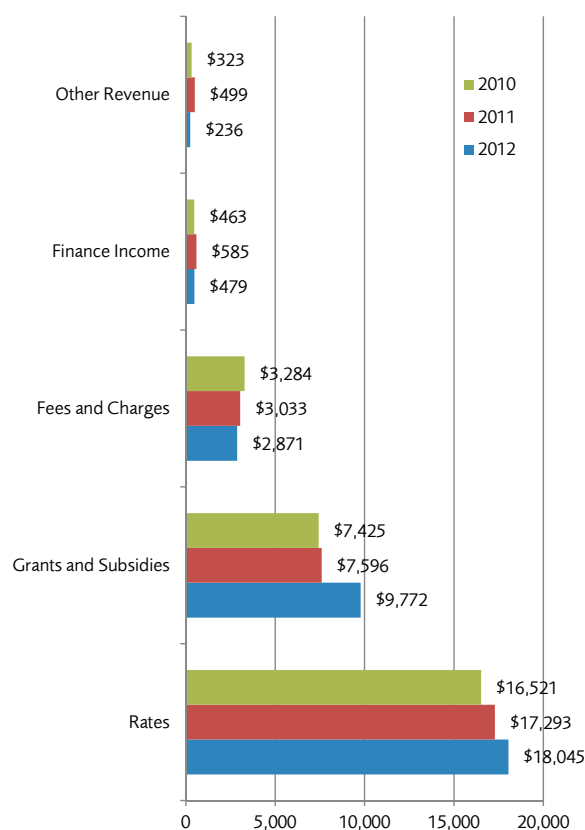
Council's rates requirement was higher than the increase to the Local Government Cost Indexes Rates (LGCI). Council has to increase its rates as a minimum by the LGCI to ensure it continues to develop and maintain its infrastructure to provide the agreed level of service. However, rates increases are higher than the LGCI due to increased cost of compliance with standards and requirements (sewerage and water upgrades) and increases in levels of service.

However, rates increase over the last three years has shown a steady decline – 5.26% in 2009/10, 4.56% in 2010/11 and 4.24% this year. Rates increase for next year shows a further decline to 4.04%. This is Council's response to the issue of affordability and principles of financial prudence.

Council has used revenue from other sources in an attempt to reduce the proportion of revenue sourced from rates. Council has sought external funding where possible by building good working relationships. This includes funding from central government and revenue from commercial properties. Some activities of Council are also self funding and the expenses of these activities do not affect rates, for example Housing and Commercial Properties.

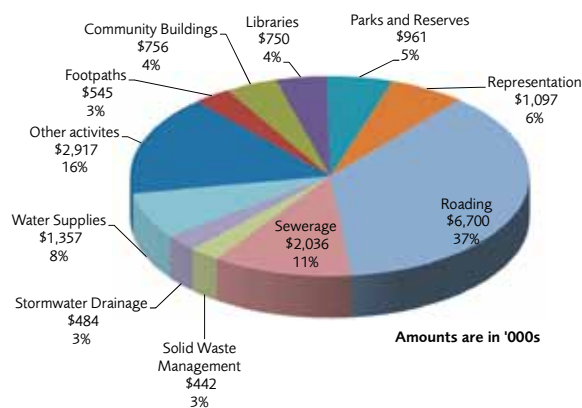
Council has also sought to gain cost savings through shared services initiatives and efficiencies in operations.

### Revenue source over the last three years



The following graph shows Council's sources for rates revenue from operating activities:

### Rates revenue from operating activities



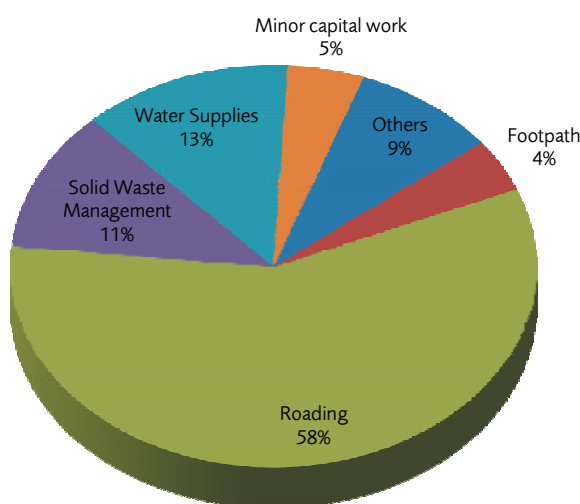
## Investing in the Assets

Council continued to invest in the district's infrastructure, spending \$12.30 million (\$9.35 million in previous year) across a range of capital projects. More detail is continued in the 'Reports and Policies' pages.

The total book value of all Council's operational and infrastructure is \$868.93 million (including intangible assets) compared to \$838.17 million last year. The movement of \$30.76 million is mainly made up of additions (including work in progress and increases in landfill asset lives) of \$13.70 million and movements in fair value of assets due to revaluation of \$31.86 million.

The total amount of depreciation and amortisation charged on these assets for the year was \$11.88 million (2011: \$10.99 million).

### Capital expenditure by activities



## Capital Development

Council invested \$5.01 million (\$3.71 million last year) on capital developments compared to a total budget of \$11.28 million (\$8.45 million was 2011 carry forwards).

The difference in capital development completed and budgeted is significant. However, when you analyse the projects in detail, they included projects where government subsidy was not available this year and other projects that were delayed.

### Projects with no government subsidy budgeted

| Project description                     | Budget (\$'000's) | Budget (\$'000's)   |
|---|-------------------|---|
| Eketahuna Effluent Quality Improvements | 754               | Project is carried over to next year. This project will be loan funded. |

| Project description                    | Budget (\$'000's) | Budget (\$'000's)   |
|--|-------------------|---|
| Pahiatua Effluent Quality Improvements | 1,668             | Project is carried over to next year. Council has been successful in obtaining funding from central government. |
| Pahiatua New Well & Treatment System   | 2,490             | Project is carried over to next year with change in scope and budget. This project will be loan funded.         |
| <b>Total</b>                           | <b>4,912</b>      |   |

If the above three projects were excluded, then the total budget is \$6.363 million and when compared to actual spend is 76% (40% last year). This is a significant improvement to last year.

The main expenditure items and variances to budget include:

- Dannevirke Transfer Station was completed at a total cost of \$1.49 million in April this year.
- Roothing contributed \$1.13 million of the total development cost compared to a budget of \$1.22 million achieving a 92% completion as at year end.
- The Dannevirke Impounded Supply – 87% of work has been completed. Delay was due to the time taken to obtain the required resource consent for the structure.
- Upgrading of the Woodville business centre budgeted at \$753,000 started in March 2012. This project is expected to be completed in October 2012 with 65% completed at year end.
- Minor roading improvement projects totalling a value of \$971,000 were targeted for completion this year. Corner widening, minor road realignment projects and miscellaneous minor improvement projects have been completed at a cost of \$980,000.

## Capital Renewal

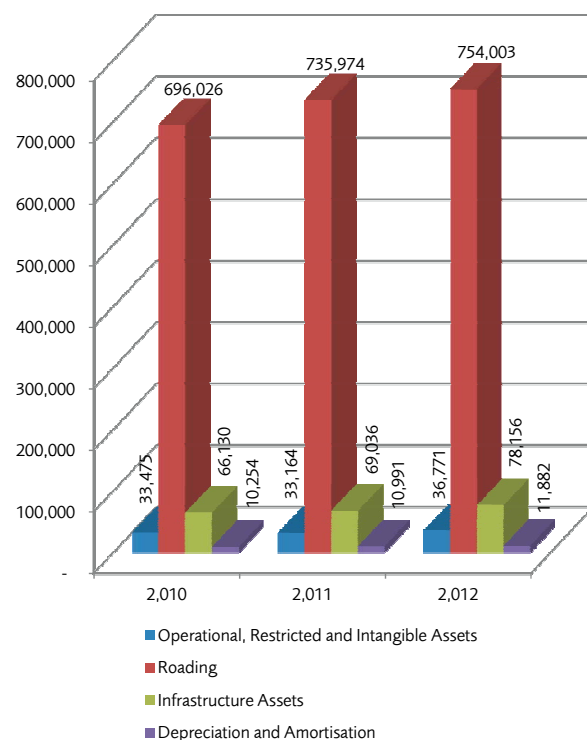
Council invested \$7.29 million (\$6.41 million last year) on renewals compared to a budget of \$9.53 million. The main expenditure items and variances to budget include:

- Total expenditure for roading activity was \$5.98 million compared to a budget of \$6.38 million.
  - The target level for maintenance chipseal for the 2011/12 financial year was 100km/590,000m<sup>2</sup> with a budget of \$2,389,000. Actual result achieved was 98.196km/631,826m<sup>2</sup> at a cost of \$2,451,187. Though the target length was not met,

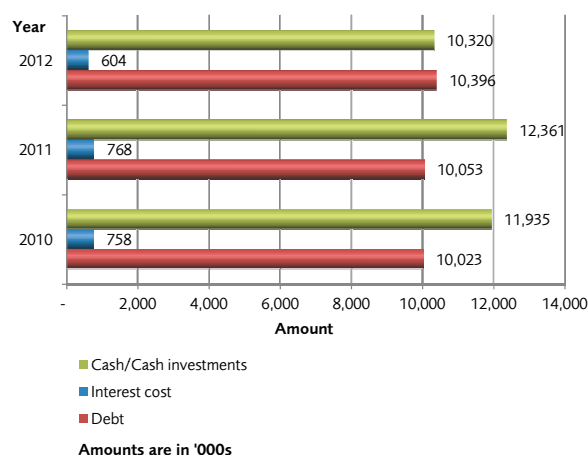
Council achieved a greater square metre of reseals.

- For pavement rehabilitation, 10.87km (61,982m<sup>2</sup>) of work was completed at a cost of \$1,811,261 compared to a target of 12.5km (71,000m<sup>2</sup>) and budgeted cost of \$1,755,000. Council had approved additional expenditure to align with the remaining NZ Transport Agency 2009–2012 approved roading programme to make maximum use of NZ Transport Agency subsidy level of 60%, which ended 30 June 2012.
- Sewerage activity spent \$57,000 this year compared to a budget of \$690,000 (including carry forwards). The under spend relates mainly to mains replacement in Dannevirke, Pahiatua and Eketahuna. Construction/design on these projects has commenced and Council expects completion next year.
- Water supplies activity spent \$155,000 compared to a budget of \$725,000 (including carry forwards). This was mainly due to delaying the pipe replacements in Woodville to coincide with the town centre upgrade project.
- Work on upgrading and renovation for the administration building, and purchase of plant, equipment and furniture is ongoing but priority is given to other key projects.

## Property, Plant and Equipment



The following chart shows Council's cash/cash investments, debt levels and finance cost for the last three years.



To take advantage of the competitive interest rates, Council has implemented a strategy to place investment on short term deposits ranging from one to five months. This has helped Council better manage its cash flow requirements.

Debt levels have remained constant over the years. Council has borrowed internally to fund capital projects where possible. This has significantly reduced Council exposure to interest rate risk.

The weighted average return Council received for the year from cash investments of \$9.946 million was 3.82% (3.62% last year).

Council achieved an overall decrease in cash position at year-end because of the significant progress on capital projects that were carried forward from prior years. The main movements in the Statement of Financial Position that resulted in a net increase include:

| Reconciliation of Net Surplus to Operating Cash Movements |              | 000's |
|---|--------------|-------|
| Net Surplus/(deficit)                                     | (1,461)      |       |
| Add/(deduct) non cash items:                              |              |       |
| • Bad debt provision                                      | (9)          |       |
| • Depreciation and amortisation                           | 11,882       |       |
| • Changes in fair value                                   | 343          |       |
| • Other gains and losses                                  | 229          |       |
| Add back:   |              |       |
| • Decrease/(increase) in debtors                          | (1,667)      |       |
| • Decrease/(increase) in other financial assets           | 152          |       |
| • Other working capital movements                         | (4)          |       |
| • (Decrease)/increase in creditors                        | 422          |       |
| <b>Net operating movement in cash</b>                     | <b>9,886</b> |       |

## Compliance with Policies

Through the year, management monitored and reported on the compliance with Council's policy.

The investment policy provides guidance on how Council manages its investments. The policy details liquidity and investment spread limits. Council for the year has complied with all the requirements of the policy except for investment spread requirements.

## Liquidity

Policy states that Council's portfolio will be arranged to provide sufficient funds for planned expenditures and to allow for the payment of obligations as they fall due:

|  | Limit          | Actual          |
|--|----------------|-----------------|
| Minimum level of available liquidity (committed bank facilities and/or liquid target assets) will be not less than \$1.32 million in addition to the amount required to be held against special funds. | \$1.32 million | \$10.31 million |

## Counterparty and Investment Spread

Council had cash invested in the following institutions as at 30 June 2012:

|                         | Tier 1 | Limit | Actual  |
|-------------------------|--------|-------|---------|
| Bank of New Zealand     | 1      | < 40% | 60.62%* |
| Westpac New Zealand Ltd | 1      | < 40% | 34.75%  |
| ANZ National Bank Ltd   | 1      | < 40% | 4.53%   |
| CitiBank New Zealand    | 1      | < 20% | 0.10%   |
| Kiwibank Limited        | 1      | <40%  | 0.00%   |

\* Bank of New Zealand has offered much higher rates compared to other banks. Hence, Council decided to invest more money with Bank of New Zealand on one to five month deposits to obtain better returns.

As at 30 June, Council had swaps in place to manage future interest rate risk out to 2016 and 2020 on \$6.5 million of term loan. Putting in place fixed interest rate swaps for a long term allows Council to hedge the rise of interest rates in the future. Council continues to monitor and report on the effectiveness of using swaps to manage interest rate risk.

The weighted average cost of debt for Council was 5.01% (6.1% in 2010/11) on \$10 million of external debt as at 30 June 2012.

The liability management policy provides guidance on how Council manages external borrowings. The policy aims to

manage Council risk related to interest rate, liquidity and credit exposure.

Debt is managed within the following limits subject to the Council continuing to control and maintain its share of the roading network requirements in the event of civil emergencies:

|  | Limit    | Actual |
|--|----------|--------|
| • Gross cost of debt (interest and principal payments) in any financial year must not exceed as a percentage of Council's operating revenue. | 12%      | 2.05%  |
| • Gross cost of debt (interest and principal payments) in any financial year must not exceed as a percentage of rate revenue.                | 20%      | 3.4%   |
| • Debt must not exceed as a percentage of total public equity and accumulated funds.   | 5%       | 1.19%  |
| • Total debt per head of population will not exceed.   | \$1,356  | \$567  |
| • Overdraft facilities with Council's bank to a maximum of \$1,324,575.  | \$1.325m | -      |
| • Committed bank facility up to a maximum of \$6,622,877 that may only be used for disaster recovery purposes.                               | \$6.623m | \$5m   |

# Non-Financial Performance

This section of the report summarises achievements in our non-financial performance for the year ended 30 June 2012.

## Overall Results

This year Council achieved 72% of non financial performance measures compared to 70% in the previous year and 77% in 2009/10. Refer to the table below.

It should be noted that 23 measures were not applicable this year and not included in the percentage achieved calculation above. Of these, 19 measures related to the community survey, which is done every three years. The next survey will be in 2014.

| Total number of measures | 2009/10   | 2010/11   | 2011/12   |
|--------------------------|-----------|-----------|-----------|
| Achieved                 | 51        | 58        | 46        |
| Not achieved             | 15        | 26        | 18        |
| Not applicable           | 21        | 3         | 23        |
| <b>Total</b>             | <b>87</b> | <b>87</b> | <b>87</b> |

Main reasons for not achieving service performance targets are:

- Not updating service requests promptly when completed. Council had to report several measures as "not achieved" due to service requests in the system not updated as "closed" when remedial actions were promptly taken to address the issue.
- Severe weather events – Council had significant weather events that caused an increase in service requests, major slips that affected the quality of our water and increased the occurrence of flooding.
- Funding for capital development expenditure – some projects were delayed due to lack of central government funding (funding for sewerage and water upgrades) which had an impact on levels of service and performance measures.

Council has the following action plan in place to address these issues:

- Implemented procedures to improve the process around managing service request to ensure the timely action and closure of customer service request as well as reporting procedures in our systems.
- Continue to lobby and request funding from central government. Council has been successful in obtaining funding for the sewerage systems and water treatment plant upgrades.
- Have included capital projects in the Long Term Plan to address these issues and to increase the level of service in some activities.

## Animal Control

- Two measures for animal control were not achieved this year – conducting education programmes at schools and reducing the number of dog complaints.
- This year, schools in the district did not take up the opportunity to have an Animal Control Officer visit and talk to the children about dog control and behaviour around dogs. However, a youth group and a meter reading company took up the opportunity and this was well received.
- The number of dog related complaints increased from 530 last year to 618 this year. This was mainly due to the 40% (64 complaints) increase in barking dog complaints and 15% (29 complaints) increase in roaming dog complaints.
- Council did not identify any particular reason for the increase in recorded barking complaints. However, when Council receive regular complaints, staff give owners advice on dog management techniques, as there is usually an obvious reason for the barking.

## Commercial Properties

- All commercial properties were fully rented and the rental income was used to offset the general rate

requirement. Operating surplus before offsetting rate requirement was \$12,000.

## Community Buildings

- Occupancy rates in community buildings were 34% higher than budget (2,849 hours compared to target of 2,122). Despite a slight drop of 6% compared to last year, the overall trend shows an increase.
- Council will continue to monitor and evaluate the usage of these facilities.

## District Promotion

- There was a 0.5% increase in bed nights for accommodation compared to a target of 5%. Though the target was not achieved it should be noted that the bed nights across New Zealand have decreased (down 0.8%) while Tararua had a slight increase overall.

## Emergency Management

- A Ministry of Civil Defence and Emergency Management survey sample carried out between 16 April 2012 and 13 May 2012 on Civil Defence preparedness confirms that within the Manawatu Wanganui Civil Defence Group area, which includes Tararua District, 42% (36% last year) of homes are fully prepared with 82% having some survival items.
- One staff member has qualified as a training assessor with the Emergency Services Industry Training Organisation. This means Council can hold training and assessments in-house.
- 22 staff participated in the Group Civil Defence training programme this year.
- Training will be done by Council staff for all rural fire volunteers to ensure competency targets are met. Training records will be kept of assessments for competency standards.

## Footpaths

- Council manages 114.8km of footpaths of which 95% were maintained in good condition meeting the target.
- 55 service requests (23 in previous year) were received, of which five service requests were not closed in our service request system within seven days. All service requests have been responded to, however, all relevant data has not been fully signed off.
- Council has implemented procedures to improve the process around managing service request to ensure the timely action and closure of customer service requests as well as reporting procedures in our systems.

## Health and Safety

- A total of 396 building consents were received with 22 applications not processed within the statutory timeframe achieving a result of 94.4% compared to a target of 100%. 19 of those consents that exceeded the statutory timeframe were processed within an additional five days.
- 100% of registered premises complied with food hygiene regulations within 3 months of annual inspection.
- There were 52 licensed premises in the district of which 35 were visited during the year achieving 67% compared to a target of 100%. Those not visited were small volume traders or clubs that were only open at weekends or in the evenings. These clubs have a good record of sound management practices.
- 78% of noise callouts were responded to within 30 minutes. The majority of the callouts were after hours when one contractor is available in the northern part of the district and one in the southern. At times, they are not able to respond immediately due to other duties. Council is not aware of any complaints about the response times and will consider reviewing this measure. The recording system is under review to ensure that times are correctly recorded.

## Housing

- Achieved all performance measures.
- Occupancy increased from 92% last year to 95% this year and Council did not receive any complaints regarding maintenance during the year.

## Libraries

- The library organised 57 programmes (61 last year) that were attended by 1,588 children, an increase from last year (1,521 children).
- With the removal of the Annual Card Fee last year, the number of new borrowers continued to rise. This year there was a 19% increase in the number of new borrowers.
- Overall total library issues decreased slightly this year by 0.2%. Significant movements in library issues were noted for Woodville and Pahiatua. Woodville had the highest increase of 16% and Pahiatua had the highest decrease of 7%. There is no apparent reason for the decline in Pahiatua issues, but Council is working with the Pahiatua community to improve the usage of the library.

## Parks and Reserves

- Achieved all performance measures except for services to be provided within budget.



- Provision of services exceeded budget mainly due to the wet summer where extra moving was required.
- All sports field met standards set by New Zealand Sports Turf Institute, monthly safety inspections were completed and contractors performed well with no complaints.

## Public Conveniences

- Due to increased levels of vandalism, the cost in maintaining public conveniences was higher than budgeted.
- Council has taken steps to act promptly on maintenance and cleanliness issues due to vandalism. This was evident in the increased number of inspections carried out and the 80% pass mark on random audits.

## Resource Management

- The District Plan is in the final stages of being adopted by Council.
- Resource Consent application numbers showed a 42% increase on last year. Out of 52 Resource Consent applications received, five exceeded the processing statutory timeframe. Three were one day over, one was two days over and one six days over, achieving a result of 91% (92% last year) compared to a target of 100%.

## Roading

- Two fatal accidents occurred on local roads and one on State Highway network but neither was linked to road factors.
- 60 Urban surface faults were received in 2011/12, and 152 rural faults. This compares to 21 urban and 42 rural requests in the previous reporting period. (Manawatu Gorge bypass route issues have been excluded, as these are being managed by the NZ Transport Agency.)
- The increase in number of service requests was due to the significant weather events in August 2011 and March 2012. A large number of requests were for grading and potholes as a result of these events. Area Roding Managers are monitoring respective areas.
- The target level for maintenance chipseal for the 2011/12 financial year was 100km/590,000m<sup>2</sup> with a budget of \$2,389,000 compared to actual of 98.196km/631,826m<sup>2</sup> at a cost of \$2,451,187. Though our target length was not met, we have achieved a greater square metre of reseals.
- For pavement rehabilitation, 10.87km (61,982m<sup>2</sup>) of work was completed at a cost of \$1,811,261 compared to a target of 12.5km (71,000m<sup>2</sup>) and budgeted cost of \$1,755,000. Council had approved additional expenditure to align with the remaining NZ Transport Agency 2009–2012 approved Roding programme to make maximum use of the NZ Transport Agency subsidy level of 60%, which ended 30 June 2012.

## Service Centres

- 10% of customers surveyed showed that 98% were satisfied with the service received, with 17% very satisfied.

## Sewerage

- One non-compliance with resource consents was noted and this related to elevated levels of nutrients in the Manawatu River due to seepage from the Dannevirke sewerage pond.
- Council, in its 2012-22 Long Term Plan, has included projects totalling \$6.450 million over the first three years of the plan to upgrade its wastewater systems to meet the resource consents requirements.

## Solid Waste

- Council adopted the Waste Management and Minimisation Plan in December 2011 and signalled changes to the way Council will manage waste in the future.
- Council completed the construction of the Dannevirke Transfer Station. This meant all privately owned mobile recycling centres (red Cairns bins) were removed and replaced with Council-owned facilities designed to meet the needs of each community.

## Stormwater

- Council has stepped up the rigour in the monthly inspections to proactively manage blockages. This has resulted in the number of service request decreasing by 57%. Two out of the ten service requests were not updated in the system as completed. Council has implemented procedures to improve the process around managing service requests to ensure the timely action and closure of customer service requests as well as reporting procedures.

## Water Supplies

- Measures towards improving current gradings of public supplies are well under way. Pahiatua bore was commissioned last year and Woodville treatment plant upgrade was complete in 2011/12. Council has started upgrading Eketuhuna treatment plant and has received funding of \$381,000 towards it. This project is expected to be completed by December this year.
- The Woodville treatment plant upgrade became operational in June this year. In March this year, two large slips above the headworks of the Woodville water intake caused issues with water turbidity. The water supply took several days to clear after intensive flushing. As an interim measure, Council supplied water from Dannevirke in the Civil Defence tanker for residents to fill containers for household use. Together, the impounded



supply and treatment plant will help resolve the water quality issues Woodville has been facing.

- Council has obtained the required resource consent for the Dannevirke Impounded Supply. Construction resumed in March 2012 and Council expects this major project to be completed by the end of the new financial year.
- Council only tested 7.74% (target 10%) of hydrants for compliance with the Code of Practice requirements. All hydrants tested passed the requirements.

# Council Five-Year Summary

## Council Five-Year Summary

|  | Unit                 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|--|----------------------|---------|---------|---------|---------|---------|
| Operating surplus/(deficit)*                     | \$000's              | 2,126   | 856     | 117     | (871)   | (1,233) |
| Equity   | \$000's              | 753,452 | 768,164 | 801,883 | 844,848 | 875,192 |
| Working capital                                  | \$000's              | 6,308   | 5,672   | 8,582   | 7,530   | 6,115   |
| Cash and cash equivalent                         | \$000's              | 1,838   | 2,067   | 2,233   | 8,236   | 4,544   |
| Borrowing  | \$000's              | 10,066  | 10,045  | 10,023  | 10,053  | 10,396  |
| Debt to equity                                   |                      | 1.3%    | 1.3%    | 1.2%    | 1.2%    | 1.2%    |
| Net debt per ratepayer                           | \$                   | 571     | 570     | 568     | 570     | 590     |
| Net debt †                                       | \$000's              | (1,965) | 910     | (1,916) | (2,696) | 76      |
| Infrastructure assets                            | \$000's              | 722,775 | 729,800 | 762,156 | 805,010 | 832,159 |
| Operational assets (including restricted assets) | \$000's              | 24,850  | 34,175  | 33,197  | 32,698  | 36,121  |
| Roading dig-outs & stabilisation                 | m <sup>2</sup> 000's | 2       | 7       | 6       | 5       | 25      |
| Resealing  | km                   | 88      | 77      | 101     | 103     | 98      |
| Maintenance aggregate                            | m <sup>3</sup> 000's | 47      | 40      | 32      | 28      | 24      |
| Water tabling                                    | km                   | 259     | 313     | 204     | 170     | 247     |
| Building consents issued                         |                      | 679     | 611     | 505     | 404     | 397     |
| Registered dogs                                  |                      | 6,749   | 6,713   | 6,698   | 6,729   | 6,656   |
| Library usage                                    | Issues               | 160,626 | 159,551 | 154,206 | 158,484 | 158,112 |

\* Operating surplus/(deficit) before other gains and losses and comprehensive income.

† Net debt is gross debt less cash investments. A negative position means Council's investments are higher than external debt.

3

# **Reports and Policies**

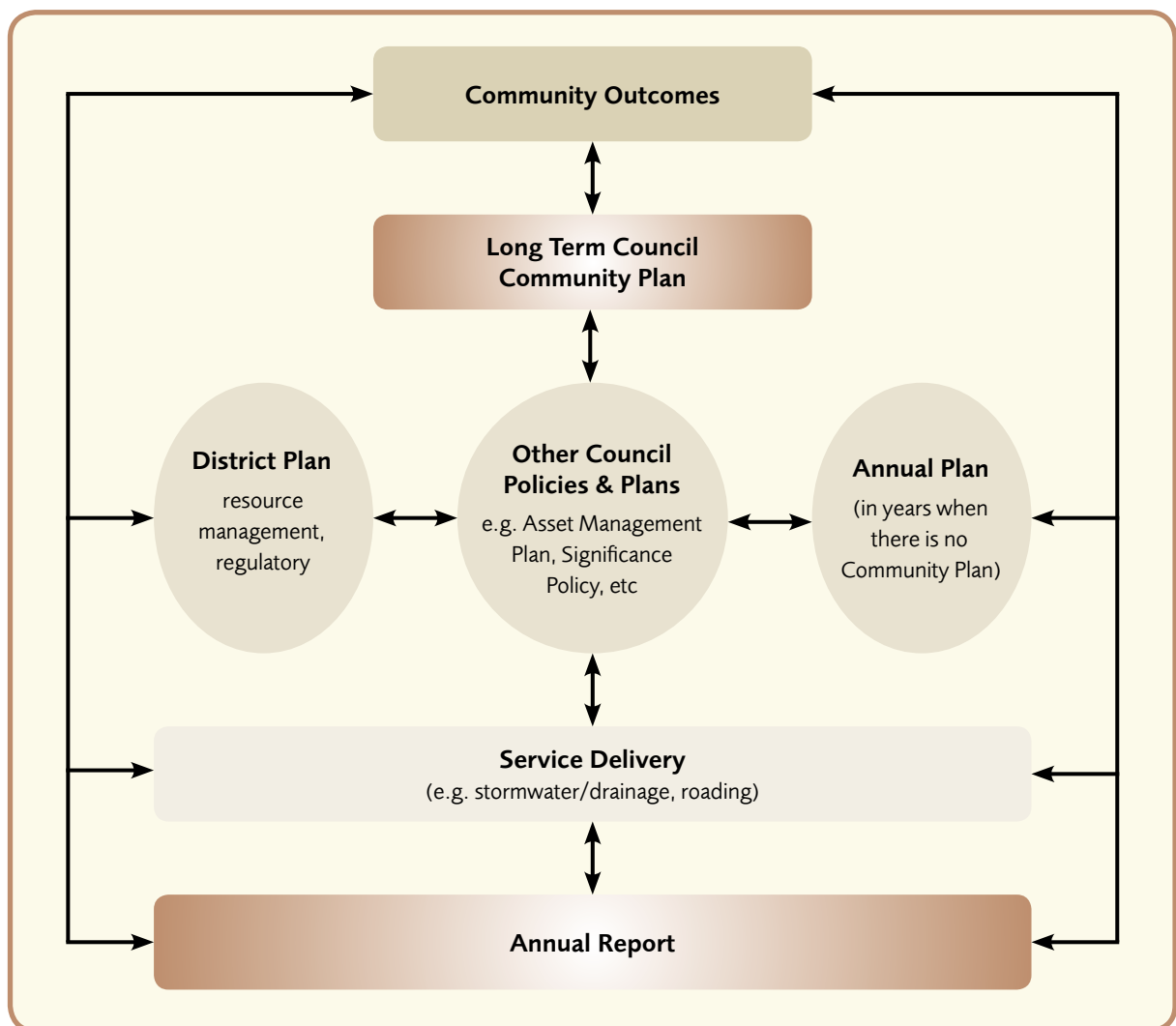
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ANNUAL REPORT 2011/12

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# Linkage Between Council Policies and Plans

This Annual Report gives outcomes for the 2011/12 financial year. These actions were shaped by the directions outlined in the Council's Long Term Council Community Plan (Community Plan) and in several other Council Policies and Plans. The linkages between these are shown in the diagram below:



# Report on Long Term Council Community Plan and Policies

## Long Term Council Community Plan (Community Plan)

### Background

The Long Term Council Community Plan (Community Plan) identifies the significant activities of the Council and provides for the estimated future revenues, expenses, cash flows and other movements in the forecast Financial Statements. The general aim of the Community Plan is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- Prudent management of Council activities in the interest of the district and its residents.
- Lawful funding mechanisms that, on reasonable grounds, can be considered appropriate.
- Operating revenue covering all projected operating expenses.

- Adequate provision for expenditure needs of the Council.
- Maintaining prudent levels of debt in accordance with borrowing management policies.
- Adequate consideration and assessment of benefits and costs of different options.

The 2011/12 financial year was year three of the 2009-19 Community Plan.

Each local authority is required to have prepared and adopted a Community Plan, funding policy, borrowing management policy, and investment policy. The Annual Report must contain sufficient information to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been achieved during the year.

# Capital Expenditure Report

For the year ended 30 June 2012.

The following assets were acquired/developed in accordance with the Long Term Council Community Plan, Annual Plan, and variations as authorised by Council.

| Activity & Capital Works Project | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget  | Actual to<br>June 2011 | Year to<br>June 2012 |
|----------------------------------|---|-------------------|------------------------|---------------|------------------------|----------------------|
| <b>Capital Developments</b>      |   |                   |                        |               |                        |                      |
| <b>Animal Control</b>            |   |                   |                        |               |                        |                      |
| Pahiatua pound                   | 81,745                                  | -                 | -                      | 81,745        | -                      | -                    |
| Woodville pound                  | -                                       | -                 | -                      | -             | -                      | 7,000                |
| Dannevirke pound                 | 15,000                                  | -                 | -                      | 15,000        | -                      | -                    |
|                                  | <b>96,745</b>                           | <b>-</b>          | <b>-</b>               | <b>96,745</b> | <b>-</b>               | <b>7,000</b>         |
| <b>Cemeteries</b>                |   |                   |                        |               |                        |                      |
| Memorial restoration             | 2,921                                   | -                 | -                      | 2,921         | -                      | -                    |
| Eketahuna new berm               | 5,653                                   | -                 | -                      | 5,653         | -                      | -                    |
| Pahiatua                         | 38,840                                  | -                 | -                      | 38,840        | -                      | 39,976               |
|                                  | <b>47,414</b>                           | <b>-</b>          | <b>-</b>               | <b>47,414</b> | <b>-</b>               | <b>39,976</b>        |
| <b>Commercial Property</b>       |   |                   |                        |               |                        |                      |
| Thyra Street sale                | -                                       | -                 | -                      | -             | -                      | 1,581                |
| Carnegie Centre                  | 7,650                                   | -                 | -                      | 7,650         | -                      | -                    |
|                                  | <b>7,650</b>                            | <b>-</b>          | <b>-</b>               | <b>7,650</b>  | <b>-</b>               | <b>1,581</b>         |

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source       | Explanation/Status/Significant Variances to Community Plan   |
|--|----------------------------|----------------------|--|
| 81,745   | -                          | Loan                 | Project was on hold due to uncertainty of site for new pound. With Dannevirke dog pound programmed for 2012, this project is no longer required. |
| (7,000)  |                            |                      |  |
| 15,000   | -                          | Rates                | A new dog pound compliant with regulation is budgeted for next year at a cost of \$206,000 and will be loan funded.                              |
| <b>89,745</b>                                    | <b>-</b>                   |                      |  |
| 2,921  | 2,921                      | Loan                 | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 5,653  | 5,653                      | Eke Cemetery Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| (1,136)  | -                          | Pah Cemetery Reserve | Completed.   |
| <b>7,438</b>                                     | <b>8,574</b>               |                      |  |
| (1,581)  | -                          | Rates                | Project carried forward to 2012/13.  |
| 7,650  | 7,650                      | Rates                | Waiting for completion of the earthquake prone building assessment. To carried forward to 2012/13.   |
| <b>6,069</b>                                     | <b>7,650</b>               |                      |  |

| Activity & Capital Works Project                         | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget     | Actual to<br>June 2011 | Year to<br>June 2012 |
|--|---|-------------------|------------------------|------------------|------------------------|----------------------|
| <b>Emergency Management</b>                              |   |                   |                        |                  |                        |                      |
| Civil Defense: sirens for Akitio and Herbertville        | -                                       | 40,000            | -                      | 40,000           | -                      | -                    |
| Civil Defense: Dannevirke EOC upgrade                    | -                                       | 21,000            | -                      | 21,000           | -                      | -                    |
| Civil Defense: new radios                                | -                                       | 5,000             | -                      | 5,000            | -                      | -                    |
| Civil Defense: operations room Herbertville              | -                                       | 10,000            | -                      | 10,000           | -                      | 11,287               |
| Rural Fire: Webber fire tanker                           | -                                       | 120,000           | -                      | 120,000          | -                      | 140,930              |
| Rural Fire: fire equipment                               | -                                       | -                 | -                      | -                | -                      | 5,169                |
|  | -                                       | <b>196,000</b>    | -                      | <b>196,000</b>   | -                      | <b>157,386</b>       |
| <b>Footpaths</b>   |   |                   |                        |                  |                        |                      |
| New footpaths  | 58,842                                  | -                 | -                      | 58,842           | -                      | -                    |
| Woodville town centre upgrade                            | 389,820                                 | 309,000           | -                      | 698,820          | 29,349                 | 489,661              |
|  | <b>448,662</b>                          | <b>309,000</b>    | -                      | <b>757,662</b>   | <b>29,349</b>          | <b>489,661</b>       |
| <b>Parks and Reserves</b>                                |   |                   |                        |                  |                        |                      |
| Develop reserve management plan                          | 23,132                                  | -                 | -                      | 23,132           | 6,963                  | -                    |
| Pahiatua playground upgrade                              | -                                       | 100,000           | -                      | 100,000          | -                      | 100,000              |
| Accessible toilet - Eketehuna camping ground             | 15,000                                  | -                 | -                      | 15,000           | -                      | -                    |
| Drainage feasibility study                               | -                                       | -                 | -                      | -                | -                      | 1,840                |
| Akitio foreshore erosion - investigation and minor works | 1,466                                   | -                 | -                      | 1,466            | -                      | -                    |
|  | <b>39,598</b>                           | <b>100,000</b>    | -                      | <b>139,598</b>   | <b>6,963</b>           | <b>101,840</b>       |
| <b>Roading</b>   |   |                   |                        |                  |                        |                      |
| Bridge structures  | -                                       | -                 | -                      | -                | 362                    | 11,897               |
| Associated improvements                                  | 125,275                                 | 128,000           | -                      | 253,275          | 57,329                 | 142,809              |
| Minor safety improvements                                | 158,078                                 | 813,350           | -                      | 971,428          | 710,735                | 982,770              |
|  | <b>283,353</b>                          | <b>941,350</b>    | -                      | <b>1,224,703</b> | <b>768,426</b>         | <b>1,137,477</b>     |
| <b>Sewerage</b>  |   |                   |                        |                  |                        |                      |
| Telemetry  | -                                       | 55,000            | -                      | 55,000           | 2,065                  | -                    |
| Eketahuna effluent quality improve                       | 754,033                                 | -                 | -                      | 754,033          | 177,474                | 17,432               |
| Dannevirke sewage treatment plant pressure socket        | -                                       | -                 | -                      | -                | -                      | 19,250               |
| Pahiatua effluent quality improve                        | 1,668,050                               | -                 | -                      | 1,668,050        | -                      | 5,070                |
| Pongaroa treatment plant upgrade                         | 95,002                                  | -                 | -                      | 95,002           | -                      | -                    |
|  | <b>2,517,085</b>                        | <b>55,000</b>     | -                      | <b>2,572,085</b> | <b>179,539</b>         | <b>41,752</b>        |



| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source           | Explanation/Status/Significant Variances to Community Plan  |
|--|----------------------------|--------------------------|---|
| 40,000   | 25,000                     | Rates                    | To carry forward, \$25,000 to next year. Subsidy of \$25,000 is expected from MCDEM to cover both Akitio and Herbertville cost. |
| 21,000   | 21,000                     | Rates                    | To carry forward this budget to next year as "Purchase of radios".  |
| 5,000  | 5,000                      | Rates                    | To carry forward this budget to next year as "Purchase of radios".  |
| (1,287)  |                            | Rates                    | Completed.  |
| (20,930)   |                            | Loan/Subsidy             | Completed. Subsidy of \$60,000 was received.  |
| (5,169)  |                            | Rates                    | Completed.  |
| <b>38,614</b>                                    | <b>51,000</b>              | <b>Rates</b>             |   |
| 58,842   | 58,842                     | Rates                    | Work in progress.   |
| 209,159  | 209,159                    | Loan                     | Work in progress. Project expected to be completed in October 2012.   |
| <b>268,001</b>                                   | <b>268,001</b>             |                          |   |
| 23,132   | 23,132                     | Rates                    | To carry forward to be completed in 2012/13.  |
| -  | -                          | Rates                    | Completed.  |
| 15,000   | 15,000                     | Rates                    | To carry forward to be completed in 2012/13.  |
| (1,840)  | -                          | General Purposes Reserve | Completed.  |
| 1,466  | 1,466                      | Rates                    | To carry forward to be completed in 2012/13.  |
| <b>37,758</b>                                    | <b>39,598</b>              |                          |   |
| (11,897)   | -                          | Subsidy/Rates            | Completed.  |
| 110,466  | 110,466                    | Subsidy/Rates            | Target budget was \$150,000 as approved by NZTA. To carry forward balance to be completed in 2012/13.                           |
| (11,342)   | -                          | Subsidy/Rates            | Target budget was \$924,000 as approved by NZTA. To carry forward to be completed in 2012/13.                                   |
| <b>87,227</b>                                    | <b>110,466</b>             |                          |   |
| 55,000   | -                          | Loan                     | Project programmed in 2012-22 Long Term Plan in year 2 to 4.  |
| 736,601  | 736,601                    | Loan                     | Project carried forward to be completed next year.  |
| (19,250)   | -                          | Rates                    | Completed.  |
| 1,662,980  | -                          | Loan                     | New project included next year with change in scope and budget.   |
| 95,002   | 95,002                     | Loan                     | Project carried forward to be completed next year.  |
| <b>2,530,333</b>                                 | <b>831,603</b>             |                          |   |

| Activity & Capital Works Project                                   | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget     | Actual to<br>June 2011 | Year to<br>June 2012 |
|--|---|-------------------|------------------------|------------------|------------------------|----------------------|
| <b>Solid Waste Management</b>                                      |   |                   |                        |                  |                        |                      |
| District recycling base at Herbertville, Akitio, Weber and trailer | 10,121                                  | -                 | -                      | 10,121           | 27,879                 | 54,705               |
| Dannevirke transfer station  | 80,233                                  | 10,000            | -                      | 90,233           | 216,291                | 1,288,209            |
| Pahiatua transfer station  | 844                                     | 10,000            | -                      | 10,844           | 42,797                 | 49,271               |
| Waste disposal investigations                                      | 5,860                                   | -                 | -                      | 5,860            | -                      | -                    |
|  | <b>97,058</b>                           | <b>20,000</b>     | <b>-</b>               | <b>117,058</b>   | <b>286,967</b>         | <b>1,392,185</b>     |
| <b>Stormwater Drainage</b>   |   |                   |                        |                  |                        |                      |
| Dannevirke Mangapurupuru Stream diversion                          | 220,000                                 | 20,000            | -                      | 240,000          | -                      | -                    |
| Woodville Atkinson Street/McLean Street                            | 90,000                                  | -                 | -                      | 90,000           | -                      | 148,874              |
|  | <b>310,000</b>                          | <b>20,000</b>     | <b>-</b>               | <b>330,000</b>   | <b>-</b>               | <b>148,874</b>       |
| <b>Swimming Pools</b>  |   |                   |                        |                  |                        |                      |
| Eketahuna outdoor pool development                                 | -                                       | 10,000            | -                      | 10,000           | -                      | 7,092                |
|  | <b>-</b>                                | <b>10,000</b>     | <b>-</b>               | <b>10,000</b>    | <b>-</b>               | <b>7,092</b>         |
| <b>Water Supplies</b>  |   |                   |                        |                  |                        |                      |
| Telemetry  | 9,956                                   | 10,000            | -                      | 19,956           | 10,044                 | 6,708                |
| Groundwater investigation  | 88,847                                  | 50,000            | -                      | 138,847          | 4,387                  | -                    |
| Eketahuna treatment upgrade  | -                                       | 316,000           | -                      | 316,000          | 21,631                 | 168,249              |
| Pahiatua new well  | 2,489,683                               | -                 | -                      | 2,489,683        | 240,165                | -                    |
| Dannevirke - infiltration & water storage                          | 633,754                                 | 51,000            | -                      | 684,754          | 966,246                | 545,557              |
| Norsewood treatment upgrade  | 13,003                                  | -                 | -                      | 13,003           | 41,997                 | 1,950                |
| Water & Sanitary Services Team                                     | 194,370                                 | -                 | -                      | 194,370          | -                      | -                    |
| Treatment plant upgrades - Pah, Wdv, Aki                           | 442,226                                 | 518,000           | -                      | 960,226          | 70,774                 | 709,943              |
|  | <b>3,871,839</b>                        | <b>945,000</b>    | <b>-</b>               | <b>4,816,839</b> | <b>1,355,244</b>       | <b>1,432,407</b>     |

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source           | Explanation/Status/Significant Variances to Community Plan  |
|--|----------------------------|--------------------------|---|
| (44,584)   | -                          | Loan                     | Completed.  |
| (1,197,976)                                      | -                          | Loan                     | Project is completed. Cost overrun was due to change to design and scope of project. Budget for increased cost was relocated from existing projects with \$105,000 from internal loans. |
| (38,427)   | -                          | Loan                     | This budget was part of the Dannevirke transfer station project. New budget of \$100,000 is included next year to construct a suitable facility to provide this service.                |
| 5,860  | -                          | Waste Management Reserve | Project carried forward for work to be completed next year.   |
| <b>(1,275,127)</b>                               | <b>21,179</b>              |                          |   |
| 240,000  | -                          | Loan                     | Project has been programmed for 20017/18 with increased scope and budget.   |
| (59,874)   | (59,874)                   | Loan                     | Work budgeted for next year was brought forward and completed this year. Overspend to be carried forward and included in next year's budget.  |
| <b>180,126</b>                                   | <b>(59,874)</b>            |                          |   |
| 2,908  | 2,908                      | Rates                    | In progress. Project carried forward to be completed next year.   |
| <b>2,908</b>                                     | <b>2,908</b>               |                          |   |
| 13,248   | 13,248                     | Rates                    | Project in progress. Carry forward to be completed next year.   |
| 138,847  | -                          | Loan                     | Budget reallocated to transfer station. This project is split and included in individual project in the 2012–22 Long Term Plan.   |
| 147,751  | 147,751                    | Loan                     | In progress. Project carried forward to be completed next year. Delay was due to availability of government funding.  |
| 2,489,683  | -                          | Loan                     | New project included next year with change in scope and budget. It will include treatment plant upgrade and storage.  |
| 139,197  | 139,197                    | Loan                     | In progress. Project carried forward to be completed next year. Delay due to time taken to obtain resource consent.   |
| 11,053   | 11,053                     | Rates                    | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| 194,370  | 194,370                    | Loan                     | Completed. Team is in place.  |
| 250,283  | -                          | Loan/Subsidy             | Woodville is completed. Akito upgrade is programmed for 2016/17. Pahiatua will be done in the "Pahiatua new well" project above.  |
| <b>3,384,432</b>                                 | <b>505,619</b>             |                          |   |

| Activity & Capital Works Project        | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget      | Actual to<br>June 2011 | Year to<br>June 2012 |
|---|---|-------------------|------------------------|-------------------|------------------------|----------------------|
| <b>Other</b>                            |   |                   |                        |                   |                        |                      |
| Administration building                 | -                                       | -                 | -                      | -                 | 30,954                 | 5,018                |
| Asset Management Plans                  | -                                       | 83,000            | -                      | 83,000            | -                      | -                    |
| Computer software - Authority & IBIS    | 57,849                                  | 213,496           | -                      | 271,345           | 222,018                | 46,548               |
| Motor vehicle Mayor and Design Engineer | -                                       | -                 | -                      | -                 | 49,886                 | -                    |
| Plant & machinery                       | -                                       | -                 | -                      | -                 | 12,542                 | 2,437                |
| Woodville Library/i-SITE doors          | 30,000                                  | -                 | -                      | 30,000            | -                      | -                    |
|   | <b>87,849</b>                           | <b>296,496</b>    | <b>-</b>               | <b>384,345</b>    | <b>265,514</b>         | <b>103,889</b>       |
| <b>Total Developments</b>               | <b>7,807,253</b>                        | <b>2,892,846</b>  | <b>-</b>               | <b>10,700,099</b> | <b>2,892,002</b>       | <b>5,061,120</b>     |
| <b>Capital Renewals</b>                 |   |                   |                        |                   |                        |                      |
| <b>Animal Control</b>                   |   |                   |                        |                   |                        |                      |
| Motor vehicle replacement               | 34,000                                  | -                 | -                      | 34,000            | -                      | -                    |
|   | <b>34,000</b>                           | <b>-</b>          | <b>-</b>               | <b>34,000</b>     | <b>953</b>             | <b>-</b>             |
| <b>Commercial Property</b>              |   |                   |                        |                   |                        |                      |
| Woodville new driveway                  | -                                       | 11,000            | -                      | 11,000            | -                      | -                    |
|   | <b>-</b>                                | <b>11,000</b>     | <b>-</b>               | <b>11,000</b>     | <b>-</b>               | <b>-</b>             |
| <b>Community Buildings</b>              |   |                   |                        |                   |                        |                      |
| Dannevirke Sports Centre                | 20,000                                  | 12,000            | -                      | 32,000            | -                      | 26,736               |
| Eketahuna Sports Centre                 | 3,090                                   | -                 | -                      | 3,090             | 2,050                  | -                    |
| District wide maintenance               | -                                       | 4,000             | -                      | 4,000             | -                      | -                    |
|   | <b>23,090</b>                           | <b>16,000</b>     | <b>-</b>               | <b>39,090</b>     | <b>2,050</b>           | <b>26,736</b>        |

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source       | Explanation/Status/Significant Variances to Community Plan  |
|--|----------------------------|----------------------|---|
| (5,018)  | -                          | Depreciation Reserve | Completed.  |
| 83,000   | -                          |                      | Budget reallocated to transfer station. This project was completed as part of operational budget.                                       |
| 224,797  | 224,797                    | Loan                 | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| (49,886)   | -                          | Depreciation Reserve | Completed - Ford Focus purchased for Mayor and new Hilux 4WD for Design Engineer purchased in May.                                      |
| (2,437)  | -                          | Depreciation Reserve | Completed.  |
| 30,000   | 30,000                     | Rates                | To carry forward to be completed in 2012/13, as decision has been to amalgamate Woodville service centre and library into one building. |
| <b>280,456</b>                                   | <b>254,797</b>             |                      |   |
| <b>5,638,980</b>                                 | <b>2,041,521</b>           |                      |   |
| 34,000   | -                          | Depreciation Reserve | Completed. New vehicle was purchased in May.  |
| <b>34,000</b>                                    | <b>-</b>                   |                      |   |
| 11,000   | 11,000                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| <b>11,000</b>                                    | <b>11,000</b>              |                      |   |
| 5,264  | 5,264                      | Depreciation Reserve | In progress. Will be completed next year.   |
| 3,090  | 3,090                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| 4,000  | 4,000                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| <b>12,354</b>                                    | <b>12,354</b>              |                      |   |

| Activity & Capital Works Project                      | Carry forward Budget to June 2011 | Budget 2011/12 | Authorised Revision | Total Budget   | Actual to June 2011 | Year to June 2012 |
|---|-----------------------------------|----------------|---------------------|----------------|---------------------|-------------------|
| <b>Emergency Management</b>                           |                                   |                |                     |                |                     |                   |
| Civil Defence: satellite phones                       | 4,276                             | -              | -                   | 4,276          | -                   | -                 |
| Civil Defence: other                                  | -                                 | 5,800          | -                   | 5,800          | 37,527              | -                 |
| Civil Defence: portable radio repeater                | 4,192                             | -              | -                   | 4,192          | -                   | -                 |
| Civil Defence: extra pager receiver                   | 3,390                             | -              | -                   | 3,390          | -                   | -                 |
| Rural Fire: replacement subsidised fire equipment     | 666                               | -              | -                   | 666            | 41,334              | -                 |
| Rural Fire: Herbertville fire station, plans/consents | 82,000                            | 50,000         | -                   | 132,000        | -                   | 158,226           |
| Rural Fire: upgrade of buildings in Herbertville      | -                                 | 42,600         | -                   | 42,600         | -                   | 25,437            |
| Rural Fire: upgrade of response vehicles              | -                                 | 42,000         | -                   | 42,000         | -                   | 11,954            |
| Rural Fire: upgrade of buildings in Akitio            | 3,000                             | -              | -                   | 3,000          | -                   | -                 |
|   | <b>97,524</b>                     | <b>140,400</b> | <b>-</b>            | <b>237,924</b> | <b>78,861</b>       | <b>195,617</b>    |
| <b>Footpaths</b>                                      |                                   |                |                     |                |                     |                   |
| Resealing of urban footpaths                          | 44,966                            | -              | -                   | 44,966         | 25,282              | 37,448            |
|   | <b>44,966</b>                     | <b>-</b>       | <b>-</b>            | <b>44,966</b>  | <b>25,282</b>       | <b>37,448</b>     |
| <b>Health and Safety</b>                              |                                   |                |                     |                |                     |                   |
| Motor vehicle replacement – Building Control          | 40,000                            | -              | -                   | 40,000         | -                   | 40,000            |
|   | <b>40,000</b>                     | <b>-</b>       | <b>-</b>            | <b>40,000</b>  | <b>-</b>            | <b>40,000</b>     |
| <b>Housing</b>  |                                   |                |                     |                |                     |                   |
| Tenancy Contribution - Dannevirke                     | 7,363                             | -              | -                   | 7,363          | -                   | -                 |
| Dannevirke Urban                                      | -                                 | -              | -                   | -              | 26,290              | 2,384             |
| Woodville   | 11,186                            | -              | -                   | 11,186         | -                   | 2,730             |
| Eketahuna   | 3,298                             | -              | -                   | 3,298          | 5,954               | -                 |
| Pahiatua  | 3,084                             | 10,000         | -                   | 13,084         | -                   | -                 |
|   | <b>24,930</b>                     | <b>10,000</b>  | <b>-</b>            | <b>34,930</b>  | <b>32,244</b>       | <b>5,114</b>      |
| <b>Library</b>  |                                   |                |                     |                |                     |                   |
| Library books   | 11,087                            | 100,000        | -                   | 111,087        | 98,444              | 96,132            |
| Building and furniture                                | 22,413                            | 10,000         | -                   | 32,413         | 11,692              | 2,022             |
|   | <b>33,500</b>                     | <b>110,000</b> | <b>-</b>            | <b>143,500</b> | <b>110,135</b>      | <b>98,154</b>     |

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source                | Explanation/Status/Significant Variances to Community Plan  |
|--|----------------------------|-------------------------------|---|
| 4,276  | -                          | Depreciation Reserve          | Reprioritisation of projects. Budget was spend on capital development - Weber Fire tanker   |
| 5,800  | 5,800                      | Depreciation Reserve          | To carry forward as radio development budget  |
| 4,192  | -                          | Depreciation Reserve          | Reprioritisation of projects. Budget was spend on capital development - Weber Fire tanker.  |
| 3,390  | 3,390                      | Depreciation Reserve          | To carry forward as radio development budget.   |
| 666  | 666                        | Depreciation Reserve          | To carry forward as radio development budget.   |
| (26,226)   | -                          | Depreciation Reserve          | Completed. Council received donations of \$8,000 for this upgrade.  |
| 17,163   | 17,163                     | Depreciation Reserve/Donation | Reprioritisation of projects. Budget was spend on Herbertville fire station above.  |
| 30,046   | 16,046                     | Depreciation Reserve          | Budget was for 3 trailers and Council has renewed two. The thrid one is getting built and will be completed next year. \$14,000 of the remaining budget will go towards the Webber fire tanker capital development project. |
| 3,000  | 3,000                      | Depreciation Reserve          | To carry forward to be completed in 2012/13.  |
| <b>42,307</b>                                    | <b>46,065</b>              |                               |   |
| 7,517  | 7,517                      | Depreciation Reserve          | Carry forward to be completed next year as part of Woodville CBD Upgrade.   |
| <b>7,517</b>                                     | <b>7,517</b>               |                               |   |
| -  | -                          | Depreciation Reserve          | Completed.  |
| -  | -                          |                               |   |
| 7,363  | 7,363                      | Depreciation Reserve Housing  | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| (2,384)  | -                          | Depreciation Reserve Housing  |   |
| 8,455  | 8,455                      | Depreciation Reserve Housing  | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| 3,298  | 3,298                      | Depreciation Reserve Housing  | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| 13,084   | 13,084                     | Depreciation Reserve Housing  | To carry forward to be completed in 2012/13 due to prioritisation of projects.  |
| <b>29,816</b>                                    | <b>32,200</b>              |                               |   |
| 14,956   | 14,956                     | Depreciation Reserve          | In progress. To carry forward to be completed in 2012/13.   |
| 30,391   | 30,391                     | Depreciation Reserve          | In progress. Project delayed due to decision on amalgamation of centres.  |
| <b>45,346</b>                                    | <b>45,346</b>              |                               |   |

| Activity & Capital Works Project           | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget     | Actual to<br>June 2011 | Year to<br>June 2012 |
|--|---|-------------------|------------------------|------------------|------------------------|----------------------|
| <b>Parks and Reserves</b>                  |   |                   |                        |                  |                        |                      |
| Camping ground house Pahiatua              | 12,402                                  | -                 | -                      | 12,402           | 129,716                | 36,302               |
| Camping ground Dannevirke                  | 7,766                                   | 7,000             | -                      | 14,766           | -                      | -                    |
| Building maintenance                       | -                                       | 55,000            | -                      | 55,000           | -                      | 55,424               |
| Dannevirke Domain                          | 7,362                                   | 57,000            | -                      | 64,362           | -                      | -                    |
| Reserve Management Plan                    | -                                       | 21,000            | -                      | 21,000           | -                      | -                    |
| Camping ground Woodville                   | 2,000                                   | -                 | -                      | 2,000            | -                      | -                    |
|  | <b>29,529</b>                           | <b>140,000</b>    | <b>-</b>               | <b>169,529</b>   | <b>129,716</b>         | <b>91,726</b>        |
| <b>Public conveniences</b>                 |   |                   |                        |                  |                        |                      |
| Replace hand dryers                        | -                                       | 4,000             | -                      | 4,000            | -                      | 2,406                |
| Resurface three toilet floors              | 6,778                                   | 9,000             | -                      | 15,778           | 5,890                  | 3,000                |
|  | <b>6,778</b>                            | <b>13,000</b>     | <b>-</b>               | <b>19,778</b>    | <b>5,890</b>           | <b>5,406</b>         |
| <b>Roading</b>                             |   |                   |                        |                  |                        |                      |
| Pavement rehabilitation                    | 152,697                                 | 1,755,000         | -                      | 1,907,697        | 1,611,336              | 1,811,261            |
| Sealed road resurfacing                    | 76,044                                  | 2,390,000         | -                      | 2,466,044        | 2,195,671              | 2,451,187            |
| Traffic services                           | 117,617                                 | 88,000            | -                      | 205,617          | 74,592                 | 93,891               |
| Drainage renewals & structures maintenance | 166,251                                 | 480,000           | -                      | 646,251          | 303,749                | 502,514              |
| Bridge renewals                            | -                                       | 250,000           | -                      | 250,000          | 5,679                  | -                    |
| Structure component replacements           | 70,000                                  | 92,500            | -                      | 162,500          | -                      | 549,716              |
| Unsealed road metalling                    | 155,763                                 | 583,000           | -                      | 738,763          | 723,281                | 571,135              |
|  | <b>738,372</b>                          | <b>5,638,500</b>  | <b>-</b>               | <b>6,376,872</b> | <b>4,914,308</b>       | <b>5,979,704</b>     |



| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source       | Explanation/Status/Significant Variances to Community Plan   |
|--|----------------------------|----------------------|--|
| (23,901)   | -                          | Depreciation Reserve | Completed. \$17,128 budget was transferred from other projects due to increase in project scope.   |
| 14,766   | 7,000                      | Depreciation Reserve | Reprioritisation of projects. \$7,766 was spent on Pahiatua House. The balance to carry forward to be completed in 2012/13.  |
| (424)  | -                          | Depreciation Reserve | Completed.   |
| 64,362   | 57,000                     | Depreciation Reserve | To carry forward \$57,000 to be completed in 2012/13 due to prioritisation of projects. \$7,362 was spent on Pahiatua home.  |
| 21,000   | 21,000                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 2,000  | -                          | Depreciation Reserve | Reprioritisation of projects. Budget was spent on Pahiatua House.  |
| <b>77,803</b>                                    | <b>85,000</b>              |                      |  |
| 1,594  | 1,594                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 12,778   | 12,778                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| <b>14,372</b>                                    | <b>14,372</b>              |                      |  |
| 96,436   | -                          | Depreciation Reserve | Completed. Target budget of \$1.8 million was approved by NZTA.  |
| 14,857   | -                          | Depreciation Reserve | Completed. Target budget of \$2.42 million was approved by NZTA.   |
| 111,726  | -                          | Depreciation Reserve | Completed. Target budget of \$77,000 was approved by NZTA.   |
| 143,737  | -                          | Depreciation Reserve | Completed. Target budget of \$537,000 was approved by NZTA.  |
| 250,000  | 250,000                    | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| (387,216)  | -                          | Depreciation Reserve | Completed. Council decided to take advantage of the availability and lower cost of using a local contractor, who had delivered quality work, to do more work on bridge strengthening. Target budget of \$580,000 was approved by NZTA. |
| 167,629  | -                          | Depreciation Reserve | Completed. Target budget of \$667,000 was approved by NZTA.  |
| <b>397,167</b>                                   | <b>250,000</b>             |                      |  |

| Activity & Capital Works Project     | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget   | Actual to<br>June 2011 | Year to<br>June 2012 |
|--------------------------------------|---|-------------------|------------------------|----------------|------------------------|----------------------|
| <b>Sewerage</b>                      |   |                   |                        |                |                        |                      |
| Dannevirke mains replacement         | 49,702                                  | -                 | -                      | 49,702         | -                      | 221                  |
| Pahiatua mains replacement           | 24,835                                  | -                 | -                      | 24,835         | -                      | -                    |
| Infiltration                         | 55,000                                  | -                 | -                      | 55,000         | -                      | 10,023               |
| Woodville                            | 141,059                                 | -                 | -                      | 141,059        | -                      | -                    |
| Eketahuna mains replacement          | 86,904                                  | -                 | -                      | 86,904         | -                      | -                    |
| Manhole replacements                 | -                                       | 5,000             | -                      | 5,000          | -                      | -                    |
| Sewer pump replacement               | -                                       | 2,000             | -                      | 2,000          | -                      | 1,999                |
| District expense - mains replacement | 90,878                                  | 235,000           | -                      | 325,878        | 210,944                | 44,371               |
|                                      | <b>448,378</b>                          | <b>242,000</b>    | <b>-</b>               | <b>690,378</b> | <b>224,685</b>         | <b>56,614</b>        |
| <b>Stormwater Drainage</b>           |   |                   |                        |                |                        |                      |
| District expense                     | 35,000                                  | -                 | -                      | 35,000         | -                      | 46,000               |
| Dannevirke                           | 39,216                                  | -                 | -                      | 39,216         | -                      | -                    |
| Dannevirke High Street refurbishment | -                                       | 55,087            | -                      | 55,087         | -                      | 38,050               |
|                                      | <b>74,216</b>                           | <b>55,087</b>     | <b>-</b>               | <b>129,303</b> | <b>-</b>               | <b>84,050</b>        |
| <b>Swimming Pools</b>                |   |                   |                        |                |                        |                      |
| Pahiatua                             | 12,548                                  | 12,000            | -                      | 24,548         | 10,582                 | 11,194               |
| Eketahuna                            | -                                       | 13,000            | -                      | 13,000         | 9,150                  | 5,261                |
| Woodville                            | 524                                     | 13,000            | -                      | 13,524         | 2,046                  | 10,186               |
|                                      | <b>13,072</b>                           | <b>38,000</b>     | <b>-</b>               | <b>51,072</b>  | <b>21,778</b>          | <b>26,641</b>        |

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source       | Explanation/Status/Significant Variances to Community Plan                              |
|--|----------------------------|----------------------|---|
| 49,482   | 49,482                     | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| 24,835   | 24,835                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.          |
| 44,977   | 44,977                     | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| 141,059  | 141,059                    | Depreciation Reserve | To carry forward to be completed in 2012/13 with Woodville town centre upgrade project. |
| 86,904   | 86,904                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.          |
| 5,000  | 5,000                      |                      | To carry forward to be completed in 2012/13 due to prioritisation of projects.          |
| 1  | -                          | Depreciation Reserve | Completed.  |
| 281,508  | 281,508                    | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| <b>633,765</b>                                   | <b>633,764</b>             |                      |   |
| (11,000)   | -                          | Depreciation Reserve | Completed.  |
| 39,216   | 39,216                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.          |
| 17,037   | 17,037                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.          |
| <b>(45,253)</b>                                  | <b>56,253</b>              |                      |   |
| 13,354   | 13,354                     | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| 7,739  | 7,739                      | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| 3,338  | 3,338                      | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.                       |
| <b>24,431</b>                                    | <b>24,431</b>              |                      |   |

| Activity & Capital Works Project   | Carry forward<br>Budget to<br>June 2011 | Budget<br>2011/12 | Authorised<br>Revision | Total Budget      | Actual to<br>June 2011 | Year to<br>June 2012 |
|--|---|-------------------|------------------------|-------------------|------------------------|----------------------|
| <b>Water Supplies</b>  |   |                   |                        |                   |                        |                      |
| Woodville  | 46,854                                  | -                 | -                      | 46,854            | -                      | 11,429               |
| Mains replacement  | 256,309                                 | 70,000            | -                      | 326,309           | 33,945                 | 870                  |
| Norsewood  | -                                       | -                 | -                      | -                 | 28,952                 | 16,762               |
| Pahiatua   | -                                       | -                 | -                      | -                 | 298,894                | 19,952               |
| Dannevirke   | -                                       | 268,000           | -                      | 268,000           | 180,752                | 36,228               |
| District expense   | 51,724                                  | 32,000            | -                      | 83,724            | 449                    | 69,579               |
|  | <b>354,887</b>                          | <b>370,000</b>    | <b>-</b>               | <b>724,887</b>    | <b>545,807</b>         | <b>154,819</b>       |
| <b>Other – Support</b>   |   |                   |                        |                   |                        |                      |
| Computer hardware/software replacement   | 153,414                                 | 116,066           | -                      | 269,480           | 96,548                 | 136,618              |
| Computer software replacement  | -                                       | 21,585            | -                      | 21,585            | 18,946                 | -                    |
| Computer fibre replacement   | -                                       | 3,177             | -                      | 3,177             | 5,375                  | -                    |
| Administration buildings   | 253,115                                 | 1,000             | -                      | 254,115           | 16,222                 | 86,827               |
| Plant, equipment & furniture   | 128,992                                 | 29,014            | -                      | 158,006           | 28,252                 | 47,255               |
| Motor vehicle replacement (including \$6,000 for Roothing)   | 43,019                                  | -                 | -                      | 43,019            | 99,965                 | 252,331              |
|  | <b>578,540</b>                          | <b>170,842</b>    | <b>-</b>               | <b>749,382</b>    | <b>265,309</b>         | <b>523,031</b>       |
| <b>Minor Renewals</b>  |   |                   |                        |                   |                        |                      |
| Note: These items are also shown in operating expenditure but will be funded from depreciation reserve |   |                   |                        |                   |                        |                      |
| Camping Grounds  | 7                                       | -                 | -                      | 7                 | 876                    | -                    |
| Commuinty Buildings  | 3,322                                   | -                 | -                      | 3,322             | 8,010                  | -                    |
| Public Conveniences  | 5,444                                   | -                 | -                      | 5,444             | 110                    | -                    |
| Commercial Buildings   | 1,000                                   | -                 | -                      | 1,000             | -                      | -                    |
|  | <b>9,772</b>                            | <b>-</b>          | <b>-</b>               | <b>9,772</b>      | <b>30,463</b>          | <b>-</b>             |
| <b>Total Renewals</b>  | <b>2,575,876</b>                        | <b>6,954,829</b>  | <b>-</b>               | <b>9,530,705</b>  | <b>6,383,713</b>       | <b>7,325,061</b>     |
| <b>Total Capital</b>   | <b>10,383,129</b>                       | <b>9,847,675</b>  | <b>-</b>               | <b>20,230,804</b> | <b>9,275,715</b>       | <b>12,386,181*</b>   |

\* Total capital expenditure for the year differs from assets capitalised in the 'Property, Plant & Equipment' note (Note 17) of the Notes to the Financial Statements due to changes in work in progress and increases in landfill asset lives.

| Total<br>Remaining<br>Budget<br>Under/<br>(Over) | Remaining<br>Carry Forward | Funding Source       | Explanation/Status/Significant Variances to Community Plan   |
|--|----------------------------|----------------------|--|
| 35,425   | 35,425                     | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13 as part of Woodville town centre upgrade project.                     |
| 325,439  | 325,439                    | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.  |
| (16,762)   | -                          | Depreciation Reserve | Completed. Budget was from Mains replacement   |
| (19,952)   | -                          | Depreciation Reserve | Completed. Budget was from Mains replacement   |
| 231,772  | 195,058                    | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.  |
| 14,145   | 14,145                     | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.  |
| <b>570,067</b>                                   | <b>542,992</b>             |                      |  |
| 132,862  | 128,000                    | Depreciation Reserve | Carry forward \$68,000 for PC's and \$60,000 for DRP Generator.  |
| 21,585   | 21,585                     | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 3,177  | 3,177                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 167,288  | 167,288                    | Depreciation Reserve | In progress. To carry forward balance to be completed in 2012/13.  |
| 110,751  | 110,751                    | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| (209,311)  | -                          | Depreciation Reserve | Budget including carry forwards for all vehicle replacements at start of year was \$117,000. Further vehicles purchased April and May. |
| <b>226,351</b>                                   | <b>430,801</b>             |                      |  |
| 7  | 7                          | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 3,322  | 3,322                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 5,444  | 5,444                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| 1,000  | 1,000                      | Depreciation Reserve | To carry forward to be completed in 2012/13 due to prioritisation of projects.   |
| <b>9,772</b>                                     | <b>9,772</b>               |                      |  |
| <b>2,405,644</b>                                 | <b>2,256,922</b>           |                      |  |
| <b>7,844,624</b>                                 | <b>4,298,443</b>           |                      |  |

# Revenue & Financing Policy Report

| Function   | Note | Subsidy Actual | Subsidy Policy | User Charges & Other Sources Actual | User Charges Policy |
|--|------|----------------|----------------|-------------------------------------|---------------------|
| Animal Control                                       | 2    |                |                | 94.7%                               | 93.0%               |
| Cemeteries   | 1    |                |                | 28.5%                               | 25.0%               |
| Commercial Property                                  | 3    |                |                | 109.4%                              | 105.0%              |
| Community Buildings                                  | 4    |                |                | 5.6%                                | 10.0%               |
| Community Support                                    | 1    |                |                | 3.3%                                | 0.0%                |
| District Promotion & Development                     | 1    | 0.2%           | 0.0%           |                                     |                     |
| Emergency Management                                 |      |                |                |                                     |                     |
| Civil Defense  | 5    | 15.4%          | 11.0%          |                                     |                     |
| Rural Fire   | 1    | 3.7%           | 0.0%           |                                     |                     |
| Footpaths  | 6    |                |                | 2.0%                                | 0.0%                |
| Health & Safety                                      |      |                |                | 100.0%                              | 100.0%              |
| Building Control                                     |      |                |                |                                     |                     |
| Health Control                                       | 7    |                |                | 76.8%                               | 90.0%               |
| Inspection & Licensing                               | 8    |                |                | 31.7%                               | 46.0%               |
| Housing  | 9    |                |                | 19.1%                               | 30.0%               |
| Library  | 10   |                |                | 5.6%                                | 15.0%               |
| Parks & Reserves                                     |      |                |                |                                     |                     |
| Parks & Recreation Grounds (excluding Domain Boards) | 1    |                |                | 1.1%                                | 5.0%                |
| Camping Grounds                                      | 11   |                |                | 4.1%                                | 0.0%                |
| Public Conveniences                                  |      |                |                | 0.5%                                | 0.0%                |
| Representation                                       | 1    |                |                | 2.0%                                | 0.0%                |
| Resource Management                                  | 12   |                |                | 28.0%                               | 25.0%               |
| Roading  | 13   | 57.9%          | 67.0%          |                                     |                     |
| Service Centres                                      | 1    |                |                | 1.3%                                | 0.0%                |
| Sewerage   |      |                |                | 10.2%                               | 6.0%                |
| Solid Waste Management                               |      |                |                |                                     |                     |
| Refuse Collection                                    | 14   |                |                | 14.9%                               | 50.0%               |
| Waste Disposal                                       | 14   |                |                | 10.6%                               | 70.0%               |

| General Rates* Actual | General Rates* Policy | Sector General Differential Actual | Sector General Differential Policy | Targeted Rates Actual | Targeted Rates Policy | Uniform Rates Actual | Uniform Rates Policy |
|-----------------------|-----------------------|------------------------------------|------------------------------------|-----------------------|-----------------------|----------------------|----------------------|
| 5.3%                  | 7.0%                  |                                    |                                    |                       |                       |                      |                      |
| 71.5%                 | 75.0%                 |                                    |                                    |                       |                       |                      |                      |
| 94.4%                 | 90.0%                 |                                    |                                    |                       |                       |                      |                      |
| 96.7%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 99.8%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 84.6%                 | 89.0%                 |                                    |                                    |                       |                       |                      |                      |
|                       |                       | 96.3%                              | 100.0%                             |                       |                       |                      |                      |
| 29.9%                 | 15.0%                 | 68.1%                              | 85.0%                              |                       |                       |                      |                      |
| 23.2%                 | 10.0%                 |                                    |                                    |                       |                       |                      |                      |
| 68.3%                 | 54.0%                 |                                    |                                    |                       |                       |                      |                      |
| 80.9%                 | 70.0%                 |                                    |                                    |                       |                       |                      |                      |
| 94.4%                 | 85.0%                 |                                    |                                    |                       |                       |                      |                      |
| 98.9%                 | 95.0%                 |                                    |                                    |                       |                       |                      |                      |
| 95.9%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 99.5%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 98.0%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 72.0%                 | 75.0%                 |                                    |                                    |                       |                       |                      |                      |
|                       |                       |                                    |                                    | 42.1%                 | 33.0%                 |                      |                      |
| 98.7%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 4.5%                  | 9.0%                  |                                    |                                    | 85.3%                 | 85.0%                 |                      |                      |
|                       |                       | 85.1%                              | 50.0%                              |                       |                       |                      |                      |
| 89.4%                 | 30.0%                 |                                    |                                    |                       |                       |                      |                      |

| Function            | Note | Subsidy Actual | Subsidy Policy | User Charges & Other Sources Actual | User Charges Policy |
|---------------------|------|----------------|----------------|-------------------------------------|---------------------|
| Stormwater/Drainage | 1    |                |                | 1.8%                                | 0.0%                |
| Swimming Pools      | 1    |                |                | 1.6%                                | 0.0%                |
| Tararua i-SITE      |      |                |                | 10.2%                               | 10.0%               |
| Water Supplies      |      |                |                |                                     |                     |
| Urban               | 15   | 31.8%          | 0.0%           | 29.4%                               | 35.0%               |
| Pongaroa            | 1    |                |                |                                     |                     |

\*General rates are those activities charged through the Uniform Annual General Charge or through the General Differential Rate.  
See over page for explanation of variances

## Explanation for Variance

- 1 Within 5% of budget is considered materially within budget.
- 2 Rental income is higher due to revision of rental rates and reclassification of Dannevirke Aerodrome as Investment Properties.
- 3 Revenue is higher due to the dog module operational and higher infringement notices sent.
- 4 Under spent on maintenance expenditure for buildings. Some expenditure was deferred to next financial year.
- 5 Subsidies received was lower than budgeted.
- 6 Depreciation was significantly lower than budget.
- 7 Building consent numbers were lower than budget.
- 8 Revenue from fees and charges under budget due to fewer premises visited than budgeted.
- 9 Expenditure lower than budget.
- 10 Depreciation and software maintenance cost was higher than budgeted.
- 11 Usage of camping grounds was down from budget.
- 12 Cost for District Plan was significantly lower than budget.
- 13 Higher subsidy was received due to increased work which meant a corresponding increase in expenditure. Depreciation expenditure was also higher than budgeted.
- 14 Budget was based on Dannevirke and Pahiatua transfer station opening earlier. Dumping fees for Pahiatua landfill was incorrectly included in budget.
- 15 Subsidy was received from the Ministry of Health.



| General Rates* Actual | General Rates* Policy | Sector General Differential Actual | Sector General Differential Policy | Targeted Rates Actual | Targeted Rates Policy | Uniform Rates Actual | Uniform Rates Policy |
|-----------------------|-----------------------|------------------------------------|------------------------------------|-----------------------|-----------------------|----------------------|----------------------|
|                       |                       |                                    |                                    |                       |                       | 98.2%                | 100.0%               |
| 98.4%                 | 100.0%                |                                    |                                    |                       |                       |                      |                      |
| 89.8%                 | 90.0%                 |                                    |                                    |                       |                       |                      |                      |
|                       |                       |                                    |                                    |                       |                       | 38.8%                | 65.0%                |
|                       |                       |                                    |                                    | 100.0%                | 100.0%                |                      |                      |

# Governance Report

## Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the district's development.

## Structure of Council

Council appoints a Chief Executive to manage the Council operations. The Chief Executive, Blair King, is accountable to the Mayor and Councillors for managing the Council.

He has statutory powers conferred by the Act and other powers at Council's discretion. The Chief Executive has appointed managers to manage key areas of the Council's operations.

The Council has a portfolio system in place for specific activities/functions to oversee and liaise with management on the governance aspects and report back as appropriate through the monthly meeting. The Council has over the years found this is an effective mechanism for Councillors involvement in enhancing and fulfilling their role as elected representatives.

## Council Committees

The Council has two committees to monitor and assist in the effective discharge of Council's responsibilities. These include:

- Tribunal and Hearings Committee
- Chief Executive's Performance Appraisal Committee

## Tribunal and Hearings Committee

To hear and adjudicate on all matters Council is required to handle relating to tribunal and hearings matters, meeting throughout the district or outside as appropriate. The Chief Executive is delegated the authority to handle and approve straightforward applications on a regular basis.

## Chief Executive's Performance Appraisal Committee

To review the performance of the Chief Executive and the accountabilities relating to this position.

## Community Boards and Community Committees

Elected community boards represent Dannevirke and Eketahuna communities. In addition Pahiatua On-Track Incorporated and Woodville District Vision Incorporated are both representative community committees.

The boards reflect unique history requirements of each locality and assist Council to meet the community's needs. The Boards advise Council on a wide range of issues.

## Council Controlled Organisations

Information on the Council Controlled Trading Organisations and Trusts is presented in the Consolidated Notes to the Financial Statements.

## Activities Undertaken to Promote Maori

The Council has an obligation to take into account the principles of the Treaty of Waitangi and to recognise and provide for the special relationship between Maori, their culture, traditions, land and taonga.

The Council acknowledges Rangitane O Tamaki Nui A Rua as having Tangata Whenua status in the Tararua District.

A Memorandum of Partnership has been established which governs the relationship between Rangitane O Tamaki Nui A Rua and the elected Council.

## The Key Principles are:

- To actively promote the sustainable management of the district's natural and physical resources and those taonga of significance to Rangitane O Tamaki Nui A Rua.
- To develop an effective partnership with Rangitane O Tamaki Nui A Rua in the management of the district's natural and physical resources by the exercise of good faith, cooperation, flexibility and responsiveness in their dealings with each other.
- To promote active participation of Rangitane O Tamaki Nui A Rua in the preparation, implementation and review of resource management policies and plans.
- To have particular regard to the rights of Rangitane O Tamaki Nui A Rua in the management and development

of resources by recognising and providing for Kaitiakitanga.

- To recognise the Rangitiratanga right of Rangitane O Tamaki Nui A Rua as guaranteed in Article II of the Treaty of Waitangi, to retain responsibility and control of the management and allocation of their resources.

#### **The Goal is:**

- To forge a relationship of mutual benefit between the Tararua District Council and Rangitane O Tamaki Nui A Rua that will develop into an effective and meaningful partnership.

#### **The Programme is:**

- To promote an understanding of the Memorandum of Partnership.
- Working to maintain the arrangement with Rangitane O Tamaki Nui A Rua.
- Ensuring that all parties are kept informed of the Council's programmes and be given the opportunity to take part in the Council's affairs.

## **Governance Framework**

### **Independent Election**

The Council believes the democratic election of Councillors by the citizens of Tararua District ensures that it is able to

operate in the best interests of the district and to function independently of management.

### **Communications**

The public can be part of Council's decision-making process through various consultation processes as prescribed by the Act.

These include the community planning process, and new policy consultation.

### **Division of Responsibility between Council and Management**

A key to the efficient running of the Council is the clear division between the roles of Council (elected members) and management. Council concentrates on setting the strategic vision and policies, while management is concerned with implementing policy and strategy.

While many functions have been formally delegated to the Chief Executive, the overall responsibility for maintaining effective systems of internal control rests with the Council. Internal control includes the policies, systems and procedures, which have been established to provide measurable assurance that the specific objectives of the Council are being achieved.

The Council has acknowledged its responsibility with the signing of the Statement of Compliance and Responsibility.

# Report of the Auditor-General

## Independent Auditor's Report

To the readers of  
Tararua District Council and group's  
annual report  
for the year ended 30 June 2012

The Auditor-General is the auditor of Tararua District Council (the District Council) and group. The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statements of service performance and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 65 to 226, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the statements of service performance of the District Council and group on pages 65 to 140 that includes other information required by schedule 10 of the Local Government Act 2002.

## Opinion on the financial statements, statements of service performance and other information

In our opinion:

- The financial statements of the District Council and group on pages 65 to 226:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2012; and
    - the results of its operations and cash flows for the year ended on that date.
- The statements of service performance of the District Council and group on pages 65 to 140:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and

- the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements and the statements of service performance, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

### Other matter – information to support forecast expenditure and levels of service for water and waste infrastructure

Without modifying our opinion, we draw your attention to the District Council's disclosures on page 10 about:

- the 2009-19 Long-Term Council Community Plan (LTCCP) not having adequate information to support the forecast expenditure, and levels of service for water and waste infrastructure;
- our audit report on the LTCCP, dated 24 June 2009, contained a qualified opinion on those inadequacies; and
- the District Council's subsequent initiatives that have shown the forecasts and levels of service in the LTCCP were reasonable.

As a result, the forecasts and the levels of service contained in the LTCCP provide an appropriate basis for a meaningful assessment of the Council's performance for water and waste.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

### Basis of Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statements of service performance and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statements of service performance and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statements of service performance and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statements of service performance and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's

financial statements, statements of service performance and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, statements of service performance and other information;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statements of service performance and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statements of service performance and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to its forecast; and

- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statements of service performance and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statements of service performance and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand

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

This audit report relates to the financial statements, statements of service performance and the other requirements of Tararua District Council (the District Council) and group for the year ended 30 June 2012 included on the District Council's website. The Council is responsible for the maintenance and integrity of the District Council's website. We have not been engaged to report on the integrity of the District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, statements of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statements of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statements of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statements of service performance and the other requirements as well as the related audit report dated 31 October 2012 to confirm the information included in the audited financial statements, statements of service performance and the other requirements presented on this website.

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

# Statement of Compliance and Responsibility

## Compliance

The Council and management of the Tararua District Council confirm that all the statutory requirements in relation with the Annual Report have been complied with in accordance with the Local Government Act 2002.

The Council and management of Tararua District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

## Responsibility

The Council and management of Tararua District Council accept responsibility for the preparation of the annual Consolidated Financial Statements and the judgements used in them.

In the opinion of the Council and management of Tararua District Council, the annual Consolidated Financial Statements for the year ended 30 June 2012 fairly reflect the financial position and operations of Tararua District Council and Group.



Mayor



Chief Executive



Chief Financial Officer





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# **Statements of Service Performance**

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ANNUAL REPORT 2011/12

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# Animal Control

Aim – To prevent nuisance and threats to community safety from dogs and wandering stock

## Description of Activity **WHY WE DO IT**

Animal control activities provide the capacity to respond to instances of dogs or wandering stock causing nuisance, the facilities to impound animals and the capacity to enforce statutory requirements and bylaws to increase safety in our community.

The activity also maintains a database of all registered dogs and collects licence fees. In addition, Council works with schools to educate children in responsible dog ownership and safety around dogs to prevent future incidents.

Council is obliged to meet a number of statutory obligations under the Dog Control Act, and because community safety is a community priority.

Council is required to enforce the obligations of responsible dog ownership and to adopt a policy and bylaw for the care and control of dogs in the district.

Under the Impounding Act the Council is required to maintain a stock pound and appoint a pound keeper. It is obliged to accept stock tendered for impounding, so that residents have access to local services.

## Contribution to Community Outcomes

| Strongly Related | Related        | Partially Related   |
|------------------|----------------|---------------------|
| Safer Community  | Local Services | Connected Community |

## Level of Service **WHAT WE DO**

This is determined by legislation and the Council's policy on dogs, which was developed in consultation with the public of the District.

The Council maintains a register of dogs within the District. There are approximately 6,700 dogs that must be registered each year and staff investigate any that are unregistered.

Complaints are recorded, investigated and appropriate action is taken. A 24-hour dog and stock ranging service is provided. Public places are regularly patrolled, particularly where wandering dogs and stock are an ongoing problem. Stray dogs and wandering stock are impounded and may be released on the payment of fees or may be sold, rehomed or otherwise disposed of, depending on circumstances. The dog and stock pounds are managed under this activity.

Dog awareness and education programmes are offered to local schools and other appropriate organisations.

## What We Achieved

At the end of the financial year, 6,656 dogs were registered, being 99.1% of known dogs in the district. Council achieved the goal of registering 99% of known dogs.

Council has overcome the problems experienced with the Authority software and managed to regularly supply data to the National Dog Database managed by the Department of Internal Affairs. The ability to once again issue and process infringement notices has seen the number of notices issued rise to 290, from 49 the previous year. These were predominantly for not registering dogs.

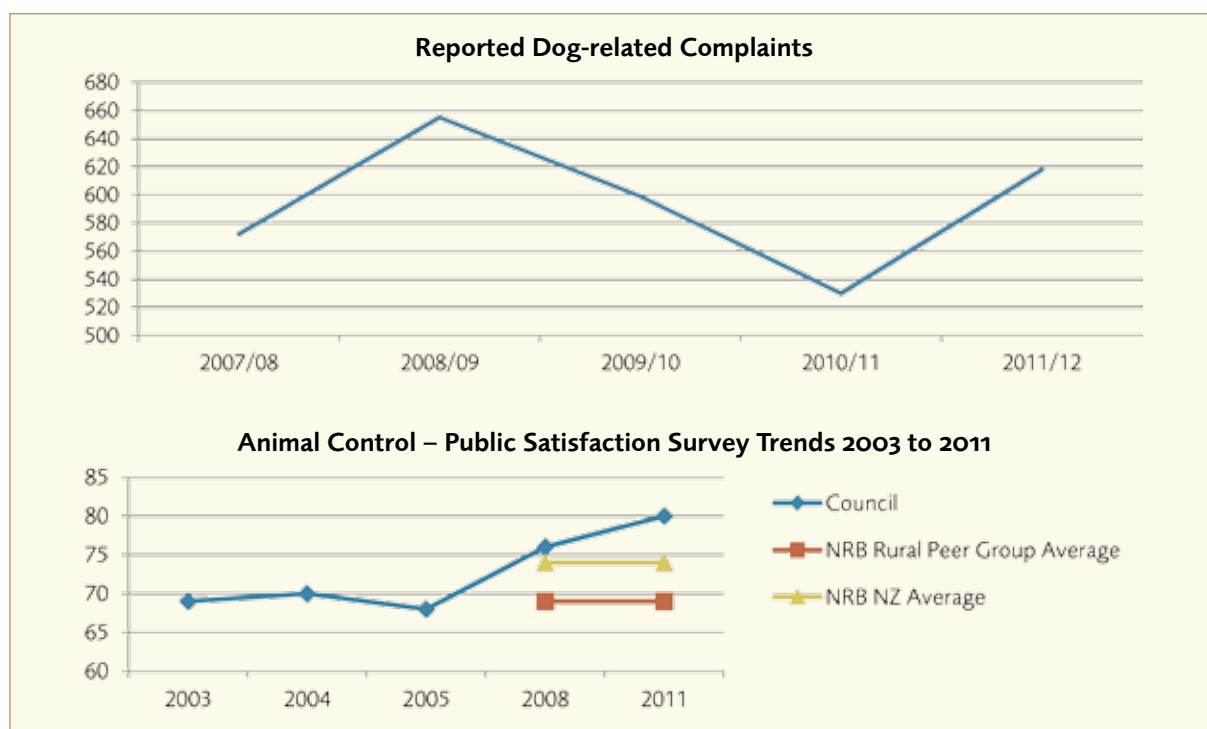
The number of dogs classified as menacing rose from 40 to 58, while the number of dangerous dogs fell from 10 to 8. Dog complaints rose from 529 to 618, driven mainly by a 40% increase in the number of barking dogs complaints. Increases can often arise from continual and often unjustified series of complaints by an individual about a nearby dog or dogs.

Provision has now been made in Council's Long Term Plan for the development of a new district dog pound, which will meet the new animal welfare code. Planning is underway and details will be firmed up once the site is confirmed.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>99% of known dogs registered every year.</li> </ul>   | ACHIEVED: 99.1% of known dogs registered.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Maintain a 24/7 dog and stock ranging service to ensure a response time of less than 2 hours for serious dog attacks.*</li> </ul>                                     | ACHIEVED: Contract in place to ensure 24/7 dog and stock ranging service is in place. 30 notifications for serious dog attacks were received and responded to within 2 hours.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least six education programmes at schools completed.</li> </ul>  | NOT ACHIEVED: No schools took up the opportunity this year to have an Animal Control Officer visit and talk to the children about dog control and behaviour around dogs. However, a youth group and a meter reading company took up the opportunity and this was well received.                | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>At least three media items on dog ownership published.</li> </ul>   | ACHIEVED: Four media items on dog ownership were published. Two items were published in the Council's Bush Telegraph page and two articles in the Dannevirke News.   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Reducing number of dog-related complaints each year compared to previous year. Target is less than 528 dog-related complaints.</li> </ul>                             | NOT ACHIEVED: The number of complaints received was 618 compared to 530 last year. This was mainly due to the 40% (64 complaints) increase in barking dog complaints and 15% (29 complaints) increase in roaming dog complaints.   | ✗       | ✓    |
| <ul style="list-style-type: none"> <li>At least 65% of residents rate dog control as "quite satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014 and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. Achieved 80% satisfaction in the February 2011 survey compared to a target of 65% and 76% satisfaction in the 2008 survey. Council continues to provide a 24 hour dog and stock ranging services, and have not reduced the level of service. | N/A     | ✓    |

\* Serious dog attacks have been defined as dogs attacking people, livestock or other pets. Dogs attacking other dogs have been excluded.



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Animal Control</b>              |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 10                             | 8                 | 8                      |
| Fees & Charges                     | 193                            | 242               | 193                    |
| Miscellaneous Revenue              | 2                              | 3                 | 1                      |
| <b>Total Revenue</b>               | <b>205</b>                     | <b>253</b>        | <b>202</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Afterhours dog control             | 7                              | 35                | 48                     |
| Maintain database                  | 18                             | 39                | 41                     |
| Monitor and enforce                | 137                            | 103               | 93                     |
| Education                          | -                              | -                 | -                      |
| After hours stock control          | 16                             | 7                 | -                      |
| Depreciation                       | 18                             | 15                | 18                     |
| Interest                           | -                              | -                 | 1                      |
| <b>Total Expenses</b>              | <b>196</b>                     | <b>201</b>        | <b>202</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>9</b>                       | <b>52</b>         | <b>-</b>               |

**Comment:** Income is higher by \$51,000 mainly due to increase in infringements as the dog module was operational this year. Expenditure tracked against budget overall with minor variances between the different reporting levels.

# Cemeteries

Aim – to provide burial facilities that are safe and attractive memorial areas.

## Description of Activity *WHY WE DO IT*

A number of cemeteries are located in various towns within the Tararua district. Most of the cemeteries are in Council ownership with a few owned by the Crown and vested in the Council. All of the cemeteries are managed by the Asset Management division of the Council and maintenance is contracted out.

Some older cemeteries are closed and burial plots are no longer available. These closed cemeteries continue to be maintained by the Council despite being closed.

Burial plots at the cemeteries are sold by the Council and the exclusive right of burial is granted for such limited time as the Council decides.

The Council keeps a register of all persons interred in its cemeteries, including the name, the location of the burial plot and the cemetery the bodies are interred in. Information from the register can be obtained by contacting any Council service centre or is available for public inspection on the Council website [www.tararua.govt.nz](http://www.tararua.govt.nz)

Cemeteries are categorised as:

Current: Cemeteries presently in use (11).

Maori: There are five urupa within the district (5).

Historic: Cemeteries no longer in use but still maintained by the Council (4).

Pioneer: Cemeteries no longer in use and not maintained by the Council (5).

### Current Cemeteries

- Mangatera, Dannevirke
- Norsewood
- Ormondville

- Pinfold Road, Woodville
- Woodville RSA, Woodville
- Mangatainoka, Pahiatua
- Marchant Street, Eketahuna
- Alfredton
- Pongaroa
- Mangahao, Pahiatua
- Mangaoranga RSA, Eketahuna

### Historic Cemeteries

- Gorge Road, Woodville
- Mangaoranga, Eketahuna
- Matamau
- Settlers, Dannevirke

### Pioneer Cemeteries

- Weber
- Herbertville
- Kumeroa
- Kaitawa
- Newman, Eketahuna

The current, historic and pioneer cemeteries are very much part of our district's history and heritage and reasonable measures are taken to preserve these reserves and in particular to display the names of those pioneers known to be buried there. Most of the pioneer cemeteries are off the beaten track and generally are across farmland. Public access to the Weber, Herbertville and Kaitawa Cemeteries is quite difficult.

## Urupa

The Council contributes to the maintenance of five urupa within the district by providing grants to Urupa Komiti.

These urupa are located at:

- Hamua
- Kaitoki
- Papauma
- Tahoraiti
- Whiti Te Ra

## Cemetery Reserve Land

Several land areas are held in reserve for future development into cemeteries when the need for additional burial plots arises. These are:

- Cemetery Road, Dannevirke (2 reserves)
- Marchant Street, Eketahuna
- Ormondville
- Pahiatua, Mangatainoka (2 reserves)
- Pinfold Road, Woodville

## Servicemen Areas

Provision is made for the burial of servicemen in designated areas at the following cemeteries:

- Mangaoranga RSA, Eketahuna
- Mangatera, Dannevirke
- Norsewood
- Mangatainoka, Pahiatua
- Pongaroa
- Woodville RSA

The Council receives a grant from Veterans Affairs New Zealand to maintain the Servicemen Areas based on the size of the area allocated for the burial of servicemen.

## Cremation Services

No cremation facilities are provided in the district. The nearest crematorium is located at Palmerston North.

## Contribution to Community Outcomes

| Strongly Related | Related             | Partially Related |
|------------------|---------------------|-------------------|
| Safer Community  | Infrastructure      | -                 |
|                  | Local Services      |                   |
|                  | Connected Community |                   |

## Level of Service *WHAT WE DO*

The Council will provide burial facilities that meet the legislative requirements of the Burial and Cremation Act 1964 and the needs of users. An adequate number of burial plots will be provided for people wanting to be interred in the district.

Cemetery lawns, gardens and paths will be maintained to standards acceptable to the community, and an accurate register of the names and locations of deceased people interred in burial plots will be kept.

## What We Achieved

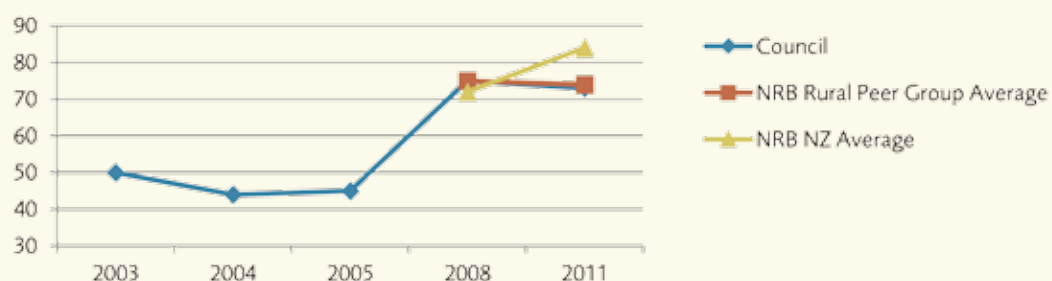
Council continued with the development of stillborn areas as these areas help with the healing and closure for those who attend the ceremony. This year, the Dannevirke Stillborn area was redeveloped.

A new lawn was developed in Pahiatua.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 70% of residents rate cemeteries as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014 and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. 77% satisfaction was achieved in the February 2011 survey. Council continues to develop and upgrade the facilities in the district. | N/A     | ✓    |
| <ul style="list-style-type: none"> <li>Plots are available for the next 12 months based on historical (previous two years) user data.</li> </ul>   | ACHIEVED: Plots in the four main towns (Dannevirke, Woodville, Pahiatua and Eketahuna) are available. A new area in Dannevirke (Mangatera) is budgeted.                               | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>100% accuracy of burial records. This is assessed on the number of complaints received each year.</li> </ul>  | ACHIEVED: No complaints received.   | ✓       | ✓    |

**Cemeteries – Public Satisfaction Survey Trends 2003 to 2011**





## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Cemeteries</b>                  |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 208                            | 228               | 228                    |
| Subsidies                          | 6                              | 5                 | 5                      |
| Fees & Charges                     | 73                             | 68                | 67                     |
| Interest Revenue                   | 3                              | 1                 | 1                      |
| Miscellaneous Revenue              | -                              | 1                 | -                      |
| <b>Total Revenue</b>               | <b>290</b>                     | <b>303</b>        | <b>300</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Dannevirke Rural                   | 33                             | 35                | 37                     |
| Dannevirke Urban                   | 102                            | 91                | 101                    |
| Eketahuna                          | 42                             | 37                | 42                     |
| Pahiatua                           | 47                             | 40                | 51                     |
| Woodville                          | 31                             | 32                | 40                     |
| Depreciation                       | 28                             | 29                | 27                     |
| Interest                           | 2                              | 1                 | 2                      |
| <b>Total Expenses</b>              | <b>285</b>                     | <b>265</b>        | <b>300</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>5</b>                       | <b>38</b>         | <b>-</b>               |

**Comment:** Overall income for operating cemeteries across the district is within budget. Expenditure incurred was \$35,000 below budget due to weather creating delays in the sealing maintenance work being carried out in Dannevirke and Pahiatua. This maintenance work will be carried out in the next financial year.

# Commercial Property

Aim – Manage property assets to obtain the best return for ratepayers.  
To divest properties as the opportunities arise.

## Description of Activity *WHY WE DO IT*

Council has a number of commercial buildings throughout the district. They include the depots at Dannevirke, Tahoraiti and Woodville, the aerodrome at Dannevirke and leased lands district wide.

These properties were acquired at the time of amalgamation when Tararua District Council was first formed and make a financial return to Council.

Council continues to own the depots in Dannevirke, Tahoraiti and Woodville to support Infracon Tararua – a Council Controlled Trading Organisation (CCTO).

Council continues to own the Rural Bus depot to ensure that the rural mail service delivery is retained. However a new bus service (schools) now uses the A & P Showgrounds as a base.

The aerodrome is maintained for use by commercial and private operators to ensure a lower cost to patrons compared to flying from Feilding aerodrome or similar.

## Contribution to Community Outcomes

| Strongly Related   | Related        | Partially Related |
|--------------------|----------------|-------------------|
| Prosperous Economy | Infrastructure | -                 |

## Level of Service *WHAT WE DO*

Council maintains these properties for its subsidiary and rural bus service. The aerodrome is maintained for commercial/private use. These properties are leased to organisations for which a financial return or investment is received. Council will also consider the lease or sale of surplus reserve land depending on the potential future uses for the land.

## What We Achieved

Council's properties were fully rented and maintained at an acceptable level for the year. A contribution from the rental income was able to be used to offset the general rate requirement for Council.

The Council continues to own the rural bus depot to ensure the rural mail service delivery is retained, and owns the depots in Dannevirke, Tahoraiti and Woodville to support Infracon Limited (Council Controlled Trading Organisation - CCTO).

The aerodrome is maintained for use by commercial and private operators to ensure a lower cost to patrons compared to flying from Fielding aerodrome or similar.

All buildings had an independent condition assessment rating completed and results showed that they are in good condition.

## Performance Against Objectives

| Performance Measure and Target                               | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| • Achieving 95% occupancy of commercial buildings each year. | ACHIEVED: 100%. This is consistent with the prior year's results.                     | ✓       | ✓    |
| • Achieving a 5% nett operating surplus each year.           | ACHIEVED: 9.1% operating surplus before offsetting contribution to rates of \$12,000. | ✓       | ✓    |

## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Commercial Property</b>         |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Contribution to Reduce Rates       | (30)                           | (13)              | (13)                   |
| Fees & Charges                     | 125                            | 132               | 122                    |
| Miscellaneous Revenue              | -                              | -                 | -                      |
| <b>Total Revenue</b>               | <b>95</b>                      | <b>119</b>        | <b>109</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Building Maintenance               | 66                             | 81                | 108                    |
| Depreciation                       | 38                             | 40                | 25                     |
| Interest                           | -                              | -                 | -                      |
| <b>Total Expenses</b>              | <b>104</b>                     | <b>121</b>        | <b>132</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>(9)</b>                     | <b>(2)</b>        | <b>(23)</b>            |

**Comment:** This year we received \$10,000 more income from Fees and Charges (rental income) than budgeted due to revision of rental rates and the reclassification of the Dannevirke Aerodrome and Rural Bus depot as investment property. Maintenance is below budget by \$27,000. This is due to lower maintenance expenditure on all properties due to reprioritisation and rationalisation of cost.

Depreciation is higher due to reclassification of the Aerodrome and Rural Bus Depot as investment property.

# Community Buildings

**Aim** – To provide facilities for social, cultural, recreational and educational activities.

## Description of Activity *WHY WE DO IT*

Council has inherited a range of community buildings from previous local authorities including town halls, community centres and sports centres. There are 12 buildings in total throughout the main centres plus one in Pongaroa.

These facilities are used for social and sporting events and, to a lesser extent, meetings.

The Carnegie Centre is awaiting further earthquake assessment before a decision can be made on its future as required under the Building Act 2004.

Council is responsible for all the maintenance on these buildings as well as the cleaning, energy, rates and insurance.

Halls in the past have provided a venue for social, cultural, recreational and educational users. Some of the halls serve as a memorial to recognise our communities' achievements. There is a strong sense of community ownership in each facility and, as the community needs have changed, the halls have become multi-functional to widen their usage.

### Dannevirke

- Dannevirke Town Hall – auditorium, concert chamber, dress circle
- Dannevirke Sports Centre – main stadium, supper room, boxing room
- Dannevirke Sports Centre Pavilion – currently clubrooms for netball, tennis, small bore rifle and deerstalkers
- Carnegie Centre

### Woodville

- Woodville Community Centre, main stadium and supper room
- Gottfried Lindauer Replica Studio

### Pahiatua

- Cultural Centre – meeting rooms
- Pahiatua Town Hall – auditorium and supper room

### Eketahuna

- Eketahuna Community Centre – auditorium and supper room
- Eketahuna War Memorial Hall – main hall and meeting rooms
- Medical Centre

### Pongaroa

- Community Centre – auditorium, supper room and meeting rooms

## Contribution to Community Outcomes

| Strongly Related | Related                                  | Partially Related |
|------------------|--|-------------------|
| -                | Connected<br>Community<br>Local Services | -                 |

## Level of Service *WHAT WE DO*

Provide clean, attractive facilities that are accessible and safe, and responsive to user requirements.

## What We Achieved

Facilities were well maintained with no fee increases.

All buildings had an independent condition assessment rating completed and results showed that they were in good condition.

In Dannevirke, the kitchen in the small bore area in the Sports Centre Pavillion has been upgraded. The Sports Centre courts were resurfaced with Plexipave and the Town Hall spouting and curtains have been replaced.

In Pahiatua, the Bush Multisport Stadium had the roof painted and spouting replaced.

## Performance Against Objectives

| Performance Measure and Target  | Achievement  | Results |      |
|---|--|---------|------|
|   |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>Occupancy rates are monitored to ensure maximum use of facilities is maintained. Aim to encourage usage of facilities.</li> </ul>  | ACHIEVED: Facilities were booked for 2,849 hours, which is 34% higher than the target of 2,122 hours. This is a slight drop in usage compared to last year. Council will continue to monitor and evaluate the usage of these facilities. | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least 90% of residents rate community buildings as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014 and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. 93% satisfaction was achieved in the February 2011 survey. Council continues with its upgrade programme to ensure these facilities meet the needs of the community.                    | N/A     | ✓    |

## Statement of Cost of Services

For the Year Ended 30 June 2012

|  | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--|--------------------------------|-------------------|------------------------|
| <b>Community Buildings</b>   |                                |                   |                        |
| <b>Revenue</b>   |                                |                   |                        |
| Rates  | 557                            | 756               | 756                    |
| Fees & Charges   | 34                             | 46                | 37                     |
| Miscellaneous Revenue  | 1                              | 1                 | 1                      |
| <b>Total Revenue</b>   | <b>592</b>                     | <b>803</b>        | <b>795</b>             |
| <b>Expenses</b>  |                                |                   |                        |
| Facility management - upkeep of grounds & buildings to encourage use | 257                            | 299               | 390                    |
| Facility repainting  | 49                             | 57                | 76                     |
| Depreciation   | 325                            | 330               | 333                    |
| Interest   | 18                             | 15                | 18                     |
| <b>Total Expenses</b>  | <b>649</b>                     | <b>701</b>        | <b>817</b>             |
| <b>Operating Surplus/(Deficit)</b>                                   | <b>(57)</b>                    | <b>102</b>        | <b>(23)</b>            |

**Comment:** Overall expenditure is below budget. The repainting of the Sport Centre of \$30,000 will go ahead in July 2012 and \$27,000 budgeted for the repainting of the Carnegie Centre has been put on hold pending the results of the earthquake assessment. Painting was completed for the Pahiatua Stadium. Other maintenance of buildings and grounds costs are also below budget as less maintenance work was carried out during the year.

# Community Support

Aim – Supporting communities to support themselves.

## Description of Activity *WHY WE DO IT*

Council recognises that a strong community infrastructure is essential to supporting communities to help each other.

Community support covers a diverse range of activity, not all necessarily represented by financial commitments from Council.

Youth advocacy is a key support role that Council acknowledges is important for the future of Tararua communities. Council supports the organisation of Tararua Community Youth Services Incorporated by providing leadership and advocacy at central government levels to ensure Tararua gets its share of social development funding.

Council supports the goal of the Mayor's taskforce that all young people under the age of 25 should be engaged in appropriate education, training, work or other options, which will lead to long term economic independence and well-being.

Sport & Recreation is part of our social design and Tararua provides a wonderful playground for such activity. Council provides a coordinator through a contract with Sport Manawatu.

Information Centres provide visitors and locals with a wealth of knowledge and information about the district.

The Dannevirke and Eketahuna Community Boards, and the Woodville and Pahiatua Community Committees provide local community leadership on issues directly related to their areas. The discretionary funds help assist the communities to support local initiatives.

Local Mainstreet organisations are funded to identify and implement projects that will help promote their central business area to the public.

## Contribution to Community Outcomes

| Strongly Related    | Related                           | Partially Related                             |
|---------------------|-----------------------------------|---|
| Connected Community | Safer Community<br>Local Services | Sustainable Environment<br>Prosperous Economy |

## Level of Service *WHAT WE DO*

Provide annual grants and administrative support to various community groups and ensure certain preconditions and requirements are complied with before granting support or funds, on an ongoing basis for each organisation that is supported.

## What We Achieved

Council completed its investment in the Pukaha Mount Bruce new facilities with a final \$25,000 capital grant. Pukaha Mount Bruce is a major centre for the protection of our unique NZ biodiversity and the premier tourist destination in the south of the Tararua. It has had exciting and excellent national and international media coverage this year for the very rare hatching of two "white" kiwi birds.

Support for Community Committees was given with Eketahuna increasing crime prevention cameras and with Dannevirke committing \$20,000 towards a crime prevention camera system. Pahiatua On Track completed stage one of the Harvard Park upgrade, with \$100,000 of funding from Council. Woodville Districts' Vision prepared for the town Centre upgrade and the impact of the Gorge closure.

Sport Tararua had a number of projects designed to encourage the young and old to participate in recreational activities within the Tararua and completed the year with a celebration of the talent we have in the Tararua Sports Person of the Year Awards.

Council continued to support the community through grants for a number of artistic and sporting events including the staging of September 2011 Ross shield. Economic

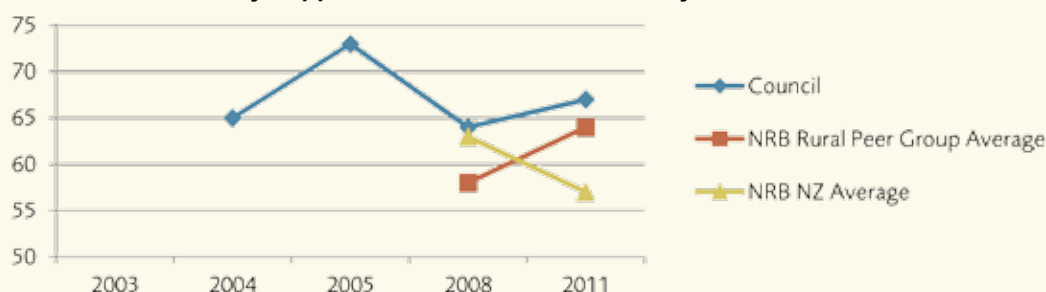
Development also funded local events during the Rugby World Cup. Recognition for volunteers and community groups was also given in the Trust Power Community Awards.

The Eketahuna Money Exchange is in its fourth year of operation and use by the community has lifted by over 25% over the prior year with transactional turnover now close to \$244,000 for the year.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 70% of residents rate Council's involvement in community support as "fairly satisfactory" or "very satisfactory" in the community surveys in 2011, 2014 and 2017.</li> </ul> | <p>NOT APPLICABLE: Next community survey is in 2014. Council achieved 67% in the February 2011, which was an improvement from 64% in the 2008 survey.</p> <p>In the survey last year, only 4% had responded "not satisfied" with the remaining 29% not responding to the survey. If we excluded those who did not respond, Council would have achieved a satisfaction rating of 94%. Council continues to support the community and community groups.</p> | N/A     | ✓    |

Community Support - Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|   | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---|--------------------------------|-------------------|------------------------|
| <b>Community Support</b>                    |                                |                   |                        |
| <b>Revenue</b>                              |                                |                   |                        |
| Rates                                       | 354                            | 287               | 287                    |
| Fees & Charges                              | 4                              | 1                 | 1                      |
| Interest Revenue                            | 5                              | 4                 | -                      |
| Miscellaneous Revenue                       | 2                              | 45                | 1                      |
| <b>Total Revenue</b>                        | <b>365</b>                     | <b>337</b>        | <b>289</b>             |
| <b>Expenses</b>                             |                                |                   |                        |
| Sports & recreation                         | 53                             | 33                | 73                     |
| Eketahuna Money Exchange                    | 3                              | 3                 | 5                      |
| Main street amenity lighting non-subsidised | 32                             | 23                | 19                     |
| Rapid numbering project                     | -                              | -                 | 4                      |
| Community grants                            | 65                             | 98                | 36                     |
| Information centres (5)                     | 117                            | 70                | 85                     |
| Community board & committees discretionary  | 117                            | 52                | 64                     |
| Main street committees (4)                  | 3                              | 3                 | 19                     |
| Interest                                    | 11                             | 9                 | 9                      |
| Depreciation                                | -                              | -                 | -                      |
| <b>Total Expenses</b>                       | <b>401</b>                     | <b>291</b>        | <b>314</b>             |
| <b>Operating Surplus/(Deficit)</b>          | <b>(36)</b>                    | <b>46</b>         | <b>(25)</b>            |

**Comment:** Income from Miscellaneous Revenue was higher than budgeted by \$43,000. This was from funding received to be applied to grants through Council's various trust funds. Expenditure is below budget by \$23,000 due to less grants being paid out to Community Boards and Committees, MainStreet Committees, and Sports & Recreation Grants. Council however paid out more Community Grants and Main Street Lighting Grants than budgeted.



# District Promotion and Development

Aim – Promoting the district as a great place to live, visit, work, play and invest.

## Description of Activity **WHY WE DO IT**

A significant part of Council's commitment to help make Tararua a great place to live is to promote the district as a great place to live, visit, work, play and invest. Council's involvement in district promotion and development is focused on two main areas. One is business development in advisory and facilitating functions, and the second is destination marketing.

Council fosters relations and alliances with neighbouring and comparable regions, and local and independent agencies and businesses to identify potential opportunities for working cooperatively on initiatives. Council is currently working with organisations such as New Zealand Trade and Enterprise, Vision Manawatu, Rangitane O Tamaki Nui a Rua and Wairarapa Inc.

District Promotion and Development should lead to an increase in employment and business activity and a heightened profile, with downstream financial flow-on effects. Private beneficiaries are the individuals who gain employment, retailers, tourist operators, motels, and other businesses, but the whole district benefits from an increased population and larger rate base. For residents and businesses, it is critical that Council continues to investigate opportunities to gain funding support from Central Government for further developments of the extended broadband network.

Council provides one visitor centre namely the Tararua i-SITE, situated at 42 Vogel Street, Woodville, which is an accredited member of the Visitor Information Network (VIN). The Tararua i-SITE is the primary information centre for the Tararua district, providing information on our district's activities and attractions to domestic and international visitors. This is achieved through its collection of New Zealand brochures, display and national distribution of the Tararua Visitor Guide in conjunction with direct contact with

visitors to the district and sharing extensive knowledge of what our district has to offer by promoting the complete Tararua experience. The i-SITE also provides support to district tourism operators to support and promote their businesses, assist with initiatives for events and promotion throughout the district and nationally. The Tararua i-SITE is managed by one full-time staff member, and supported by one part-time staff member and a casual employee. The management responsibility of the i-SITE staff is under the guidance of the Customer Services Manager.

There are four other District Information centres located in Norsewood, Dannevirke, Pahiatua and Eketahuna. All centres receive funding from Council to assist with the operation of their centres.

## Contribution to Community Outcomes

| Strongly Related   | Related                 | Partially Related                     |
|--------------------|-------------------------|---------------------------------------|
| Prosperous Economy | Sustainable Environment | Local Services<br>Connected Community |

## Level of Service **WHAT WE DO**

- The Council provides business development advisory services.
- Promoting the "Tararua" brand, for economic development and tourism outcomes.
- An information and booking centre for visitors to Tararua and throughout New Zealand.

Tararua District's relatively small population is distributed across a number of small urban centres. The Council therefore faces the twin challenges of needing to maintain

and upgrade expensive infrastructure in a number of towns, while having a small rating basis to fund the cost of these services.

The district promotion activity addresses these challenges by undertaking initiatives to encourage business growth and develop tourism, which together provide the best opportunities for economic growth in the district. Economic growth is needed to provide quality employment opportunities that will enable current residents to stay and attract new residents to the district.

## What We Achieved

### Wind, Energy and Education Centre

Council has commenced the Wind Energy Education Centre Project – aiming to bring together some of the iconic elements of the Tararua/Manawatu regions into a unique information and education centre. The four elements of the centre being considered are:

- Trades Training, Industry Training, Research and Development
- Tourism, Culture, Recreation
- Communities – Stories/Education
- Library, Information (Media)

Support for the project is coming from the Tararua District Council, Vision Manawatu and funding support for stage 1 and 2 feasibility studies from Meridian Energy.

### GO! Project

Council this year brought this project to fruition. This project started in 2000 and Council spent several years researching soil, climate and potential crops to encourage diversification in the district. The aim of this project was to provide meaningful information for people wanting to diversify their cropping and broaden their potential revenue base. The GO! Project offers the Tararua district community increased opportunities for job creation, bio-diversity, sustainable farming systems and increased family business incomes.

The information is intended from smallholders, lifestyle block owners and farmers looking for alternatives to traditional crop options.

Council presented cropping packages at the A & P Show, Mid-Central Field Days, and the Mystery Creek Field Days and have 40 landowners registered with the programme.

### Events

Council have supported numerous events in the Tararua District over the past year - raising awareness of the destination and encouraging visitors. Also promoting business opportunities (as appropriate) and investments such as the GO! Project.

The events attended in the 12 months ended 30 June 2012:

- Dannevirke A & P Show
- Mid-Central Fielddays
- New Zealand Agricultural Fieldays
- Ohakea 75 Year Anniversary
- The Great Rugby Road Trip
- Honda International Motocross

### Tararua Economy

Figures from electronic payment firm, Paymark, have shown consistent growth in retail spending in Tararua. June Paymark data shows retail spending in Tararua district is well ahead of the peer group councils in New Zealand.

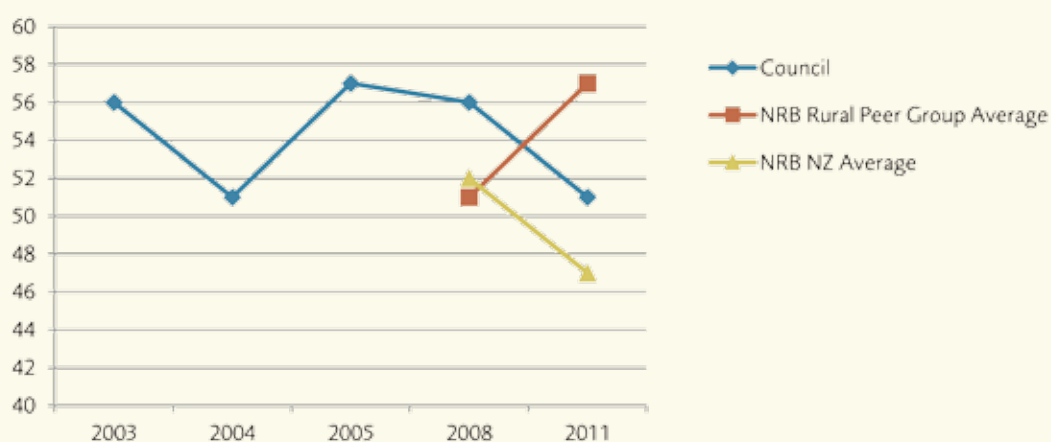
Reports from Mrs Aroha Peakman-Walker, Service Centre Manager, Dannevirke Community Link indicates that unemployment benefit numbers are currently 174 compared to 295 for the same time last year. Seasonal work at Mr Apple Packhouse, local meat plants, dairy farm work and shearing have all contributed to the drop in numbers although the timing of some seasonal work can vary each year.

Council continues to work with Vision Manawatu – who are part of the Regional Business Partners and the nationwide network of organisations who can help businesses access information, funding, training and development services. The network was set up by New Zealand Trade and Enterprise and the Ministry of Science and Innovation to support business growth and innovation in New Zealand regions.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>Increasing bed nights at accommodation venues by 5%, excluding bed and breakfast.</li> </ul>                                      | NOT ACHIEVED: The district achieved a 0.5% increase in bed nights. Guest nights improved from 27,963 nights last year to 28,100 nights.   | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>At least 4 items of positive feedback received from potential businesses, in writing, on advice received from Council.</li> </ul> | ACHIEVED: Seven businesses have written to Council expressing their appreciation for the assistance given by Council staff to expand or help their business. Council also received three positive acknowledgments (two residents and one Council) regarding our business development initiatives. | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>34 customised visitor information welcome packs sent out or uplifted per month.</li> </ul>  | NOT ACHIEVED: 163 welcome packs were delivered to new residents or visitors considering Tararua as a place to live, which was 14 packs per month.   | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>"Tararua" directly involved with at least 4 major community events, that involve significant out-of-district visitors.</li> </ul> | ACHIEVED: Participated in six major community events – Dannevirke A & P Show, Mid-Central Fielddays, New Zealand Agricultural Fielddays, Ohakea 75 Year Anniversary, The Great Rugby Road Trip, and Honda International Motocross.  | ✓       | ✓    |

**Economic Development – Public Satisfaction Survey Trends 2003 to 2011**



## Statement of Cost of Services

For the Year Ended 30 June 2012

|   | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---|--------------------------------|-------------------|------------------------|
| <b>District Promotion &amp; Development</b> |                                |                   |                        |
| <b>Revenue</b>                              |                                |                   |                        |
| Rates                                       | 260                            | 341               | 341                    |
| Fees & Charges                              | 15                             | 15                | 11                     |
| Subsidies                                   | -                              | -                 | -                      |
| Miscellaneous Revenue                       | 2                              | 1                 | 3                      |
| <b>Total Revenue</b>                        | <b>277</b>                     | <b>357</b>        | <b>355</b>             |
| <b>Expenses</b>                             |                                |                   |                        |
| Business development                        | 17                             | 42                | 54                     |
| District Marketing                          | 91                             | 140               | 144                    |
| Tararua i-SITE                              | 126                            | 145               | 145                    |
| Depreciation                                | 10                             | 13                | 12                     |
| Interest                                    | -                              | -                 | -                      |
| <b>Total Expenses</b>                       | <b>244</b>                     | <b>340</b>        | <b>355</b>             |
| <b>Operating Surplus/(Deficit)</b>          | <b>33</b>                      | <b>17</b>         | <b>-</b>               |

**Comment:** Income was received as budgeted. Expenditure was below budget by \$15,000 with savings made in Business Development and District Marketing.

# Emergency Management

Aim – Promoting individual and community resilience in emergencies to enhance the community's capability to respond and recover from rural fire events or natural disasters.

## Description of Activity *WHY WE DO IT*

### Civil Defence

The Civil Defence organisation within the Tararua district relies heavily on volunteer participation to ensure that the response to an emergency is beneficial to the residents within the district. Along with the volunteers, the Council operates an Emergency Operations Centre at 26 Gordon Street, Dannevirke with a backup Centre at 42 Denmark Street, Dannevirke. In conjunction to this we provide a 24-hour, 365 day emergency management duty officer service to respond to any incidents.

Council is part of the Manawatu-Wanganui Civil Defence Group and as such uses the national web based, Emergency Management Information System (EMIS), as an electronic tool to assist in management of civil defence events locally and within the Region.

### Communications

The Civil Defence structure relies in the first instance on the telephone system within the district. As a secondary communication device, it has in place a very robust radio/telephone network throughout the district, with RT's placed within local schools, rural fire depots, New Zealand Fire Service stations, Civil Defence Welfare Centres, along with the other service centres within the district.

This radio system also has the capability to communicate with the other local authorities that border the Tararua district. Because of the legislative requirements, the Horizons Regional Council has supplied to the Tararua Civil Defence nine VHF radios to ensure that communication is maintained during an emergency.

In addition Council has four mobile satellite phones allocated to the four Rural Fire Officers which can also be used as civil defence communications in areas out of radio/telephone coverage. A portable base satellite system (BGAN) is also

available for use in the Emergency Operations Centre or other locations as required. This provides data access via the World Wide Web along with voice telephone access.

This communications system is checked on a weekly basis to ensure that it is working properly.

### Civil Defence Centres

Civil Defence has a number of designated Council buildings which act as a Civil Defence Welfare Centres in the event of civil defence event. These buildings are:

- Dannevirke Sports Centre – Anderson Street
- Woodville Community Centre – Ross Street
- Pahiatua Town Hall – Huxley Street
- Eketahuna Community Hall – Haswell Street
- Pongaroa Community Centre – Route 52

The other Civil Defence Centres are made up of local primary schools, rural fire depots, and New Zealand Fire Service stations within the Tararua district and are as follows:

- Norsewood School  
Coronation Street, Norsewood
- NZFS Fire Station, Ormondville  
Norsewood-Ormondville Road, Ormondville
- Te Uri Fire Depot  
Te Uri Road, Te Uri
- Weber School  
Weber Road, Weber
- Herbertville Fire Depot  
Seaview Road, Herbertville
- Akitio School  
Coast Road, Akitio

- Tiraumea School  
Route 52, Tiraumea
- Makuri School  
Titoki Road, Makuri
- Alfredton School  
Albert Street, Alfredton
- Mangamaire School  
Tutaekara Street, Mangamaire
- Ballance School  
Post Office Road, Ballance
- Kumeroa/Hopelands School  
Township Road, Kumeroa
- Ruahine School  
Maharahara Road, Maharahara
- Mangatainoka School  
SH2, Mangatainoka

The centres are operated by Community Civil Defence volunteers in the event of an emergency and are activated at the request of the Civil Defence Controller.

### Rural Fire

The Tararua District Council is classified as a Rural Fire Authority under the Forest and Rural Fires Act 1977 and is responsible for promoting and controlling fire in the rural area in accordance with the Act.

The Tararua District Council Rural Fire Authority has five Volunteer Rural Fire Forces within the district, which are Te Uri, Weber, Herbertville, Akitio and Tiraumea. They have designated Rural Fire Depots at each location housing rural fire appliances and equipment for each fire force. The total number of volunteer rural fire fighters within the Authority is 64.

The Tararua district has automated systems for alerting the volunteer forces in the event of a fire including pager systems, telephone trees and sirens.

### Contribution to Community Outcomes

| Strongly Related | Related                 | Partially Related |
|------------------|-------------------------|-------------------|
| Safer Community  | Sustainable Environment | -                 |

## Level of Service *WHAT WE DO*

### Civil Defence

Current levels of service have been arrived at in a response to legislation such as the Civil Defence Emergency Management Act, 2002 and community aspirations, historical events, standard practices and maintaining a balance between affordability and desire.

### Rural Fire

Current levels of service have been arrived at in a response to legislation such as the Forest and Rural Fires Act 1977, and the willingness of volunteers that are members of the four Rural Fire Forces and Standard Practices to ensure their safety by supplying suitable safety equipment.

This is balanced with the cost of providing a service and the availability of volunteers to fulfil the role.

### What We Achieved

- Replaced the Herbertville Rural Fire Depot with a new Herbertville Rural Fire and Civil Defence Centre.
- Facilitated a Community Civil Defence Response Plan for the Eketahuna community.
- Obtained a portable satellite communications system (BGAN) to enhance coverage within the district for both voice and data communications.
- Tiraumea Volunteer Rural Fire Force has renewed its Constitution under the Council Rural Fire Authority with approval received from the National Rural Fire Authority.
- Tiraumea Rural Fire trailer stripped and rebuilt.
- Continuous upgrade of fire fighting equipment within all volunteer rural fire forces.
- One Council staff member qualified as a training assessor with the Emergency Services Industry Training Organisation. Three courses were provided in-house.
- Purchased a subsidised Rural Fire Water Carrier to be used for rural fire fighting and civil defence emergency water supply.
- Set up a new communications system and Emergency Operations Centre in the Dannevirke Council Chambers.

## Performance Against Objectives

| Performance Measure and Target  | Achievement  | Results |      |
|---|--|---------|------|
|   |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>40% of households that have a maintained "preparedness" kit per community survey.</li> </ul>   | <p>ACHIEVED: The annual Colmar Brunton survey commissioned by the Ministry of Civil Defence and Emergency Management, between 16 April 2012 and 13 May 2012, on Civil Defence preparedness confirms that within the Manawatu-Wanganui Civil Defence Group area, which includes Tararua District, 42% of homes are prepared, an increase of 6% from last year. 81% of participants indicated having some survival items.</p>  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Education programmes offered to six local schools annually.</li> </ul>   | <p>ACHIEVED: 11 schools participated in the School CD Radio Project on a weekly basis and received ongoing radio training and support. Civil Defence training was provided to 2 preschool organisations and 1 training course provided to Rangitane youth.</p>   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>80% of staff internally assessed as having appropriate training and skills to perform Incident Management Team Role – annually per training records.</li> </ul>  | <p>ACHIEVED: 22 staff participated in the Group Civil Defence training programme this year. Staff participated in various courses relating to role, i.e. our local Public Information Officer attended the Public Information Managers course run by the Group in Palmerston North. A new staff training database for Civil Defence and Rural Fire training has been produced and being updated.</p>   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>90% of all volunteer rural fire forces meet required competency standards assessed annually as part of their agreement with Council, per training records.</li> </ul>  | <p>NOT ACHIEVED: Training records have been set up to keep records of assessment for competency standards. Training will be done by Council staff (qualified as training assessors) to ensure adequate training is provided and competency targets are met.</p> <p>6-monthly inspections have been carried out. All hose testing current. All pumps maintained and inspected. All other equipment inspections scheduled as per National Rural Fire Authority requirements.</p> | ✗       | ✓    |
| <ul style="list-style-type: none"> <li>Rural fire officers successfully enable fire as a rural land management tool (80% target), helping reduce fuel loadings in high risk areas, measured by area permitted annually compared to wildfire threat analysis.</li> </ul> | <p>ACHIEVED: Nil permits issued this year due to extremely wet conditions during summer. A number of controlled burns were conducted, with Tararua District Council onsite to provide advice.</p>  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Rural Fire Officers and volunteer rural fire forces respond within required times to notified incidents 90% of the time, as assessed by New Zealand Fire Service communications centre data.</li> </ul>                          | <p>ACHIEVED: 98% of fire calls were acknowledged by duty Rural Fire Officers within 10 minutes with approximately 22% requiring attendance by a Rural Fire Officer. Those not attended related to false alarms, minor structure fires and motor vehicle accidents.</p>   | ✓       | ✓    |

## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Emergency Management</b>        |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 309                            | 446               | 446                    |
| Fees & Charges                     | 123                            | 3                 | 7                      |
| Subsidies                          | 34                             | 105               | 126                    |
| Miscellaneous Revenue              | 10                             | 10                | 1                      |
| <b>Total Revenue</b>               | <b>476</b>                     | <b>564</b>        | <b>580</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Civil Defence                      | 137                            | 147               | 178                    |
| Rural Fire                         | 293                            | 173               | 194                    |
| Depreciation                       | 74                             | 83                | 51                     |
| Interest                           | 10                             | 2                 | 1                      |
| <b>Total Expenses</b>              | <b>514</b>                     | <b>405</b>        | <b>424</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>(38)</b>                    | <b>159</b>        | <b>156</b>             |

**Comment:** Income from the rural fire activity was close to budget, but just fell short in the level of subsidies received. Income from Fees and Charges was well below last year where there was a response cost claim of \$114,000 for the Warawhiti Road fire. Correspondingly, expenditure compared to last year is lower as well. Both Civil Defence and Rural Fire expenditure was below budget as we had a relatively quiet year in terms of fires and emergencies.



# Footpaths

Aim – To provide safe access for pedestrians.

## Description of Activity *WHY WE DO IT*

The Council manages approximately 114.83km of footpaths. The replacement value is in the order of \$4.31 million.

The type of surface used is dependent on life cycle cost considerations, pedestrian volumes and the amenity value of the location (i.e. shopping precincts). The main types of footpath surfaces in the district townships are:

- Asphaltic Concrete: Mix of graded aggregate and asphaltic binder laid in a 15-20mm layer.
- Concrete: Un-reinforced concrete laid in a 75mm layer.
- Chip-seal: Layer of sprayed bitumen with a fine grit spread on top.
- Slurry seal: Mix of fine aggregate and emulsion laid in a 3-5mm layer.
- Metal: Graded crushed stone chips spread on formed base course.
- Cobblestones and pavers in Town Centres.

## Contribution to Community Outcomes

| Strongly Related               | Related             | Partially Related                    |
|--------------------------------|---------------------|--------------------------------------|
| Safer Community Infrastructure | Connected Community | Prosperous Economy<br>Local Services |

## Level of Service *WHAT WE DO*

- Maintain existing footpaths in an effective and efficient manner, appropriate to community needs, in accordance with funds available.
- Continue with planned footpath renewals and developments as funding is determined.
- Upgrade and enhance the central business districts of Woodville, Eketahuna and Pahiatua.

## Contingencies

The in-house business unit of Engineering Services has staff from Design Manager, Engineers and Area Roding Managers who are competent in dealing with all manner of Roding emergencies.

Where advice is sought for structural design, a peer review is undertaken using external consultants.

Council has access to funds to cope with emergency events.

## What We Achieved

The upgrade of the central business district of Woodville has commenced with the project being 55% completed by June 2012. The project is due for completion by October 2012.

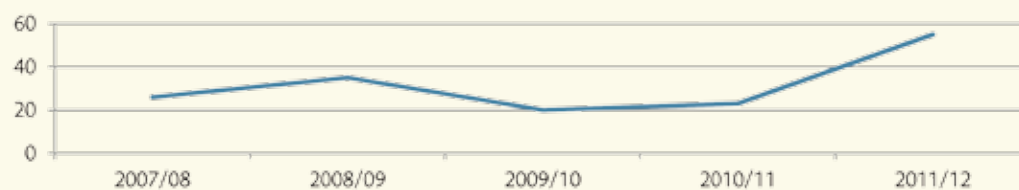
## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 75% of residents rate footpaths as "fairly satisfactory" or "very satisfactory" in the community surveys in 2011, 2014 and 2017.</li> </ul>  | <p>NOT APPLICABLE: Next community survey is in 2014. Result in the February 2011 survey was 77% compared to a target of 75% and 64% satisfaction in the 2008 survey. Council continues to programme for the renewal of existing footpath in urban areas.</p>   | N/A     | ✓    |
| <ul style="list-style-type: none"> <li>All complaints regarding unsafe footpaths are actioned and rectified where appropriate within seven days.</li> </ul>  | <p>NOT ACHIEVED: 55 service requests relating to unsafe footpaths were received in 2011/12. Of these, 50 were actioned within 7 days (90%). All complaints have been responded to, however, all relevant data has not been fully signed off.</p> <p>Council has implemented procedures to improve the process around managing service requests to ensure the timely action and closure of customer service requests as well as reporting procedures.</p> | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>Ensure 95% of footpaths remain free from depressions and cracking by reducing the defects (e.g. bumps, depressions, settlement, cracking, deterioration), per 100 metres of footpath, as measured by annual footpath condition surveys, as well as prioritising from community boards.</li> </ul> | <p>ACHIEVED: 95% of Footpaths achieved a rating greater than 7 out of 10.</p> <p>Urban contract supervisor liaises directly with Community Boards to update footpath priorities.</p>   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>80% of resident and non-resident ratepayers are satisfied with the closest town, in the community surveys in 2011, 2014 and 2017.</li> </ul>  | <p>NOT APPLICABLE: Next community survey is in 2014. There were no survey results in the February 2011 as the town centre upgrades were not completed. Woodville Town Centre upgrade has started and expected to be completed in 2012. Eketahuna (2014-2016) and Pahiatua (2017-2021) town centre upgrades are programmed in the Long Term Plan.</p>   | N/A     | N/A  |

**Footpaths – Public Satisfaction Survey Trends 2003 to 2011**



**Footpath Complaints**



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                      | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Footpaths</b>                     |                                |                   |                        |
| <b>Revenue</b>                       |                                |                   |                        |
| Rates                                | 720                            | 545               | 545                    |
| Fees & Charges                       | 2                              | 3                 | 1                      |
| Miscellaneous Revenue                | 1                              | 13                | 1                      |
| <b>Total Revenue</b>                 | <b>723</b>                     | <b>561</b>        | <b>547</b>             |
| <b>Expenses</b>                      |                                |                   |                        |
| Footpath maintenance rural           | 2                              | 4                 | 2                      |
| Footpath maintenance urban           | 44                             | 71                | 41                     |
| Non-subsidised professional services | -                              | -                 | 3                      |
| Non-subsidised admin rural/urban     | 27                             | 44                | 25                     |
| Depreciation                         | 375                            | 389               | 501                    |
| Interest                             | 100                            | 84                | 125                    |
| <b>Total Expenses</b>                | <b>548</b>                     | <b>592</b>        | <b>697</b>             |
| <b>Operating Surplus/(Deficit)</b>   | <b>175</b>                     | <b>(31)</b>       | <b>(150)</b>           |

**Comment:** Overall expenditure for footpath was under budget mainly due to lower depreciation and interest because of the delay in the Woodville Town Centre upgrade project. Maintenance Urban is \$30,000 over budget due to additional expenditure to promote the district over the World Cup period involving repairs, maintenance and spraying of Lichen on footpaths.

# Health and Safety

**Aim** – To help provide a safe and healthy community, buildings and avoid behaviour causing a nuisance in the community

## Description of Activity *WHY WE DO IT*

Health and Safety is about ensuring the public health and safety of the community. Council has statutory responsibilities under various pieces of legislation to regulate, inspect or monitor activities, which could lead to dangerous or unhealthy situations arising if good practices are not followed.

The activities include:

- Control of building construction.
- Audit of ongoing maintenance of safety systems in buildings to which the public can be admitted.
- Ensuring domestic swimming pools are properly fenced.
- Registration and inspection of food premises.
- Licensing and inspections of premises selling alcohol and the managers of those premises.
- Investigating complaints about noise and other issues of concern to the community.

## Contribution to Community Outcomes

| Strongly Related | Related                 | Partially Related |
|------------------|-------------------------|-------------------|
| Safer Community  | Prosperous Economy      | Local Services    |
|                  | Connected Community     |                   |
|                  | Sustainable Environment |                   |

## Level of Service *WHAT WE DO*

Plans and specifications for new buildings and associated infrastructure, such as drainage systems, are checked to make sure that the proposals comply with the New Zealand Building Code and the Tararua District Plan. After building consents are issued for the proposed new buildings, the

construction is monitored to ensure that the buildings are built according to the approved plans.

Buildings to which the general public are admitted generally have to provide Council with a building warrant of fitness which certifies that systems requiring regular maintenance, such as fire alarms and automatic doors, have been appropriately maintained during the year. Audits are carried out to ensure that the maintenance is current and the appropriate records are being kept.

The Council maintains a record and periodically inspects known domestic swimming pools, to ensure that the pools are fenced to the standard required by statute.

Premises where food is prepared for sale or sold are registered annually and inspected on a regular basis to ensure that they are clean and maintain good operating practices. Other premises, such as hairdressers and funeral directors, are also similarly licensed and inspected.

Council licenses the sale of liquor and the managers of those premises. Regular monitoring is carried out and liaison with New Zealand Police and other agencies is undertaken to promote responsible management of the licensed premises. Applications for premises and manager's licences are thoroughly scrutinised and either recommended for approval or referred to the Liquor Licensing Authority for a public hearing.

Complaints are investigated about noise and other matters of public concern.

## What We Achieved

Building consent activity has continued to be depressed, with 396 building consent issued, being much the same as the previous year of 404. The value of the consents however dropped 24.5%, from \$19.1 million to \$14.4 million, reflecting the reduction in capital investment in the district during the year.

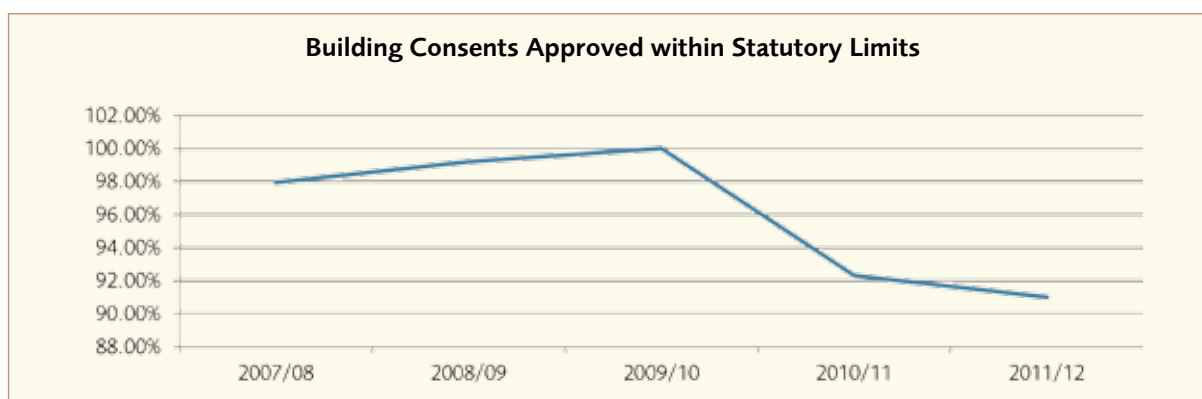
Uncertainty surrounds the future level of service for building control given the Government's desire to centralise consent processing.

The Tararua Building Consent Authority's accreditation reassessment occurred in November 2011 and the Building Consent Authority's continued accreditation has been confirmed.

The long awaited Food Bill has been reported back from Parliament's Select Committee and is now awaiting further consideration by the House. During the year, no food premises in the district opted to voluntarily develop food plans proposed by the Bill and therefore Council continued to licence and monitor food premises under the Food Hygiene regulations. There weren't any significant food premise incidents during the year under review.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>100% of building consents issued within the statutory timeframe (20 working days).</li> </ul>   | NOT ACHIEVED: 94.4% (92.3% last year) of building consents were issued within statutory deadline. 396 building consents (404 last year) was received with 22 applications (30 last year) not processed within the statutory timeframe. 19 of these consents processed exceeded the statutory timeframe by not more than five days. | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>100% of registered premises comply with Food Hygiene Regulations within three months of annual inspection.</li> </ul>                   | ACHIEVED: 100% of licensed premises visited during year. All premises visited complied with the Food Hygiene Regulations.  | ✓       | ✗    |
| Urgent public health issues will be dealt with immediately.  | No urgent public health issues noted.  |         |      |
| <ul style="list-style-type: none"> <li>100% of licensed premises visited during the year.</li> </ul>   | NOT ACHIEVED: 67% of registered premises were visited. There are 52 licensed premises in the district and 35 were visited during the year. Those not visited were small volume traders or clubs that were only open at weekends or in the evenings. These clubs have a good record of sound management practices.                  | ✗       | ✗    |
|  | All premises seeking licence renewals were visited.  |         |      |
| <ul style="list-style-type: none"> <li>100% of noise callouts responded to within 30 minutes in Dannevirke and Pahiatua, and 60 minutes in Woodville and Eketahuna.</li> </ul> | NOT ACHIEVED: 78%. Response Target is - within 30 minutes in Dannevirke and Pahiatua and 60 minutes in Woodville and Eketahuna.  | ✗       | ✓    |
|  | The majority of the callouts were after hours when one contractor is available in the northern part of the district and one in the southern. At times, they are not able to respond immediately due to other duties. We are not aware of any complaints about the response times.  |         |      |
|  | The recording system is under review to ensure that times are correctly recorded.  |         |      |



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Health &amp; Safety</b>         |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 314                            | 356               | 356                    |
| Fees & Charges                     | 380                            | 401               | 409                    |
| Miscellaneous Revenue              | 5                              | 4                 | 2                      |
| <b>Total Revenue</b>               | <b>699</b>                     | <b>761</b>        | <b>767</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Building consent processing        | 443                            | 445               | 413                    |
| Environmental health               | 87                             | 92                | 83                     |
| Liquor licensing                   | 72                             | 87                | 108                    |
| Noise callouts & other nuisances   | 111                            | 109               | 137                    |
| Depreciation                       | 25                             | 24                | 25                     |
| Interest                           | -                              | 1                 | 1                      |
| <b>Total Expenses</b>              | <b>738</b>                     | <b>758</b>        | <b>767</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>(39)</b>                    | <b>3</b>          | <b>-</b>               |

**Comment:** Training expenditure is \$20,000 below budget due to Civica software training budget not being used. Employee costs are \$11,000 over budget due to extending the timing for retirement of staff.

# Housing

**Aim – To provide low cost housing to superannuitants who may not be able to obtain affordable accommodation within the private sector.**

## Description of Activity *WHY WE DO IT*

Council recognises the social need in the community for superannuitants to be able to afford accommodation that enables them to stay close to family and friends. By providing well maintained and safe accommodation superannuitants can participate as active members of the community.

The pensioner housing units are all single bedroom rental units built in their own complexes located in Dannevirke, Woodville, Pahiatua and Eketahuna.

The tenant contribution flats are two bedroom units only available in Dannevirke. The tenancy of these units is sold to purchasers for 75% of the market value. The occupiers then pay a weekly fee that covers maintenance, rates and insurance. When the units are vacated the Council buys the tenancy back for the same price they were sold for. Units that cannot be sold are rented for a higher weekly fee.

Rates of occupancy in Council housing in rural areas have declined slightly due to the general population decline in the Tararua district and some services are no longer operating there, such as those in the health sector.

### Location

| Location of Units      | Name             | No. of Units |
|------------------------|------------------|--------------|
| <b>Pensioner Units</b> |                  |              |
| Dannevirke             | Elsinore Court   | 10           |
|                        | Hovding Court    | 13           |
|                        | Aften Court      | 18           |
|                        | Ballarat Court   | 9            |
| Woodville              | Centennial Flats | 6            |
|                        | Ruahine Flats    | 6            |
| Pahiatua               | Lindon Flats     | 15           |
| Eketahuna              |                  | 3            |
|                        |                  | <b>80</b>    |

| Location of Units                | Name            | No. of Units |
|----------------------------------|-----------------|--------------|
| <b>Tenant Contribution Units</b> |                 |              |
| Dannevirke                       | Gordon Street   | 4            |
|                                  | Burns Street    | 4            |
|                                  | Tennyson Street | 4            |
|                                  |                 | <b>12</b>    |
| <b>Total Units</b>               |                 | <b>95</b>    |

## Contribution to Community Outcomes

| Strongly Related | Related         | Partially Related   |
|------------------|-----------------|---------------------|
| Local Services   | Safer Community | Connected Community |
|                  |                 | Prosperous Economy  |

## Level of Service *WHAT WE DO*

Council provides low cost housing to superannuitants and people on low incomes.

Council acts as a good landlord by helping tenants with tasks such as changing light bulbs and checking when tenants are absent. All day-to-day maintenance is undertaken as required. Lawns are mown under contract. Each time a tenant vacates the flat is assessed, and maintenance such as repainting is completed.

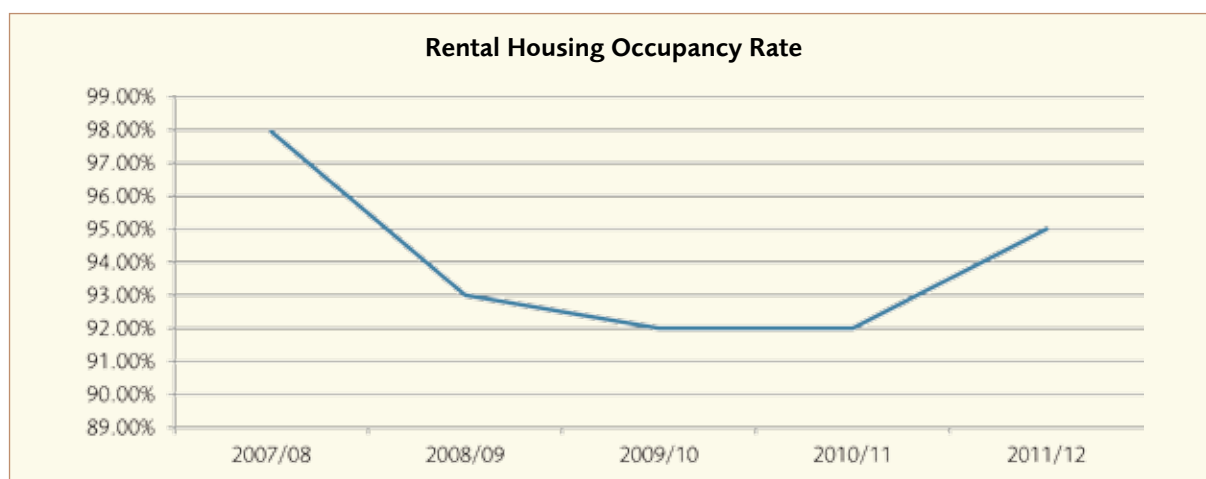
## What We Achieved

An independent condition assessment rating has been completed for all flats and the results show that all flats are maintained in good condition.

Approval for the sale of Hovding Court, and the building of a new complex in George Street, has been approved by Council.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| • A minimum of 90% of tenants will be superannuitants, and well looked after in their opinion. | ACHIEVED: 92% of tenants were superannuitants.                                     | ✓       | ✗    |
| • No complaints received about maintenance needs each year.                                    | ACHIEVED: There were no complaints received regarding maintenance during the year. | ✓       | ✓    |



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                       | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Housing</b>                        |                                |                   |                        |
| <b>Revenue</b>                        |                                |                   |                        |
| Rates                                 | -                              | -                 | -                      |
| Fees & Charges                        | 349                            | 333               | 348                    |
| Interest Revenue                      | 33                             | 22                | -                      |
| Miscellaneous Revenue                 | 1                              | 1                 | 1                      |
| <b>Total Revenue</b>                  | <b>383</b>                     | <b>356</b>        | <b>349</b>             |
| <b>Expenses</b>                       |                                |                   |                        |
| Maintenance – to appropriate standard | 291                            | 285               | 326                    |
| Depreciation                          | 322                            | 363               | 370                    |
| Interest                              | -                              | -                 | -                      |
| <b>Total Expenses</b>                 | <b>613</b>                     | <b>648</b>        | <b>696</b>             |
| <b>Operating Surplus/(Deficit)</b>    | <b>(230)</b>                   | <b>(292)</b>      | <b>(347)</b>           |

**Comment:** Maintenance expenses are \$41,000 under budget due to lower maintenance during the year. Depreciation is also \$8,000 under budget due to the sale of the Norsewood and Ormondville flats last year. This has also shown up as a reduction in the Fees and Charges (rental income) income received.



# Libraries

**Aim – To provide reading and related resources to meet the communities' recreational and informational need.**

## Description of Activity **WHY WE DO IT**

Libraries foster community growth, allowing communities to become self-sustaining by meeting recreational needs and providing access to information through a range of technologies.

As public spaces, they allow social contact and provide focal points for the sharing of information, especially through encouraging interaction with our youth. A wide range of up to date material better informs the community.

Council has four libraries located in each of the four main townships of the Tararua district, namely:

### Locations

Dannevirke Community Library  
1 Station Street  
Dannevirke

Pahiatua Community Library  
167 Main Street  
Pahiatua

Eketahuna Library / Service Centre  
31 Main Street  
Eketahuna

Woodville Community Library  
42 Vogel Street  
Woodville

Council's principal library is located in Dannevirke and many functions are centralised there. Dannevirke manages the overall collection and ensures outlying collections are refreshed regularly. In order to provide support to schools, appropriate surplus books are offered after weeding.

The Eketahuna library combines with the service centre and money exchange facility in one building.

The library service is an integral part of the community, providing residents of the Tararua district access to

recreational and educational reading and information, including resources to aid literacy and learning.

## Contribution to Community Outcomes

| Strongly Related | Related             | Partially Related |
|------------------|---------------------|-------------------|
| Local Services   | Connected Community | -                 |

## Level of Service **WHAT WE DO**

Tararua residents are the primary clients of public library and service centre activities.

Our current and potential customer groups include all Tararua residents comprising children and adults, urban and rural residents, those with limited literacy skills, senior citizens, visitors to Tararua seeking information and use of the internet, businesses and organisations, school classes, groups and service centre customers.

The library service is an integral part of the community, providing access to recreational and educational reading and information, including resources to aid literacy and learning.

The library provides a range of services, including:

- Collections of fiction and non-fiction books for loan.
- Information and reference service.
- Readers' advisory service for recreational reading.
- Audio-visual items for loan.
- Access to newspapers, in print and on microfilm (dating from 1901 to present).
- Large print books and talking books for those with special needs.
- Tararua District Council information and documents.
- Central and local government public consultation documents.

- School visits and holiday and literacy programs for children, including a summer reading programme.
- Programmes for preschoolers.
- Inter-library borrowing and lending.
- House-bound service and book delivery to remote communities.
- On-line public access catalogue (OPAC).
- Access to EPIC databases (Electronic Purchasing in Collaboration).
- Nationwide electoral rolls and telephone books.
- Genealogical records (microfiche collection).
- Local history collection, including historic photograph collection.
- Free public internet access through the Aotearoa People's Network Kaharoa (APNK).
- Photocopiers, printers, and equipment lamination available for use.
- Council receipting and information service at Eketahuna.

### Opening Hours

#### Dannevirke Library

9:00am to 5:30pm Monday to Friday

10:00am to 1:00pm Saturday

#### Eketahuna Library / Service Centre

10:30am to 12:30pm & 1:00pm to 4:30pm Monday to Friday

#### Pahiatua Library

9:00am to 5:00pm Monday to Friday

10:00am to 12:00pm Saturday

#### Woodville Library

2:00pm to 5:00pm Monday, Thursday, and Friday

10:00am to 1:00pm and 2:00pm to 5:00pm Tuesday

2:00pm to 5:00pm & 5:30pm to 7:30pm Wednesday

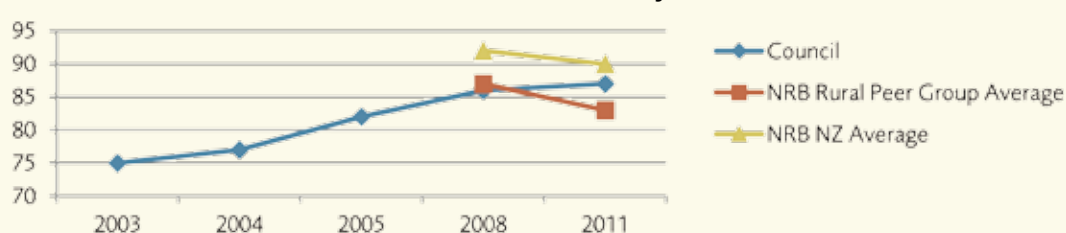
### What We Achieved

- Ran a successful Summer Reading programme and Winter Warmers Reading programme at each branch (Dannevirke – 310 children, Pahiatua – 95, Eketahuna – 50, Woodville – 70), funded by the Eastern and Central Community Trust.
- Wairarapa REAP's Math is Fun programme was run at Pahiatua Library (20 attendees) and Eketahuna Library (21 attendees)
- Wairarapa REAP collaborated with us to provide an Introduction to Computers class for adults at the Eketahuna Library in October/November. This was followed by a similar programme being held in Woodville by Tararua REAP.
- Pahiatua School and Pahiatua Library worked together on the Ministry of Education "Reading Together" programme.
- The local genealogy group at Woodville donated 88 microfilm reels of the Woodville examiner, covering the years 1888-1938, to the Woodville Library.
- Partnered with the adult education providers in the Dannevirke area to celebrate Adult Learners Week, culminating in an Awards night at the Dannevirke Library
- Introduced an e-Book collection for the Tararua District. This is a consortia partnership with Wairoa and Horowhenua District Libraries.
- Woodville and Dannevirke book loans increased by 14% and 1% respectively. However, loans overall showed a slight decrease (0.5%) due to an 8% decrease in issues at the Pahiatua Branch.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>95% of library collection meeting three items per local resident – Tararua.</li> </ul>  | ACHIEVED: Resident population is 17,634 and library collection is 55,903. There is 3.17 items per local resident achieving a target of 106%.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least 90% of residents rate libraries as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. Result for the February 2011 survey was 87%, which was an increase over the 2008 survey. A significant portion (12%) of respondents to the survey indicated that they were unable to comment. These respondents are mainly rural residents who do not use the library services. If excluded, then 98% of those who responded commented that they were satisfied with the service received. Council continues to provide the current programmes and have not reduced the level of service. | N/A     | x    |
| <ul style="list-style-type: none"> <li>Each library runs at least one holiday programme per term each year.</li> </ul>   | ACHIEVED: Dannevirke ran 21 programmes and 798 children attended. Pahiatua ran 12 programmes and 484 children attended. Woodville ran 13 programmes and 175 children attended. Eketuhuna ran 11 programmes and 131 children attended. There were fewer events run this year (four less than last year) at each branch as New Zealand Library Week was not celebrated this year. However, attendance for all events was higher by 4%.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Books are loaned to schools and the community in Akitio and Pongaroa at least monthly.</li> </ul>   | ACHIEVED: 13 loans to the communities in Pongaroa, Akito and Norsewood, and schools at Pongaroa and Akitio..  | ✓       | ✓    |

Public Libraries – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Library</b>                     |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 747                            | 750               | 750                    |
| Fees & Charges                     | 47                             | 43                | 43                     |
| Interest Revenue                   | -                              | -                 | -                      |
| Miscellaneous Revenue              | 4                              | 4                 | 2                      |
| <b>Total Revenue</b>               | <b>798</b>                     | <b>797</b>        | <b>795</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Dannevirke Library                 | 343                            | 390               | 382                    |
| Woodville Library                  | 78                             | 100               | 93                     |
| Pahiatua Library                   | 117                            | 137               | 137                    |
| Eketahuna Library/Service Centre   | 83                             | 78                | 74                     |
| Depreciation                       | 108                            | 122               | 108                    |
| Interest                           | 1                              | 1                 | 1                      |
| <b>Total Expenses</b>              | <b>730</b>                     | <b>828</b>        | <b>795</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>68</b>                      | <b>(31)</b>       | <b>-</b>               |

**Comment:** Income was as budgeted. Expenditure was over budget by \$33,000. \$15,000 of this was in depreciation, which increased from \$108,000 (budget and last year) to \$123,000 this year. This is to do with the split of books purchases between hard cover and soft cover books. This split has changed over recent years to more soft cover books with half the life of hard cover books. Expenditure over all libraries is higher than budgeted due to higher software maintenance and purchase costs.

# Parks & Reserves

Aim – To provide a mix of parks and reserves facilities in keeping with the natural character for the district.

## Description of Activity **WHY WE DO IT**

A range of attractive opportunities for recreational activities is important for Tararua residents. These facilities are also important for attracting visitors to the district. Furthermore, communities value reserves for the open space they offer, making settlements more pleasant to live in and enabling access to coastal areas. Recreational facilities provide for social interaction and development, helping create healthy communities.

For camping grounds the benefit is in low-cost holiday accommodation for visitors, with downstream benefits for camping ground managers, the business sector and the district generally as tourism ultimately helps to ensure business survival. Vandals are responsible for about 2.5% of the annual costs.

## Locations

|             |  |
|-------------|--|
| Norsewood:  | ANZAC Park<br>Waterwheel Park  |
| Dannevirke: | Dannevirke Upper Domain<br>Dannevirke Lower Domain<br>Coronation Park<br>George Street Reserve<br>Makirikiri Reserve<br>Upper and Lower Wahipai<br>Mangatoro Reserve |
| Woodville:  | Fountaine Square<br>Hockey Park<br>Recreation Ground   |
| Pahiatua:   | Playground, Main Street<br>Bush Sports Park (managed by Bush Multisports Trust)<br>Victory Park<br>Rotary Park<br>Bowling Club<br>Carnival Park                      |

|             |   |
|-------------|---|
| Eketahuna:  | Eketahuna Recreation Ground<br>Eketahuna Camping Ground |
| Pongaroa:   | Pongaroa Reserve  |
| Akitio:     | Akitio foreshore<br>Akitio Community Hall play area     |
| Waihi Falls | Waihi Falls Scenic Reserve                              |

## Contribution to Community Outcomes

| Strongly Related    | Related                              | Partially Related       |
|---------------------|--------------------------------------|-------------------------|
| Connected Community | Safer Community                      | Sustainable Environment |
| Local Services      | Prosperous Economy<br>Infrastructure |                         |

## Level of Service **WHAT WE DO**

The primary purpose of the Parks and Reserves activity is to provide land and facilities for recreational purposes. The Council manages 31 significant domains, 18 significant urban reserves, eight significant rural reserves and many other small urban and rural reserves. It includes the provision of sports grounds, gardens, green areas, playgrounds, and wildlife areas for both active and passive recreation.

## Recreation Reserves

Meet turf standards required, which are maintained by contracted staff.

## Parks

Replanting programmes are maintained and grass mowing undertaken to required standards as well as spraying and mowing. Playground equipment meets safety standards. The checks for compliance with these standards are conducted on a weekly basis and reported annually in terms of NZ Standard 5828:2004.

### Dannevirke Lower Domain

Animal husbandry regime is in place and all stock checks are undertaken to ensure deer are kept in a healthy condition. All birds kept in clean and appropriate housing and an interesting variety of bird species is maintained.

### What We Achieved

Harvard Park playground and the public toilet block in Pahiatua was completed. The park received \$100,000 funding from Council and the remaining \$450,000 was raised by the local community. This new playground will benefit the community, provide a point of difference to other towns, and encourage more visitors to stop on their way through the town.

The new drainage at the Bush Multisport Complex, Pahiatua has been completed. Two extra sump holes were installed on the eastern side of the playing fields to try and eliminate water lying in hollows and direct run off, away from the

houses. This has meant the playing fields are now available for use.

The boxing rooms in the Bush Multisport Complex main grounds were demolished due to safety reasons (the building had asbestos) and lack of use. Bush Multisport is now using the area as a soccer field.

The new custodians at the Eketahuna Camping Ground are working out very well and the number of visitors staying there has risen. The stove and washing machine have been replaced.

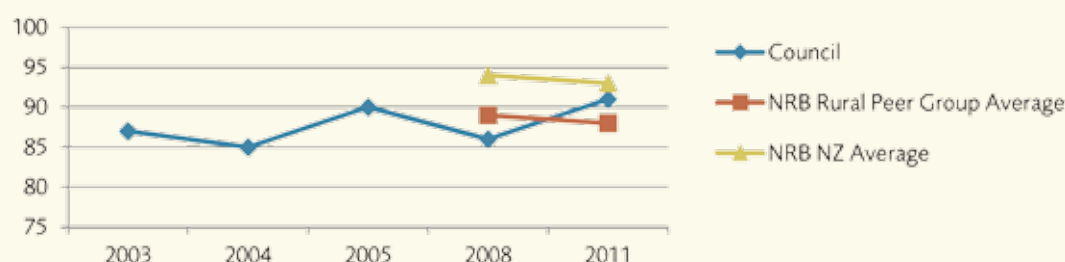
All buildings have had independent condition assessment completed and results showed that they were in good condition.

The asset management plans for community and recreation facilities have been completed. This plan brings together assets previously covered in two separate plans, namely the Properties and the Parks Reserves Cemeteries plans. By bringing these groups of assets into one plan, Council is able to manage these groups of assets with consistent strategic outcomes.

## Performance Against Objectives

| Performance Measure and Target  | Achievement  | Results |      |
|---|--|---------|------|
|   |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>95% of sports fields meet the standards set by the New Zealand Sports Turf Institute.</li> </ul>   | ACHIEVED: All five active sports fields (does not include Pahiatua Bush Sports Park as it is managed by the Bush Multisport Trust) were inspected at least once by the New Zealand Sports Turf Institute and all met the standards.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least 90% of residents rate parks and reserves as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. In the February 2011 survey, 91% were satisfied with parks and reserves compared to a target of 90%. This was a significant improvement from the 2008 survey due to improved playground areas and better garden maintenance. Council has continued with its maintenance, renewal and development programmes in the current year. | N/A     | ✓    |
| <ul style="list-style-type: none"> <li>Conduct weekly safety inspections of playground equipment. All minor faults fixed within one week, otherwise, dependent on work required.</li> </ul>                           | ACHIEVED: Weekly inspections are done by contractors. All minor faults were fixed within one week.   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least 85% of sports fields monthly audits by Council show contractor is meeting agreed performance.</li> </ul>  | ACHIEVED: Audits conducted show that contractor met agreed performance targets.  | ✓       | ✓    |

**Parks and Reserves – Public Satisfaction Survey Trends 2003 to 2011**



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Parks &amp; Reserves</b>        |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 705                            | 961               | 961                    |
| Fees & Charges                     | 16                             | 12                | 9                      |
| Miscellaneous Revenue              | 156                            | 118               | 173                    |
| <b>Total Revenue</b>               | <b>877</b>                     | <b>1,091</b>      | <b>1,143</b>           |
| <b>Expenses</b>                    |                                |                   |                        |
| Coronation Park                    | 30                             | 30                | 37                     |
| Dannevirke Domain                  | 112                            | 115               | 129                    |
| Dannevirke Rural                   | 48                             | 38                | 57                     |
| Dannevirke Urban                   | 61                             | 59                | 50                     |
| Dannevirke Wildlife                | 64                             | 66                | 56                     |
| Eketahuna Rural                    | 48                             | 29                | 33                     |
| Eketahuna Urban                    | 21                             | 18                | 13                     |
| Pahiatua Recreation                | 71                             | 127               | 75                     |
| Pahiatua Rural                     | 3                              | 9                 | 4                      |
| Pahiatua Town Square               | 65                             | 81                | 84                     |
| Pahiatua Urban                     | 11                             | 6                 | 12                     |
| Woodville Rural                    | 5                              | 9                 | 6                      |
| Woodville Urban                    | 44                             | 53                | 45                     |
| Domain Boards                      | 139                            | 103               | 175                    |
| Camping Ground Dannevirke          | 42                             | 38                | 49                     |
| Camping Ground Eketahuna           | 16                             | 16                | 15                     |
| Camping Ground Pahiatua            | 8                              | 21                | 23                     |
| Camping Ground Woodville           | 6                              | 5                 | 4                      |
| Depreciation                       | 218                            | 228               | 222                    |
| Interest                           | 11                             | 9                 | 12                     |
| <b>Total Expenses</b>              | <b>1,023</b>                   | <b>1,060</b>      | <b>1,102</b>           |
| <b>Operating Surplus/(Deficit)</b> | <b>(146)</b>                   | <b>31</b>         | <b>41</b>              |

**Comment:** Income received is under budget by \$52,000, which relates to a non-cash entry for Domain Boards for completion of their GST returns. Expenditure is \$42,000 under budget, of which \$72,000 relates to the other side of the non-cash Domain Board entry to bring in the relevant expenditure for the GST return. There are small unders and overs through out the rest of the Parks & Reserves activity but expenditure overall is tracking against budget. Pahiatua Recreation expenditure is \$4,000 over budget due to additional expenditure on Bush Multisports and Victory Park.



# Public Conveniences

Aim – To provide clean, safe and convenient public conveniences in areas of frequent community activity.

## Description of Activity *WHY WE DO IT*

Our community has high expectations around protecting the environment. Public conveniences help to do this while offering comfort to visitors and residents. They all exceed a minimum standard of hygiene.

The Council has a number of public conveniences throughout the district as listed below:

| Location  | Hours of Opening            |
|---|-----------------------------|
| <b>Dannevirke</b>                               |                             |
| Dannevirke High Street at Town Hall car park    | 6am-7pm; 1 x 24 hour toilet |
| Dannevirke Sports Centre at rear of stadium     | 24 hour                     |
| Barraud Street by bus stop                      | 6am-9pm                     |
| Coronation Park, Gregg Street                   | 24 hour                     |
| Upper Domain and Lower Domain, Christian Street | 6am-5pm                     |
| Dannevirke Cemetery                             | 24 hour                     |
| <b>Woodville</b>                                |                             |
| Fontaine Square                                 | 6am-6pm; 1 x 24 hour toilet |
| <b>Pahiatua</b>                                 |                             |
| Playground, Main Street                         | 24 hour                     |
| Main Street                                     | 6am-6pm; 1 x 24 hour toilet |
| <b>Eketahuna</b>                                |                             |
| Eketahuna SH2 (centre of town)                  | 24 hour                     |
| <b>Pongaroa</b>                                 |                             |
| Pongaroa, Route 52                              | 24 hour                     |
| <b>Akitio</b>                                   |                             |
| Akitio Esplanade                                | 24 hour                     |

| Location                         | Hours of Opening |
|----------------------------------|------------------|
| <b>Norsewood</b>                 |                  |
| Anzac Park (off SH2)             | 24 hour          |
| Waterwheel Park, lower Norsewood | 24 hour          |
| <b>Waihi Falls</b>               |                  |
| Waihi Falls Road                 | 24 hour          |
| <b>Herbertville</b>              |                  |
| Seaview Road                     | 24 hour          |

## Contribution to Community Outcomes

| Strongly Related | Related                 | Partially Related   |
|------------------|-------------------------|---------------------|
| Safer Community  | Sustainable Environment | Prosperous Economy  |
| Local Services   |                         | Connected Community |

## Level of Service *WHAT WE DO*

Provide a clean, safe, accessible service for local people and travellers. Some facilities are only open in daylight hours, but each town has one open 24 hours/day. Cleaning regime is increased in times of heavy usage, such as school holidays.

## What We Achieved

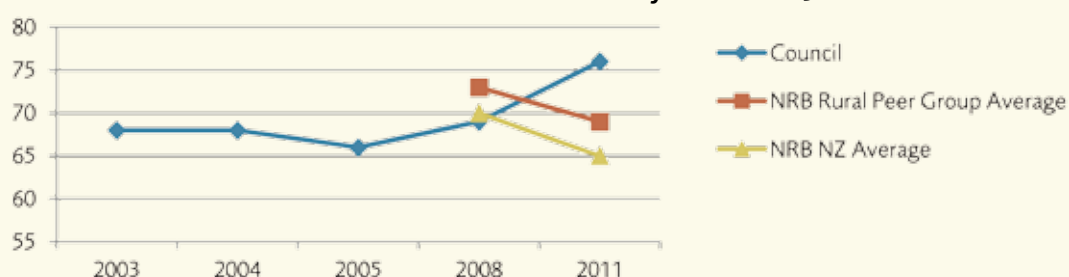
All buildings had independent condition assessments completed and results showed that they are in good condition.

All facilities were maintained to the required standards.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 80% of residents rate public conveniences as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | <p>NOT APPLICABLE: Next community survey is in 2014. Council achieved 76% in the February 2011 survey. This was an increase from the 2008 survey of 69% but lower than the target of 80%. The main reason was due to the increased level of vandalism. Council has taken steps to promptly act on maintenance and cleanliness issues due to vandalism.</p> | N/A     | x    |
| <ul style="list-style-type: none"> <li>At least 70% of the public conveniences will be inspected weekly.</li> </ul>  | <p>ACHIEVED: 72% of public conveniences were inspected with an average of 80% pass mark on random audits.</p>  | ✓       | ✓    |

Public Toilets – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|   | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---|--------------------------------|-------------------|------------------------|
| <b>Public Conveniences</b>                  |                                |                   |                        |
| <b>Revenue</b>                              |                                |                   |                        |
| Rates                                       | 176                            | 197               | 197                    |
| Fees & Charges                              | 1                              | 1                 | 1                      |
| Miscellaneous Revenue                       | 1                              | -                 | -                      |
| <b>Total Revenue</b>                        | <b>178</b>                     | <b>198</b>        | <b>198</b>             |
| <b>Expenses</b>                             |                                |                   |                        |
| Provision of clean safe facilities cleaning | 89                             | 119               | 104                    |
| Building maintenance                        | 44                             | 58                | 51                     |
| Depreciation                                | 34                             | 35                | 35                     |
| Interest                                    | 7                              | 6                 | 8                      |
| <b>Total Expenses</b>                       | <b>174</b>                     | <b>218</b>        | <b>198</b>             |
| <b>Operating Surplus/(Deficit)</b>          | <b>4</b>                       | <b>(20)</b>       | <b>-</b>               |

**Comment:** Expenditure for building maintenance and cleaning is over budget by \$22,000 due to increased vandalism and graffiti on buildings.

# Representation

**Aim – To enable democratic local decision making on behalf of the community to promote the wellbeing of the Tararua district in the present and for the future.**

## Description of Activity **WHY WE DO IT**

The Mayor and Councillors are the democratically elected representatives of the Tararua district.

The Local Government Act 2002 requires that elected members show a level of leadership so their communities can be successful and meet and survive challenges as they arise. Local councils are in a position to provide leadership, on behalf of the district, on matters that are both within the role and those outside core functions. There are a number of regional and national directives that impact on our communities, and it is through District Leadership that our communities can be kept informed and represented.

The Local Electoral Act 2001 provides for the electoral processes which enable our communities to select the leaders they would like to represent them and their interests throughout the democratic decision making process.

Electoral processes provide for the triennial local authority elections, polls and referenda, representation reviews and the determination of the terms of reference and delegations for community boards, committees, council organisations, other decision-making bodies and the appointment of the Chief Executive.

Community committees are appointed by their respective communities to serve a three year term of office that coincides with the period of the local authority elections.

## Contribution to Community Outcomes

| Strongly Related        | Related                           | Partially Related |
|-------------------------|-----------------------------------|-------------------|
| Sustainable Environment | Local Services<br>Safer Community | -                 |
| Connected Community     | Prosperous Economy                |                   |
| Infrastructure          |                                   |                   |

## Level of Service **WHAT WE DO**

### Council

The Council comprises the Mayor and eight councillors elected from two wards.

Their role is to:-

- Set the policy direction of Council
- Monitor the performance of Council
- Represent the interests of the district
- Employ the Chief Executive.

The Council will build relationships with key players within the community, including central government, Maori, and the business and voluntary sector, to develop plans of action to promote community wellbeing.

The Council will integrate the community outcomes into key strategic planning documents. In some instances, where the identified outcomes are beyond the scope of the Council, the Council will represent and act as advocate on behalf of the community, on issues that are of importance to the community.

The Council will monitor and report on the community's progress towards the achievement of community outcomes.

### Community Boards

The Tararua District has two community boards, being Dannevirke and Eketahuna, each with four elected members and one Council appointment. These Boards are constituted under Section 49 of the Local Government Act 2002 to:

- Represent and act as an advocate for the interests of their community.
- Consider and report on any matter referred to it by the Council, or on any issues of interest or concern to the community board.

- Make an annual submission to Council on expenditure in the community.
- Maintain an overview of services provided by the Council within the community.
- Communicate with community organisations and special interest groups in the community.
- Undertake any other responsibilities delegated by the Council. Both of the district's community boards have formally been delegated specific functions to undertake.

## What We Achieved

The Mayor, Councillors and Community Board Members collectively committed their energies to working in the best interests of promoting the wellbeing of the district and the respective communities.

Decision making, reporting and accountability was facilitated through monthly meetings being held, and the work undertaken by elected representatives was supported through their appointments to oversee various portfolios and liaison with community organisations, and following up issues and concerns raised by residents.

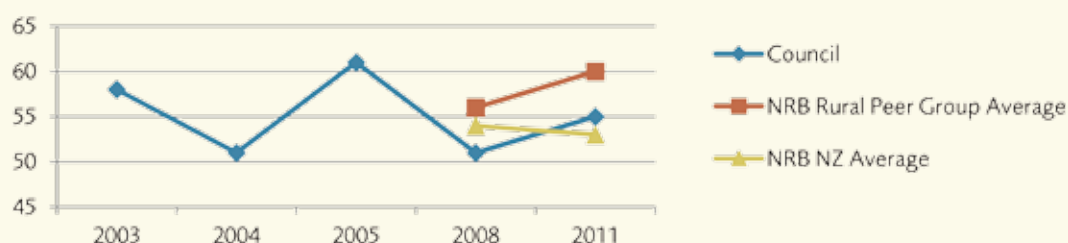
The following was completed and achieved:

- Review and determine the electoral system for the 2013 election, and consider the option to establish a Maori Ward.
- Working collaboratively with the Horizons Regional Council, and fulfilling its commitment to the objectives of the Manawatu River Leaders' Accord Action Plan.
- Advocacy for the district through making submissions to the Draft Regional Land Transport Programme 2012–2015 and the Horizons Regional Council Draft Long Term Plan 2012–2022.
- The Earthquake Prone Buildings Policy 2011 was adopted following the completion of consultation.
- Reviewing the approach to communication and community engagement resulting in a Citizens Panel for consultation being established.
- Adoption of the ten year Long Term Plan 2012–2022, with pre-consultation forums held with key stakeholders and community representatives and sixteen Council workshops scheduled to develop this document.
- The governance structure of TDC Holdings Limited and Tararua Forests Limited was reviewed.
- Consideration was given to the Local Government Reforms initiated by the Government, and their focus about councils' roles, stronger governance, improved efficiency and more responsible fiscal management.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 75% of residents will rate the overall performance of the Mayor, Councillors and Community Boards as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | <p>NOT APPLICABLE: Next community survey is in 2014. In the February 2011 survey, achieved 55% satisfaction compared to 51% in the 2008 survey.</p> <p>Through the development of the ten year Long Term Plan the Council has reviewed its activities and services, along with working with key stakeholders on determining the future vision for the district. This has been the major focus of significant work to deliver a financially prudent and balanced programme focussed on core network infrastructure and maintaining its community services within the constraints of a challenging and difficult economic environment.</p> | N/A     | x    |

**Representation Performance – Public Satisfaction Survey Trends 2003 to 2011**



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Representation</b>              |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 1,163                          | 1,097             | 1,097                  |
| Fees & Charges                     | 43                             | 15                | 15                     |
| Miscellaneous Revenue              | 54                             | 7                 | 6                      |
| <b>Total Revenue</b>               | <b>1,260</b>                   | <b>1,119</b>      | <b>1,118</b>           |
| <b>Expenses</b>                    |                                |                   |                        |
| Council                            | 1,224                          | 954               | 972                    |
| Community Boards/Local Committees  | 90                             | 89                | 77                     |
| Depreciation                       | 88                             | 54                | 54                     |
| Interest                           | 2                              | 2                 | 2                      |
| <b>Total Expenses</b>              | <b>1,404</b>                   | <b>1,099</b>      | <b>1,106</b>           |
| <b>Operating Surplus/(Deficit)</b> | <b>(144)</b>                   | <b>20</b>         | <b>12</b>              |

**Comment:** Income and expenditure for Representation are comparable with budget with minor variances between reporting levels.

# Resource Management

Aim – To help achieve a sustainable natural and built environment and a strong prosperous economy.

## Description of Activity **WHY WE DO IT**

The Council has a wide range of functions under the Resource Management Act including:

- Achieving the integrated management of the effects of land use and the associated natural and physical resources of the district;
- Controlling any actual or potential effects of land use, for the purpose of:
  - i. Avoiding or mitigating natural hazards.
  - ii. Preventing or mitigating any adverse effects of the storage, use, disposal or transportation of hazardous substances.
  - iii. Preventing or mitigating any adverse effects of the development, subdivision or use of contaminated land.
- Controlling noise
- Controlling actual or potential effects of activities on the surface of water in rivers or lakes.

## District Plan

The Council must prepare and maintain a district plan, which must recognise national policy statements and national environmental standards issued by the Minister for the Environment. The plan must also not be inconsistent with any regional plan.

The district plan must state:

- the objectives for the district,
- the policies to implement the objectives, and
- the rules to implement the policies.

A full review of the District Plan must commence within 10 years of it becoming operative. The Council can propose, or any person can apply, to change a District Plan at any time.

## Resource Consents

The environmental impacts of activities are primarily controlled by the Resource Management Act through the District Plan and the requirement to apply for resource consents. A resource consent provides permission to carry out an activity so long as it complies with any conditions attached to the consent.

The Resource Management Act classifies activities into categories. The following are used in the Tararua District Plan:

- **Permitted** an activity that may be carried out without the need for a resource consent as long as it complies with the environmental standards specified in the District Plan.
- **Controlled** an activity that requires a resource consent before it can be carried out. Council must grant consent, but it can impose conditions in respect to matters over which it has reserved control in the District Plan.
- **Discretionary** an activity that requires resource consent before it can be carried out. The Council can exercise full discretion as to whether or not to grant consent and as to what conditions to impose on the consent, if granted.

Council administers two types of resource consents:

- **Land use** required when an activity contravenes a rule in the District Plan.
- **Subdivision** required for the subdivision of land.

## Processing Resource Consents

Resource consents are processed through a number of stages including requesting further information, making a decision on notification, receiving public submissions, holding a public hearing and issuing a decision. The Resource Management Act requires that all resource consent applications be publicly notified unless they come within

specified exceptions. The Resource Management Act specifies maximum time limits for the various stages of the application process.

The applicant, or any person who made a submission on the application, can appeal the decision to the Environment Court.

### Monitoring

Once a resource consent is granted there is an obligation on the Council to monitor its implementation.

The Council is also required, at five yearly intervals, to compile and make available to the public a review of the efficiency and effectiveness of policies, rules or other methods used to carry out its functions under the Resource Management Act.

## Contribution to Community Outcomes

| Strongly Related        | Related   | Partially Related   |
|-------------------------|---|---------------------|
| Sustainable Environment | Prosperous Economy<br>Safer Community<br>Local Services | Connected Community |

### Level of Service **WHAT WE DO**

The District Plan is prepared in consultation with the Tararua community and the wider regional and national organisations that have an interest in the plan. The content of the plan, to a certain extent, is influenced by the submissions and influences that these bring to the plan preparation and review process.

The Resource Management Act prescribes time limits for most aspects of plan preparation and work and resource consent processing.

The desired level of service will result in existing and new activities being undertaken in a way that results in little or no adverse environmental impact, while not frustrating the desires of applicants to develop their proposals.

The objective for processing all resource consent applications is to at least comply with the statutory time limits.

## What We Achieved

The review of the district plan, which started in 2008, was completed during the year. Five appeals against aspects of the plan were made to the Environment Court and a number of parties joined in the appeals. All the appeals were settled through mediation, the last being approved by the Court in December 2011. The Council will formally approve the plan in July, to come into effect on 1 September 2012.

Towards the end of the financial year, Council appointed commissioners granted resource consent to Genesis Energy's Castle Hill Wind Farm and Mighty River Power's Puketoi Wind Farm and transmission line. The Castle Hill Wind Farm application also involved the Masterton District, Horizons and Greater Wellington Regional Councils, while Palmerston North City and Horizons Regional Councils were also parties to the Puketoi Wind Farm application. Appeals against both decisions have been lodged with the Environment Court, which now takes responsibility for determining the outcome for these applications.

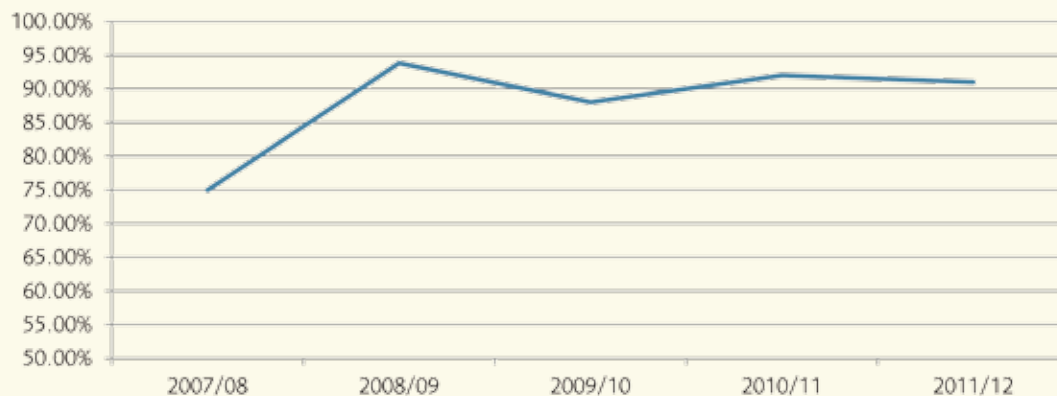
Resource consent application numbers showed a 42% increase on last year, although still about 25% below the historical average. The proportion of land use applications (46%) to subdivision applications (54%), is much higher than usual, the ratio more usually 25%:75%. Land use consents are generally more complex and take longer to process.



## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>85% of Hearings Commissioners surveyed will be satisfied with the effectiveness of the District Plan.</li> </ul>  | NOT APPLICABLE: Survey was not carried out, as proposed District Plan being used by wind farm commissioners has changed as a result of mediating the appeals to the Environment Court. Council will formally approve the plan in July 2012, to come into effect on 1 September 2012. Once plan is finalised, Hearing Commissioners will be surveyed. | N/A     | N/A  |
| <ul style="list-style-type: none"> <li>District Plan monitoring report is published annually.</li> </ul>   | NOT APPLICABLE: When the District Plan is operative in September 2012, monitoring against the Plan and the monitoring report will be published annually.   | N/A     | N/A  |
| <ul style="list-style-type: none"> <li>95% of all resource consent applications will be processed within the statutory time limits each year.</li> </ul>   | NOT ACHIEVED: 91% of resource consents processed within timeframe. Of the five processed beyond the timeframe, three were one day over, one was two days over and one six days over.   | x       | x    |
| <ul style="list-style-type: none"> <li>At least 75% of residents will rate resource management as "quite satisfactory" or "very satisfactory" in community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | NOT APPLICABLE: Next community survey is in 2014. Survey carried out in February 2011 showed a satisfaction level of 74% compared to a target of 75%.  | N/A     | x    |

**Resource Consent Applications Processed within Statutory Limits**



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                      | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Resource Management</b>           |                                |                   |                        |
| <b>Revenue</b>                       |                                |                   |                        |
| Rates                                | 243                            | 265               | 265                    |
| Fees & Charges                       | 35                             | 45                | 49                     |
| Miscellaneous Revenue                | 9                              | 8                 | 1                      |
| <b>Total Revenue</b>                 | <b>287</b>                     | <b>318</b>        | <b>315</b>             |
| <b>Expenses</b>                      |                                |                   |                        |
| Resource consent processing          | 123                            | 88                | 9                      |
| General activities                   | 117                            | 97                | 11                     |
| Environmental monitoring report      | 1                              | 18                | 24                     |
| District plan review                 | 98                             | 34                | 153                    |
| Legal costs associated with hearings | 60                             | 9                 | -                      |
| Coastal Hazardous Assessment         | 23                             | 2                 | 111                    |
| Depreciation                         | 9                              | 6                 | 6                      |
| Interest                             | -                              | -                 | -                      |
| <b>Total Expenses</b>                | <b>431</b>                     | <b>254</b>        | <b>315</b>             |
| <b>Operating Surplus/(Deficit)</b>   | <b>(144)</b>                   | <b>64</b>         | <b>-</b>               |

**Comment:** Cost for the District Plan review is under budget by \$119,000 as the plan is near completion with legal and consultants fees lower than expected. The Coastal Hazard Assessment has not yet been undertaken. This is planned to start next year. Resource consent application and general Resource Management activity expenditure is well over budget due to costs incurred in relation to the wind farm applications.

# Roading

**Aim – To provide an effective and efficient roading network ensuring the safety of all road users.**

## Description of Activity **WHY WE DO IT**

Both rural and urban residents want an effective and efficient transportation network. Well-maintained roads enable economic activity and growth by allowing the efficient transport of goods and services, as well as ensuring the safety of road users when undertaking a proactive approach to road maintenance. Council proposes to promote the use of underpasses in the future.

The roading network of Tararua District Council is listed as the fourth-largest of any authority in New Zealand. The network consists of a total of 1,958km of roads, with 1,172km sealed, and 785km of unsealed roads. Additionally, there are 479 bridges, and all associated infrastructure assets, such as signs, lighting and culverts, both large and small.

The State Highway traverses the District by means of SH2 and SH3, and these are subsequently managed by the NZ Transport Agency. These road lengths are not part of the Tararua District Council network.

The network is managed by the Council's in-house engineering business unit, Engineering Services, based in Woodville. This non-profit consultancy provides engineering resources under a contract at a lower total cost than usually obtained from external consultants. Contracts are let for general maintenance, ranging from three to five year contracts, with annual contracts being let for pavement rehabilitation, sealed road resurfacing and seal extensions. Due to the low population base, the Tararua District Council is heavily reliant upon subsidies received from NZ Transport Agency. Subsidies range from 60% for general maintenance, including reseal and rehabilitation, through to 70% for development work such as seal extensions and minor improvements.

A summary of Roding statistics by area and hierarchy is shown in the following table:

| Asset              | Urban Sealed (km) | Rural Sealed (km) | Urban Metal (km) | Rural Metal (km) | Totals (km)    |
|--------------------|-------------------|-------------------|------------------|------------------|----------------|
| <b>North</b>       |                   |                   |                  |                  |                |
| Local              | 39.1              | 294.8             | 0.3              | 363.4            | 697.6          |
| Collector          | 0.6               | 63.1              | -                | -                | 63.7           |
| Secondary          | 3.2               | 212.5             | -                | 10.7             | 226.4          |
| <b>Total North</b> | <b>42.9</b>       | <b>570.4</b>      | <b>0.3</b>       | <b>374.0</b>     | <b>987.6</b>   |
| <b>South</b>       |                   |                   |                  |                  |                |
| Local              | 38.5              | 334.3             | 0.3              | 393.2            | 766.3          |
| Collector          | 0.9               | 55.0              | -                | 5.9              | 61.8           |
| Secondary          | 1.9               | 138.9             | -                | -                | 140.8          |
| Cycleway           | -                 | 1.1               | -                | -                | 1.1            |
| <b>Total South</b> | <b>41.2</b>       | <b>529.3</b>      | <b>0.3</b>       | <b>399.1</b>     | <b>969.9</b>   |
| <b>TOTAL</b>       | <b>84.1</b>       | <b>1,099.7</b>    | <b>0.5</b>       | <b>773.2</b>     | <b>1,957.5</b> |

These statistics show that:

- 58.72% of rural roads are sealed. This compares with 55.5% of rural roads in the Manawatu Wanganui Region, 54.3% in the North Island and 46.7% nationally.
- 95.67% of roads are rural (4.33% are urban).

A report was sent to NZ Transport Agency analysing the results of the roughness count survey for the 2010/11 period indicating the following:

- Average urban roughness: 126 achieved (less than 150 meets NZ Transport Agency levels)
- Average rural roughness: 86 achieved (less than 150 meets NZ Transport Agency levels)

Roading is classified under a four-tier hierarchy:

**Primary Arterial:** Roads which form part of the network of strategic arterial roads or national or regional importance. This classification applies only to State Highways, managed by NZ Transport Agency, on the basis of high traffic volumes and links between major centres. These routes predominantly carry through-traffic and it is important to maintain a high level of user service (reflected by higher access controls and standards).

The following three categories are managed by Council:

**Secondary (District) Arterial:** Roads which are important at the district level for carrying traffic between major areas within the district and as alternative routes to neighbouring districts. Traffic movement is the main function but often they also serve as local roads.

**Collector Roads:** These roads collect and distribute traffic to and from the arterial network. These roads complement arterial roads in that through-traffic is an important function but property access is also important.

**Local Roads:** All other roads which have the provision of access to properties as their primary purpose. Some local roads have a minor role to play in the collection and distribution of traffic, but through-traffic is generally to be discouraged due to the effect on the amenity of the surrounding area and the physical capability of the roads.

The table below lists the lengths of road which are controlled by Council within each road hierarchy category and the current traffic volume ranges for each.

| Road Hierarchy              | Length (km)    | Traffic Volume Range (vpd) |
|-----------------------------|----------------|----------------------------|
| <b>Rural Sealed Roads</b>   |                |                            |
| Local                       | 628.1          | 1-915                      |
| Collector                   | 119.2          | 29-707                     |
| Secondary                   | 352.5          | 11-2470                    |
| <b>Total</b>                | <b>1099.8</b>  |                            |
| <b>Rural Unsealed Roads</b> |                |                            |
| Local                       | 756.616        | 1-334                      |
| Collector                   | 5.896          | 52-73                      |
| Secondary                   | 10.654         | 56-92                      |
| <b>Total</b>                | <b>773.166</b> |                            |
| <b>Urban Sealed Roads</b>   |                |                            |
| Local                       | 77.553         | 3-4322                     |
| Collector                   | 1.49           | 182-927                    |
| Secondary                   | 5.09           | 117-3153                   |
| <b>Total</b>                | <b>84.1</b>    |                            |

| Road Hierarchy              | Length (km) | Traffic Volume Range (vpd) |
|-----------------------------|-------------|----------------------------|
| <b>Urban Unsealed Roads</b> |             |                            |
| Local                       | 0.54        | 1-37                       |
| Collector                   |             |                            |
| Secondary                   |             |                            |
| <b>Total</b>                | <b>0.54</b> |                            |

The table shows modest volumes on the majority of collector and secondary roads. Of the secondary arterial roads, only Coast Road has sections which are unsealed, and of the collector roads only Castle Hill Road has 6km unsealed. There are inherently some inconsistencies between traffic volumes and the level of roads in the hierarchy.

Council delivers this service using in-house staff (Engineering Services) for the engineering design and contract supervision services. It contracts out the undertaking of the on-site physical work.

The Council works in partnership with the NZ Transport Agency, to undertake capital projects and maintenance work that form part of the Land Transport Programme. In return it receives financial assistance in the form of subsidies from the NZ Transport Agency. This work is subject to competitive pricing procedures and must be carried out in accordance with the performance agreements between Council and the NZ Transport Agency.

The new over dimension rule will increase the vehicle overload on the infrastructure and bridges. Vehicles will effectively be limited to state highway roads and approved local roads. Funding is available from NZ Transport Agency for analysis and upgrades.

Bridges are constantly being reviewed with annual inspections and planning for replacements included in the Roding Asset Management Plan.

## Contribution to Community Outcomes

| Strongly Related    | Related            | Partially Related       |
|---------------------|--------------------|-------------------------|
| Connected Community | Safer Community    | Sustainable Environment |
| Local Services      | Prosperous Economy |                         |
| Infrastructure      |                    |                         |

## Level of Service **WHAT WE DO**

- Maintain the roading network in an effective and efficient manner, appropriate to community needs, in accordance with funds available.
- Continue with planned roading renewals as funding is determined.
- Ensure road closures or blockages are minimised and cleared in a timely manner.

## What We Achieved

### Pahiatua to Boundary Route Upgrade

This project, although approved by NZ Transport Agency to a Category 2 level, has not received funding due to a very low benefit-cost (BC) ratio (1.5-2). The minimum desirable BC ratio is 4.

### Maintenance Chipseal

The target level for the 2011/12 financial year was 100km/590,000m<sup>2</sup> compared to 98.196km/631,826m<sup>2</sup> actually achieved. Though the target length was not met, Council have achieved a greater square metre of reseals.

Budget for 2011/12 was \$2.39 million against the completed value of \$2.45 million.

### Pavement Rehabilitation

The target levels for 2011/12 was 12.5km/71,000m<sup>2</sup>.

Council achieved 10.87km/61,098m<sup>2</sup> of pavement over laid, but only 9.57km/54,235m<sup>2</sup> was sealed. This was caused by concerns with the condition of the pavement for sealing due to the lateness of the Contractor in completing the work.

Budget for 2011/12 was \$1.76 million against the completed value of \$1.81 million. Planned expenditure is based upon averages from previous historical works where as individual site works can fluctuate.

### Minor Improvements

The target budget for 2011/12 was \$815,000. As this was the end of a three-year budgeting cycle, there was a balance from previous years under spent. Approval was obtained from Council to budget the full balance remaining, which meant a total target budget of \$923,350. This target was achieved with the highlights being:

- Makomako Road – road realignment.
- Sight benching/widening of rural roads.

### Seal Extensions

Due to lack of funding for seal extensions from NZ Transport Agency, no work was undertaken.

### Road Safety

All work related to this category is undertaken through Minor Improvement Works.

Council has a safety management system in place. The Rooding Safety Management Supervisor reviews accident crash sites to ascertain if road conditions played a part in the cause of the accident.

Based on feedback from police and crash analyses, no roading conditions contributed to crashes in 2011/12.

### Road Maintenance

#### Maintenance Metal

Annual targets for maintenance metal have been combined from both maintenance metal of 20,000m<sup>3</sup> and heavy metal overlays of 15,000m<sup>3</sup>, to give a total target of 35,000m<sup>3</sup>.

Achievements for 2011/12 have been lighter than planned due to the performance of the Contractor and poor weather conditions. A total of 24,326m<sup>3</sup> has been completed, with 13,031m<sup>3</sup> of maintenance metal, and 11,235m<sup>3</sup> of heavy metal overlays.

#### Grading

Target length for annual grading is 4,500km. Achievement for 2011/12 has been 4,872km. With a total of 774km of unsealed roads this accounts to the road having been graded an average of 6.3 times over the past 12 months.

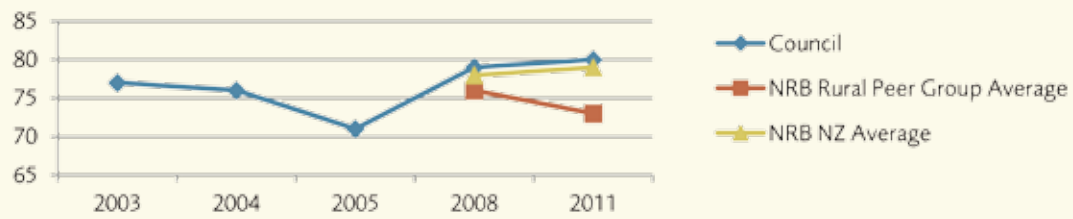
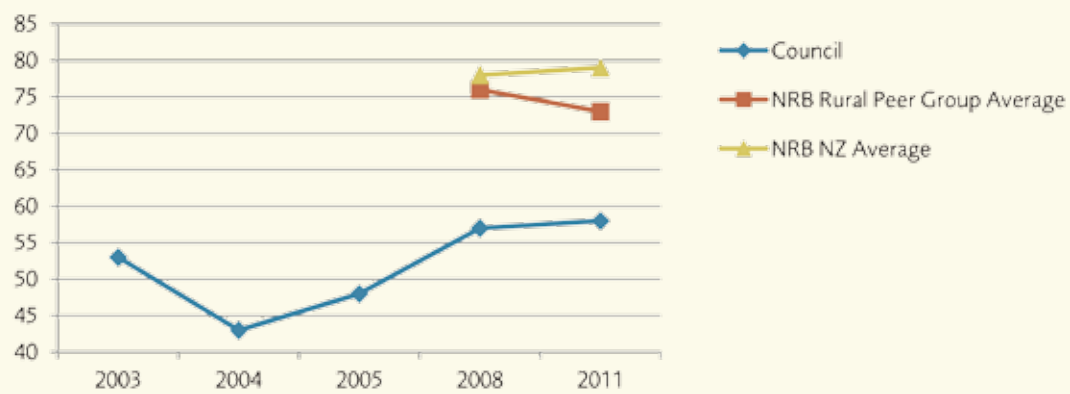
#### Watertabling

An indicative target length of 25,000m annually is noted, however this can vary due to amounts of high and low shoulder clearance of roadsides.

A total of 15,116m of watertabling for both sealed and unsealed road has been completed for 2011/12.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>To maintain the roading network in an effective and efficient manner, appropriate to community needs, in accordance with funds available:               <ul style="list-style-type: none"> <li>Target of 0 fatal accidents due to road factors.</li> </ul> </li> <li>To promote a strong prosperous economy, roads are maintained to the appropriate standard with a 5% percentage reduction in the number of customer requests related to road surface defects both sealed and unsealed compared to the prior year.</li> </ul> | <p>ACHIEVED: No fatal accidents were attributable to road factors in 2011/12. Two fatal accidents occurred on local roads and one on State Highway network but neither was linked to road factors.</p>  | ✓       | ✓    |
|  | <p>NOT ACHIEVED: 60 urban surface faults were received in 2011/12, and 152 rural faults. This compares to 21 urban and 42 rural requests in the previous reporting period. (Manawatu Gorge bypass route issues have been excluded, as these are being managed by the NZ Transport Agency.)</p> <p>The increase in number of service requests was due to the significant weather events in August 2011 and March 2012. A large number of requests were for grading and potholing as a result of these events. Area Roading Managers are monitoring respective areas.</p> | ✗       | ✓    |
|  | <p>NOT ACHIEVED: All faults have been responded to within the timeframe specified in contracts, however all relevant data has not been fully signed off. Data shows that 92% of urban and 95% of rural faults were completed within timeframes.</p>   | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>To promote a sustainable environment, the roading network is managed appropriately with 100% of requests to fix road surface faults completed within the timeframe specified in contracts.</li> </ul>   | <p>NOT ACHIEVED: All faults have been responded to within the timeframe specified in contracts, however all relevant data has not been fully signed off. Data shows that 92% of urban and 95% of rural faults were completed within timeframes.</p>   | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>Access to local services – roads are available to all with at least 70% of residents rating footpaths as "fairly satisfactory" or "very satisfactory" in the community surveys in 2011, 2014, 2017.</li> </ul>  | <p>NOT APPLICABLE: Next community survey is in 2014. In the February 2011 survey, Council achieved 69% satisfied (58% unsealed and 80% sealed) compared to a target of 70% and 57% unsealed and 79% sealed in the 2008 survey. Council continues to respond to and resolve road faults within the timeframe specified in contracts and have maintained the availability for roads 99.8% of the time.</p>  | N/A     | ✗    |
| <ul style="list-style-type: none"> <li>To continue with planned roading renewals as funding is determined, with the roading network providing a safe and comfortable ride quality with 95% of sealed roads providing a smooth and comfortable ride as tested by Council staff.</li> </ul>  | <p>ACHIEVED: Individual road assessment reports indicate that 1,910 road sections out of a total 1,913 sections scored a rating greater than 70% in relation to the road rating. This achieved a total score rating of 95% or greater for all district roads.</p>   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Road closures or blockages are minimised and cleared in a timely manner, with the roads remaining fully available for use 99% of time. Measured on a monthly basis.</li> </ul>  | <p>ACHIEVED: Roads remained fully available for use 99.8% of the time.</p>  | ✓       | ✓    |

**Sealed Roads – Public Satisfaction Survey Trends 2003 to 2011****Unsealed Roads – Public Satisfaction Survey Trends 2003 to 2011**

## Statement of Cost of Services

For the Year Ended 30 June 2012

|   | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---|--------------------------------|-------------------|------------------------|
| <b>Roading</b>                              |                                |                   |                        |
| <b>Revenue</b>                              |                                |                   |                        |
| Rates                                       | 5,911                          | 6,700             | 6,700                  |
| Fees & Charges                              | 131                            | 153               | 150                    |
| Interest Revenue                            | 72                             | 48                | -                      |
| Subsidies                                   | 7,503                          | 9,025             | 7,690                  |
| Trees                                       | 12                             | -                 | -                      |
| Miscellaneous Revenue                       | 3                              | -                 | -                      |
| <b>Total Revenue</b>                        | <b>13,632</b>                  | <b>15,926</b>     | <b>14,540</b>          |
| <b>Expenses</b>                             |                                |                   |                        |
| Sealed Pavement Maintenance                 | 927                            | 1,567             | 1,100                  |
| Unsealed Pavement Maintenance               | 622                            | 745               | 608                    |
| Routine Drainage Maintenance                | 942                            | 1,073             | 876                    |
| Structures Maintenance                      | 640                            | 1,265             | 969                    |
| Environmental Maintenance                   | 507                            | 533               | 545                    |
| Traffic Services Maintenance                | 466                            | 651               | 590                    |
| Level Crossings                             | 15                             | 33                | 49                     |
| Unsealed Road Metalling - Maintenance Metal | 339                            | 493               | 656                    |
| TA and Admin Support                        | 184                            | 210               | 210                    |
| Network Asset Management Subsidised         | 597                            | 596               | 499                    |
| Emergency Reinstatement                     | 2,149                          | 1,805             | 1,396                  |
| Non Sub Verge Rural Maintenance             | 127                            | 220               | 68                     |
| Non Sub Verge Urban Maintenance             | 7                              | 9                 | 10                     |
| Non Sub Tree Removal                        | 1                              | 1                 | 1                      |
| Depreciation                                | 6,850                          | 7,446             | 6,683                  |
| Interest                                    | 38                             | 35                | 41                     |
| <b>Total Expenses</b>                       | <b>14,409</b>                  | <b>16,682</b>     | <b>14,301</b>          |
| <b>Operating Surplus/(Deficit)</b>          | <b>(777)</b>                   | <b>(756)</b>      | <b>239</b>             |

**Comment:** Subsidy revenue is higher than budget by \$1.3 million due to subsidised operating and capital renewal expenditure higher than budget. This activity has caught up with the work schedule and is making the most of the higher subsidy rate.

Operating expenditure for emergency reinstatement, sealed pavement, routine drainage and structures maintenance have increased by \$409,000, \$466,000, \$197,000 and \$296,000 over budget respectively. This is due to increased level of work. Management is looking to use the budget and have no carry forwards to make most of the 60% subsidy from NZ Transport Agency.

Unsealed road metalling is lower than budget due to performance of contractor and poor weather conditions.

Roading depreciation was \$763,000 over budget due to valuation increases in roading assets.



# Service Centres

Aim – Provide friendly and accurate advice/guidance to all across the range of Council services.

## Description of Activity **WHY WE DO IT**

Council recognises many in the community desire to have local access to council staff and services.

Service Centres provide the “first point of contact” between residents and Council, and a local presence for ratepayers to obtain advice, assistance, information and to make payments.

The Council has four Service Centres located in the four main townships of the Tararua district:

- **Dannevirke** 26 Gordon Street
- **Woodville** 45 Vogel Street
- **Pahiatua** 136 Main Street
- **Eketahuna** 31 Main Street

The Council's principal office is located in Dannevirke; this office is the primary point of contact for the district and fulfils the primary function of the Council's call centre. Our Woodville and Pahiatua Service Centres also assist with the operation of the Council's call centre.

The Woodville Service Centre operates from the same building as Engineering Services, with Eketahuna being run in conjunction with the library and money exchange service.

and initiatives by supporting Council's internal staff, by people providing information, faults and feedback across all of Council's activities.

People can contact Council and get information on Council services in three ways:

- By visiting any one of our Services Centres. Opening hours are:

### **Dannevirke**

06 374 4080

Monday to Friday 8:00am–5:00pm

### **Woodville and Pahiatua**

06 376 0200 or 06 374 0110

Monday to Friday 8:00am–4:30pm

### **Eketahuna**

06 376 0219

Monday to Friday 10:30am–12:30pm,  
1:00pm–4:30pm

- By phoning Council 24 hours, seven days a week. Anyone can ring Council to make an enquiry, log a complaint/fault or to provide feedback or a compliment.
- By going to Council's website:  
[www.tararua.govt.nz](http://www.tararua.govt.nz)

## Contribution to Community Outcomes

| Strongly Related | Related                                  | Partially Related     |
|------------------|--|-----------------------|
| -                | Local Services<br>Connected<br>Community | Prosperous<br>Economy |

## Level of Service **WHAT WE DO**

Service Centres exist in the four main townships; they provide a social and community role for residents. Our Service Centres contribute indirectly to all of Council's goals

The Council's website is a great way to find information on Council services or even download forms and applications. The demand for online services continues to grow as people become more technologically savvy, in addition to people working outside normal business hours of 8am–5pm. The Afterhours phone service is vital for this and provides a point of contact for residents who are not able to make contact with us during normal working hours.

A range of services can be carried out over the phone without the need to visit in person. Information, forms or applications can be posted, emailed or faxed to our customers and residents.

Council reviews how it delivers service to ensure it is effective now and into the future.

## What We Achieved

Following consultation, Council will move to a single delivery centre in Woodville where the service centre in Woodville and library will operate from one building.

The service centres, library and information centres in Pahiatua, Eketahuna and Dannevirke will remain status quo.

## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| • At least 60% of resident population are within 25km of Council service centres.                              | ACHIEVED: 94% of residents are within 25km of Council service centres.  | ✓       | ✓    |
| • Of the 10 contract action service requests surveyed per month, 90% meet the customer satisfaction standards. | NOT ACHIEVED: Council contacted 102 customer who logged a service request with Council. However, results shows that 98% of the 102 customers contacted were satisfied with 17% very satisfied with our service. | ✗       | ✓    |

## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Service Centres</b>             |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 411                            | 390               | 390                    |
| Fees & Charges                     | 4                              | 2                 | 3                      |
| Miscellaneous Revenue              | 7                              | 3                 | 1                      |
| <b>Total Revenue</b>               | <b>422</b>                     | <b>395</b>        | <b>393</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Dannevirke Service Centre          | 132                            | 145               | 140                    |
| Woodville Service Centre           | 62                             | 70                | 65                     |
| Pahiatua Service Centre            | 100                            | 107               | 108                    |
| Eketahuna Service Centre           | 66                             | 65                | 73                     |
| Depreciation                       | 7                              | 7                 | 7                      |
| Interest                           | -                              | -                 | -                      |
| <b>Total Expenses</b>              | <b>367</b>                     | <b>394</b>        | <b>393</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>55</b>                      | <b>1</b>          | <b>-</b>               |

**Comment:** Income and expenditure are as budgeted.

# Sewerage

**Aim – Providing the collection, treatment and disposal of wastewater to protect public and environmental health.**

## Description of Activity **WHY WE DO IT**

A safe, reliable and sufficient disposal of sewerage is a critical resource for any community to maintain public and environmental health. A reliable system also serves to protect our natural environment for present and future generations.

A number of statutes as well as the District Plan and associated bylaws govern council water management.

Council provides sewerage disposal to seven communities. The sewerage system consists of wastewater pipes, pump stations, and some form of treatment and disposal. Council systems are mainly directed to urban areas.

All of the sewerage schemes are owned and administered by the Council.

### **Dannevirke, Woodville, Pahiatua & Eketahuna**

These are full sewage disposal systems that take effluent from the individual properties via a reticulation network to a treatment plant.

### **Norsewood, Ormondville & Pongaroa**

Sewage is pre-treated in septic tanks on individual properties and then reticulated to a two pond oxidation pond system.

All three schemes have a number of pump stations. Ormondville has three and Norsewood and Pongaroa two each.

Council also arranges the emptying of the septic tanks of solid material when this is required.

## Contribution to Community Outcomes

| Strongly Related               | Related            | Partially Related   |
|--------------------------------|--------------------|---------------------|
| Sustainable Environment        | Prosperous Economy | Connected Community |
| Safer Community Infrastructure |                    | Local Services      |

## Level of Service **WHAT WE DO**

To provide continuous collection, transportation, treatment and disposal of sewerage effluent.

### **Reduction in Trade Waste**

There are a number of industries within the district that produce significant trade waste, such as the meat processors and Canterbury spinners in Dannevirke. The Council plans to review current trade waste bylaws, so they are more appropriate to current environmental practices. Trade waste bylaws should control the volume and quality of trade waste that enters reticulated systems, to ensure that the reticulation network is not adversely affected.

The Council will review the trade waste disposal systems of all industries within the district to monitor future requirements and ensure environmental policies regarding disposal of waste are met.

### **On-site Disposal Versus Reticulated System**

Due to the rural nature of the district there are a number of properties served by on-site septic tanks. Where sections are large and permeability rates are good, septic tanks are an acceptable disposal option. However, if water supply

aquifers are affected by the septic tanks, alternative solutions may be required.

On-site disposal greatly reduces the demand and cost of providing public systems. However the cost to individual residents in operating on-site systems may be greater. Currently the only community faced with the requirement to upgrade septic tanks is Akitio beach.

### Water Demand Management

A reduction in water consumption will indirectly reduce sewage flows. The Council may wish to implement water conservation policies in the future if demands increase and reticulation systems are inadequate. Water conservation may prevent the need for costly system upgrades, to meet increased demands.

### Infiltration Control

As reticulated systems age the need to control the quantity of infiltration becomes more important, to reduce the need to increase the capacity of the sewerage system. The Council currently undertakes infiltration surveys and video inspections. These techniques highlight badly deteriorated pipes that require renewing. A renewals programme can then be developed that fixes infiltration problems, and spreads the cost evenly over several years.

### Compliance Monitoring

The Council has a compliance monitoring programme in accordance with the requirements of each resource consent. There was one breach that related to a chemical non-compliance for elevated levels of ammoniacal nitrogen and DRP (dissolved reactive phosphorus) due to potential seepage from the Dannevirke sewage pond.

This is an ongoing issue where Council continues to work closely with Horizons Regional Council.

Council is exploring landbased discharge and lining the oxidation ponds over the next few years to address this issue.

## What We Achieved

### Compliance with Resource Consent

In 2011, Council identified that one of its three oxidation ponds in Dannevirke is seeping effluent into the Manawatu River. Council has a duty to stop this leakage to protect the river water quality, and to comply with current consent conditions in regards to discharge of effluent.

To help meet the significant cost and resolve the non-compliance to resource consents relating to discharges into

the Manawatu River, Council sought funding from Ministry for the Environment through Horizons.

In June this year, Council received confirmation that it was successful in securing the required funding from Horizons.

Council, in its 2012-22 Long Term Plan, has included projects totalling \$6.45 million over the first three years of the plan to upgrade its wastewater systems. The funding that Council will receive from Horizon, will contribute \$2.075 million towards these projects.

### Eketahuna

The new pump station and rising main for the houses on Newman Road are completed. This now gives Council one discharge point and one consent.

### Dannevirke

State Highway, northern end of High Street, the manhole refurbishment and stabilisation is completed by installing new heavy lockable lids.

### Woodville

New manholes fitted in McLean Street. Ormond and Fox Streets are ready for pipe lining.

## Environmental Effects

The most significant effects on environmental wellbeing from this group of activities relate to:

- Environmental effects from the discharge of sewerage to the river in low flows.
- The amount of phosphates in the wastewater received at the treatment plant.
- Developing a sustainable solution for sludge disposal.

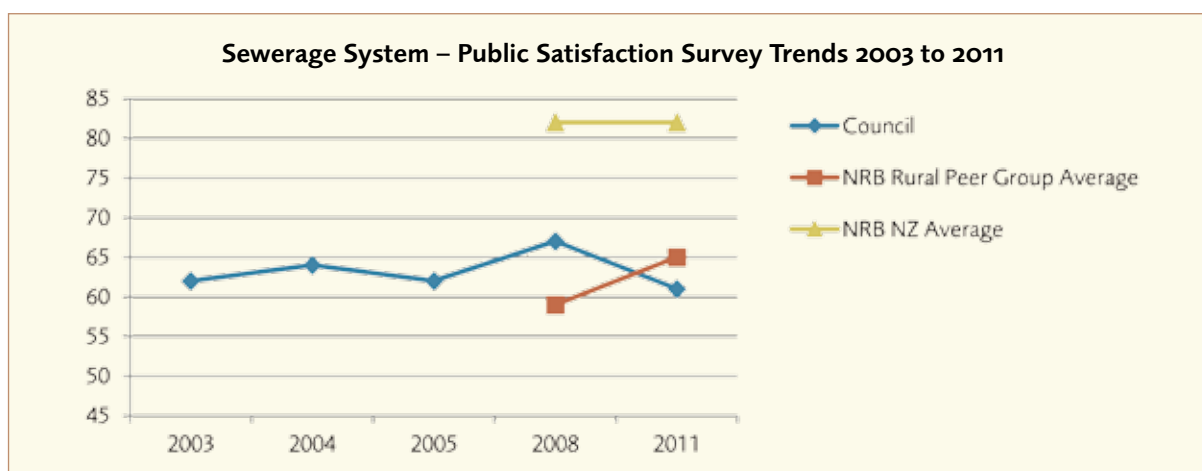
## Negative Effects

The Council controls the risk of negative effects through a programme of environmental monitoring.

- Improved treatment of effluent discharge will be achieved under new Resource Consent conditions.
- Infiltration minimisation to reduce total flow and improve water quality.
- Ensuring integrity of oxidation pond walls.
- Properties on the western side of Dannevirke outside the town boundary on septic tank. Council may need to look at sewer reticulation in these areas to prevent environmental effect in the future years.

## Performance Against Objectives

| Performance Measure and Target  | Achievement   | Results |      |
|---|---|---------|------|
|   |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>The sewerage schemes will comply with the environmental effects monitoring conditions as defined in the resource consents 95% of the time.</li> </ul>                | NOT ACHIEVED: 1 non-compliance issued. In Dannevirke the phosphorus in low flows were elevated. Council, in its 2012-22 Long Term Plan, has included projects totalling \$6.45 million over the first three years of the plan to upgrade its wastewater systems to meet the resource consents requirements.   | x       | x    |
| <ul style="list-style-type: none"> <li>Less than 20 blockages annually in the sewer mains.</li> </ul>   | ACHIEVED: Throughout the district, there were 15 sewerage blockages.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>No more than 10% of properties will be affected by overflowing sewer mains more than twice in 5 years.</li> </ul>  | ACHIEVED: There were 5 sewerage overflows in the district with only one site having two incidences in a year.   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>At least 70% of residents rate sewerage as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | <p>NOT APPLICABLE: Next community survey is in 2014. Achieved 61% satisfaction in the February 2011 survey compared to a target of 70% and 67% satisfaction in the 2008 survey. In the 2011 survey, 82% of urban ratepayers were satisfied and 75% of rural ratepayers surveyed responded "don't know". This is because the respondents for "Elsewhere in the district" are not connected to our sewerage network, and have their own septic tank.</p> <p>However, Council continues to provide the current services and has not reduced the level of service. In the Long Term Plan, Council has programmed significant capital projects to increase the level of service for this activity.</p> | N/A     | x    |
| <ul style="list-style-type: none"> <li>Wastewater treatment upgrades will lead to achievement of 95% compliance with our resource consents.</li> </ul>  | ACHIEVED: All treatment plants complied with the resource consents conditions.  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Septic tank emptying service for Pongaroa, Ormondville and Norsewood.</li> </ul>   | ACHIEVED: Emptying of septic tanks is done on request and recorded. No complaints have been recorded.   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Public Health Risk Management Plans will be implemented and monitored for each sewerage supply.</li> </ul>   | NOT APPLICABLE: This is applicable only to drinking water. Council is required to complete an Assessment of Water and Sanitary Services. This assessment was completed in 2005. Council considers that there has been no significant variation to the strategies and the major issues contained in this assessment.   | N/A     | N/A  |



## Statement of Cost of Services

For the Year Ended 30 June 2012

|  | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--|--------------------------------|-------------------|------------------------|
| <b>Sewerage</b>  |                                |                   |                        |
| <b>Revenue</b>   |                                |                   |                        |
| Rates  | 2,104                          | 2,036             | 2,036                  |
| Fees & Charges   | 105                            | 136               | 108                    |
| Subsidies  | -                              | -                 | -                      |
| Miscellaneous Revenue  | 4                              | 3                 | 3                      |
| <b>Total Revenue</b>   | <b>2,213</b>                   | <b>2,175</b>      | <b>2,147</b>           |
| <b>Expenses</b>  |                                |                   |                        |
| Treatment to provide effective treatment of wastewater   | 366                            | 386               | 596                    |
| Reticulation sewage disposal for all connected properties                                      | 114                            | 147               | 267                    |
| Maintenance to minimise failures, blockages, & infiltration of stormwater into sewerage system | 56                             | 84                | -                      |
| Planning & development renewals to ensure future capacity                                      | 82                             | 124               | 113                    |
| Telemetry system monitoring to prevent system failures   | 17                             | 12                | 38                     |
| Depreciation   | 762                            | 821               | 769                    |
| Interest   | 255                            | 221               | 362                    |
| <b>Total Expenses</b>  | <b>1,652</b>                   | <b>1,795</b>      | <b>2,146</b>           |
| <b>Operating Surplus/(Deficit)</b>   | <b>561</b>                     | <b>380</b>        | <b>1</b>               |

**Comment:** Overall expenditure for sewerage was under budget due mainly to use of internal staff instead of consultants. Depreciation is higher than budgeted due to revaluation increases in wastewater assets last year. Interest expense is below budget due to major capital expenditure projects not being completed as at balance date.

# Solid Waste Management

**Aim** – To provide refuse disposal facilities throughout the district to ensure that residents are easily able to dispose of waste material.

## Description of Activity **WHY WE DO IT**

This activity is about providing refuse disposal facilities in various communities in the district and to help keep the community free from litter by having adequate disposal facilities.

The Council carries out four main activities as part of its Solid Waste Management:

- Refuse and Recycling Collection
- Waste Disposal (Landfills and Transfer Stations)
- Street Bins
- Mobile Recycling Centres

## Refuse and Recycling Collection

This activity is the weekly collection of refuse and recycling from properties in both urban and some rural areas of the district

## Landfill and Transfer Stations

### Landfills

The district's landfills are operated to provide a site for disposal of solid waste for the district's residents. There are landfills operating in Eketahuna and Pongaroa. These landfills have resource consents granted by Horizons Regional Council for refuse to be disposed of in suitably constructed areas. These consents expire as listed below:

| Landfill  | Expiry Date      |
|-----------|------------------|
| Eketahuna | 28 February 2018 |
| Pongaroa  | 30 November 2021 |

In addition there are closed landfills in Dannevirke, Pahiatua, Woodville and Ormondville, which the Council has responsibility for with regard to leachate discharge into adjacent waterways. These discharges need to be monitored twice a year and an annual report prepared and submitted to Horizons Regional Council. This monitoring and reporting

is undertaken in conjunction with similar activities that are required to be undertaken at the operating landfills.

### Transfer Stations

Transfer stations are operated in Woodville and Dannevirke to take solid waste from local areas, which is then transferred to Central Hawkes Bay. These three transfer stations were put in place when the landfills in the local area were closed.

Ormondville transfer station was closed on 30 June 2012.

### Woodville Transfer Station

This transfer station is privately owned and operated under contract to the Council. The operator is responsible for the transfer station site and transferring the refuse to an approved landfill. The operator collects and retains all the fees charged and is paid by the Council for lease of the transfer station, an hourly rate to operate the transfer station and a rate per cubic metre for transporting the refuse to an approved landfill.

### Dannevirke and Pahiatua Transfer Stations

These transfer stations are constructed on the site of the old landfill. The operator is responsible for the transfer station site and transferring the refuse to Waipukurau. The operator collects and pays to Council all the fees charged and is paid by the Council an hourly rate to operate the transfer station and a rate per load for transporting the refuse to Central Hawkes Bay.

### Street Bins

Street bins are provided for the travelling public and local residents to dispose of solid waste when they are in the commercial areas of the towns. They are not designed for disposal of residential refuse. In addition there are bins provided at Council facilities such as cemeteries, car parks and children's playground. These are administered as part of those activities.

## Mobile Recycling Centres

Nine mobile recycling centres are operated across the district throughout the year. These mobile recycling centres collect cardboard, paper, plastic, cans and glass. Six locations (Dannevirke, Woodville, Eketahuna, Pahiatua, Norsewood and Pongaroa) had bins continuously onsite and these were monitored daily and emptied by the contractor when required. The contents of these bins went to Palmerston North for processing. Akitio, Herbertville and Weber have satellite recycling centres with Council owned wheeled bins secured in a designated place. These are emptied fortnightly by the Solid Waste Co-ordinator.

## Contribution to Community Outcomes

| Strongly Related        | Related            | Partially Related   |
|-------------------------|--------------------|---------------------|
| Sustainable Environment | Prosperous Economy | Connected Community |
| Local Services          |                    | Infrastructure      |
| Safer Community         |                    |                     |

## Level of Service *WHAT WE DO*

### Refuse and Recycling Collections

#### Weekly Kerbside Collections

Kerbside refuse and recycling collections are undertaken weekly in the urban areas of:

Dannevirke  
Woodville  
Pahiatua  
Eketahuna

Kerbside refuse collections are undertaken weekly in:

Norsewood  
Pongaroa  
Akitio  
Herbertville

#### Weekly Transfer Station Collections

At Makuri, a trailer is left in a fixed location once a week for the day. The local residents are able to place bagged refuse in the trailer which is then taken back to Pahiatua for disposal.

In Alfredton, a wire cage is permanently located there for residents to place bagged refuse in. This is emptied once a week and the refuse taken to Pahiatua for disposal.

### Landfill and Transfer Stations

#### Landfills

The landfills are open to the public for a fixed number of hours per week depending on the population in the local area.

| Landfill  | Hours open per week |
|-----------|---------------------|
| Eketahuna | 6                   |
| Pongaroa  | 4                   |

### Transfer Stations

The transfer stations are open to the public for the following number of hours per week:

| Transfer Station               | Hours open per week    |
|--------------------------------|------------------------|
| Dannevirke                     | 35.5 summer, 31 winter |
| Ormondville (closed June 2012) | 5                      |
| Pahiatua                       | 23                     |
| Woodville                      | 10                     |

### Street Bins

Council provides street refuse bin in the following urban areas:

| Transfer Station | Number of Bins | Frequency of Emptying (days per week) |
|------------------|----------------|---------------------------------------|
| Akitio           | 12             | 1                                     |
| Dannevirke       | 40             | 7                                     |
| Eketahuna        | 9              | 5                                     |
| Herbertville     | 6              | 1                                     |
| Norsewood        | 9              | 1                                     |
| Pahiatua         | 24             | 5                                     |
| Pongaroa         | 3              | 1                                     |
| Woodville        | 16             | 5                                     |

The work of emptying of the bins is included in other contracts such as street cleaning and various property maintenance contracts to enable a sufficient volume of work to be included in contracts for each area.

## What We Achieved

The adoption of a Waste Management and Minimisation Plan by Council in December 2011 signalled changes to the way Council will manage waste in the future. A number of these changes have been implemented during the year including:

- Opening of a purpose built transfer station in Dannevirke designed to process all recyclables collected in the district. The transfer station was completed and operational in April this year. In addition to processing all recyclables, this facility receives both domestic and commercial waste (excluding green waste). With the transfer station now operational Council will look to consolidate some of the existing solid waste collection sites across the district.
- The removal of all privately owned mobile recycling centres (red Cairns bins), and replacement with



council owned facilities designed to meet the needs of each community, including a recycling centre in a Council-owned building in Pahiatua. Local contractors service bins at the Pahiatua recycling centre, with all recyclable materials taken to the Dannevirke transfer station.

- Closure of the Ormondville transfer station in June 2012, and the introduction of kerbside refuse and recycling collection in Ormondville and surrounding villages. Waste and recycling collected in Ormondville is transferred to the Dannevirke Transfer Station to be processed.

## Environmental Effects

Current environmental effects of solid waste in the district are relatively minor, due to management practices in place. These effects are:

- Solid waste inappropriately disposed of polluting the receiving environment.
- Leachate and odour from landfills.

The Waste Management and Minimisation Plan outlines Council's intentions to reduce the volume of solid waste entering landfills. A reduction in waste will reduce the long-term impacts on the environment in which the landfills are located and groundwater reserves.

Council has continued to fund environmental education programme in schools to ensure our future generations understand the need to reduce, re-use, recover, and recycle.

## Negative Effects

Possible negative effects are:

- Odour and emissions.

- Obstruction of footpaths due to recycling bins and rubbish bags.
- Rubbish blown onto private properties and rubbish entering drains and waterways.

The council controls the risk of negative effects through:

- Monitoring of environment as part of resource consent.
- Management agreements for transfer stations
- Solid waste levies- user pays to encourage waste reduction.
- Providing recycling facilities to reduce volume of waste entering landfills.

## Positive Effects

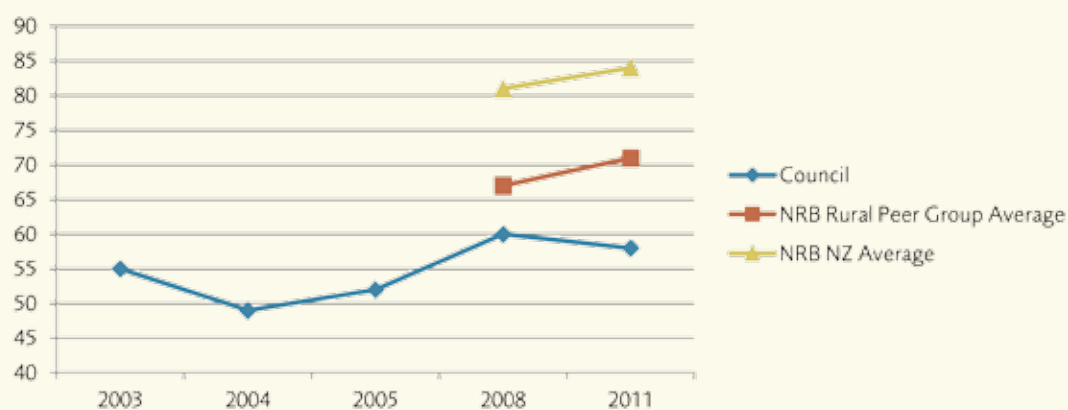
Recycling provides significant public benefits through:

- Preserving the environment.
- Saving landfill space.
- Meeting community expectations for waste minimisation.
- Recycling supplies some private benefit by way of reducing personal cost of solid waste disposal and private assistance to protection of the environment.

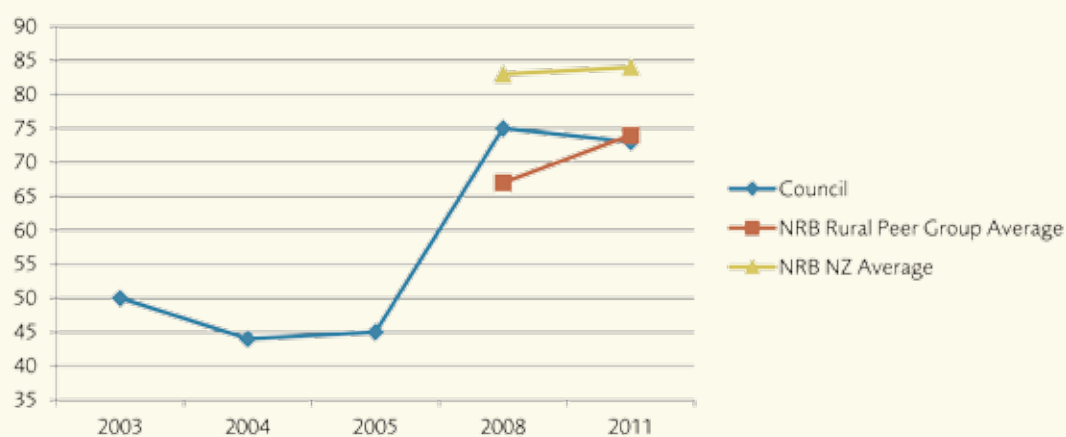
## Performance Against Objectives

| Performance Measure and Target   | Achievement   | Results |      |
|--|---|---------|------|
|  |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>At least 60% of residents rate landfill operations as "fairly satisfactory" or "very satisfactory" in the community survey to be conducted in 2011, 2014, and 2017.</li> </ul>      | <p>NOT APPLICABLE: Next community survey is in 2014. Achieved 47% satisfaction in the February 2011 survey compared to a target of 60% and 58% satisfaction in the 2008 survey. The reason for the decline was due to the transition from closing landfills and operating the transfer station. Dannevirke Transfer Station was operational in April 2012 and is running well. Council has also in the Long Term Plan, made provisions for transfer station services at Pahiatua.</p> | N/A     | ✗    |
| <ul style="list-style-type: none"> <li>At least 60% of residents rate urban refuse collection as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul> | <p>NOT APPLICABLE: Next community survey is in 2014. Achieved 58% satisfaction in the February 2011 survey compared to a target and actual results in the 2008 survey of 60%. The result was reflective of the transition between closing landfills and operating the transfer station. This year Council has also encouraged the use of kerb side collection and provided Council owned refuse bins in all towns in the district.</p>  | N/A     | ✗    |
| <ul style="list-style-type: none"> <li>At least 70% of residents rate recycling services as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul>      | <p>NOT APPLICABLE: Next community survey is in 2014. Achieved 73% satisfaction in the February 2011 survey compared to a target of 70% and 75% satisfaction in the 2008 survey. This year Council continued to provide recycling services including a recycling centre in Pahiatua to meet the needs of the community and encourage recycling.</p>  | N/A     | ✓    |
| <ul style="list-style-type: none"> <li>Aftercare plans for Dannevirke and Pahiatua landfills completed.</li> </ul>   | <p>ACHIEVED: Both landfills are now closed and aftercare plans in place. Council is working closely with Horizons to ensure compliance with consents. No non-compliance noted.</p>  | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Transfer stations constructed and landfills closed.</li> </ul>  | <p>ACHIEVED: Dannevirke and Pahiatua landfills closed. Dannevirke transfer station is operational and Pahiatua transfer station is programmed for 2012/13.</p>  | ✓       | ✓    |

Refuse Collection – Public Satisfaction Survey Trends 2003 to 2011



Recycling – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|  | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--|--------------------------------|-------------------|------------------------|
| <b>Solid Waste Management</b>                  |                                |                   |                        |
| <b>Revenue</b>                                 |                                |                   |                        |
| Rates  | 992                            | 442               | 442                    |
| Fees & Charges                                 | 703                            | 466               | 772                    |
| Subsidies                                      | 54                             | 52                | 68                     |
| Miscellaneous Revenue                          | 16                             | 3                 | 3                      |
| <b>Total Revenue</b>                           | <b>1,765</b>                   | <b>963</b>        | <b>1,285</b>           |
| <b>Expenses</b>                                |                                |                   |                        |
| Landfills/transfer Stations - normal operation | 702                            | 1,154             | 414                    |
| Landfills/transfer Stations - claims operation | 378                            | 41                | 63                     |
| Refuse collection                              | 238                            | 208               | 281                    |
| Recycling collection                           | 75                             | 86                | 96                     |
| Recycling Bins                                 | 474                            | 388               | 278                    |
| Street Bins                                    | 1                              | 2                 | 1                      |
| Waste levy                                     | 82                             | 2                 | 5                      |
| Other costs (District, Support costs)          | -                              | -                 | -                      |
| Depreciation                                   | 334                            | 344               | 64                     |
| Interest                                       | 128                            | 62                | 85                     |
| <b>Total Expenses</b>                          | <b>2,412</b>                   | <b>2,287</b>      | <b>1,287</b>           |
| <b>Operating Surplus/(Deficit)</b>             | <b>(647)</b>                   | <b>(1,824)</b>    | <b>(2)</b>             |

**Comments:** Income is under budget by \$321,000. Pahiatua landfill was closed in December 2010 but the dumping fees were still included in the budget.

Cost for recycling bin was higher than budget by \$110,000. Budget was based on Dannevirke Transfer Station opening sooner and "red bins" contract terminating earlier.

Landfills/transfer station cost was higher than budget by \$718,000. The budget was based on the new Dannevirke and Pahiatua transfer station open all year. The Pahiatua landfill had operated all year under existing contract conditions with a resulting \$258,000 overspend. The Dannevirke Transfer Station opened in April 2012. The delay in completing the transfer station meant additional cost (not budgeted) for contractors to provide waste collection and disposal services was incurred resulting in a \$460,000 overspend.

Depreciation is higher due to depreciation of transfer station and write-down (fully depreciate) of landfill assets due to closure.

Interest cost is lower by \$23,000 due to a combination of lower interest rates, internal borrowing and delay in completion of the transfer station.

Refuse collection was under budget by \$73,000 due to Central Hawkes Bay landfill charges being correctly allocated to transfer stations rather than the kerbside collection.

# Stormwater Drainage

**Aim –** To provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

## Description of Activity *WHY WE DO IT*

Stormwater is a result of rainfall events, resulting in the need to dispose of surface water. Stormwater water systems safeguard people and properties from flooding and the effects of flooding that can lead to public health and safety issues, including avoiding dangerous road conditions.

The four main townships in Tararua (Dannevirke, Woodville, Pahiatua and Eketahuna) each have systems based around open waterways.

| Location              | Drainage Description   |
|-----------------------|--|
| Dannevirke            | Drainage to the Mangapururu Stream.                              |
| Pahiatua              | Drainage to the Town Creek Centre drain and Huxley Street drain. |
| Woodville & Eketahuna | Drainage is to a number of unnamed drains.                       |

## Contribution to Community Outcomes

| Strongly Related | Related         | Partially Related                             |
|------------------|-----------------|---|
| Infrastructure   | Safer Community | Sustainable Environment<br>Prosperous Economy |

## Level of Service *WHAT WE DO*

To provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

## What We Achieved

Council is nearing completion of the Davidson Crescent, Pahiatua, project.

The Atkinson Street stormwater renewal is being completed in conjunction with the Woodville main street refurbishment.

## Environmental Effects

The most significant effects on environmental wellbeing from the group of activities relate to:

- Roadside kerb and channels, sumps are maintained and cleaned regularly.
- Any hazardous spills are contained and cleared up appropriately

## Negative Effects

- Storm events of a severity which exceeds design standards may result in short term localised flooding.
- Potential danger posed by open drains.
- Environmentally maintain and clean all watercourses, keep them free from debris, plastics, rubbish and weed growth etc.

The Council controls the risk of negative effects through a programme of maintenance and monitoring.

- The effects of the discharge of storm water, which show that the environmental effects are minimal in comparison to other sources of surface run off.

## Legislative

The legislative rationale for the Council's involvement in the storm water activity is contained in:

- The Local Government Act 2002 (Section 130) which required Council to maintain the water services that it has developed.
- The Health Act 1956, which required the Council to provide 'sanitary works', the definition of which includes storm water drainage works.

## Performance Against Objectives

| Performance Measure and Target   | Achievement  | Results |      |
|--|--|---------|------|
|  |  | 2012    | 2011 |
| • 100% compliance with Horizons Regional Council's resource consent requirements.  | ACHIEVED: No consents required currently.  | ✓       | ✓    |
| • Response times meet Service Levels system 90% of the time.   | NOT ACHIEVED: 80%. A total of ten requests for service were received. Two requests had not been updated as completed in the systems within the 1 day timeframe. However, all requests were actioned within the required timeframe. Council has implemented procedures to improve the process around managing service request to ensure the timely action and closure of customer service request as well as reporting procedures.  | ✗       | ✗    |
| • System failures, breakages/blockages effecting continuity of disposal are responded to 24/7 within two hours.  | ACHIEVED: Monthly inspection sheets are filled by contractors. A total of 12 faults were noted compared to 29 faults last year and all were responded to within two hours.   | ✓       | ✓    |
| • At least 70% of residents rate stormwater drainage as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017. | NOT APPLICABLE: Next community survey is in 2014. Achieved 61% satisfaction in the February 2011 survey, compared to a target of 70% and 60% satisfaction in the 2008 survey. The main reason for the satisfaction rating was due to the significant flooding in September 2010 due to weather conditions. Council has stepped up the rigour in the monthly inspections to proactively manage blockages. This has resulted in number of service request decreasing by 57%. | N/A     | ✗    |

Stormwater Drainage – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|   | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|---|--------------------------------|-------------------|------------------------|
| <b>Stormwater/Drainage</b>                              |                                |                   |                        |
| <b>Revenue</b>  |                                |                   |                        |
| Rates   | 590                            | 484               | 484                    |
| Fees & Charges  | 2                              | 2                 | 1                      |
| Miscellaneous Revenue                                   | 1                              | 1                 | 1                      |
| <b>Total Revenue</b>                                    | <b>593</b>                     | <b>487</b>        | <b>486</b>             |
| <b>Expenses</b>   |                                |                   |                        |
| Reticulation - for the transportation of stormwater     | 39                             | 60                | 54                     |
| Maintenance - to minimise blockages or surface flooding | 42                             | 66                | 80                     |
| Drain Maintenance – maintain clear open waterways       | 16                             | -                 | -                      |
| Depreciation  | 208                            | 221               | 224                    |
| Interest  | 107                            | 93                | 132                    |
| <b>Total Expenses</b>                                   | <b>412</b>                     | <b>440</b>        | <b>489</b>             |
| <b>Operating Surplus/(Deficit)</b>                      | <b>181</b>                     | <b>47</b>         | <b>(3)</b>             |

**Comment:** Expenditure incurred was below budget due to no significant weather events damaging or putting extra stress upon the stormwater infrastructure. Interest expenditure is below budget as significant capital projects for stormwater have not occurred.

# Swimming Pools

Aim – Funding support for community pools to promote community wellbeing.

## Description of Activity *WHY WE DO IT*

The provision and/or funding of swimming pools is mainly historical, aimed at maintaining and improving the general well-being of people including the kiwi culture that children should "learn to swim".

Public swimming pools have become more valuable to primary schools in particular, as they have been unable to afford to maintain school pools at the required standard. The public pools support the school swimming curriculum within a affordable travelling distance.

## Contribution to Community Outcomes

| Strongly Related | Related                                | Partially Related                    |
|------------------|--|--------------------------------------|
| Local Services   | Safer Community<br>Connected Community | Prosperous Economy<br>Infrastructure |

## Level of Service *WHAT WE DO*

There are four public swimming pools operating in the district. Eketahuna, Pahiatua and Woodville are outdoor pools operating only in the summer months and with restricted hours. The Dannevirke pool is a heated indoor complex operating all year round, open all day and into the evening.

Users pay an admission fee, or key fee, which partly covers the operating costs, but Council makes a grant to each pool to assist with operating costs, maintenance and the provision of amenities.

### Outdoor Pools

The three outdoor pools are managed by local committees of enthusiastic volunteers.

The pools will operate in the summer months, with opening times that generally suit the local community's requirements.

The pools will always operate within approved standards, presently NZS 5826 (2000).

### Indoor Heated Pool

The heated indoor pool at Dannevirke is operated by the Tararua Aquatic Community Trust (TACT), which in turn employs a manager to oversee the facility.

As the pool complex is owned by the Trust, they have autonomous control over the pool operations. The land is owned by Council.

The pool will always operate within approved standards.

## What We Achieved

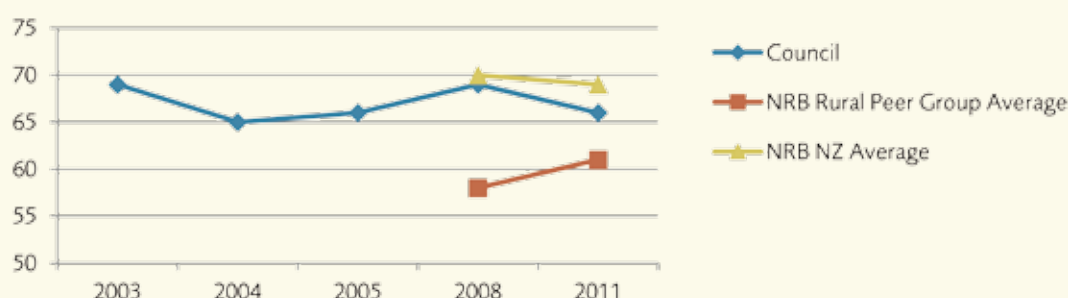
The Eketahuna, Pahiatua and Woodville pools were maintained to the required standard to enable swimming over the summer period.



## Performance Against Objectives

| Performance Measure and Target  | Achievement   | Results |      |
|---|---|---------|------|
|   |   | 2012    | 2011 |
| • Community pools comply with New Zealand Swimming Pool Water Standards, as measured weekly, while operational. | ACHIEVED: Results from the three outdoor pools indicate compliance with standards and no non-compliance was received in respect to water quality. | ✓       | ✓    |
| • No reported health and safety incidents per year at community pools.  | ACHIEVED: No reported health and safety incidents.  | ✓       | ✓    |

Public Swimming Pools – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|                                    | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|------------------------------------|--------------------------------|-------------------|------------------------|
| <b>Swimming Pools</b>              |                                |                   |                        |
| <b>Revenue</b>                     |                                |                   |                        |
| Rates                              | 357                            | 364               | 364                    |
| Fees & Charges                     | 5                              | 3                 | 2                      |
| Interest Revenue                   | 3                              | 2                 | -                      |
| Miscellaneous Revenue              | 2                              | 1                 | 1                      |
| <b>Total Revenue</b>               | <b>367</b>                     | <b>370</b>        | <b>366</b>             |
| <b>Expenses</b>                    |                                |                   |                        |
| Dannevirke Indoor Pool             | 212                            | 264               | 220                    |
| Woodville Pool                     | 43                             | 30                | 33                     |
| Pahiatua Pool                      | 32                             | 33                | 44                     |
| Eketahuna Pool                     | 30                             | 22                | 28                     |
| Depreciation                       | 36                             | 40                | 37                     |
| Interest                           | 2                              | 2                 | 2                      |
| <b>Total Expenses</b>              | <b>355</b>                     | <b>391</b>        | <b>366</b>             |
| <b>Operating Surplus/(Deficit)</b> | <b>12</b>                      | <b>(21)</b>       | <b>-</b>               |

**Comment:** Expenditure is below budget at all outdoor pools due to less extraordinary maintenance being required, and a reduced grant towards the Pahiatua operation of the pool. Expenditure, in relation to the Dannevirke indoor complex, is over budget by \$44,000 due to significant extraordinary maintenance required on the pumps, and plant and machinery.

# Water Supplies

Aim – to provide a reliable and cost-effective supply of safe, potable water in reticulated communities

## Description of Activity *WHY WE DO IT*

A safe, reliable and sufficient supply of water is a critical resource for any community to support human, animal and plant life, and to supply industrial and economic needs.

Council supplies are directed mainly to urban areas. Where these areas have New Zealand Fire Service brigades located within them, the pressure and volume of Councils supplies are also necessary to provide for urban fire-fighting activities.

Council provides water supplies to eight communities. An additional three communities have water schemes managed by private water scheme activities. Each supply has an intake controlled under a Regional Council Resource Consent, some form of treatment, storage and reticulation. As these consents impose limits on the volume that can be supplied, Council undertakes water conservation education, restrictions and rationing, and the implementation of metering at industrial sites.

Dannevirke, Woodville, Pahiatua, Eketahuna, Akitio, Norsewood (backup supply) are all managed by the Asset Management division of the Council and maintenance is contracted out.

The Pongaroa, Makuri and Pleckville water schemes are all managed by private water scheme committees.

Council water management is governed by a number of statutes as well as the District Plan and associated bylaws.

## Contribution to Community Outcomes

| Strongly Related        | Related            | Partially Related   |
|-------------------------|--------------------|---------------------|
| Sustainable Environment | Prosperous Economy | Connected Community |
| Local Services          |                    |                     |
| Safer Community         |                    |                     |
| Infrastructure          |                    |                     |

## Level of Service *WHAT WE DO*

To provide a continuous, uninterrupted, and safe supply of water for commercial and domestic users in urban areas.

## Water Quality and Grading

All water supplies in the district have been given a grade of Ee because most of the district's water comes from a surface water source that may not have adequate protection from contamination.

## Demand Management

Demand management involves implementing non asset related solutions to manage the demand for a service. There are a number of non asset solutions that can be implemented to control demand including:

- Water restrictions and rationing
- Water conservation and public education
- Water metering and pricing
- Water leakage detection and repairs
- Private supplies

These solutions are generally implemented when demand exceeds supply, which is currently not an issue for Tararua district. The following demand management strategies are being implemented:

**Water Restrictions and Rationing:** Water restrictions and rationing is an appropriate means of restricting usage when water demand increases above average. It may be appropriate to implement water restrictions in summer when demand increases. If the Council is unable to fund improvements to systems, water restrictions and rationing may be required.

**Water Conservation and Public Education:** As environmental policies are developed by the Council,

consideration should be given to develop water conservation policies. By educating the population about the benefits of conserving water and restricting wastage the Council may reduce demand and avoid the costly expense of upgrading infrastructure assets. Council has a Water Conservation Strategy for Pahiātua as a condition of the water take consent.

**Water Metering and Pricing:** Commercial and industrial sites have meters installed. All extraordinary connections (i.e. lifestyle blocks) are metered. Four urban households in Dannevirke are to have meters installed and usage monitored (a couple on their own, two adults with two children, and two adults, four children) to give us some variance in water use.

Council will be installing meters in Eketahuna, Woodville and Pahiātua to record district variances.

Water meters also make users more aware of how much water they consume and aid water conservation programmes.

**Water Leakage, Control Detection and Repairs:**

The older water supply networks are, the more relevant leakage control, detection and repairs become. Councils can save a significant amount of money by implementing leak detection programmes, through times of reduced demand thus restricting loss of income.

Zone meters have been installed in Dannevirke so Council can organise a night study of water usage in any one area to detect high usage/leakage.

**Private Supplies:** Due to the rural nature of the district a number of private supplies exist. This restricts the need for Council to serve the whole district. When more 'lifestyle' blocks develop in the district near urban centres there may be an increased demand for Council to extend public systems to serve increased development. The Council needs to consider these issues when approving subdivisional plans, including industrial development.

**Restricted Supplies:** In rural or rural-residential areas where the cost per user of installing a reticulated supply is high, a restricted supply with on-site tanks can reduce the system's capital and operational costs. If demand for public reticulated supplies increases in the district, more restricted supplies may be necessary.

## What We Achieved

### Pahiātua New Bore

The new bore pump and pipe installation was completed and operational in July 2011.

### Dannevirke Impounded Supply

Council obtained the required resource consent in March 2012.

The importance of the dam and having it operational as soon as possible was highlighted during the year by the Alliance Plant ending their stock kill prematurely, due to excessive turbidity in the water supplied after two days of heavy rain.

Construction resumed in March 2012 and Council expects this project to be completed by the end of the next financial year. The progress over the last few months of the year has been very good. Overall, the project has run very successfully with good resourcing and practices from the contractor using weather windows effectively.

### Woodville Treatment Plant Upgrade

The Woodville treatment plant upgrade became operational in June this year.

In March this year, two large slips appeared above the headworks of the Woodville water take. This occurred several days after the weekend of the heavy rain. The discoloured water got into the clean water reservoirs and into the town reticulation system before Council could turn the intake off. After turning on to the dam directly, the water supply took several days to clear after intensive flushing. As an interim measure, Council supplied water from Dannevirke in the Civil Defence tanker for residents to fill containers for household use.

Together with the Woodville impounded supply, this plant will help reduce the water quality issues the town has been facing.

## Environmental Impact

The most significant effects on environmental wellbeing from this group of activities relate to:

- Water take at low flows in relation to Resource Consent conditions.
- Reducing the amount people use (e.g. limiting demand for garden watering in the summer months) and by reducing the amount of water lost by leaks in the system.
- Demand management.
- Water conservation/education plan.

This helps preserve more water in the rivers for recreational purposes, fishing, kayaking, swimming retaining environmental and cultural wellbeing.

## Negative Effects

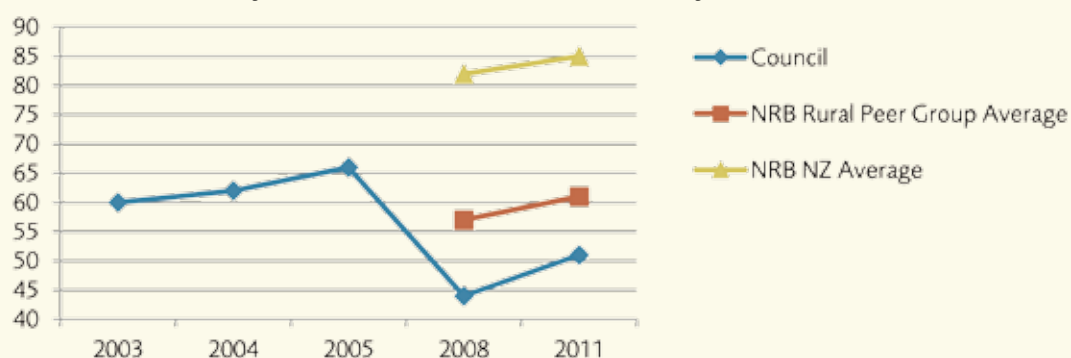
- The effects of the extraction of water on the Mangapapa Stream and Makakahi Stream. This is regulated by conditions of Resource Consents which ensure that potential adverse effects are managed to acceptable levels.
- Potential depletion of the natural water resource by over abstraction of water.
- Communities are required to manage water through restrictions that cause some inconvenience.

## Performance Against Objectives

| Performance Measure and Target  | Achievement   | Results |      |
|---|---|---------|------|
|   |   | 2012    | 2011 |
| <ul style="list-style-type: none"> <li>10% of hydrants tested meet 90% Code of Practice requirements.</li> </ul>  | NOT ACHIEVED: Council only tested 7.74% (target 10%) of hydrants for compliance with the Code of Practice requirements. All hydrants tested passed the requirements.  | ✗       | ✓    |
| <ul style="list-style-type: none"> <li>Response times meet service levels:               <ul style="list-style-type: none"> <li>Emergencies: 1 hour 95% of time.</li> <li>Non-urgent faults: 24 hours 90% of time.</li> <li>Leaking tobies: 3 days 80% of time.</li> <li>New connections: 10 days 90% of time.</li> </ul> </li> </ul> | <p>NOT ACHIEVED: 26 requests for service were received with 24 not updated in the system as completed within the required timeframe.</p> <p>NOT ACHIEVED: 56 requests for service were received with 20 not updated in the system as completed within the required timeframe.</p> <p>NOT ACHIEVED: 86 requests for service were received with 23 not updated in the system as completed within the required timeframe.</p> <p>ACHIEVED: All new connections were responded to within 10 days.</p> <p>For customer requests not updated, Council has implemented procedures to improve the process around managing service requests to ensure the timely action and closure of customer service request as well as reporting procedures.</p> | ✗       | ✗    |
| <ul style="list-style-type: none"> <li>At least 70% of residents rate water supplies as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2011, 2014, and 2017.</li> </ul>   | NOT APPLICABLE: Next community survey is in 2014. Achieved 51% satisfaction in the February 2011 survey compared to a target of 70% and 44% satisfaction in the 2008 survey. With the impounded supply projects (Dannevirke and Woodville), new bores at Pahiatua and treatment plant upgrades (Woodville and Eketahuna) Council expects that the water quality and supply issues will be addressed.  | N/A     | ✗    |
| <ul style="list-style-type: none"> <li>Public Health Risk Management Plans will be implemented for each water supply.</li> </ul>  | ACHIEVED: Plans for Pahiatua, Eketahuna and Dannevirke are in place. Woodville plan is in progress and expected to be completed next year since the treatment plant was completed in June 2012.   | ✓       | ✓    |
| <ul style="list-style-type: none"> <li>Improve the current gradings of public supplies until funding is secured for upgrades to the New Zealand Drinking Water Standards.</li> </ul>  | NOT APPLICABLE: The Heath Act (Drinking Water) Amendment Act 2007 sets out new water quality guidelines. The previous grading scheme has been superseded. Council in its 2012–22 Long Term Plan has set new timelines to comply with the current Act.   | N/A     | ✗    |
| <ul style="list-style-type: none"> <li>Water treatment upgrades for supplies that gain Government subsidy achieve a minimum of B grade by 2013/14 as per New Zealand Drinking Water Standards.</li> </ul>   | NOT APPLICABLE: As noted above, the requirements to meet NZ Drinking Water Standards has been amended. Council in its 2012–22 Long Term Plan has set new timelines to comply with the current Act.  | N/A     | ✗    |

| Performance Measure and Target   | Achievement  | Results |                                       |
|--|--|---------|---------------------------------------|
|  |  | 2012    | 2011                                  |
| <ul style="list-style-type: none"> <li>New water source for Dannevirke (groundwater or storage) identified for connection to the supply and development commenced in 2011/12.</li> </ul> | ACHIEVED: The Dannevirke impounded supply project, commenced in 2010/11, is progressing and is expected to be completed in 2012/13.  | ✓       | N/A                                   |
| <ul style="list-style-type: none"> <li>Number of days production lost through turbidity not greater than two days.</li> </ul>  | ACHIEVED: Council has eight water schemes. Of the eight schemes, only one scheme (Woodville) had production stopped for two days due to turbidity issues. Production was lost due to a major slip above the headworks of the water intake. | ✓       | Not included in 2010/11 Annual Report |
| <ul style="list-style-type: none"> <li>Number of days with full water restrictions not greater than 14.</li> </ul>   | ACHIEVED: There were NIL days where water restrictions was enforced.   | ✓       |                                       |

Availability of Water – Public Satisfaction Survey Trends 2003 to 2011



## Statement of Cost of Services

For the Year Ended 30 June 2012

|  | Last Year<br>Actual<br>\$000's | Actual<br>\$000's | Annual Plan<br>\$000's |
|--|--------------------------------|-------------------|------------------------|
| <b>Water Supplies</b>                                  |                                |                   |                        |
| <b>Revenue</b>   |                                |                   |                        |
| Rates  | 1,270                          | 1,357             | 1,357                  |
| Fees & Charges   | 448                            | 532               | 511                    |
| Subsidies  | -                              | 584               | 275                    |
| Interest Revenue                                       | 6                              | 7                 | -                      |
| Miscellaneous Revenue                                  | 111                            | 6                 | 3                      |
| <b>Total Revenue</b>                                   | <b>1,835</b>                   | <b>2,486</b>      | <b>2,146</b>           |
| <b>Expenses</b>  |                                |                   |                        |
| Treatment to provide safe, potable water               | 378                            | 396               | 395                    |
| Reticulation water to all connected properties         | 152                            | 269               | 237                    |
| Maintenance to minimise failures in quality and supply | 216                            | 242               | 250                    |
| Planning and development to ensure future capacity     | 1                              | -                 | 5                      |
| Telemetry system monitoring to prevent system failures | 22                             | 54                | 44                     |
| Depreciation   | 1,057                          | 1,119             | 1,068                  |
| Interest   | 101                            | 148               | 233                    |
| <b>Total Expenses</b>                                  | <b>1,927</b>                   | <b>2,228</b>      | <b>2,232</b>           |
| <b>Operating Surplus/(Deficit)</b>                     | <b>(92)</b>                    | <b>258</b>        | <b>(86)</b>            |

**Comment:** Insurance for this activity has increased by \$62,000 due to increases in LAPP and material damage insurances. Depreciation is higher than budget by \$51,000 due to increase in capital expenditure and increase in valuation. These increases are offset by lower consultants cost (use of internal staff) and contract cost for treatment and reticulation of \$15,000 and \$95,000 respectively. Interest cost is below budget due delay in completion of major capital projects.

Subsidy income is over budget due to the timing of the recognition of the subsidy for the capital projects due to start next year.

5

# **Financial Statements**

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ANNUAL REPORT 2011/12

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## Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2012

|  | Note    | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--|---------|---|---|---------------------------------------|--|--|
| <b>Income</b>  |         |   |   |                                       |  |  |
| Rates  | 2       | 17,293                                  | 18,045                                  | 17,998                                | 17,277                                       | 18,030                                       |
| Grants and Subsidies   |         | 7,596                                   | 9,772                                   | 8,165                                 | 7,596  | 9,771  |
| Fees and Charges   |         | 3,033                                   | 2,871                                   | 2,894                                 | 34,838                                       | 31,376                                       |
| Finance Income   | 3       | 585                                     | 479                                     | 395                                   | 596  | 490  |
| Dividends and Subvention                                     |         | 150                                     | -                                       | 252                                   | -  | -  |
| Other Revenue  | 4       | 337                                     | 236                                     | 179                                   | 259  | 130  |
| Forestry Sales   |         | 12                                      | -                                       | -                                     | 36   | -  |
| <b>Total operating revenue</b>                               |         | <b>29,006</b>                           | <b>31,403</b>                           | <b>29,883</b>                         | <b>60,602</b>                                | <b>59,797</b>                                |
| <b>Expenditure</b>   |         |   |   |                                       |  |  |
| Other Operating Expenses                                     | 8       | 14,110                                  | 15,614                                  | 13,373                                | 28,560                                       | 28,218                                       |
| Depreciation and amortisation                                | 17 & 18 | 10,991                                  | 11,882                                  | 10,688                                | 13,083                                       | 14,407                                       |
| Personnel Costs  | 6       | 4,008                                   | 4,248                                   | 4,284                                 | 18,873                                       | 19,250                                       |
| Finance Costs  | 3       | 768                                     | 891                                     | 1,053                                 | 909  | 948  |
| <b>Total operating expenditure before asset gains/losses</b> |         | <b>29,877</b>                           | <b>32,635</b>                           | <b>29,398</b>                         | <b>61,425</b>                                | <b>62,823</b>                                |
| <b>Operating surplus/(deficit) before asset gains/losses</b> |         | <b>(871)</b>                            | <b>(1,232)</b>                          | <b>485</b>                            | <b>(823)</b>                                 | <b>(3,027)</b>                               |
| Other asset gains/(losses)                                   | 5       | (236)                                   | (229)                                   | -                                     | (164)  | (627)  |
| <b>Operating surplus/(deficit) before tax</b>                |         | <b>(1,107)</b>                          | <b>(1,461)</b>                          | <b>485</b>                            | <b>(987)</b>                                 | <b>(3,654)</b>                               |
| Less Taxation Expense/Plus Refund                            | 9       | -                                       | -                                       | -                                     | 87   | (671)  |
| <b>Surplus/(deficit) after tax</b>                           |         | <b>(1,107)</b>                          | <b>(1,461)</b>                          | <b>485</b>                            | <b>(1,073)</b>                               | <b>(2,983)</b>                               |
| <b>Surplus/(deficit) attributable to:</b>                    |         |   |   |                                       |  |  |
| Parent Interest (Taranua District Council)                   | 23      | (1,107)                                 | (1,461)                                 | -                                     | (1,037)                                      | (2,549)                                      |
| Non-controlling Interest                                     | 23      | -                                       | -                                       | -                                     | (36)   | (434)  |
| <b>Surplus/(deficit) for the period</b>                      |         | <b>(1,107)</b>                          | <b>(1,461)</b>                          | <b>485</b>                            | <b>(1,073)</b>                               | <b>(2,983)</b>                               |
| <b>Other Comprehensive Income</b>                            |         |   |   |                                       |  |  |
| Gains/(losses) on assets revaluation                         | 24      | 44,073                                  | 31,860                                  | 29,273                                | 45,970                                       | 32,339                                       |
| Tax on equity items  |         | -                                       | -                                       | -                                     | (583)  | -  |
| Fair value through equity valuation gains                    | 23      | -                                       | (55)                                    | -                                     | -  | (55)   |
| <b>Other Comprehensive Income Sub-total</b>                  |         | <b>44,073</b>                           | <b>31,805</b>                           | <b>29,273</b>                         | <b>45,387</b>                                | <b>32,284</b>                                |
| <b>Total Comprehensive Income</b>                            |         | <b>42,966</b>                           | <b>30,344</b>                           | <b>29,758</b>                         | <b>44,314</b>                                | <b>29,302</b>                                |

Explanations of major variances against budget are provided in Note 36.

These Statements should be read in conjunction with the 'Notes to the Financial Statements'.



## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2012

|  |           | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--|-----------|---|---|---------------------------------------|--|--|
|  | Note      |   |   |                                       |  |  |
| <b>Balance at 1 July</b>                           |           | <b>801,883</b>                          | <b>844,848</b>                          | <b>848,274</b>                        | <b>816,636</b>                               | <b>860,950</b>                               |
| Total comprehensive income previously reported     |           | 42,966                                  | 30,344                                  | 29,758                                | 44,314                                       | 29,302                                       |
| Dividends to non-controlling interest              |           | -                                       | -                                       | -                                     | -  | -  |
| <b>Total Balance at 30 June</b>                    | <b>23</b> | <b>844,848</b>                          | <b>875,192</b>                          | <b>878,032</b>                        | <b>860,950</b>                               | <b>890,252</b>                               |
| <b>Total comprehensive income attributable to:</b> |           |   |   |                                       |  |  |
| Tararua District Council                           |           | 42,966                                  | 30,344                                  | 29,758                                | 44,350                                       | 29,736                                       |
| Non-controlling interests                          |           | -                                       | -                                       | -                                     | (36)   | (434)  |
| <b>Total comprehensive income</b>                  |           | <b>42,966</b>                           | <b>30,344</b>                           | <b>29,758</b>                         | <b>44,314</b>                                | <b>29,302</b>                                |

Explanations of major variances against budget are provided in Note 36.

These Statements should be read in conjunction with the 'Notes to the Financial Statements'.

## Consolidated Statement of Financial Position as at 30 June 2012

|  | Note | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--|------|---|---|---------------------------------------|--|--|
| <b>Assets</b>                                |      |   |   |                                       |  |  |
| <b>Current Assets</b>                        |      |   |   |                                       |  |  |
| Cash and cash equivalent                     | 1    | 8,236                                   | 4,544                                   | 947                                   | 8,544  | 4,757  |
| Debtors and other receivables                | 10   | 2,883                                   | 4,551                                   | 2,853                                 | 10,868                                       | 8,265  |
| Other financial assets                       | 13   | 4,513                                   | 5,776                                   | 9,339                                 | 4,563  | 5,791  |
| Non-current assets held for sale             | 14   | -                                       | 241                                     | -                                     | -  | 241  |
| Inventories                                  | 12   | 34                                      | 75                                      | 22                                    | 2,091  | 2,091  |
| Refund of taxation due                       |      | -                                       | -                                       | -                                     | 1  | 15   |
| <b>Total Current Assets</b>                  |      | <b>15,666</b>                           | <b>15,187</b>                           | <b>13,161</b>                         | <b>26,067</b>                                | <b>21,160</b>                                |
| <b>Non-Current Assets</b>                    |      |   |   |                                       |  |  |
| Other financial assets                       | 13   | 5,209                                   | 5,193                                   | 5,148                                 | 193  | 177  |
| Debtors and other receivables                | 10   | 14                                      | 13                                      | 41                                    | 14   | 13   |
| Investment Property                          | 15   | 399                                     | 1,782                                   | 416                                   | -  | 1,351  |
| Forestry Assets                              | 11   | -                                       | -                                       | -                                     | 1,230  | 951  |
| Intangible Assets                            | 18   | 466                                     | 650                                     | 29                                    | 1,092  | 1,192  |
| Property, Plant & Equipment – Operational    | 17   | 27,521                                  | 31,444                                  | 30,616                                | 46,829                                       | 50,192                                       |
| Property, Plant & Equipment – Infrastructure | 17   | 805,010                                 | 832,159                                 | 839,998                               | 805,010                                      | 832,159                                      |
| Property, Plant & Equipment – Restricted     | 17   | 5,177                                   | 4,678                                   | 3,274                                 | 5,177  | 4,678  |
| <b>Total Non-Current Assets</b>              |      | <b>843,796</b>                          | <b>875,917</b>                          | <b>879,522</b>                        | <b>859,545</b>                               | <b>890,713</b>                               |
| <b>Total Assets</b>                          |      | <b>859,461</b>                          | <b>891,104</b>                          | <b>892,683</b>                        | <b>885,612</b>                               | <b>911,873</b>                               |
| <b>Liabilities</b>                           |      |   |   |                                       |  |  |
| <b>Current Liabilities</b>                   |      |   |   |                                       |  |  |
| Creditors and other payables                 | 19   | 2,653                                   | 3,532                                   | 3,211                                 | 7,005  | 4,830  |
| Cash and cash equivalent (overdraft)         |      | -                                       | -                                       | -                                     | 43   | -  |
| Borrowings – current                         | 22   | 5,000                                   | 5,000                                   | 2,000                                 | 6,012  | 5,133  |
| Employee entitlements                        | 7    | 483                                     | 539                                     | 365                                   | 2,379  | 2,318  |
| Tax payable                                  |      | -                                       | -                                       | -                                     | 68   | 4  |
| Provision for dividend                       |      | -                                       | -                                       | -                                     | -  | -  |
| Provision                                    | 21   | -                                       | -                                       | -                                     | 60   | 60   |
| <b>Total Current Liabilities</b>             |      | <b>8,135</b>                            | <b>9,071</b>                            | <b>5,576</b>                          | <b>15,567</b>                                | <b>12,345</b>                                |

|                                      | Note | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--------------------------------------|------|---|---|---------------------------------------|--|--|
| <b>Non-Current Liabilities</b>       |      |   |   |                                       |  |  |
| Borrowings – non current             | 22   | 5,053                                   | 5,396                                   | 7,967                                 | 5,053  | 5,896  |
| Employee entitlements                | 7    | 107                                     | 87                                      | 201                                   | 363  | 334  |
| Tenant contributions                 | 16   | 593                                     | 713                                     | 608                                   | 593  | 713  |
| Provision for Landfill Aftercare     | 20   | 726                                     | 645                                     | 299                                   | 726  | 645  |
| Deferred tax liability               | 9    | -                                       | -                                       | -                                     | 2,360  | 1,688  |
| <b>Total Non-Current Liabilities</b> |      | <b>6,478</b>                            | <b>6,841</b>                            | <b>9,075</b>                          | <b>9,095</b>                                 | <b>9,276</b>                                 |
| <b>Total Liabilities</b>             |      | <b>14,614</b>                           | <b>15,912</b>                           | <b>14,651</b>                         | <b>24,662</b>                                | <b>21,621</b>                                |
| <b>Equity</b>                        |      |   |   |                                       |  |  |
| Accumulated Funds                    | 23   | 364,077                                 | 361,994                                 | 374,588                               | 372,615                                      | 369,476                                      |
| Asset Revaluation Reserves           | 24   | 466,713                                 | 497,254                                 | 484,082                               | 468,517                                      | 499,472                                      |
| Special Funded Reserves              | 25   | 14,028                                  | 15,890                                  | 19,329                                | 14,028                                       | 15,890                                       |
| Trust Funds                          | 26   | 30                                      | 52                                      | 33                                    | 30   | 52   |
| Minority Interest                    |      | -                                       | -                                       | -                                     | 5,760  | 5,362  |
| <b>Total Equity</b>                  |      | <b>844,848</b>                          | <b>875,192</b>                          | <b>878,032</b>                        | <b>860,950</b>                               | <b>890,252</b>                               |
| <b>Total Liabilities and Equity</b>  |      | <b>859,462</b>                          | <b>891,104</b>                          | <b>892,683</b>                        | <b>885,612</b>                               | <b>911,873</b>                               |

Explanations of major variances against budget are provided in Note 36.

These Statements should be read in conjunction with the 'Notes to the Financial Statements'.

## Consolidated Statement of Cash Flows for the Year Ended 30 June 2012

|  | Note | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--|------|---|---|---------------------------------------|--|--|
| <b>Cash Flows from Operating Activities</b>                |      |   |   |                                       |  |  |
| <b>Cash was provided from:</b>                             |      |   |   |                                       |  |  |
| Rates  |      | 16,975                                  | 17,905                                  | 17,998                                | 16,960                                       | 17,890                                       |
| Grants and subsidies                                       |      | 7,343                                   | 8,568                                   | 8,165                                 | 7,359  | 8,605  |
| Fees, charges and other receipts (incl Donations)          |      | 2,750                                   | 2,281                                   | 2,894                                 | 32,019                                       | 34,925                                       |
| Interest received  |      | 576                                     | 583                                     | 395                                   | 584  | 594  |
| Dividends & subvention payment received                    |      | -                                       | -                                       | 252                                   | -  | -  |
| Income tax refunds   |      | -                                       | -                                       | -                                     | 4  | 1  |
| Other revenue  |      | 567                                     | 455                                     | 179                                   | 478  | 321  |
| GST refunds  |      | -                                       | -                                       | -                                     | -  | 5  |
|  |      | <b>28,210</b>                           | <b>29,792</b>                           | <b>29,883</b>                         | <b>57,403</b>                                | <b>62,341</b>                                |
| <b>Cash was applied to:</b>                                |      |   |   |                                       |  |  |
| Suppliers  |      | (14,238)                                | (15,262)                                | (13,373)                              | (28,132)                                     | (30,764)                                     |
| Employee benefit costs                                     |      | (3,927)                                 | (4,212)                                 | (4,484)                               | (18,246)                                     | (19,550)                                     |
| Interest paid  |      | (620)                                   | (584)                                   | (1,053)                               | (761)  | (643)  |
| Income tax payments  |      | -                                       | -                                       | -                                     | (1)  | (81)   |
| GST payments   |      | 307                                     | 152                                     | -                                     | 263  | 275  |
|  |      | <b>(18,478)</b>                         | <b>(19,906)</b>                         | <b>(18,710)</b>                       | <b>(46,877)</b>                              | <b>(50,763)</b>                              |
| <b>Net cash inflow (outflow) from operating activities</b> | 27   | <b>9,732</b>                            | <b>9,886</b>                            | <b>11,173</b>                         | <b>10,526</b>                                | <b>11,578</b>                                |
| <b>Cash Flows from Investing Activities</b>                |      |   |   |                                       |  |  |
| <b>Cash was provided from:</b>                             |      |   |   |                                       |  |  |
| Proceeds from sale of property, plant and equipment        |      | 768                                     | 40                                      | -                                     | 783  | 220  |
| Proceeds from investment property                          |      | -                                       | -                                       | -                                     | -  | -  |
| Proceeds from investments realised                         |      | 5,133                                   | 4,524                                   | -                                     | 5,167  | 3,688  |
|  |      | <b>5,901</b>                            | <b>4,564</b>                            | <b>-</b>                              | <b>5,950</b>                                 | <b>3,908</b>                                 |
| <b>Cash was applied to:</b>                                |      |   |   |                                       |  |  |
| Purchase of property, plant and equipment                  |      | (9,408)                                 | (12,259)                                | (9,850)                               | (9,697)                                      | (13,839)                                     |
| Purchase of Intangible assets                              |      | (245)                                   | (184)                                   | -                                     | (245)  | (184)  |
| Purchase of investments*                                   |      | -                                       | (5,819)                                 | -                                     | -  | (4,948)                                      |
|  |      | <b>(9,653)</b>                          | <b>(18,262)</b>                         | <b>(9,850)</b>                        | <b>(9,942)</b>                               | <b>(18,971)</b>                              |
| <b>Net cash inflow (outflow) from investing activities</b> |      | <b>(3,752)</b>                          | <b>(13,698)</b>                         | <b>(9,850)</b>                        | <b>(3,992)</b>                               | <b>(15,063)</b>                              |

|  | Note     | 2010/11<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Actual<br>\$000's | 2011/12<br>Council<br>Plan<br>\$000's | 2010/11<br>Consolidated<br>Actual<br>\$000's | 2011/12<br>Consolidated<br>Actual<br>\$000's |
|--|----------|---|---|---------------------------------------|--|--|
| <b>Cash Flows from Financing Activities</b>                |          |   |   |                                       |  |  |
| <b>Cash was provided from:</b>                             |          |   |   |                                       |  |  |
| Proceeds from borrowings                                   |          | -                                       | -                                       | -                                     | 160  | 500  |
| Tenant contributions received                              |          | 46                                      | 120                                     | -                                     | 46   | 120  |
|  |          | <b>46</b>                               | <b>120</b>                              | <b>-</b>                              | <b>206</b>                                   | <b>620</b>                                   |
| <b>Cash was applied to:</b>                                |          |   |   |                                       |  |  |
| Dividend paid  |          | -                                       | -                                       | -                                     | -  | -  |
| Tenant contributions repaid                                |          | -                                       | -                                       | -                                     | -  | -  |
| Repayment of borrowings                                    |          | (23)                                    | -                                       | (85)                                  | (1,190)                                      | (879)  |
|  |          | <b>(23)</b>                             | <b>-</b>                                | <b>(85)</b>                           | <b>(1,190)</b>                               | <b>(879)</b>                                 |
| <b>Net cash inflow (outflow) from financing activities</b> |          | <b>23</b>                               | <b>120</b>                              | <b>(85)</b>                           | <b>(984)</b>                                 | <b>(259)</b>                                 |
| <b>Net increase (decrease) in cash held</b>                |          | <b>6,003</b>                            | <b>(3,693)</b>                          | <b>1,238</b>                          | <b>5,550</b>                                 | <b>(3,744)</b>                               |
| Total cash resources at start of the year                  |          | 2,233                                   | 8,236                                   | 9,048                                 | 2,951  | 8,501  |
| <b>Total cash resources at end of the year</b>             | <b>1</b> | <b>8,236</b>                            | <b>4,544</b>                            | <b>10,286</b>                         | <b>8,501</b>                                 | <b>4,757</b>                                 |

Explanations of major variances against budget are provided in Note 36.

These Statements should be read in conjunction with the 'Notes to the Financial Statements'.

# Statement of Commitments and Operating Leases

As at 30 June 2012

## Council

Council was committed to the following projects at year end:

| Council                             |                     |                      |                      |                      |                             |
|-------------------------------------|---------------------|----------------------|----------------------|----------------------|-----------------------------|
| 2010/11<br>\$000's                  | < 1 Year<br>\$000's | 1-2 Years<br>\$000's | 2-5 Years<br>\$000's | > 5 Years<br>\$000's | 2011/12<br>Total<br>\$000's |
| <b>Council Capital Commitments</b>  |                     |                      |                      |                      |                             |
| - Woodville town centre upgrade     | 208                 | -                    | -                    | -                    | 208                         |
| - Administration                    | 94                  | 95                   | 24                   | -                    | 213                         |
| - Dannevirke impounded supply       | 62                  | -                    | -                    | -                    | 62                          |
| 21 Ormondville Transfer Station     | -                   | -                    | -                    | -                    | -                           |
| - Pavement rehabilitation southern  | 529                 | -                    | -                    | -                    | -                           |
| - Pavement rehabilitation northern  | 493                 | -                    | -                    | -                    | -                           |
| - Reseals                           | 2,100               | -                    | -                    | -                    | -                           |
| <b>21 Total Capital Commitments</b> | <b>3,487</b>        | <b>95</b>            | <b>24</b>            | <b>-</b>             | <b>3,606</b>                |

| Council                              |  |                     |                      |                      |                      |                             |
|--------------------------------------|--|---------------------|----------------------|----------------------|----------------------|-----------------------------|
| 2010/11<br>\$000's                   |  | < 1 Year<br>\$000's | 1-2 Years<br>\$000's | 2-5 Years<br>\$000's | > 5 Years<br>\$000's | 2011/12<br>Total<br>\$000's |
| <b>Council Operating Commitments</b> |  |                     |                      |                      |                      |                             |
| 1,523                                | Administration                             | 472                 | 208                  | 62                   | -                    | 742                         |
| 401                                  | Facilities management contracts            | 86                  | 65                   | -                    | -                    | 151                         |
| 180                                  | Tararua Aquatic Community Trust            | -                   | -                    | -                    | -                    | -                           |
| 752                                  | Community services maintenance             | 644                 | 128                  | 56                   | -                    | 828                         |
| 9,018                                | Infrastructural maintenance non-subsidised | 4,760               | 91                   | -                    | -                    | 8,751                       |
| -                                    | Infrastructural maintenance subsidised     | 51                  | -                    | -                    | -                    | 51                          |
| 1,583                                | Infrastructural maintenance refuse         | 1,126               | 311                  | 735                  | -                    | 2,172                       |
| 45                                   | Sport Manawatu                             | 48                  | -                    | -                    | -                    | 48                          |
| 28                                   | Woodville Districts' Vision                | 28                  | -                    | -                    | -                    | 28                          |
| 42                                   | Pahiatua on Track                          | -                   | -                    | -                    | -                    | -                           |
| 20                                   | Pahiatua Swimming Pool                     | 20                  | -                    | -                    | -                    | 20                          |
| 14                                   | Woodville Swimming Pool                    | 14                  | -                    | -                    | -                    | 14                          |
| 14                                   | Eketahuna Swimming Pool                    | 14                  | -                    | -                    | -                    | 14                          |
| <b>13,620</b>                        | <b>Total Operating Commitments</b>         | <b>7,263</b>        | <b>803</b>           | <b>853</b>           | <b>-</b>             | <b>8,919</b>                |
| <b>13,641</b>                        | <b>Total Commitments</b>                   | <b>10,749</b>       | <b>898</b>           | <b>877</b>           | <b>-</b>             | <b>12,521</b>               |

These Statements should be read in conjunction with the Notes to the Financial Statements.

### Operating Leases as Lessor (Tararua District Council as a landlord)

Council leases its investment property and land under operating leases. These leases all have rent renewal dates within 5 years from 30 June 2012.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| Council            |   |                     |                      |                      |                      |                             |
|--------------------|---|---------------------|----------------------|----------------------|----------------------|-----------------------------|
| 2010/11<br>\$000's |   | < 1 Year<br>\$000's | 1-2 Years<br>\$000's | 2-5 Years<br>\$000's | > 5 Years<br>\$000's | 2011/12<br>Total<br>\$000's |
| 222                | Council lease commitments receivable      | 110                 | -                    | -                    | -                    | 110                         |
| 252                | Consolidated lease commitments receivable | 55                  | -                    | -                    | -                    | 55                          |

No contingent rents have been recognised in the statement of financial performance during the period.

## Consolidated

Council & its related entities were committed to the following projects at year end:

| Consolidated                       |  |                     |                      |                      |                      |                             |
|------------------------------------|--|---------------------|----------------------|----------------------|----------------------|-----------------------------|
| 2010/11<br>\$000's                 |  | < 1 Year<br>\$000's | 1-2 Years<br>\$000's | 2-5 Years<br>\$000's | > 5 Years<br>\$000's | 2011/12<br>Total<br>\$000's |
| Consolidated Capital Commitments   |  |                     |                      |                      |                      |                             |
| -                                  | Woodville town centre upgrade              | 208                 | -                    | -                    | -                    | 208                         |
| -                                  | Administration                             | 94                  | 95                   | 24                   | -                    | 213                         |
| -                                  | Dannevirke impounded supply                | 62                  | -                    | -                    | -                    | 62                          |
| 21                                 | Ormondville Transfer Station               |                     |                      |                      |                      |                             |
| -                                  | Reseals                                    | 2,100               | -                    | -                    | -                    | -                           |
| 21                                 | Total Capital Commitments                  | 2,464               | 95                   | 24                   | -                    | 2,583                       |
| Consolidated Operating Commitments |  |                     |                      |                      |                      |                             |
| 1,524                              | Administration                             | 472                 | 208                  | 62                   | -                    | 741                         |
| 401                                | Facilities management contracts            | 86                  | 65                   | -                    | -                    | 151                         |
| 180                                | Tararua Aquatic Community Trust            | -                   | -                    | -                    | -                    | -                           |
| 327                                | Community services maintenance             | 219                 | 128                  | 56                   | -                    | 403                         |
| 927                                | Infrastructural maintenance non-subsidised | 573                 | 91                   | -                    | -                    | 664                         |
| -                                  | Infrastructural maintenance subsidised     | 51                  | -                    | -                    | -                    | 51                          |
| 1,583                              | Infrastructural maintenance refuse         | 1,126               | 311                  | 735                  | -                    | 2,172                       |
| 45                                 | Sport Manawatu                             | 48                  | -                    | -                    | -                    | 48                          |
| 28                                 | Woodville Districts' Vision                | 28                  | -                    | -                    | -                    | 28                          |
| 42                                 | Pahiatua on Track                          | -                   | -                    | -                    | -                    | -                           |
| 20                                 | Pahiatua Swimming Pool                     | 20                  | -                    | -                    | -                    | 20                          |
| 14                                 | Woodville Swimming Pool                    | 14                  | -                    | -                    | -                    | 14                          |
| 14                                 | Eketahuna Swimming Pool                    | 14                  | -                    | -                    | -                    | 14                          |
| 5,104                              | Total Operating Commitments                | 7,228               | 803                  | 852                  | -                    | 8,884                       |



# Statement of Accounting Policies

For the year ended 30 June 2012

## 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.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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

Their ownership and objective are:

- TDC Holdings Limited (100% owned subsidiary) – profit orientated entity.
- Tararua Forest Limited (100% owned subsidiary) – profit orientated entity.
- Infracore Limited (66% owned subsidiary) – profit orientated entity.
- Manawatu-Wanganui LASS Limited (14% owned associate) – public benefit entity.
- Tararua Aquatic Community Trust (Council organisation established in New Zealand by Council as settlor) – public benefit entity.

The financial statements of Council are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 31 October 2012.

## Basis of Preparation

### Statement of Compliance

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### 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, and financial instruments (including derivative instruments).

TDC Holdings Limited (the Company) was placed on voluntary liquidation as at 1 July 2012 by way of a special resolution by Council (the ultimate shareholder). Accordingly it is not appropriate for the financial statements of the Company to be measured on a going concern basis. Instead the financial statements have been prepared on a disestablishment basis. The measurement basis for assets and liabilities is net realisable value.

All functions and operations of the Company will transfer to and be carried out by Council. The assets and liabilities of the Company will transfer to Council as at 1 July 2012 at their carrying book value upon conclusion of the liquidation. The assets and liabilities of the Company are expected to be relevant for Council. For that reason, while the financial statements have been prepared on a disestablishment basis, no adjustments have been made to the valuation or classification of assets and liabilities recognised in the financial statements because of disestablishment.

## 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).

## Changes in Accounting Policies (NZ IAS 8)

There have been no changes in accounting policies during the financial year except for TDC Holdings Limited where there has been a change in the preparation of the financial statements from a going concern basis in 2010/11 to a disestablishment basis in 2011/12.

Otherwise, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 'Presentation of Financial Statements'. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 26.20.
- FRS-44 'New Zealand Additional Disclosures' and 'Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)' – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 17 has been updated for these changes.
- Amendments to NZ IFRS 7 'Financial Instruments: Disclosures' – The amendment reduces the disclosure requirements relating to credit risk. Note 11 has been updated for the amendments.

## Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

### NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 'Financial Instruments: Recognition and Measurement'

- NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

### Public Benefit Entity Accounting Standards (PAS)

- The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing

NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## Basis of Consolidation of Subsidiaries

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Council's investment in its subsidiaries are carried at cost in the Council's own "parent entity" financial statements.

## Subsidiaries (NZ IAS 27)

Council consolidates its subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiaries.

This power exists where Council:

- controls the majority voting power on the governing body, or
- where such policies have been irreversibly predetermined by Council e.g. in being settlor to a Trust and involved in determining the Trust Deed, or
- where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

- the consideration transferred, which is generally measured at acquisition date fair value;
- the amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- the acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

## Associates (NZ IAS 28)

Associates are entities over which Council has significant influence but not control and are neither subsidiaries nor joint venture interests.

Investments in associates are recorded in the financial statements using the equity method and are initially recognised at cost in the parent financial statements. The carrying amount is increased or decreased to recognise Council's share of the surplus or deficit in the associate after the date of acquisition. Council and group's share of the surplus or deficit in the associate is recognised in surplus or deficit. Distributions from associates are recognised in the parent's financial statements, while in the consolidated financial statements they reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, Council and group discontinues recognising its share of further deficits. After Council and group's interest is reduced to zero, additional deficits are provided for, and liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council and group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where Council and group transacts with an associate, surplus or deficits are eliminated to the extent of Council and group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

## Revenue (NZ IAS 18)

Revenue is measured at the fair value of consideration received or receivable.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

### Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

### Contribution Revenue

Development contributions and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

## Government Subsidies

Council receives government subsidies from New Zealand Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

## Provision of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

## Vested Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

## Sales of Goods

Revenue from sale of goods is recognised when a product is sold to the customer.

## Commission

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

## Dividends

Dividends are recognised when the right to receive payment has been established.

## Interest Revenue

Interest revenue is recognised using the effective interest method.

## Construction Contracts (NZ IAS 11)

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of

overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

## Borrowing Costs (NZ IAS 23)

Council has deferred the adoption of NZ IAS 23 'Borrowing Costs' in accordance with its transactional provision applicable to public benefit entities. Consequently all borrowing costs are recognised as an expense in the period that they are incurred.

## Grant Expenditure (NZ IAS 20)

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

## Foreign Currency (NZ IAS 21)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

## Income Tax (NZ IAS 12)

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

## Leases (NZ IAS 17)

### Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council will recognise finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Cash and Cash Equivalents (NZ IAS 7)

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts where applicable are shown within borrowings in current liabilities in the statement of financial position.

## Debtors and Other Receivables (NZ IFRS 7, NZ IAS 39)

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## Inventories (NZ IAS 2)

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost, adjusted, when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit in the period of the write-down.

## Financial Assets (NZ IAS 39)

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

Council and group classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and fair value through other comprehensive income. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its investments at initial recognition.



- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

- **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or if debt instrument is not expected to be realised within 12 months of balance date. Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 'Consolidated and Separate Financial Statements' and NZ IAS 28 'Investments in Associates') whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised

directly in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit. On derecognition the cumulative gain or loss previously recognised in equity is recognised in other comprehensive income is reclassified from equity to surplus or deficit.

- **Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

- **Derivative Financial Instruments**

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit as part of finance costs.

## Impairment of Financial Assets (NZ IAS 39)

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

## Loans and Other Receivables

Impairment of a loan or a receivable is established when there is objective evidence that Council and group will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original

effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument.

- **Financial assets at fair value through other comprehensive income**

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to surplus or deficit.

## Non-Current Assets Held for Sale (NZ IFRS 5)

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## Property, Plant and Equipment (NZ IAS 16)

Property, plant and equipment consists of:

**Operational assets** – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

**Infrastructure assets** – Infrastructure assets are the fixed utility systems owned by Council and group. Each

asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

**Restricted assets** – Restricted assets are parks and reserves owned by Council and group, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Asset                                      | Useful life   | Depn Rate     |
|--|---------------|---------------|
| <b>Operational &amp; Restricted Assets</b> |               |               |
| Buildings                                  | 9 to 80 years | (1.25%-11.1%) |
| Computer equipment                         | 2 to 45 years | (2.2%-50%)    |
| Furniture & Fittings                       | 2 to 45 years | (2.2%-50%)    |

| Asset                           | Useful life     | Depn Rate      |
|---------------------------------|-----------------|----------------|
| Landfill post closure           | 40 years        | (2.5%)         |
| Leasehold Development           | 3 to 20 years   | (5%-33%)       |
| Library books                   | 1 to 10 years   | (10%-100%)     |
| Motor vehicles                  | 5 to 20 years   | (5%-20%)       |
| Plant and equipment             | 2 to 33 years   | (3%-50%)       |
| Swimming Pools                  | 15 to 50 years  | (2%-6.7%)      |
| Fiber Optic Network             | 20 to 30 years  | (3%-5%)        |
| <b>Infrastructural Assets</b>   |                 |                |
| <b>Roading Network</b>          |                 |                |
| Top surface (seal)              | 15 to 18 years  | (5.6%-6.7%)    |
| Top Surface (Unsealed)          | 1 year          | (100%)         |
| Pavement (seal base course)     | 30 to 90 years  | (1.1%-3.33%)   |
| Pavement (unsealed base course) | Not depreciated |                |
| Sub-base (Rural)                | Not depreciated |                |
| Sub-base (Urban)                | 40 years        | (2.5%)         |
| Formation                       | Not depreciated |                |
| Culverts                        | 50 to 75 years  | (2%-1.3%)      |
| Kerbing                         | 25 to 100 years | (1%-4%)        |
| Footpaths                       | 10 to 100 years | (1%-10%)       |
| Signs                           | 8 years         | (12.5%)        |
| Streetlights                    | 12 to 30 years  | (3.3% to 8.3%) |
| Bridges                         | 50 to 100 years | (1% to 2%)     |
| <b>Sewerage network</b>         |                 |                |
| Pipes & Manholes                | 60 to 120 years | (0.8%-1.7%)    |
| Treatment Ponds                 | 80 years        | (1.3%)         |
| Pumps                           | 10 years        | (10%)          |
| Flow monitoring equipment       | 10 years        | (10%)          |
| <b>Stormwater network</b>       |                 |                |
| Pipes                           | 80 years        | (1.3%)         |
| Manholes                        | 100 years       | (1%)           |
| <b>Water network</b>            |                 |                |
| Pipes, hydrants & valves        | 50 to 120 years | (0.8%-2%)      |
| Monitoring equipment            | 5 years         | (20%)          |
| Treatment plants                | 10 to 100 years | (1% to 10%)    |
| Pumps                           | 15 to 25 years  | (4%-6.7%)      |
| Tanks                           | 40 to 100 years | (1%-2.5%)      |
| Waste Management                | 2 to 17 years   | (5.9%-50%)     |
| Items under construction        | Not depreciated |                |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

## Revaluation

| Revaluation                     | Frequency     |
|---------------------------------|---------------|
| Infrastructural Assets          | Annually      |
| Roads (except land under roads) | Annually      |
| Bridges                         | Annually      |
| Sewerage                        | Annually      |
| Stormwater                      | Annually      |
| Water                           | Annually      |
| Land                            | Every 3 years |
| Buildings                       | Every 3 years |
| Restricted Assets               | Every 3 years |

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### Operational and Restricted Land and Buildings

These are revalued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Registered Valuer, Kerry Stewart BCom VPM PGDip(Com) SNZPI, Darroch Limited and the valuation is effective as at 30 June 2012. They are valued on a three yearly cycle.

### Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

Are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Ray Cannon BTech Civil Engineering (UK), Council's Consultancy Roding Manager and engineer, and reviewed by Registered Valuers, John Vessey BE BA MIPENZ MACENZ at Opus, using optimised depreciated replacement cost. These assets are revalued annually as at 30 June.



## Land under roads

Land under roads, was valued based on fair value of adjacent land as determined by reference to the Council rating data. Subsequently, this has not been revalued.

As there is no generally accepted methodology for the valuation of land under roads, Council is not revaluing this land and will carry these assets at cost.

## Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

## Library Collections

The Library books were valued by "Bookseller" of Palmerston North prior to purchase by Council on 30 September 2003 and will be carried forward as deemed cost from 1 July 2005. These are depreciated on a straight line basis at lives of 1 to 10 years. The NZ Genealogical Cemetery records are recorded at cost less aggregate depreciation and these are assumed to have a useful life of ten years.

# Intangible Assets (NZ IAS 38)

## Goodwill: Business Combinations

Goodwill represents the excess of the cost of an acquisition over the fair value of Council's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

## Resource Consents

Resource consents are recognised at cost. Resource consents have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the resource consents over the shorter period for which the consent is granted or the expected extraction period.

## Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

|                   |           |        |
|-------------------|-----------|--------|
| Computer software | 3-5 years | 20-33% |
|-------------------|-----------|--------|

# Forestry Assets (NZ IAS 41)

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable filling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are recognised in the surplus or deficit when incurred.



## Investment Property (NZ IAS 40)

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuation was performed by Registered Valuer, Kerry Stewart BCom VPM PGDip(Com) SNZPI, Darroch Limited and the valuation is effective as at 30 June 2012.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit. Investment properties are not depreciated.

## Creditors and Other Payables

Debtors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Impairment of Property, Plant and Equipment, and Intangible Assets (NZ IAS 36)

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the assets recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where Council and group would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

## Livestock (NZ IAS 41)

A small number of deer are kept for recreational purposes and are revalued each year according to Inland Revenue livestock values at national standard cost.

## Employee Entitlements (NZ IAS 19)

### Short-Term Entitlements

Employee benefits that expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council and group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Council and group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### Long-Term Entitlements

#### Long Service Leave and Retirement Leave

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

### Superannuation Schemes

- **Defined Contribution Schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

- **Defined Benefit Schemes**

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

### Provisions (NZ IAS 37)

Council and group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the obligation. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Financial Guarantee Contracts (NZ IAS 39)

A financial guarantee contract is a contract that requires Council and group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value even if payment under guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a liability is recognised

based on the probability that Council or group will be required to reimburse a holder for a loss incurred discounted to present values. The proportion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

### Borrowing (NZ IAS 39)

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

### Equity (NZ IAS 1)

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Revaluation reserves
- Special funded reserves
- Trust funds
- Fair value through other comprehensive income reserve

### Special Funded and Council Created Reserves

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's Treasury Policies and Long Term Council Community Plan allow internal borrowing against these reserves on the basis they will be reimbursed over time or at time of need.

### Trust Funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may

be made only for certain specified purposes or when certain specified conditions are met.

## Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the most current of the annual plan or the Long Term Council Community Plan.

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

## Cost Allocation

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using expenditure as the cost driver. This applies to all activities except "Representation" which is allocated on an estimated labour basis.

## Statement of Cash Flows (NZ IAS 7)

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council invests such assets as part of its day to day cash management.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not

investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

## Rounding

There will be roundnig of numbers in the Annual Report as the financial reporting model used calculates to the dollar but the Annual Report is rounded to the nearest thousand.

## Critical Accounting Estimates and Assumptions (NZ IAS 1)

In preparing these financial statements Council and group has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Landfill Aftercare Provision

Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

### Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, sewerage and water supply pipes that are underground. This risk is minimised by Council performing a combination

of physical inspections and condition modelling assessments of underground assets;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

## Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying Council and group's accounting policies for the period ended 30 June 2012:

## Classification of Property

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy. These properties are accounted for as property, plant and equipment.

## Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position. Council minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

Council has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 17 & 18.

# Consolidated Notes to Financial Statements

For the year ended 30 June 2012

## 1. Cash and Cash Equivalents

The average interest rate received on the Bank Deposit for the 2011/12 year was 3.81%. In 2010/11 this was 3.76%.

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Cash at bank and in hand   | 1,745                         | 946                           | 2,053                              | 1,159                              |
| Term deposits maturing 3 months or less from date of acquisition | 6,491                         | 3,598                         | 6,491                              | 3,598                              |
| <b>Total Cash and Cash Equivalents</b>                           | <b>8,236</b>                  | <b>4,544</b>                  | <b>8,544</b>                       | <b>4,757</b>                       |

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$52,000 (2011: \$30,000). The cash at bank exceeds the minimum level of liquidity as set in Council's Investment policy.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Cash and cash equivalent current asset                                 | 1,745                         | 946                           | 2,053                              | 1,159                              |
| Short term deposits maturing 3 months or less from date of acquisition | 6,491                         | 3,598                         | 6,491                              | 3,598                              |
| Cash and cash equivalent current liability – bank overdraft            | -                             | -                             | -                                  | -                                  |
| <b>Total Cash Resources</b>  | <b>8,236</b>                  | <b>4,544</b>                  | <b>8,544</b>                       | <b>4,757</b>                       |

## 2. Rates Revenue

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>General Rates</b>   |                               |                               |                                    |                                    |
| Uniform Annual General Charge  | 4,534                         | 5,023                         | 4,530                              | 5,016                              |
| General Land Rates   | 2,776                         | 2,354                         | 2,770                              | 2,349                              |
| Stormwater   | 591                           | 486                           | 591                                | 486                                |
| <b>Targeted rates attributable to Activities</b>                                 |                               |                               |                                    |                                    |
| Roading  | 5,912                         | 6,714                         | 5,908                              | 6,709                              |
| Footpaths Loans  | 179                           | 149                           | 178                                | 149                                |
| Sewerage   | 2,028                         | 1,959                         | 2,027                              | 1,958                              |
| Water  | 1,273                         | 1,360                         | 1,273                              | 1,361                              |
| Lump sum contribution by ratepayers for the Dannevirke Town Centre Refurbishment | -                             | -                             | -                                  | -                                  |
| <b>Rates Revenue before Discount (as per Comprehensive Income)</b>               | <b>17,293</b>                 | <b>18,045</b>                 | <b>17,277</b>                      | <b>18,028</b>                      |
| Less 3% discount for full payment at time of first instalment                    | (84)                          | (83)                          | (84)                               | (83)                               |
| <b>Rates Revenue after Discount</b>  | <b>17,209</b>                 | <b>17,962</b>                 | <b>17,193</b>                      | <b>17,945</b>                      |
| Less Rates Remissions (in Other Operating Expenses)                              | (285)                         | (384)                         | (285)                              | (384)                              |
| Plus Miscellaneous Revenue: Net Rates Penalties                                  | 167                           | 219                           | 167                                | 219                                |
| <b>Total revenue from rates</b>  | <b>17,091</b>                 | <b>17,797</b>                 | <b>17,075</b>                      | <b>17,780</b>                      |

## Rates Remissions

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Rates Remissions</b>                               |                               |                               |                                    |                                    |
| Footpath Development Loans (Dannevirke Town Centre)   | 7                             | 7                             | 7                                  | 7                                  |
| Roading Development Loans (Pahiatua Track)            | -                             | -                             | -                                  | -                                  |
| Sewerage – Educational establishments                 | 98                            | 98                            | 98                                 | 98                                 |
| General Rates – Same owner; Same use; Semi contiguous | 136                           | 235                           | 136                                | 235                                |
| General Rates – Not for profit sports & cultural      | 44                            | 44                            | 44                                 | 44                                 |
|   | <b>285</b>                    | <b>384</b>                    | <b>285</b>                         | <b>384</b>                         |

Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.



### 3. Finance Income and Finance Costs

|                                   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|-----------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Finance Income</b>             |                               |                               |                                    |                                    |
| Interest on operating funds       | 211                           | 221                           | 222                                | 231                                |
| Interest on special funds         | 374                           | 258                           | 374                                | 258                                |
| <b>Total Finance Income</b>       | <b>585</b>                    | <b>479</b>                    | <b>596</b>                         | <b>489</b>                         |
| <b>Finance Costs</b>              |                               |                               |                                    |                                    |
| Interest on Bank Overdraft        | -                             | -                             | 1                                  | 1                                  |
| Landfill interest expense         | 80                            | (57)                          | 80                                 | (57)                               |
| Fair value movement of derivative | 53                            | 343                           | 53                                 | 343                                |
| Interest on standby facility      | 9                             | -                             | 9                                  | -                                  |
| Interest on secured loans         | 626                           | 605                           | 766                                | 660                                |
| <b>Total Finance Costs</b>        | <b>768</b>                    | <b>891</b>                    | <b>909</b>                         | <b>948</b>                         |
| <b>Net Finance (costs)/gain</b>   | <b>(183)</b>                  | <b>(412)</b>                  | <b>(313)</b>                       | <b>(459)</b>                       |

### 4. Other Revenue

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Revenue from the various domain boards | 151                           | 117                           | 151                                | 117                                |
| Library donations                      | -                             | -                             | -                                  | -                                  |
| Other                                  | 186                           | 119                           | 108                                | 13                                 |
| Rent                                   | -                             | -                             | -                                  | -                                  |
| <b>Total miscellaneous revenue</b>     | <b>337</b>                    | <b>236</b>                    | <b>259</b>                         | <b>130</b>                         |

### 5. Other Gains & Losses

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Gain on disposal of property, plant & equipment      | 29                            | (213)                         | 29                                 | (213)                              |
| Gifted assets  | -                             | -                             | -                                  | -                                  |
| Loss on derecognition of property, plant & equipment | (236)                         | -                             | (348)                              | (120)                              |
| Gain (Loss) on Investment properties                 | (31)                          | (16)                          | (31)                               | (16)                               |
| Gain (Loss) on change in forestry value              | -                             | -                             | 186                                | (279)                              |
| Gain (Loss) on loans                                 | 1                             | -                             | -                                  | -                                  |
| <b>Total gains/(losses)</b>                          | <b>(236)</b>                  | <b>(229)</b>                  | <b>(164)</b>                       | <b>(627)</b>                       |



## 6. Personnel Costs

Salaries and wages includes movements in employee benefit liabilities.

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Salaries & Wages   | 3,870                         | 4,155                         | 18,447                             | 18,593                             |
| Defined contribution plan employer contributions         | 57                            | 58                            | 186                                | 200                                |
| Termination benefits                                     | -                             | -                             | -                                  | 414                                |
| Other benefits   | -                             | -                             | 188                                | 134                                |
| Increase/(decrease) in employee entitlements/liabilities | 81                            | 36                            | 52                                 | (91)                               |
| <b>Total Employee Benefit Costs</b>                      | <b>4,008</b>                  | <b>4,248</b>                  | <b>18,873</b>                      | <b>19,250</b>                      |

Employer contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributors Scheme.

## 7. Employee Entitlements

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Accrued Pay                            | 197                           | 223                           | 406                                | 432                                |
| Annual Leave                           | 285                           | 316                           | 1,668                              | 1,552                              |
| Long Service Leave                     | -                             | -                             | 212                                | 185                                |
| Retirement Leave                       | 108                           | 87                            | 381                                | 389                                |
| Sick Leave                             | -                             | -                             | 75                                 | -                                  |
| <b>Total Employee Provisions</b>       | <b>590</b>                    | <b>626</b>                    | <b>2,742</b>                       | <b>2,558</b>                       |
| <b>Made up of:</b>                     |                               |                               |                                    |                                    |
| Current Portion of Employee Provisions | 483                           | 539                           | 2,379                              | 2,318                              |
| Term Portion of Employee Provisions    | 107                           | 87                            | 363                                | 333                                |
| <b>Total Employee Provisions</b>       | <b>590</b>                    | <b>626</b>                    | <b>2,742</b>                       | <b>2,651</b>                       |

### Employee Provisions – Movements

|                                  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|----------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Opening Balance</b>           | <b>509</b>                    | <b>590</b>                    | <b>2,574</b>                       | <b>2,743</b>                       |
| Additional provision             | 386                           | 391                           | 474                                | 263                                |
| Amount used                      | (305)                         | (354)                         | (305)                              | (354)                              |
| ACC accrued                      | -                             | -                             | -                                  | -                                  |
| Unused amounts reversed          | -                             | -                             | -                                  | -                                  |
| Changes relating to discount     | -                             | -                             | -                                  | -                                  |
| <b>Net Movement for the Year</b> | <b>81</b>                     | <b>36</b>                     | <b>168</b>                         | <b>(93)</b>                        |
| <b>Closing Balance</b>           | <b>590</b>                    | <b>626</b>                    | <b>2,742</b>                       | <b>2,651</b>                       |

## 8. Other Operating Expenses

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Audit fees for financial statement audit – current year | 96                            | 99                            | 191                                | 188                                |
| Audit fees for financial statement audit – prior year   | 6                             | 25                            | 6                                  | 25                                 |
| Audit fees for Long Term Plan                           | 25                            | 62                            | 25                                 | 62                                 |
| Impairment of receivables movement (see note 10)        | (21)                          | 9                             | (50)                               | 6                                  |
| Impairment of property plant & equipment                | -                             | -                             | (50)                               | -                                  |
| Impairment of goodwill                                  | -                             | -                             | -                                  | -                                  |
| Donations   | -                             | -                             | -                                  | -                                  |
| Directors fees  | -                             | -                             | 157                                | 173                                |
| Rental and operating lease expenses                     | -                             | -                             | 331                                | 330                                |
| Other operating expenses                                | 14,004                        | 15,419                        | 27,950                             | 27,434                             |
| <b>Total other operating expenses</b>                   | <b>14,110</b>                 | <b>15,614</b>                 | <b>28,560</b>                      | <b>28,218</b>                      |

## 9. Taxation

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Income Tax Expense</b>  |                               |                               |                                    |                                    |
| <b>Components of Tax Expense</b>                                       |                               |                               |                                    |                                    |
| Current tax expense  | -                             | -                             | 69                                 | -                                  |
| Adjustments to current tax in prior years                              | -                             | -                             | -                                  | -                                  |
| Deferred liability   | -                             | -                             | 18                                 | (671)                              |
| <b>Total income tax expense</b>  | <b>-</b>                      | <b>-</b>                      | <b>87</b>                          | <b>(671)</b>                       |
| <b>Relationship between Tax and Accounting Profit</b>                  |                               |                               |                                    |                                    |
| Operating surplus/(deficit) before income tax                          | (1,107)                       | (1,461)                       | (987)                              | (3,654)                            |
| Prima facie tax @ 28%  | (332)                         | (409)                         | (296)                              | (1,023)                            |
| Timing difference  | -                             | -                             | -                                  | -                                  |
| Tax effect of permanent differences:                                   |                               |                               |                                    |                                    |
| Non-deductible expenditure   | 396                           | 409                           | 535                                | 352                                |
| Group loss offset  | -                             | -                             | -                                  | -                                  |
| Deferred tax adjustment  | -                             | -                             | (3)                                | -                                  |
| Recognition of tax effect of losses: Net additional/or (use) of losses | -                             | -                             | (84)                               | -                                  |
| Imputation credits attached to dividends received                      | (64)                          | -                             | (64)                               | -                                  |
| Income tax over provided in prior year                                 | -                             | -                             | -                                  | -                                  |
| <b>Total income tax expense</b>  | <b>-</b>                      | <b>-</b>                      | <b>87</b>                          | <b>(671)</b>                       |

## Consolidated Deferred Tax Assets/(Liabilities)

|                             | Forestry<br>Assets | Tax<br>Losses | Property,<br>Plant &<br>Equipment | Intan-<br>gibles | Employee<br>Benefits | Retentions   | Provisions | Other<br>Provisions | Total          |
|-----------------------------|--------------------|---------------|-----------------------------------|------------------|----------------------|--------------|------------|---------------------|----------------|
| Balance at 1 July 2010      | (132)              | 37            | (2,235)                           | -                | 575                  | (263)        | 18         | 241                 | (1,759)        |
| Charged to profit & loss    | (71)               | 44            | 187                               | -                | (30)                 | 34           | (1)        | (181)               | (18)           |
| Charged to equity           | -                  | -             | (583)                             | -                | -                    | -            | -          | -                   | (583)          |
| <b>Balance 30 June 2011</b> | <b>(203)</b>       | <b>80</b>     | <b>(2,630)</b>                    | <b>-</b>         | <b>545</b>           | <b>(229)</b> | <b>17</b>  | <b>(61)</b>         | <b>(2,360)</b> |
| Charged to profit & loss    | 78                 | 127           | 424                               | -                | (36)                 | 62           | -          | 17                  | 671            |
| Charged to equity           | -                  | -             | -                                 | -                | -                    | -            | -          | -                   | -              |
| <b>Balance 30 June 2012</b> | <b>(125)</b>       | <b>207</b>    | <b>(2,206)</b>                    | <b>-</b>         | <b>509</b>           | <b>(167)</b> | <b>17</b>  | <b>78</b>           | <b>(1,688)</b> |

Council and its subsidiaries qualify as a group of companies for tax purposes and transfer of losses:

|   | 2010/11<br>\$000's<br>Losses | 2011/12<br>\$000's<br>Losses | 2010/11<br>\$000's<br>Tax Effect | 2011/12<br>\$000's<br>Tax Effect |
|---|------------------------------|------------------------------|----------------------------------|----------------------------------|
| Subvention Payment (Infracon Ltd pays Council: taxable revenue in Council; expense in Infracon) | -                            | -                            | -                                | -                                |
| Loss Offset (Losses transferred to Infracon Ltd from Council)                                   | -                            | -                            | -                                | -                                |
|   | -                            | -                            | -                                | -                                |

Council has not recognised a deferred tax asset in relation to tax losses of \$1,060,000 (2011: \$691,000).

## Imputation Credit Account

|                                    | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Closing Balance End of Year</b> | <b>-</b>                      | <b>-</b>                      | <b>2,058</b>                       | <b>2,125</b>                       |

## 10. Debtors and Other Receivables

| (Amounts include GST)                                   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Rates receivables                                       | 957                           | 1,107                         | 957                                | 1,107                              |
| Related party receivables                               | 163                           | 11                            | -                                  | -                                  |
| Community loans   | -                             | -                             | -                                  | -                                  |
| Sundry debtors  | 407                           | 997                           | 6,288                              | 4,446                              |
| Sundry debtors - NZ Transport Agency: Roading Subsidies | 1,271                         | 1,920                         | 2,089                              | 1,920                              |
| Interest accrued  | 162                           | 58                            | 162                                | 58                                 |
| Prepayments   | 33                            | 84                            | 120                                | 166                                |
| Loans to related parties                                | -                             | -                             | -                                  | -                                  |
| Contract work in progress                               | -                             | -                             | 1,407                              | 233                                |
| Other receivables                                       | 55                            | 545                           | 55                                 | 545                                |
|   | <b>3,048</b>                  | <b>4,722</b>                  | <b>11,078</b>                      | <b>8,475</b>                       |
| Less provision for impairment of receivables            | (165)                         | (171)                         | (210)                              | (210)                              |
| <b>Current portion</b>                                  | <b>2,883</b>                  | <b>4,551</b>                  | <b>10,868</b>                      | <b>8,265</b>                       |
| <b>Non-current portion</b>                              |                               |                               |                                    |                                    |
| Loans to related parties                                | -                             | -                             | -                                  | -                                  |
| Prepayments   | 14                            | 13                            | 14                                 | 13                                 |
| Community loans   | -                             | -                             | -                                  | -                                  |
| <b>Non-current portion</b>                              | <b>14</b>                     | <b>13</b>                     | <b>14</b>                          | <b>13</b>                          |
| <b>Total trade and other receivables</b>                | <b>2,897</b>                  | <b>4,564</b>                  | <b>10,882</b>                      | <b>8,279</b>                       |

The rates receivable are as follows for assessed impairment, net collectable and debtor aging:

| (Amounts include GST)   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Total rates receivable  | 955                           | 1,107                         | 955                                | 1,107                              |
| Less assessed impairment  | (74)                          | (86)                          | (74)                               | (86)                               |
| <b>Net assessed as collectible after rating sales &amp; expected collection</b> | <b>881</b>                    | <b>1,021</b>                  | <b>881</b>                         | <b>1,021</b>                       |
| <b>Collectible split for rating years as:</b>                                   |                               |                               |                                    |                                    |
| >12 months  | 320                           | 317                           | 320                                | 317                                |
| <12 months  | 561                           | 704                           | 561                                | 704                                |
| <b>Carrying amount</b>  | <b>881</b>                    | <b>1,021</b>                  | <b>881</b>                         | <b>1,021</b>                       |

The trade and receivables excluding rates receivable are as follows for assessed impairment, net collectable and debtor aging:

| (Amounts include GST) | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|-----------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Current               | 1,404                         | 1,541                         | 9,249                              | 4,923                              |
| 1 Month               | 770                           | 1,922                         | 834                                | 2,173                              |
| 2 Months              | 13                            | 18                            | 27                                 | 37                                 |
| Over 2 Months         | 128                           | 62                            | 190                                | 125                                |
|                       | <b>2,315</b>                  | <b>3,543</b>                  | <b>10,300</b>                      | <b>7,258</b>                       |

## Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value. The carrying amount of receivables that are past due, but not impaired, whose terms have been renegotiated is \$NIL (2011: \$NIL).

## Impairment

Council provides for impairment on some rates receivable for properties undergoing rating sales and a portion unlikely to be collected. However, it also has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$86,000 (2011: \$90,457).

The status of receivables as at 30 June 2012 are detailed below:

- There is only one concentration of credit risk with respect to receivables. Council has one large debtor in respect of NZ Transport Authority providing government subsidy for Roothing. This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.
- The face value of loans to related parties is \$NIL (2011: \$NIL). The loan was fully repaid this year.
- The face value of community loans is \$49,000 (2011, \$60,000). This is a loan to Bush Multisport from 1 April 2011 to 1 April 2016 with an interest rate of 6%. Fair value of the loan equals the face value.
- The carrying value of trade and other receivables (excluding loans to related parties) approximates their fair value. As of 30 June 2012, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council pool of debtors. Expected losses have been determined based on an analysis of Council losses in previous periods, and review of specific debtors.

## Group Impairment of Trade Receivables

Infracon Limited has outstanding trade receivables of \$4,082,888 (year 2011: \$7,159,154) aged less than 90 days. Those 90 days and over were \$58,078 (2011: \$32,281). Those aged 90 days and over were impaired by \$39,137 (2011: \$46,173). Total impairment for the year was \$39,137 (2011: \$46,173).

Those specific debtors that are insolvent are fully provided for. As at 30 June 2012 Infracon Limited has identified one debtor that was insolvent, totalling \$8,134 (2011: \$8,000).

Tararua Forests Ltd and TDC Holdings Ltd only have current receivables due within 30 days and no adjustment for impairment has been made.

### Movements in the provision for impairment of receivables for Council and Group are as follows:

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| At 1 July   | 186                           | 165                           | 518                                | 210                                |
| Additional/(Reduction in) provisions made during the year | (21)                          | 7                             | (50)                               | 4                                  |
| Less Receivables written off during period                | -                             | -                             | (258)                              | (4)                                |
| <b>At 30 June</b>   | <b>165</b>                    | <b>172</b>                    | <b>210</b>                         | <b>210</b>                         |

## 11. Forestry Assets

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Balance at 1 July   | -                             | -                             | 1,008                              | 1230                               |
| Increases due to purchases  | -                             | -                             | 62                                 | -                                  |
| Gains/Losses arising from changes in fair value - less estimated sale costs | -                             | -                             | 186                                | (279)                              |
| Decreases due to sales  | -                             | -                             | -                                  | -                                  |
| Decrease due to harvest   | -                             | -                             | (26)                               | -                                  |
| <b>Balance at 30 June</b>   | <b>-</b>                      | <b>-</b>                      | <b>1,230</b>                       | <b>951</b>                         |

Tararua Forests Limited owns 427 hectares of pinus radiata forest and 6 hectares of cypress/native (433 hectares of forest) at year end (2011: 360.6 hectares). The trees are at varying stages of maturity ranging from 0–30 years.

During the 2011/12 year, Tararua Forests Limited did not undertake any harvesting of the forests. Harvesting operations curtailed in December 2010 when the harvesting contractor ceased operations.

Registered valuer, P F Olsen, has valued forestry assets as at 30 June 2012. A post-tax discount rate of 7% was used to discount the present value of expected cashflows.

### Financial Risk Management Strategies

Tararua Forests Limited is exposed to financial risks arising from changes in timber prices. Tararua Forests Limited does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices.

## 12. Inventory and Livestock

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Held for distribution inventory</b> |                               |                               |                                    |                                    |
| Rural fire consumables                 | 4                             | 4                             | 4                                  | 4                                  |
| Fuel & Oil                             | -                             | -                             | 50                                 | 192                                |
| Paper Stock                            | 23                            | 24                            | 23                                 | 24                                 |
| i-SITE stock                           | 3                             | 3                             | 3                                  | 3                                  |
| <b>Commercial inventory</b>            |                               |                               |                                    |                                    |
| Livestock                              | 4                             | 3                             | 4                                  | 3                                  |
| Material Stocks                        | -                             | 39                            | 2,007                              | 1,865                              |
| <b>Total Inventory and Livestock</b>   | <b>34</b>                     | <b>75</b>                     | <b>2,091</b>                       | <b>2,091</b>                       |

No inventories were pledged as security for liabilities nor are any inventories subject to retention of title clause.

## 13. Other Financial Assets

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Current Portion</b>   |                               |                               |                                    |                                    |
| Short term deposits greater than 3 months but less than 12 months          | 4,513                         | 5,776                         | 4,563                              | 5,791                              |
| <b>Total Current Portion</b>   | <b>4,513</b>                  | <b>5,776</b>                  | <b>4,563</b>                       | <b>5,791</b>                       |
| <b>Non-current Portion</b>   |                               |                               |                                    |                                    |
| Term deposits greater than 12 months                                       | -                             | -                             | -                                  | -                                  |
| Shares - TDC Holdings Limited  | 5,015                         | 5,015                         | -                                  | -                                  |
| Tararua Aquatic Community Trust settled by Council (Initial \$500 capital) | 1                             | 1                             | -                                  | -                                  |
| Loan to Bush Multisport Trust  | 60                            | 49                            | 60                                 | 49                                 |
| New Zealand Local Government Insurance Corporation Limited                 | 132                           | 127                           | 132                                | 127                                |
| MW LASS shares   | 1                             | 1                             | 1                                  | 1                                  |
| <b>Total Non Current Portion</b>   | <b>5,209</b>                  | <b>5,193</b>                  | <b>193</b>                         | <b>177</b>                         |
| <b>Total Investments</b>   | <b>9,722</b>                  | <b>10,969</b>                 | <b>4,756</b>                       | <b>5,968</b>                       |

There were no impairment provisions for other financial assets.

TDC Holdings Limited was placed in voluntary liquidation as at 1 July 2012 by way of a special resolution by Council. All functions and operations of TDC Holdings Limited will transfer to, and be carried out, by Council. All assets and liabilities of TDC Holdings Limited will transfer to Council as at July 2012 at their carrying book value upon calculation of the liquidation.

### Term Deposits

The carrying amount of term deposits approximates their fair value.

## Local Authority Share

The fair value of local authority share was lower than the cost value appearing in the statements as at 30 June 2012. Therefore there has been no adjustment made for impairment of these assets for 2011/12 year (2010/11: NIL).

## Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

## 14. Assets Held for Sale

The Council-owned building on Thyra Street has been presented as held for sale following the approval by the Council on February 2012 to sell the property. The Council has approved the sale of the premises, as it will provide no future use to the Council. The completion date of the sale is expected to be extended to next year as Council is in negotiation with several interested parties on the best use of the land.

| Non-current assets held for sale              | 2010/11  | 2011/12    |
|---|----------|------------|
| Buildings                                     | -        | 164        |
| Land  | -        | 77         |
| <b>Total non-current assets held for sale</b> | <b>-</b> | <b>241</b> |

## 15. Investment Property

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Balance at 1 July                      | 430                           | 399                           | -                                  | 399                                |
| Additions from reclassification        | -                             | 1,398                         | -                                  | 1,398                              |
| Disposals                              | -                             | -                             | -                                  | -                                  |
| Fair value gains/(losses) on valuation | (31)                          | (15)                          | -                                  | (446)                              |
| <b>Balance at 30 June</b>              | <b>399</b>                    | <b>1,782</b>                  | <b>-</b>                           | <b>1,351</b>                       |
| Rental Income                          | 74                            | 101                           | -                                  | 26                                 |
| Direct Operating Expenses              | (13)                          | (28)                          | -                                  | (22)                               |
| <b>Surplus (Deficit)</b>               | <b>61</b>                     | <b>73</b>                     | <b>-</b>                           | <b>4</b>                           |

Council investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by registered valuers Kerry Stewart and Jamie Benoit of Darroch, previously Quotable Value New Zealand.

Some of these properties are leased to Infracon Limited and are treated as Property, Plant & Equipment Operational on consolidation.

## 16. Tenant Contributions

Council owns 12 self-contained flats styled "Tenant Contribution Flats". The tenants of these flats make an interest-free loan to Council on signing a lease, and Council repays the loan upon the tenant vacating the flat. The amount of the loan varies from flat to flat but generally is set at 75% of the current market value of the unit at the time the lease is signed.

At 30 June 2012 the loans repayable to tenants totalled \$713,475 (2011: \$592,725).



## 17. Property, Plant & Equipment

### Valuation

#### Council Valuations

##### Infrastructure Assets – Roading Network, Water Network, Sewerage Network and Stormwater Network

These assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation was performed by Ray Cannon BTECH Civil Engineering (UK), Council's Consultancy Roading Manager and Engineer, and reviewed by Registered Valuers, John Vessey BE BA MIPENZ MACENZ at Opus, using optimised depreciated replacement cost. The valuation is effective as at 30 June 2012.

The total fair value valued by Council and reviewed by Opus was \$828,732,374. There are no amounts of property, plant and equipment pledged as security for liabilities.

##### Land (operational, restricted, and infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer, Kerry Stewart of Darrock Limited. The valuation is effective as at 30 June 2012.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The total fair value of land valued by Darrock Limited was \$13,754,600.

##### Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated

building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

The total fair value of buildings (including improvements) valued by Darrock Limited was \$18,519,090.

### Disposal

The net loss on disposal of property, plant and equipment of \$213,000 has been recognised in the statement of comprehensive income in the line item "Other asset gains/losses" and disclosed in Note 5.

## Infracon Limited Valuations

### Revaluation of Land and Buildings

The most recent valuation by Infracon Limited was performed by B D Mainwaring, a qualified independent valuer of Blackmore & Associates, registered public valuers, to determine the fair value of its freehold land and buildings. The total fair value of property (land & buildings) valued was \$2,127,541 and this was effective at 30 June 2011.

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and knowledgeable willing seller in an arms length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the company, and to market based yields for comparable properties.

### Revaluation of Heavy Plant and Equipment and Motor Vehicles

The most recent valuation by Infracon Limited was performed by Graham L Bayley, a qualified independent valuer, member of the New Zealand Property Institute to determine the fair value of heavy plant and equipment and motor vehicles. The total fair value of heavy plant and equipment and motor vehicles valued was \$14,152,102. The effective date of the revaluation was 30 June 2011.

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and knowledgeable willing seller in an arms length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on an arm's length terms for heavy plant and equipment and motor vehicles comparable to those held by the Company, and after consideration to current day replacement costs, condition and obsolescence factors applying.

## Council 2012

|                                 | Cost or Valuation<br>Opening Bal<br>1 July 2011<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2011<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2011<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|---------------------------------|--|--|--|--------------------------------------|--------------------------------------|
| <b>Operational Assets</b>       |  |  |  |                                      |                                      |
| <b>At Valuation</b>             |  |  |  |                                      |                                      |
| Buildings                       | 14,000   | (2,218)  | 11,782   | 2,198                                | (12)                                 |
| Land                            | 9,570  | -  | 9,570  | 210                                  | -                                    |
| Heritage                        | 2,753  | (130)  | 2,623  | -                                    | -                                    |
| <b>At Cost</b>                  |  |  |  |                                      |                                      |
| Computer Equipment              | 1,380  | (1,024)  | 356  | 137                                  | -                                    |
| Fibre Cabling & Conduits        | 1,051  | (98)   | 953  | -                                    | -                                    |
| Furniture and Fittings          | 588  | (556)  | 32   | 53                                   | -                                    |
| Library Collections†            | 1,104  | (796)  | 308  | 96                                   | -                                    |
| Motor Vehicles                  | 1,238  | (639)  | 599  | 428                                  | (170)                                |
| Plant and Machinery             | 1,545  | (665)  | 880  | 140                                  | (43)                                 |
| Swimming Pools                  | 384  | (123)  | 261  | 34                                   | -                                    |
| Work in Progress                | 157  | -  | 157  | 113                                  | -                                    |
| <b>Total Operational Assets</b> | <b>33,770</b>  | <b>(6,249)</b>   | <b>27,521</b>  | <b>3,409</b>                         | <b>(225)</b>                         |

| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluation | Revaluation<br>Movements | Adjustments*<br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2012 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2012 | Carrying<br>Amount<br>Closing Bal<br>30 June 2012 |
|---------------------------------------|------------------------------|--|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's  | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | (1,169)                      | -  | 4,235                    | (270)  | 16,764                               | -  | 16,764  |
| -                                     | -                            | -  | (144)                    | (935)  | 8,701                                | -  | 8,701   |
| -                                     | (128)                        | -  | 161                      | (433)  | 2,223                                | -  | 2,223   |
| -                                     | (139)                        | -  | -                        | -  | 1,503                                | (1,149)  | 354   |
| -                                     | (38)                         | -  | -                        | -  | 1,051                                | (136)  | 915   |
| -                                     | (9)                          | -  | -                        | -  | 641                                  | (565)  | 76  |
| -                                     | (104)                        | -  | -                        | -  | 1,200                                | (900)  | 300   |
| -                                     | (154)                        | 138  | -                        | -  | 1,410                                | (569)  | 841   |
| -                                     | (195)                        | (3)  | -                        | 102  | 1,744                                | (863)  | 881   |
| -                                     | (12)                         | -  | -                        | -  | 418                                  | (135)  | 283   |
| -                                     | -                            | -  | -                        | (163)  | 107                                  | -  | 107   |
| -                                     | (1,950)                      | 135  | 4,252                    | (1,699)  | 35,762                               | (4,317)  | 31,445  |

|   | Cost or Valuation<br>Opening Bal<br>1 July 2011<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2011<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2011<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|---|--|--|--|--------------------------------------|--------------------------------------|
| <b>Infrastructure Assets</b>                      |  |  |  |                                      |                                      |
| <b>At Valuation</b>                               |  |  |  |                                      |                                      |
| Roading Network                                   | 650,405  | -  | 650,405  | 6,644                                | -                                    |
| Roading Bridges and Culverts                      | 60,323   | -  | 60,323   | 560                                  | -                                    |
| Roading Land                                      | 24,156   | -  | 24,156   | -                                    | -                                    |
| Sewerage Systems                                  | 22,913   | -  | 22,913   | 193                                  | (40)                                 |
| Stormwater Systems                                | 11,399   | -  | 11,399   | 119                                  | -                                    |
| Street-lighting                                   | 1,091  | -  | 1,091  | -                                    | -                                    |
| Water Supply Systems                              | 31,661   | -  | 31,661   | 276                                  | (184)                                |
| <b>At Cost</b>                                    |  |  |  |                                      |                                      |
| Waste Management                                  | 1,190  | (657)  | 533  | -                                    | -                                    |
| Work in Progress                                  | 2,529  | -  | 2,529  | 2,377                                | -                                    |
| <b>Total Infrastructure Assets</b>                | <b>805,667</b>   | <b>(657)</b>   | <b>805,010</b>   | <b>10,169</b>                        | <b>(224)</b>                         |
| <b>Restricted Assets</b>                          |  |  |  |                                      |                                      |
| <b>At Valuation</b>                               |  |  |  |                                      |                                      |
| Cemetery Reserves                                 | 1,706  | -  | 1,706  | -                                    | -                                    |
| Parks and Reserves                                | 2,212  | -  | 2,212  | -                                    | -                                    |
| Roading Reserves                                  | 651  | -  | 651  | -                                    | -                                    |
| Sundry Reserves                                   | 432  | -  | 432  | -                                    | -                                    |
| War Memorials                                     | 176  | -  | 176  | -                                    | -                                    |
| <b>Total Restricted Assets</b>                    | <b>5,177</b>   | <b>-</b>   | <b>5,177</b>   | <b>-</b>                             | <b>-</b>                             |
| <b>Total Council Assets</b>                       | <b>844,614</b>   | <b>(6,906)</b>   | <b>837,708</b>   | <b>13,577</b>                        | <b>(449)</b>                         |
| Plus Intangible Amortisation                      |  |  |  |                                      |                                      |
| <b>Total Parent Depreciation and Amortisation</b> |  |  |  |                                      |                                      |

\* The adjustments column refers to the reversal of the work in progress balances from the previous year and the reclassification of heritage assets.

† Library collections was previously categorised as an operational asset at valuation. This is incorrect as we do not revalue the library collections. Council has therefore reclassified these as "at cost".

| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluation | Revaluation<br>Movements | Adjustments*<br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2012 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2012 | Carrying<br>Amount<br>Closing Bal<br>30 June 2012 |
|---------------------------------------|------------------------------|--|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's  | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | (6,089)                      | -  | 21,104                   | -  | 672,064                              | -  | 672,064   |
| -                                     | (1,375)                      | -  | (2,783)                  | -  | 56,725                               | -  | 56,725  |
| -                                     | 0                            | -  | 0                        | -  | 24,156                               | -  | 24,156  |
| -                                     | (781)                        | 1  | 1,626                    | -  | 23,911                               | -  | 23,911  |
| -                                     | (217)                        | -  | 363                      | -  | 11,664                               | -  | 11,664  |
| -                                     | (61)                         | -  | 28                       | -  | 1,058                                | -  | 1,058   |
| -                                     | (1,085)                      | 4  | 7,769                    | -  | 38,437                               | -  | 38,437  |
| -                                     | (231)                        | 46   |                          | (102)  | 1,088                                | (842)  | 246   |
| -                                     | -                            | -  | -                        | (1,007)  | 3,899                                |  | 3,899   |
| -                                     | <b>(9,840)</b>               | <b>51</b>  | <b>28,107</b>            | <b>(1,109)</b>   | <b>833,002</b>                       | <b>(842)</b>   | <b>832,160</b>                                    |
| -                                     | -                            | -  | (240)                    | -  | 1,466                                | -  | 1,466   |
| -                                     | -                            | -  | (293)                    | -  | 1,919                                | -  | 1,919   |
| -                                     | -                            | -  | (54)                     | -  | 597                                  | -  | 597   |
| -                                     | -                            | -  | (29)                     | -  | 403                                  | -  | 403   |
| -                                     | -                            | -  | 117                      | -  | 293                                  | -  | 293   |
| -                                     | -                            | -  | <b>(499)</b>             | -  | <b>4,678</b>                         | -  | <b>4,678</b>                                      |
| -                                     | <b>(11,791)</b>              | <b>186</b>   | <b>31,860</b>            | <b>(2,808)</b>   | <b>873,441</b>                       | <b>(5,160)</b>   | <b>868,280</b>                                    |
|                                       | (91)                         |  |                          |  |                                      |  |   |
|                                       | <b>(11,882)</b>              |  |                          |  |                                      |  |   |

## Consolidated 2012

|   | Cost or Valuation<br>Opening Bal<br>1 July 2011<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2011<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2011<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|---|--|--|--|--------------------------------------|--------------------------------------|
| <b>Operational Assets</b>                               |  |  |  |                                      |                                      |
| <b>At Valuation</b>                                     |  |  |  |                                      |                                      |
| Buildings   | 15,239   | (2,218)  | 13,021   | 2,198                                | (12)                                 |
| Heritage  | 2,753  | (130)  | 2,623  | -                                    | -                                    |
| Land  | 11,000   | -  | 11,000   | 210                                  | -                                    |
| Motor Vehicles  | 4,613  | -  | 4,613  | 798                                  | (115)                                |
| Plant and Machinery                                     | 9,646  | -  | 9,646  | 691                                  | (186)                                |
| <b>At Cost</b>  |  |  |  |                                      |                                      |
| Buildings   | 1,478  | (334)  | 1,144  | 21                                   | -                                    |
| Computer Equipment                                      | 2,186  | (1,770)  | 416  | 140                                  | -                                    |
| Fibre Cabling & Conduits                                | 1,051  | (98)   | 953  | -                                    | -                                    |
| Furniture and Fittings                                  | 682  | (611)  | 71   | 55                                   | -                                    |
| Library Collections                                     | 1,104  | (796)  | 308  | 96                                   | -                                    |
| Motor Vehicles  | 1,238  | (639)  | 599  | 428                                  | (170)                                |
| Plant and Machinery                                     | 4,283  | (2,266)  | 2,017  | 286                                  | (43)                                 |
| Swimming Pools  | 384  | (123)  | 261  | 34                                   | -                                    |
| Work in Progress  | 157  | -  | 157  | 113                                  | -                                    |
| <b>Total Operational Assets</b>                         | <b>55,815</b>  | <b>(8,985)</b>   | <b>46,830</b>  | <b>5,071</b>                         | <b>(525)</b>                         |
| <b>Total Restricted Assets</b>                          | <b>5,177</b>   | <b>-</b>   | <b>5,177</b>   | <b>-</b>                             | <b>-</b>                             |
| <b>Total Infrastructural Assets</b>                     | <b>805,667</b>   | <b>(657)</b>   | <b>805,010</b>   | <b>10,169</b>                        | <b>(224)</b>                         |
| <b>Total Consolidated Assets</b>                        | <b>866,659</b>   | <b>(9,642)</b>   | <b>857,017</b>   | <b>15,240</b>                        | <b>(749)</b>                         |
| Plus Intangible Amortisation                            |  |  |  |                                      |                                      |
| <b>Total Consolidated Depreciation and Amortisation</b> |  |  |  |                                      |                                      |

| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluations | Revaluation<br>Movements | Adjustments <sup>#</sup><br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2012 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2012 | Carrying<br>Amount<br>Closing Bal<br>30 June 2012 |
|---------------------------------------|------------------------------|---|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's   | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | (1,212)                      | -   | 4,276                    | (270)  | 18,045                               | (43)   | 18,002  |
| -                                     | (128)                        | -   | 161                      | (433)  | 2,223                                | -  | 2,223   |
| -                                     | -                            | -   | 326                      | (935)  | 10,601                               | -  | 10,601  |
| -                                     | (1,028)                      | -   | -                        | -  | 5,296                                | (1,028)  | 4,268   |
| -                                     | (1,040)                      | -   | -                        | -  | 10,152                               | (1,040)  | 9,112   |
| -                                     | (39)                         | -   | -                        | -  | 1,500                                | (373)  | 1,126   |
| -                                     | (172)                        | -   | -                        | -  | 2,311                                | (1,927)  | 384   |
| -                                     | (38)                         | -   | -                        | -  | 1,051                                | (136)  | 915   |
| -                                     | (20)                         | -   | -                        | -  | 737                                  | (631)  | 106   |
| -                                     | (104)                        | -   | -                        | -  | 1,200                                | (900)  | 300   |
| -                                     | (154)                        | 138   | -                        | -  | 1,410                                | (569)  | 840   |
| -                                     | (435)                        | (3)   | -                        | 102  | 4,643                                | (2,719)  | 1,924   |
| -                                     | (12)                         | -   | -                        | -  | 418                                  | (135)  | 283   |
| -                                     | -                            | -   | -                        | (163)  | 107                                  | -  | 107   |
| -                                     | <b>(4,385)</b>               | <b>135</b>  | <b>4,763</b>             | <b>(1,699)</b>   | <b>59,694</b>                        | <b>(9,502)</b>   | <b>50,192</b>                                     |
| -                                     | -                            | -   | <b>(499)</b>             | -  | <b>4,678</b>                         | -  | <b>4,678</b>                                      |
| -                                     | <b>(9,840)</b>               | <b>51</b>   | <b>28,107</b>            | <b>(1,109)</b>   | <b>833,002</b>                       | <b>(842)</b>   | <b>832,159</b>                                    |
| -                                     | <b>(14,225)</b>              | <b>186</b>  | <b>32,371</b>            | <b>(2,808)</b>   | <b>897,374</b>                       | <b>(10,345)</b>  | <b>887,028</b>                                    |
|                                       | (182)                        |   |                          |  |                                      |  |   |
|                                       | <b>(14,407)</b>              |   |                          |  |                                      |  |   |

## Council 2011

|                                    | Cost or Valuation<br>Opening Bal<br>1 July 2010<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2010<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2010<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|------------------------------------|--|--|--|--------------------------------------|--------------------------------------|
| <b>Operational Assets</b>          |  |  |  |                                      |                                      |
| <b>At Valuation</b>                |  |  |  |                                      |                                      |
| Buildings                          | 15,721   | (1,219)  | 14,502   | 111                                  | (430)                                |
| Land                               | 10,016   | -  | 10,016   | 36                                   | (49)                                 |
| Heritage                           | -  | -  | -  | -                                    | -                                    |
| <b>At Cost</b>                     |  |  |  |                                      |                                      |
| Computer Equipment                 | 1,264  | (929)  | 335  | 164                                  | (48)                                 |
| Fibre Cabling & Conduits           | 1,046  | (59)   | 987  | 5                                    | -                                    |
| Furniture and Fittings             | 572  | (542)  | 30   | 16                                   | -                                    |
| Library Collections†               | 1,006  | (705)  | 301  | 98                                   | -                                    |
| Motor Vehicles                     | 1,136  | (576)  | 560  | 175                                  | (73)                                 |
| Plant and Machinery                | 1,420  | (531)  | 889  | 127                                  | (2)                                  |
| Swimming Pools                     | 362  | (115)  | 247  | 22                                   | -                                    |
| Work in Progress                   | 76   | -  | 76   | 140                                  | -                                    |
| <b>Total Operational Assets</b>    | <b>32,619</b>  | <b>(4,676)</b>   | <b>27,943</b>  | <b>894</b>                           | <b>(602)</b>                         |
| <b>Infrastructure Assets</b>       |  |  |  |                                      |                                      |
| <b>At Valuation</b>                |  |  |  |                                      |                                      |
| Road Network                       | 615,918  | -  | 615,918  | 5,643                                | -                                    |
| Road Bridges and Culverts          | 55,952   | -  | 55,952   | 29                                   | -                                    |
| Road Land                          | 24,156   | -  | 24,156   | -                                    | -                                    |
| Sewerage Systems                   | 22,475   | -  | 22,475   | 306                                  | -                                    |
| Stormwater Systems                 | 11,052   | -  | 11,052   | -                                    | -                                    |
| Street-lighting                    | 1,067  | -  | 1,067  | 17                                   | -                                    |
| Waste Management                   | 502  | (376)  | 126  | 689                                  | -                                    |
| Water Supply Systems               | 30,086   | -  | 30,086   | 1,093                                | (208)                                |
| <b>At Cost</b>                     |  |  |  |                                      |                                      |
| Work in Progress                   | 1,324  | -  | 1,324  | 2,264                                | -                                    |
| <b>Total Infrastructure Assets</b> | <b>762,532</b>   | <b>(376)</b>   | <b>762,156</b>   | <b>10,041</b>                        | <b>(208)</b>                         |



| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluation | Revaluation<br>Movements | Adjustments*<br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2011 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2011 | Carrying<br>Amount<br>Closing Bal<br>30 June 2011 |
|---------------------------------------|------------------------------|--|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's  | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | (1,078)                      | 80   | -                        | (1,402)  | 14,000                               | (2,219)  | 11,781  |
| -                                     | -                            | -  | -                        | (433)  | 9,570                                | -  | 9,570   |
| -                                     | (130)                        | -  | -                        | 2,753  | 2,753                                | (130)  | 2,623   |
| -                                     | (143)                        | 48   | -                        | -  | 1,380                                | (1,023)  | 356   |
| -                                     | (39)                         | -  | -                        | -  | 1,051                                | (98)   | 953   |
| -                                     | (14)                         | -  | -                        | -  | 588                                  | (556)  | 32  |
| -                                     | (91)                         | -  | -                        | -  | 1,104                                | (796)  | 308   |
| -                                     | (136)                        | 73   | -                        | -  | 1,238                                | (640)  | 599   |
| -                                     | (136)                        | 2  | -                        | -  | 1,545                                | (666)  | 880   |
| -                                     | (8)                          | -  | -                        | -  | 384                                  | (123)  | 261   |
| -                                     | -                            | -  | -                        | (59)   | 157                                  | -  | 157   |
| -                                     | <b>(1,775)</b>               | <b>203</b>   | -                        | <b>859</b>   | <b>33,770</b>                        | <b>(6,250)</b>   | <b>27,521</b>                                     |
| -                                     | (5,562)                      | -  | 34,406                   | -  | 650,405                              | -  | 650,405   |
| -                                     | (1,289)                      | -  | 6,473                    | (841)  | 60,323                               | -  | 60,323  |
| -                                     | -                            | -  | -                        | -  | 24,156                               | -  | 24,156  |
| -                                     | (733)                        | -  | 865                      | -  | 22,913                               | -  | 22,913  |
| -                                     | (204)                        | -  | 551                      | -  | 11,399                               | -  | 11,399  |
| -                                     | (58)                         | -  | 65                       | -  | 1,091                                | -  | 1,091   |
| -                                     | (281)                        | -  | -                        | -  | 1,191                                | (657)  | 533   |
| -                                     | (1,031)                      | 8  | 1,713                    | -  | 31,661                               | -  | 31,661  |
| -                                     | -                            | -  | -                        | (1,059)  | 2,529                                | -  | 2,529   |
| -                                     | <b>(9,158)</b>               | <b>8</b>   | <b>44,073</b>            | <b>(1,900)</b>   | <b>805,668</b>                       | <b>(657)</b>   | <b>805,010</b>                                    |

|   | Cost or Valuation<br>Opening Bal<br>1 July 2010<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2010<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2010<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|---|--|--|--|--------------------------------------|--------------------------------------|
| <b>Restricted Assets</b>                          |  |  |  |                                      |                                      |
| <b>At Valuation</b>                               |  |  |  |                                      |                                      |
| Cemetery Reserves                                 | 1,706  | -  | 1,706  | -                                    | -                                    |
| Parks and Reserves                                | 2,212  | -  | 2,212  | -                                    | -                                    |
| Roading Reserves                                  | 651  | -  | 651  | -                                    | -                                    |
| Sundry Reserves                                   | 432  | -  | 432  | -                                    | -                                    |
| War Memorials                                     | 253  | -  | 253  | -                                    | -                                    |
| <b>Total Restricted Assets</b>                    | <b>5,254</b>   | <b>-</b>   | <b>5,254</b>   | <b>-</b>                             | <b>-</b>                             |
| <b>Total Council Assets</b>                       | <b>800,405</b>   | <b>(5,052)</b>   | <b>795,353</b>   | <b>10,935</b>                        | <b>(810)</b>                         |
| Plus Intangible Amortisation                      |  |  |  |                                      |                                      |
| <b>Total Parent Depreciation and Amortisation</b> |  |  |  |                                      |                                      |

\* The adjustments column refers to the reversal of the work in progress balances from the previous year and the reclassification of heritage assets.

† Library collections was previously categorised as an operational asset at valuation. This is incorrect as we do not revalue the library collections. Council has therefore reclassified these as "at cost".

| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluation | Revaluation<br>Movements | Adjustments*<br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2011 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2011 | Carrying<br>Amount<br>Closing Bal<br>30 June 2011 |
|---------------------------------------|------------------------------|--|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's  | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | -                            | -  | -                        | -  | 1,706                                | -  | 1,706   |
| -                                     | -                            | -  | -                        | -  | 2,212                                | -  | 2,212   |
| -                                     | -                            | -  | -                        | -  | 651                                  | -  | 651   |
| -                                     | -                            | -  | -                        | -  | 432                                  | -  | 432   |
| -                                     | -                            | -  | -                        | (77)   | 176                                  | -  | 176   |
| -                                     | -                            | -  | -                        | (77)   | 5,177                                | -  | 5,177   |
| -                                     | (10,934)                     | 211  | 44,073                   | (1,118)  | 844,614                              | (6,906)  | 837,708   |
|                                       | (57)                         |  |                          |  |                                      |  |   |
|                                       | (10,991)                     |  |                          |  |                                      |  |   |

## Consolidated 2011

|   | Cost or Valuation<br>Opening Bal<br>1 July 2010<br>\$000's | Accumulated<br>Depreciation<br>Opening Bal<br>1 July 2010<br>\$000's | Carrying Amount<br>Opening Bal<br>1 July 2010<br>\$000's | Current Year<br>Additions<br>\$000's | Current Year<br>Disposals<br>\$000's |
|---|--|--|--|--------------------------------------|--------------------------------------|
| <b>Operational Assets</b>                               |  |  |  |                                      |                                      |
| <b>At Valuation</b>                                     |  |  |  |                                      |                                      |
| Buildings   | 17,003   | (1,255)  | 15,748   | 111                                  | (430)                                |
| Land  | 11,419   | -  | 11,419   | 36                                   | (49)                                 |
| Motor Vehicles  | 6,036  | (1,511)  | 4,526  | 32                                   | (80)                                 |
| Plant and Machinery                                     | 10,994   | (1,733)  | 9,261  | -                                    | (26)                                 |
| Heritage  | -  | -  | -  | -                                    | -                                    |
| <b>At Cost</b>  |  |  |  |                                      |                                      |
| Buildings   | 1,466  | (294)  | 1,172  | 12                                   | -                                    |
| Computer Equipment                                      | 2,054  | (1,567)  | 488  | 180                                  | (49)                                 |
| Fibre Cabling & Conduits                                | 1,046  | (59)   | 987  | 5                                    | -                                    |
| Furniture and Fittings                                  | 670  | (584)  | 86   | 17                                   | (1)                                  |
| Land  | 143  | -  | 143  | -                                    | -                                    |
| Library Collections                                     | 1,006  | (705)  | 301  | 98                                   | -                                    |
| Motor Vehicles  | 1,136  | (576)  | 560  | 175                                  | (73)                                 |
| Plant and Machinery                                     | 4,277  | (1,900)  | 2,377  | 181                                  | (21)                                 |
| Swimming Pools  | 362  | (115)  | 247  | 22                                   | -                                    |
| Work in Progress  | 76   | -  | 76   | 140                                  | -                                    |
| <b>Total Operational Assets</b>                         | <b>57,688</b>  | <b>(10,299)</b>  | <b>47,389</b>  | <b>1,009</b>                         | <b>(729)</b>                         |
| <b>Total Infrastructural Assets</b>                     | <b>762,532</b>   | <b>(376)</b>   | <b>762,156</b>   | <b>10,040</b>                        | <b>(208)</b>                         |
| <b>Total Restricted Assets</b>                          | <b>5,254</b>   | <b>-</b>   | <b>5,254</b>   | <b>-</b>                             | <b>-</b>                             |
| <b>Total Consolidated Assets</b>                        | <b>825,474</b>   | <b>(10,675)</b>  | <b>814,799</b>   | <b>11,049</b>                        | <b>(937)</b>                         |
| Plus Intangible Amortisation                            |  |  |  |                                      |                                      |
| <b>Total Consolidated Depreciation and Amortisation</b> |  |  |  |                                      |                                      |

| Current Year<br>Impairment<br>Changes | Current Year<br>Depreciation | Reverse<br>Accum. Depn<br>on Sales or<br>Revaluations | Revaluation<br>Movements | Adjustments <sup>#</sup><br>(Allocate WIP)<br>(Re-Class<br>Assets) | Cost or<br>Valuation<br>30 June 2011 | Accum. Depn<br>& Impairment<br>Closing Bal<br>30 June 2011 | Carrying<br>Amount<br>Closing Bal<br>30 June 2011 |
|---------------------------------------|------------------------------|---|--------------------------|--|--------------------------------------|--|---|
| \$000's                               | \$000's                      | \$000's   | \$000's                  | \$000's  | \$000's                              | \$000's  | \$000's   |
| -                                     | (1,119)                      | 156   | 29                       | (1,399)  | 15,239                               | (2,218)  | 13,021  |
| -                                     | -                            | -   | (116)                    | (433)  | 10,858                               | -  | 10,858  |
| -                                     | (713)                        | 2,224   | 849                      | -  | 4,613                                | -  | 4,613   |
| -                                     | (805)                        | 2,538   | 1,104                    | 112  | 9,646                                | -  | 9,646   |
| -                                     | (130)                        | -   | -                        | 2,753  | 2,753                                | (130)  | 2,623   |
| -                                     | (40)                         | -   | -                        | -  | 1,478                                | (334)  | 1,144   |
| -                                     | (252)                        | 48  | -                        | -  | 2,186                                | (1,770)  | 416   |
| -                                     | (39)                         | -   | -                        | -  | 1,051                                | (98)   | 953   |
| -                                     | (27)                         | -   | -                        | (3)  | 682                                  | (611)  | 71  |
| -                                     | -                            | -   | -                        | -  | 143                                  | -  | 143   |
| -                                     | (91)                         | -   | -                        | -  | 1,104                                | (796)  | 308   |
| -                                     | (136)                        | 73  | -                        | -  | 1,238                                | (639)  | 599   |
| -                                     | (409)                        | 2   | -                        | (112)  | 4,310                                | (2,292)  | 2,017   |
| -                                     | (8)                          | -   | -                        | -  | 384                                  | (123)  | 261   |
| -                                     | -                            | -   | -                        | (59)   | 157                                  | -  | 157   |
|                                       | <b>(3,768)</b>               | <b>5,040</b>  | <b>1,866</b>             | <b>859</b>   | <b>55,841</b>                        | <b>(9,012)</b>   | <b>46,829</b>                                     |
| -                                     | <b>(9,158)</b>               | <b>8</b>  | <b>44,073</b>            | <b>(1,900)</b>   | <b>805,667</b>                       | <b>(657)</b>   | <b>805,010</b>                                    |
| -                                     | -                            | -   | -                        | <b>(77)</b>  | <b>5,177</b>                         | -  | <b>5,177</b>                                      |
| -                                     | <b>(12,926)</b>              | <b>5,048</b>  | <b>45,939</b>            | <b>(1,118)</b>   | <b>866,685</b>                       | <b>(9,669)</b>   | <b>857,016</b>                                    |
|                                       | (157)                        |   |                          |  |                                      |  |   |
|                                       | <b>(13,083)</b>              |   |                          |  |                                      |  |   |

# 18. Intangible Assets

## Intangibles on Easements

|                     | Cost<br>\$000 | Accumulated<br>amortisation<br>impairment<br>expense<br>\$000 | Opening<br>carrying<br>amount<br>\$000 | Additions<br>\$000 | Disposals/<br>transfers<br>\$000 | Amortisation<br>impairment<br>expense<br>\$000 | Closing<br>balance<br>\$000 |
|---------------------|---------------|---|--|--------------------|----------------------------------|--|-----------------------------|
| <b>Council</b>      |               |   |  |                    |                                  |  |                             |
| <b>2011/12</b>      |               |   |  |                    |                                  |  |                             |
| Computer Software   | 1024          | (562)   | 462                                    | 195                | -                                | (91)   | 566                         |
| Intangible WIP      | 4             | -   | 4                                      | 80                 | -                                | -  | 84                          |
| <b>Total</b>        | <b>1028</b>   | <b>(562)</b>  | <b>466</b>                             | <b>275</b>         | <b>-</b>                         | <b>(91)</b>                                    | <b>650</b>                  |
| <b>2010/11</b>      |               |   |  |                    |                                  |  |                             |
| Computer Software   | 590           | (505)   | 85                                     | 434                | -                                | (57)   | 462                         |
| Intangible WIP      | 193           | -   | 193                                    | 4                  | (193)                            | -  | 4                           |
| <b>Total</b>        | <b>783</b>    | <b>(505)</b>  | <b>278</b>                             | <b>438</b>         | <b>(193)</b>                     | <b>(57)</b>                                    | <b>466</b>                  |
| <b>Consolidated</b> |               |   |  |                    |                                  |  |                             |
| <b>2011/12</b>      |               |   |  |                    |                                  |  |                             |
| Computer Software   | 1,662         | (883)   | 779                                    | 203                | -                                | (143)  | 839                         |
| Intangible WIP      | 4             | -   | 4                                      | 80                 | -                                | -  | 84                          |
| Resource Consent    | 659           | (350)   | 309                                    | -                  | -                                | (39)   | 270                         |
| <b>Total</b>        | <b>2,325</b>  | <b>(1,233)</b>  | <b>1,092</b>                           | <b>283</b>         | <b>-</b>                         | <b>(182)</b>                                   | <b>1,193</b>                |
| <b>2010/11</b>      |               |   |  |                    |                                  |  |                             |
| Computer Software   | 1,133         | (770)   | 363                                    | 533                | -                                | (118)  | 778                         |
| Computer Software   | 193           | -   | 193                                    | -                  | (193)                            | -  | -                           |
| Intangible WIP      | -             | -   | -                                      | 4                  | -                                | -  | 4                           |
| Resource Consent    | 659           | (311)   | 348                                    | -                  | -                                | (39)   | 309                         |
| <b>Total</b>        | <b>1,985</b>  | <b>(1,081)</b>  | <b>904</b>                             | <b>537</b>         | <b>(193)</b>                     | <b>(157)</b>                                   | <b>1,092</b>                |

Easements have not been valued as the total estimated value (number of easements 20 @ \$1000) of \$20,000 is not material.

## 19. Creditors and Other Payables

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Trade payables  | 1,048                         | 1,869                         | 6,582                              | 4,274                              |
| Amounts payable to related parties including their retentions (note 28) | 1,283                         | 1,263                         | 1                                  | -                                  |
| Revenue in advance from customers                                       | 102                           | 109                           | 203                                | 266                                |
| Interest Accrued  | 29                            | 19                            | 29                                 | 19                                 |
| Amounts payable to contractors as retentions                            | 190                           | 270                           | 190                                | 270                                |
| Other payables  | -                             | -                             | -                                  | -                                  |
| <b>Total trade and other payables</b>                                   | <b>2,652</b>                  | <b>3,531</b>                  | <b>7,005</b>                       | <b>4,830</b>                       |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore, the carrying value of trade and other payables approximates their fair value.

## 20. Provision for Landfill Aftercare

The Council, as operator and past-operator of six landfills, has a legal obligation under the various resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure.

A provision for post-closure costs is recognised as a liability when the obligation for post-closure cash flows arise.

The closure date of the landfills is the lesser of estimated life or the end of current resource consents to operate the landfill.

The cash outflows for landfill post-closure costs are expected to occur over the next 41 years. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account known future technology and is discounted using a discount rate of 6.29% (2011: 6.11%).

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Non current</b>                      |                               |                               |                                    |                                    |
| <b>Landfill aftercare provision</b>     |                               |                               |                                    |                                    |
| Opening Balance                         | 250                           | 726                           | 250                                | 726                                |
| Additional provisions during the year   | 476                           | -                             | 476                                | -                                  |
| Amounts used during the year            | -                             | (24)                          | -                                  | (24)                               |
| Unused amounts reversed during the year | -                             | -                             | -                                  | -                                  |
| Discount unwinding                      | -                             | (57)                          | -                                  | (57)                               |
| <b>Closing balance</b>                  | <b>726</b>                    | <b>645</b>                    | <b>726</b>                         | <b>645</b>                         |

|                                 | Opening<br>Date | Closure<br>Date | After Care<br>Until | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---------------------------------|-----------------|-----------------|---------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Woodville Landfill              | 1960            | 1997            | 2027                | 43                            | 40                            | 43                                 | 40                                 |
| Pahiatua Landfill               | 1973            | 2012            | 2042                | 117                           | 117                           | 117                                | 117                                |
| Ormondville Landfill            | 1963            | 2000            | 2030                | 48                            | 47                            | 48                                 | 47                                 |
| Eketahuna Landfill              | 1971            | 2018            | 2048                | 196                           | 195                           | 196                                | 195                                |
| Pongaroa Landfill               | 1973            | 2021            | 2051                | 178                           | 178                           | 178                                | 178                                |
| Dannevirke Landfill             | 1973            | 2012            | 2042                | 144                           | 68                            | 144                                | 68                                 |
| <b>Total Landfill Liability</b> |                 |                 |                     | <b>726</b>                    | <b>645</b>                    | <b>726</b>                         | <b>645</b>                         |

| Council<br>\$000's                  | Carrying<br>Amount<br>Brought<br>Forward<br>\$000's | Provision<br>Made Over<br>the Period<br>\$000's | Amount<br>Used<br>\$000's | Balance<br>\$000's |
|-------------------------------------|---|---|---------------------------|--------------------|
| 43 Woodville Landfill               | 43  | 3   | (6)                       | 40                 |
| 117 Pahiatua Landfill               | 117   | 8   | (8)                       | 117                |
| 48 Ormondville Landfill             | 48  | 3   | (4)                       | 47                 |
| 196 Eketahuna Landfill              | 196   | 12  | (13)                      | 195                |
| 178 Pongaroa Landfill               | 178   | 11  | (11)                      | 178                |
| 144 Dannevirke Landfill             | 144   | 8   | (84)                      | 68                 |
| <b>726 Total Landfill Liability</b> | <b>726</b>  | <b>45</b>                                       | <b>(126)</b>              | <b>645</b>         |



## 21. Provision – Site Restoration

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Balance at 1 July                          | -                             | -                             | 60                                 | 60                                 |
| Additional Provisions made during the year | -                             | -                             | -                                  | -                                  |
| Amounts used during the year               | -                             | -                             | -                                  | -                                  |
| Unused amounts reversed during the year    | -                             | -                             | -                                  | -                                  |
| <b>Balance at 30 June</b>                  | <b>-</b>                      | <b>-</b>                      | <b>60</b>                          | <b>60</b>                          |

Infracon Limited has recognised a provision for reinstatement at the Mangamaire Quarry site. Mangamaire is a land based aggregate extraction site. The provision is based on current assumptions of the costs required to restore the site to the requirements under the resource consent. The associated costs are earthworks and regrassing. The provision is reviewed each year and any increases in reinstatement provisions are recognised when identified. There is no indication that the reinstatement will be required in the near future.

## 22. Borrowings

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Current</b>  |                               |                               |                                    |                                    |
| Bank Overdraft (Infracon - current rate of interest is 11.20% (last year 11.20%)) | -                             | -                             | 43                                 | -                                  |
| Secured Loans   | 5,000                         | 5,000                         | 6,012                              | 5,133                              |
| <b>Total Current Borrowings</b>   | <b>5,000</b>                  | <b>5,000</b>                  | <b>6,055</b>                       | <b>5,133</b>                       |
| <b>Non-current</b>  |                               |                               |                                    |                                    |
| Derivative Financial Instruments  | 53                            | 396                           | 53                                 | 396                                |
| Secured Loans   | 5,000                         | 5,000                         | 5,000                              | 5,500                              |
| <b>Total Non-current Borrowings</b>   | <b>5,053</b>                  | <b>5,396</b>                  | <b>5,053</b>                       | <b>5,896</b>                       |
| <b>Total Borrowings</b>   | <b>10,053</b>                 | <b>10,396</b>                 | <b>11,108</b>                      | <b>11,029</b>                      |

### Fixed-Rate Borrowings

|                                     | Maturity Date | Interest Rate<br>2010/11 | Interest Rate<br>2011/12 | Actual<br>2010/11 | Actual<br>2011/12 |
|-------------------------------------|---------------|--------------------------|--------------------------|-------------------|-------------------|
| <b>Current</b>                      |               |                          |                          |                   |                   |
| Capped Ranged Rate Term Loan        | 16 July 2012  | 4.55%                    | 4.65%                    | 2,000             | 2,000             |
| Fixed Rate Term Loan                | 15 Sept 2011  | 8.21%                    | -                        | 2,000             | -                 |
| Fixed Rate Term Loan                | 16 Sept 2012  | 6.47%                    | -                        | 1,000             | -                 |
| Multi Option Credit Facility        | 24 Sept 2012  | -                        | 3.78%                    | -                 | 3,000             |
| <b>Total Current Borrowings</b>     |               |                          |                          | <b>5,000</b>      | <b>5,000</b>      |
| <b>Non-current</b>                  |               |                          |                          |                   |                   |
| Fixed Rate Term Loan                | 15 Sept 2015  | -                        | -                        | -                 | -                 |
| Fixed Rate Term Loan                | 16 Sept 2012  | -                        | -                        | -                 | -                 |
| Capped Range Rate Term Loan         | 31 Mar 2014   | 5.84%                    | 5.84%                    | 5,000             | 5,000             |
| <b>Total Non-current Borrowings</b> |               |                          |                          | <b>5,000</b>      | <b>5,000</b>      |
| <b>Total Borrowings</b>             |               |                          |                          | <b>10,000</b>     | <b>10,000</b>     |

### Secured Loans

The Council's secured debt of \$10 million (2011: \$10 million) is mostly issued at fixed rates of interest.

For capped range rate term loan interest, rates are reset on a monthly basis and kept within the capped range as per agreement with the bank.

### Security

Any overdraft is secured against rates. The maximum amount that can be drawn down against the overdraft facility is \$500,000 (2011: \$500,000), however, it is "loaded" at \$200,000 to trigger review if this amount is exceeded. There are no restrictions on the use of this facility.

Council term loans are secured by special rates over the rateable land value of the Tararua district.

|  | 2011<br>\$000's | 2012<br>\$000's |
|--|-----------------|-----------------|
| <b>Other borrowing facilities and amount drawn down as at 30 June 2012</b> |                 |                 |
| Committed cash advance facility – standby disaster relief facility         | 5,000           | 5,000           |
| Multi Option Credit Line Facility  | -               | -               |
| Overdraft facility (\$500,000 approved but only \$200,000 limited loaded)  | 300             | 300             |
| BNZ Business Visa (\$50,000 limit)   | 29              | 29              |
| <b>Liabilities outstanding under Letter of Credit</b>                      |                 |                 |
| None   | -               | -               |
| <b>Outstanding commitments on forward exchange contracts</b>               |                 |                 |
| None   | -               | -               |

## Refinancing

Council manages its borrowings in accordance with its Funding and Financial Policies, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long-Term Council Community Plan.

## Infracon

### Terms and Conditions

Term liabilities and bank overdraft facility are secured over the fixed assets of the company by a First Registered Debenture held by the Bank of New Zealand and Registered First Mortgage over 17 hectare farm and quarry at Mangamaire Road, Registered First Mortgage over property at Lindsay Road, Waipukurau, Registered First Mortgage over property situated at Makirikiri Road, Dannevirke, Registered First Mortgage over property situated at Pahiatua-Managhao Road Pahiatua and Master Instrument by Way of Security over the specific assets listed on the Credit Plus Facility Asset Schedule.

### Bank Overdraft

The current interest rate on the bank overdraft is 11.2% per annum (2011: 11.2%).

The bank overdraft facility drawn down at balance date was \$NIL (2011: \$42,953).

### Credit Plus Facility

The credit Plus facility is a revolving credit facility. The available limit at balance date was \$1,809,602. The credit plus facility was drawn on at balance date was \$107,000 (2011: \$160,000).

### Assets Pledged as Security

The carrying amounts of assets pledged as security for current and non current liabilities are:

|                            | \$         |
|----------------------------|------------|
| Land                       | 1,085,500  |
| Buildings                  | 1,042,041  |
| Property Plant & Equipment | 15,382,611 |

The carrying amount of borrowings repayable within one year approximate their fair value.

Tararua Forests Ltd and TDC Holdings Limited do not have any borrowings.

## Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of Council and Group's borrowings. There are no early repayment options.

|  | Overdraft<br>Council | Secured Loans | Consolidated  |
|--|----------------------|---------------|---------------|
| <b>Expense Interest Rates 2012</b>               |                      |               |               |
| Less than one year                               | -                    | 5,000         | 5,133         |
| weighted average effective interest rate         | -                    | 4.13%         | 4.18%         |
| Later than one year but not more than five years | -                    | 5,000         | 5,500         |
| weighted average effective interest rate         | -                    | 5.84%         | 5.84%         |
| Later than five years                            | -                    | -             | -             |
| weighted average effective interest rate         | -                    | -             | -             |
|  | -                    | <b>10,000</b> | <b>10,633</b> |
| <b>Expense Interest Rates 2011</b>               |                      |               |               |
| Less than one year                               | -                    | 5,000         | 6,012         |
| weighted average effective interest rate         | N/A                  | 6.40%         | 6.64%         |
| Later than one year but not more than five years | -                    | 5,000         | 5,000         |
| weighted average effective interest rate         | N/A                  | 5.84%         | 5.84%         |
| Later than five years                            | -                    | -             | -             |
| weighted average effective interest rate         | N/A                  | -             | -             |
|  | -                    | <b>10,000</b> | <b>11,012</b> |

## 23. Equity

Summary of Equity Movements – a supplementary explanation to the Statement of Movements in Equity.

|  | Council<br>Accum<br>Funds<br>000's | Council<br>Asset<br>Rev. Res<br>000's | Council<br>Special<br>Funded<br>Reserves<br>000's | Council<br>Trusts<br>000's | Council<br>Total<br>Equity<br>000's | Consoli-<br>dated<br>Total<br>Equity<br>000's |
|--|------------------------------------|---------------------------------------|---|----------------------------|-------------------------------------|---|
| <b>2012</b>  |                                    |                                       |   |                            |                                     |   |
| <b>Balance at 1 July</b>   | <b>364,077</b>                     | <b>466,713</b>                        | <b>14,028</b>                                     | <b>30</b>                  | <b>844,848</b>                      | <b>860,950</b>                                |
| Net surplus/(deficit) for the year                                       | (1,461)                            | -                                     | -   | -                          | (1,461)                             | (2,983)                                       |
| Less dividend declared   | -                                  | -                                     | -   | -                          | -                                   | -   |
| Fair value through equity, valuation gains                               | (55)                               | -                                     | -   | -                          | (55)                                | (55)  |
| Increases/(decreases) from revaluation                                   | -                                  | 31,860                                | -   | -                          | 31,860                              | 32,339  |
| Tax on equity items  | -                                  | -                                     | -   | -                          | -                                   | -   |
| <b>Change in Equity for the year before transfers of equity reserves</b> | <b>(1,516)</b>                     | <b>31,860</b>                         | <b>-</b>  | <b>-</b>                   | <b>30,344</b>                       | <b>29,302</b>                                 |
| <b>Transfers between equity reserves:</b>                                |                                    |                                       |   |                            |                                     |   |
| Net Appropriation from Accum. Funds to Special Funds                     | (1,863)                            | -                                     | 1,863   | -                          | -                                   | -   |
| Net Appropriation to Accum. Funds from Trust Funds                       | (22)                               | -                                     | -   | 22                         | -                                   | -   |
| Net Transfers from Revaluation Reserves to Accum. Funds                  | 1,318                              | (1,318)                               | -   | -                          | -                                   | -   |
| <b>Total Change in Equity for the Period</b>                             | <b>(2,082)</b>                     | <b>30,542</b>                         | <b>1,863</b>                                      | <b>22</b>                  | <b>30,344</b>                       | <b>29,302</b>                                 |
| <b>Closing Equity at 30 June 2012</b>                                    |                                    |                                       |   |                            |                                     |   |
| Parent Financial Interest  | 361,994                            | 497,255                               | 15,891  | 52                         | 875,192                             | 884,890                                       |
| Minority Interest  | -                                  | -                                     | -   | -                          | -                                   | 5,362   |
| <b>Balance at 30 June</b>  | <b>361,994</b>                     | <b>497,255</b>                        | <b>15,891</b>                                     | <b>52</b>                  | <b>875,192</b>                      | <b>890,252</b>                                |
| <b>2011</b>  |                                    |                                       |   |                            |                                     |   |
| <b>Balance at 1 July</b>   | <b>368,021</b>                     | <b>422,914</b>                        | <b>10,918</b>                                     | <b>30</b>                  | <b>801,883</b>                      | <b>816,636</b>                                |
| Net surplus/(deficit) for the year                                       | (1,107)                            | -                                     | -   | -                          | (1,107)                             | (1,073)                                       |
| Less dividend declared   | -                                  | -                                     | -   | -                          | -                                   | -   |
| Fair value through equity, valuation gains                               | -                                  | -                                     | -   | -                          | -                                   | -   |
| Increases/(decreases) from revaluation                                   | -                                  | 44,073                                | -   | -                          | 44,073                              | 45,969  |
| Tax on equity items  | -                                  | -                                     | -   | -                          | -                                   | (583)   |
| <b>Change in Equity for the year before transfers of equity reserves</b> | <b>(1,107)</b>                     | <b>44,073</b>                         | <b>-</b>  | <b>-</b>                   | <b>42,966</b>                       | <b>44,314</b>                                 |
| <b>Transfers between equity reserves:</b>                                |                                    |                                       |   |                            |                                     |   |
| Net Appropriation from Accum. Funds to Special Funds                     | (3,110)                            | -                                     | 3,110   | -                          | -                                   | -   |
| Net Appropriation to Accum. Funds from Trust Funds                       | -                                  | -                                     | -   | -                          | -                                   | -   |
| Net Transfers from Revaluation Reserves to Accum. Funds                  | 274                                | (274)                                 | -   | -                          | -                                   | -   |
| <b>Total Change in Equity for the Period</b>                             | <b>(3,943)</b>                     | <b>43,800</b>                         | <b>3,110</b>                                      | <b>-</b>                   | <b>42,966</b>                       | <b>44,314</b>                                 |
| <b>Closing Equity at 30 June 2011</b>                                    |                                    |                                       |   |                            |                                     |   |
| Parent Financial Interest  | 364,077                            | 466,713                               | 14,028  | 30                         | 844,848                             | 855,190                                       |
| Minority Interest  | -                                  | -                                     | -   | -                          | -                                   | 5,760   |
| <b>Balance at 30 June</b>  | <b>364,077</b>                     | <b>466,713</b>                        | <b>14,028</b>                                     | <b>30</b>                  | <b>844,848</b>                      | <b>860,950</b>                                |

## 24. Revaluation Reserves

|   | Balance<br>1-Jul-11<br>\$000's | Revaluation<br>Deferred Tax<br>\$000's | Revaluation<br>Assets<br>Changes<br>\$000's | Disposals/<br>Value<br>Adjust.<br>\$000's | Balance<br>30-Jun-12<br>\$000's |
|---|--------------------------------|--|---|---|---------------------------------|
| <b>Council Revaluation Reserves</b>                               |                                |  |   |   |                                 |
| <b>Fixed Assets Revaluation Reserves</b>                          |                                |  |   |   |                                 |
| Operational: Land   | 7,793                          | -                                      | (144)                                       | (1,197)                                   | 6,452                           |
| Operational: Buildings  | 6,845                          | -                                      | 4,235                                       | (121)                                     | 10,959                          |
| Operational: Motor Vehicles                                       | -                              | -                                      | -   | -   | -                               |
| Operational: Plant & Equipment                                    | -                              | -                                      | -   | -   | -                               |
| Heritage Assets   | -                              | -                                      | 161   | 31  | 192                             |
| Reserves: Cemetery  | 1,314                          | -                                      | (240)                                       | -   | 1,074                           |
| Reserves: Parks and Reserves                                      | 1,764                          | -                                      | (293)                                       | -   | 1,472                           |
| Reserves: Roothing  | 530                            | -                                      | (54)  | -   | 476                             |
| Reserves: Sundry  | 361                            | -                                      | (29)  | -   | 332                             |
| Reserves: War Memorials   | 142                            | -                                      | 117   | (31)                                      | 227                             |
| Roothing Network  | 364,846                        | -                                      | 21,132                                      | -   | 385,976                         |
| Roothing Land   | 4,288                          | -                                      | -   | -   | 4,288                           |
| Bridges and Culverts  | 33,136                         | -                                      | (2,783)                                     | -   | 30,354                          |
| Stormwater  | 8,147                          | -                                      | 363   | -   | 8,510                           |
| Water Network   | 25,034                         | -                                      | 7,769                                       | -   | 32,803                          |
| Sewerage  | 12,514                         | -                                      | 1,626                                       | -   | 14,140                          |
| <b>Total Fixed Assets Revaluation Reserves</b>                    | <b>466,713</b>                 | <b>-</b>                               | <b>31,860</b>                               | <b>(1,318)</b>                            | <b>497,255</b>                  |
| <b>Share Revaluation Reserve</b>                                  |                                |  |   |   |                                 |
| Shares  | -                              | -                                      | -   | -   | -                               |
| <b>Total Share Revaluation Reserve</b>                            | <b>-</b>                       | <b>-</b>                               | <b>-</b>                                    | <b>-</b>                                  | <b>-</b>                        |
| <b>Total Revaluation Reserves - Council</b>                       | <b>466,713</b>                 | <b>-</b>                               | <b>31,860</b>                               | <b>(1,318)</b>                            | <b>497,255</b>                  |
| <b>Consolidated Revaluation Reserves</b>                          |                                |  |   |   |                                 |
| <b>Fixed Assets Revaluation Reserves</b>                          |                                |  |   |   |                                 |
| Council   | 466,713                        | -                                      | 31,860                                      | (1,318)                                   | 497,255                         |
| Other Entities  | 1,804                          | 26                                     | 479   | (91)                                      | 2,217                           |
| <b>Total Revaluation Reserves - Consolidated (Per Statements)</b> | <b>468,517</b>                 | <b>26</b>                              | <b>32,339</b>                               | <b>(1,409)</b>                            | <b>499,472</b>                  |
| Minority Interests  | 1,401                          | 13                                     | -   | (47)                                      | 1,367                           |
| <b>Revaluation Reserves including Minority Interests</b>          | <b>469,918</b>                 | <b>39</b>                              | <b>32,339</b>                               | <b>(1,456)</b>                            | <b>500,839</b>                  |

## 25. Special Funded Reserves

Special Funds are those funds, or reserves, which Council has established by resolutions, the terms of which restrict the use of the funds.

Each fund has been set up as a separate account to maintain a degree of independence from Council's General Funds.

|   | Balance<br>1-Jul-11<br>\$000's | Transfers<br>In<br>\$000's | Transfers<br>Out<br>\$000's | Transfer<br>Interest In<br>\$000's | Balance<br>30-Jun-12<br>\$000's |
|---|--------------------------------|----------------------------|-----------------------------|------------------------------------|---------------------------------|
| Tararua General Purpose                   | 1,096                          | 38                         | (436)                       | 26                                 | 724                             |
| Tararua Land Sub-division and Development | 4                              | -                          | (4)                         | -                                  | -                               |
| Council Depreciation                      | 8,598                          | 10,300                     | (8,909)                     | 110                                | 10,100                          |
| Tararua Emergency Roothing                | 1,909                          | -                          | -                           | 48                                 | 1,956                           |
| Tararua Gratuity                          | 288                            | -                          | -                           | 7                                  | 296                             |
| Tararua Housing                           | 285                            | 403                        | (11)                        | 8                                  | 685                             |
| Dannevirke Airport Authority              | (19)                           | 4                          | -                           | -                                  | (15)                            |
| Eketahuna Cemetery                        | 53                             | -                          | -                           | 1                                  | 54                              |
| Pahiatua Borough Lawn Cemetery            | 5                              | -                          | (40)                        | -                                  | (35)                            |
| Makuri Water Scheme                       | 7                              | -                          | -                           | -                                  | 7                               |
| Recreation Grant                          | 30                             | -                          | -                           | 1                                  | 30                              |
| Tenant Contribution (Debt Repayment)      | 614                            | 121                        | (25)                        | 15                                 | 725                             |
| Pongaroa Water Supply Depreciation        | 161                            | 10                         | (11)                        | 7                                  | 167                             |
| Heritage Reserve                          | 42                             | -                          | (5)                         | 1                                  | 38                              |
| Consultancy Depreciation                  | 180                            | 44                         | -                           | 5                                  | 229                             |
| Consultancy General                       | 101                            | 121                        | -                           | 3                                  | 225                             |
| Biodiversity Protection                   | 23                             | -                          | (30)                        | -                                  | (7)                             |
| Election                                  | (25)                           | 12                         | (3)                         | (1)                                | (16)                            |
| Water Development                         | (16)                           | -                          | (2)                         | -                                  | (19)                            |
| Waste Management                          | 77                             | 52                         | (57)                        | 2                                  | 74                              |
| TACT Wai Splash Depreciation              | 101                            | 1                          | (30)                        | 3                                  | 74                              |
| Sewerage Op Surplus Reserve               | 72                             | -                          | -                           | 2                                  | 74                              |
| Water Op Surplus Reserve                  | 63                             | -                          | -                           | 2                                  | 65                              |
| Bush Multisport Depreciation              | 63                             | 40                         | -                           | 1                                  | 104                             |
| Domain Boards Bank Balances               | 316                            | 38                         | -                           | -                                  | 354                             |
| <b>Total Council</b>                      | <b>14,028</b>                  | <b>11,184</b>              | <b>(9,563)</b>              | <b>241</b>                         | <b>15,891</b>                   |

### Summary of Special Fund Movements

|                      | Balance<br>1-Jul-11<br>\$000's | Net transfer (to)/from<br>Accumulated Funds<br>\$000's | Balance<br>30-Jun-12<br>\$000's |
|----------------------|--------------------------------|--|---------------------------------|
| <b>Total Council</b> | <b>14,028</b>                  | <b>1,863</b>   | <b>15,891</b>                   |

## 26. Trust Accounts

Trust Accounts are funds held by Council on behalf of external parties. Trust Accounts are treated as part of Council's Equity in line with Financial Reporting Standard 2 and the Statement of Concepts of the Institute of Chartered Accountants of New Zealand.

|                           | Balance<br>1-Jul-11 | Funds<br>Received | Expenses<br>Paid | Interest<br>Earned | Balance<br>30-Jun-12 |
|---------------------------|---------------------|-------------------|------------------|--------------------|----------------------|
|                           | \$000's             | \$000's           | \$000's          | \$000's            | \$000's              |
| Dannevirke Fairbrother    | -                   | 20                | -                | -                  | 20                   |
| Dannevirke Urban Campsite | 1                   | -                 | -                | -                  | 1                    |
| Ormondville Play Group    | 1                   | -                 | -                | -                  | 1                    |
| Pahiatua Heritage         | 19                  | -                 | -                | -                  | 19                   |
| Arts Council of NZ        | -                   | 18                | (16)             | -                  | 2                    |
| Mayoral Storm Relief Fund | 9                   | -                 | -                | -                  | 9                    |
| <b>Total Council</b>      | <b>30</b>           | <b>38</b>         | <b>(16)</b>      | <b>-</b>           | <b>52</b>            |

### Summary of Trust Fund Movements

|                                       | Balance<br>1-Jul-11 | Net transfer to/(from)<br>Accumulated Funds | Balance<br>30-Jun-12 |
|---------------------------------------|---------------------|---|----------------------|
|                                       | \$000's             | \$000's                                     | \$000's              |
| <b>Total Council and Consolidated</b> | <b>30</b>           | <b>22</b>                                   | <b>52</b>            |



## 27. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Reported Surplus/(Deficit) from Statement of Comprehensive Income</b> | <b>(1,107)</b>                | <b>(1,461)</b>                | <b>(987)</b>                       | <b>(2,983)</b>                     |
| <b>Add (less) non cash items</b>   |                               |                               |                                    |                                    |
| Depreciation & amortisation  | 10,991                        | 11,882                        | 13,083                             | 14,407                             |
| Impairment losses/(recoveries)   | -                             | -                             | (50)                               | -                                  |
| (Increase)/decrease deferred taxation                                    | -                             | -                             | 18                                 | (671)                              |
| Movement in employee entitlement   | -                             | -                             | -                                  | (11)                               |
| Assets introduced  | -                             | -                             | -                                  | -                                  |
| Donated assets   | -                             | -                             | -                                  | -                                  |
| Changes in fair value  | 53                            | 343                           | 53                                 | 622                                |
| Value of forests sold  | -                             | -                             | 26                                 | -                                  |
| Other (gains)/losses & revaluation (increases)/decreases                 | 236                           | 229                           | 93                                 | 349                                |
| Bad debts written off or bad debt provision                              | (21)                          | (9)                           | (21)                               | (9)                                |
| <b>Total non cash items</b>  | <b>11,259</b>                 | <b>12,445</b>                 | <b>13,202</b>                      | <b>14,686</b>                      |
| <b>Add/(less) movements in working capital items</b>                     |                               |                               |                                    |                                    |
| (Increase)/decrease in inventory and livestock                           | (8)                           | (41)                          | 20                                 | (41)                               |
| (Increase)/decrease in accounts receivable & prepayments                 | (785)                         | (1,668)                       | (4,083)                            | 2,689                              |
| Increase/(decrease) in accounts payable & accruals                       | 205                           | 427                           | 2,277                              | (2,848)                            |
| Increase/(decrease) in employee provisions                               | 81                            | 36                            | 169                                | (80)                               |
| (Increase)/decrease in net GST   | 307                           | 152                           | 149                                | 154                                |
| <b>Total movements in working capital</b>                                | <b>(200)</b>                  | <b>(1,097)</b>                | <b>(1,468)</b>                     | <b>(126)</b>                       |
| Add/(less) items classified as investing activities                      | (220)                         | -                             | (221)                              | -                                  |
| <b>Total items classified as investing activities</b>                    | <b>(220)</b>                  | <b>-</b>                      | <b>(221)</b>                       | <b>-</b>                           |
| <b>Net cash surplus from operating activities</b>                        | <b>9,732</b>                  | <b>9,886</b>                  | <b>10,526</b>                      | <b>11,577</b>                      |

## 28. Related Party Transactions

|   | 2010/11<br>\$000's | 2011/12<br>\$000's |
|---|--------------------|--------------------|
| <b>Related Party Transactions with Subsidiaries</b>   |                    |                    |
| <b>TDC Holdings Limited</b>   |                    |                    |
| Services received by Council during the year (GST exc)  | 52                 | 52                 |
| Services provided by Council during the year (GST exc)  | 5                  | 15                 |
| Amounts payable to Council at year end (GST inc)  | 6                  | -                  |
| Amounts receivable by Council at year end (GST inc)   | -                  | -                  |
| Dividends payable to Council during the year (GST exc)  | 150                | -                  |
| Disestablishment cost paid by Council   | -                  | 20                 |
| <b>Infracon Limited</b>   |                    |                    |
| Services received by Council during the period (GST exc)  | 9,618              | 10,006             |
| Services provided by Council during the period (GST exc)  | 107                | 130                |
| Amounts receivable by Council at year end (GST inc)   | -                  | 5                  |
| Subvention Payment receivable by Council at year end (GST exc)  | -                  | -                  |
| Amounts payable by Council at year end as contract retentions (GST inc)   | 248                | 195                |
| Amounts payable by Council at year end provision for ex employee retirement (GST exc)                                     | 43                 | 35                 |
| Amounts payable by Council at year end -provision for ex employee sick leave (GST exc)                                    | 12                 | 12                 |
| Amounts payable by Council at year end (GST inc)  | 1,190              | 1,067              |
| Dividends payable to TDC Holdings Limited at year end (GST exc)   | -                  | -                  |
| <b>Tararua Forests Limited</b>  |                    |                    |
| Services received by Council during the year (GST exc)  | -                  | -                  |
| Services and rates provided by Council during the period (GST exc)  | 14                 | 13                 |
| Amount payable to Council at year end (GST inc)   | -                  | 6                  |
| Services provided by TDC Holdings Limited during the year (GST exc)   | 5                  | 5                  |
| Amounts payable to TDC Holdings Limited at year end (GST inc)   | -                  | -                  |
| Dividends paid to TDC Holdings Limited during the year (GST exc)  | -                  | -                  |
| <b>Council is settlor of the Tararua Aquatic Community Trust and meets the definition being of a Council Organisation</b> |                    |                    |
| Income of the Trust provided by the Council (GST exc)   | 201                | 210                |
| Council provided TACT a Loan sourced from Energy Efficiency Conservation Authority for a new water heat exchange plant    | -                  | -                  |
| - This is a low cost loan and is discounted to its fair value and is included in "Trade and Other Receivables"            | -                  | -                  |
| Loan repayments to Council (by right of offset against the Income provided to the Trust)                                  | 21                 | -                  |
| Payments for Services received by the Council (GST exc)   | 1                  | -                  |
| Amounts receivable by Council at year end (GST inc)   | -                  | -                  |
| Services provided by Council during the period (GST exc)  | 2                  | 2                  |
| <b>Manawatu Wanganui LASS</b>   |                    |                    |
| Insurance charged to Council from MW LASS   | 95                 | 88                 |

|   | 2010/11<br>\$000's | 2011/12<br>\$000's |
|---|--------------------|--------------------|
| <b>Related party transactions involving elected members and key management personnel</b>  |                    |                    |
| Chris Southgate, Southgate Valuations & Consultancy Dannevirke - valuation services to Council  | 2                  | -                  |
| David Roberts, legal services   |                    |                    |
| - Tararua District Council  | 3                  | -                  |
| - Infracon  | -                  | 5                  |
| Shirley Hull - Luke Mahoney (son-in-law) excavation services for Council  | -                  | 2                  |
| Raj Suppiah - cleaning services provided to Council by partner  | -                  | 4                  |
| <b>Related party transactions involving Directors and Trustees</b>  |                    |                    |
| TDC Holdings Limited had no related party transactions involving Directors.   |                    |                    |
| Infracon Limited contracted with certain directors of Infracon Limited.   |                    |                    |
| These transactions involved providing contracting services to directors or entering into a subcontractor relationship whereby a director provided services to Infracon Limited. All transactions were at normal commercial rates. |                    |                    |
| P Burne (Morris & Bailey Ltd, contracting services provided by Infracon Limited)  | 40                 | -                  |
| P Burne (Morris & Bailey Ltd, provided services to Infracon Limited)  | 77                 | -                  |
| R J Trotter (contracting services provided by Infracon Limited)   | 2                  | -                  |
| R J Trotter (contracting services provided to Infracon Limited)   | 6                  | -                  |
| Flowerlands, family association to Infracon Chief Executive, G Tripp  | 3                  | -                  |
| Ian McKenzie, who is a Trustee of Tararua Aquatic Community Trust, is a Partner of Holloway and Irwin, which supplies the Trust with accounting and financial services.   | 3                  | -                  |

During the year, Councillors and key management, as part of normal customer relationships, have transacted with Council, such as payment of rates.

## 29. Financial Instruments

### Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

|   | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Financial Assets</b>   |                               |                               |                                    |                                    |
| Fair value through the surplus or deficit – held for trading        | -                             | -                             | -                                  | -                                  |
| <b>Loans and Receivables</b>  |                               |                               |                                    |                                    |
| Cash and cash equivalents   | 8,236                         | 4,544                         | 8,544                              | 4,757                              |
| Debtors and other receivables                                       | 2,850                         | 4,564                         | 10,868                             | 8,278                              |
| Other financial assets  |                               |                               |                                    |                                    |
| - term deposits   | 4,513                         | 5,776                         | 4,563                              | 5,791                              |
| - community loans   | 60                            | 49                            | 60                                 | 49                                 |
| - loans to related parties  | -                             | -                             | -                                  | -                                  |
| <b>Total loans and receivables</b>                                  | <b>15,659</b>                 | <b>14,933</b>                 | <b>24,035</b>                      | <b>18,875</b>                      |
| <b>Fair value through other comprehensive income</b>                |                               |                               |                                    |                                    |
| Other financial assets  |                               |                               |                                    |                                    |
| - local authority and government stock                              | 132                           | 127                           | 132                                | 127                                |
| <b>Total fair value through other comprehensive income</b>          | <b>132</b>                    | <b>127</b>                    | <b>132</b>                         | <b>127</b>                         |
| <b>Total Financial Assets</b>                                       | <b>15,791</b>                 | <b>15,060</b>                 | <b>24,167</b>                      | <b>19,002</b>                      |
| <b>Financial Liabilities</b>  |                               |                               |                                    |                                    |
| <b>Fair value through the surplus or deficit - held for trading</b> |                               |                               |                                    |                                    |
| Interest rate swaps   | 53                            | 396                           | 53                                 | 396                                |
| <b>Financial Liabilities at amortised cost</b>                      |                               |                               |                                    |                                    |
| Creditors and other payables  | 2,652                         | 3,531                         | 7,005                              | 4,830                              |
| Borrowings  |                               |                               |                                    |                                    |
| - bank overdraft  | -                             | -                             | 43                                 | -                                  |
| - secured loans   | 10,000                        | 10,000                        | 11,012                             | 10,633                             |
| - debentures  | -                             | -                             | -                                  | -                                  |
| <b>Total Financial Liabilities at amortised cost</b>                | <b>12,705</b>                 | <b>13,927</b>                 | <b>18,113</b>                      | <b>15,859</b>                      |

### Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

|  | Valuation Technique |                        |                      |  |
|--|---------------------|------------------------|----------------------|--|
|  | Total               | Quoted<br>market price | Observable<br>inputs | Significant<br>nonobservable<br>inputs |
|  | \$000               | \$000                  | \$000                | \$000                                  |
| <b>Council and Group - 30 June 2012</b>                      |                     |                        |                      |  |
| <b>Financial Assets</b>                                      |                     |                        |                      |  |
| Unlisted shares  |                     |                        |                      |  |
| - New Zealand Local Government Insurance Corporation Limited | 127                 | -                      | -                    | 127                                    |
| - Unlisted shares (MW LASS)                                  | 1                   | -                      | -                    | 1                                      |
| <b>Financial Liabilities</b>                                 |                     |                        |                      |  |
| Derivative financial instruments                             | 396                 | -                      | 396                  | -                                      |
| <b>Council and Group - 30 June 2011</b>                      |                     |                        |                      |  |
| <b>Financial Assets</b>                                      |                     |                        |                      |  |
| New Zealand Local Government Insurance Corporation Limited   | 132                 | -                      | -                    | 132                                    |
| Unlisted shares (MW LASS)                                    | 1                   | -                      | -                    | 1                                      |
| <b>Financial Liabilities</b>                                 |                     |                        |                      |  |
| Derivative financial instruments                             | 53                  | -                      | 53                   | -                                      |

There were no transfers between the different levels of the fair value hierarchy

### Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2011<br>\$000 | 2012<br>\$000 | 2011<br>\$000 | 2012<br>\$000 |
| <b>Balance at 1 July</b>                                 | <b>132</b>    | <b>133</b>    | <b>132</b>    | <b>133</b>    |
| Gain and losses recognised in the surplus or deficit     | -             | -             | -             | -             |
| Gain and losses recognised in other comprehensive income | -             | (55)          | -             | (55)          |
| Purchases  | 1             | 49            | 1             | 49            |
| <b>Balance at 30 June</b>                                | <b>133</b>    | <b>127</b>    | <b>133</b>    | <b>127</b>    |



## 30. Financial Instrument Risks

Council and group have a series of policies to manage the risks associated with financial instruments. Council and group are risk averse and seeks to minimise exposure from its treasury activities. Council has established Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market Risk

#### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

##### Council

Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive income. This relates to shares in Civic Assurance which are held at net asset backing value as impairment of a New Zealand Government owned company is not deemed necessary.

#### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

##### Council

Council has purchased plant and equipment associated with the construction of certain infrastructural assets from overseas which required it to enter into transactions denominated in foreign currencies. All such purchases have now been completed so there is no exposure to this risk.

It is Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

##### Tararua Forests Limited

Tararua Forests Ltd is only exposed to currency risk if it sells milled timber off shore.

##### Infracon Limited

Infracon Ltd may be exposed to currency exchange risk in the normal course of its business when purchasing capital from overseas sources. Consideration is given to mitigating foreign currency risk by entering into forward currency contracts.

### Fair Value Interest Rate Risk

#### Council

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management policy is to maintain approximately 50% of its borrowings in fixed rate instruments.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

TDC Holdings Limited and Tararua Forests Limited have no fair value interest rate debt or investments.

#### Infracon Limited

Infracon Ltd 's exposure for fair value interest rate risk is limited to its borrowings and short-term bank deposits, and maintains approximately 86% of its borrowings in fixed rate instruments.

The bulk of Infracon Ltd borrowings are on fixed term. Variable borrowings are limited to revolving credit facilities. Infracon Ltd has a revolving credit plus facility with the BNZ which has a variable interest rate.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and bank overdraft – the carrying amount of cash and bank overdraft balances is equivalent to their fair value.

- Short-term investments – for the purpose of compliance with generally accepted accounting practice, the carrying amount of all short term investments are stated at the lower of cost or market value. The fair value of short-term investments is estimated based on quoted market prices for those instruments at balance date.
- Long term debt – the fair value of long term debt is estimated based on current market interest rates available to the company for debt of similar maturities.

## Credit Risk

### Council

In the normal course of its activities, the Council incurs credit risk from debtors and financial institutions. Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk. There are no significant concentrations of credit risks except that Council's cash resources are held by four trading banks.

Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation.

Other than other local authorities, Council only invests funds with entities that have a Standard and Poor's credit rating of at least A2 for short term and A- for long-term investments.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### TDC Holdings Limited

Due to the timing of its cash inflows and outflows, the TDC Holdings Ltd invests surplus cash into term deposits, which gives rise to credit risk.

TDC Holdings Ltd has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Tararua Forests Limited

Tararua Forests Ltd's debtors and other receivables arise from normal trade activities by the company, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Tararua Forests Ltd has no significant concentration of credit risk in relation to receivables as it's main debtor is the logging contractor who operates on behalf of the company. Tararua Forests Ltd have minimal liabilities and assets for credit risk to be an issue.

### Infracon Limited

Infracon uses financial instruments that potentially subject the company to concentrations of risk, and consist principally of cash and short term investments, trade receivables and various off balance sheet instruments (if any).

Infracon places its cash and short term investments with high credit quality institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Tararua & Central Hawkes Bay District Councils for 50% of Infracon Limited's revenue. However, the District Councils are high credit quality entities.

## Maximum Exposure to Credit Risks

Council's maximum credit risk exposure for each class of financial instrument is as follows:

|                                      | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Cash at bank and term deposits       | 12,749                        | 10,320                        | 13,107                             | 10,548                             |
| Debtors and other receivables        | 2,897                         | 4,564                         | 10,882                             | 8,278                              |
| Community and related party loans    | 60                            | 49                            | 60                                 | 49                                 |
| Local authority and government stock | 132                           | 127                           | 132                                | 127                                |
| <b>Total credit risk</b>             | <b>15,838</b>                 | <b>15,060</b>                 | <b>24,181</b>                      | <b>19,002</b>                      |

## Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>Counterparties with Credit Ratings</b>          |                               |                               |                                    |                                    |
| <b>Cash at Bank and Term Deposits</b>              |                               |                               |                                    |                                    |
| A1+  | 12,739                        | 10,310                        | 13,097                             | 10,538                             |
| A1   | 10                            | 10                            | 10                                 | 10                                 |
| <b>Total cash at bank and term deposits</b>        | <b>12,749</b>                 | <b>10,320</b>                 | <b>13,107</b>                      | <b>10,548</b>                      |
| <b>Counterparties without Credit Ratings</b>       |                               |                               |                                    |                                    |
| <b>Community and related party loans:</b>          |                               |                               |                                    |                                    |
| Existing counterparty with no defaults in the past | 60                            | 49                            | 60                                 | 49                                 |
| Existing counterparty with defaults in the past    | -                             | -                             | -                                  | -                                  |
| <b>Total community and related party loans</b>     | <b>60</b>                     | <b>49</b>                     | <b>60</b>                          | <b>49</b>                          |

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has only one significant concentration of credit risk in relation to debtors (Land Transport New Zealand). This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.

As it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers, there is no other significant risk.

## Liquidity Risk

### Management of Liquidity Risk

#### Council

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which includes Liability Management Policy 2- Liquidity. These policies have been adopted as part of the Council's Long Term Council Community Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2011: \$500,000). There are no restrictions on the use of this facility. Council has a standby loan facility of \$5,000,000 to be used in the event of a natural disaster.

#### TDC Holdings Limited

In meeting its liquidity requirements, TDC Holdings Ltd and group maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Also by having a spread of maturity dates of the debt facilities.

#### Tararua Forests Limited

Tararua Forests Ltd management activities oversee its cashflow by harvesting forests to cover forecast expenditure.

Tararua Forests Ltd has a maximum amount that can be drawn against its overdraft facility of \$50,000 (2011: \$50,000).



### Infracon Limited

Infracon Limited believes that the carrying amounts for financial instruments shown in the annual accounts represent their fair values.

Committed Cash Facilities are secured over the assets of the company by a First Registered Debenture held by the Bank of New Zealand and Registered First Mortgage over several properties listed on the Credit Plus Facility Asset Schedule.

The company manages its liquidity risk by having a spread of maturity dates of the company's debt facilities.

### Contractual Maturity Analysis of Financial Liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

|                                    | Carrying<br>Amount<br>\$000's | Contractual<br>Cash<br>\$000's | Less than<br>1 Year<br>\$000's | 1–2 Years<br>\$000's | 2–5 Years<br>\$000's | More than<br>5 Years<br>\$000's |
|------------------------------------|-------------------------------|--------------------------------|--------------------------------|----------------------|----------------------|---------------------------------|
| <b>Council 2011/12</b>             |                               |                                |                                |                      |                      |                                 |
| Creditors and other payables       | 3,532                         | 3,532                          | 3,532                          | -                    | -                    | -                               |
| Net settled derivative liabilities | 396                           | 396                            | 396                            | -                    | -                    | -                               |
| Bank overdraft                     | -                             | -                              | -                              | -                    | -                    | -                               |
| Secured Loans                      | 10,000                        | 10,000                         | 5,000                          | 5,000                | -                    | -                               |
| <b>Total</b>                       | <b>13,927</b>                 | <b>13,927</b>                  | <b>8,927</b>                   | <b>5,000</b>         | <b>-</b>             | <b>-</b>                        |
| <b>Group 2011/12</b>               |                               |                                |                                |                      |                      |                                 |
| Creditors and other payables       | 4,830                         | 4,830                          | 4,830                          | -                    | -                    | -                               |
| Net settled derivative liabilities | 396                           | 396                            | 396                            | -                    | -                    | -                               |
| Bank overdraft                     | -                             | -                              | -                              | -                    | -                    | -                               |
| Secured Loans                      | 10,633                        | 10,633                         | 5,633                          | 5,000                | -                    | -                               |
| <b>Total</b>                       | <b>15,859</b>                 | <b>15,859</b>                  | <b>10,859</b>                  | <b>5,000</b>         | <b>-</b>             | <b>-</b>                        |
| <b>Council 2010/11</b>             |                               |                                |                                |                      |                      |                                 |
| Creditors and other payables       | 2,652                         | 2,652                          | 2,652                          | -                    | -                    | -                               |
| Net settled derivative liabilities | 53                            | 53                             | 53                             | -                    | -                    | -                               |
| Bank overdraft                     | -                             | -                              | -                              | -                    | -                    | -                               |
| Secured Loans                      | 10,000                        | 10,000                         | 5,000                          | -                    | 5,000                | -                               |
| <b>Total</b>                       | <b>12,705</b>                 | <b>12,705</b>                  | <b>7,705</b>                   | <b>-</b>             | <b>5,000</b>         | <b>-</b>                        |
| <b>Group 2010/11</b>               |                               |                                |                                |                      |                      |                                 |
| Creditors and other payables       | 7,005                         | 7,005                          | 7,005                          | -                    | -                    | -                               |
| Net settled derivative liabilities | 53                            | 53                             | 53                             | -                    | -                    | -                               |
| Bank overdraft                     | 43                            | 43                             | 43                             | -                    | -                    | -                               |
| Secured Loans                      | 11,012                        | 11,012                         | 6,012                          | -                    | 5,000                | -                               |
| <b>Total</b>                       | <b>18,113</b>                 | <b>18,113</b>                  | <b>13,113</b>                  | <b>-</b>             | <b>5,000</b>         | <b>-</b>                        |

## Contractual Maturity Analysis of Financial Assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

|  | Carrying<br>Amount<br>\$000's | Contractual<br>Cash<br>\$000's | Less than<br>1 Year<br>\$000's | 1-2 Years<br>\$000's | 2-5 Years<br>\$000's | More than<br>5 Years<br>\$000's |
|--|-------------------------------|--------------------------------|--------------------------------|----------------------|----------------------|---------------------------------|
| <b>Council 2011/12</b>                 |                               |                                |                                |                      |                      |                                 |
| Cash and Cash Equivalents              | 4,544                         | 4,544                          | 4,544                          | -                    | -                    | -                               |
| Debtors and other receivables          | 4,564                         | 4,564                          | 4,551                          | 13                   | -                    | -                               |
| Net settled derivative assets          | -                             | -                              | -                              | -                    | -                    | -                               |
| Other financial assets:                |                               |                                |                                |                      |                      |                                 |
| - term deposits                        | 5,776                         | 5,776                          | 5,776                          | -                    | -                    | -                               |
| - community and related party loans    | 49                            | 49                             | 49                             | -                    | -                    | -                               |
| - local authority and government stock | 127                           | 127                            | 127                            | -                    | -                    | -                               |
| <b>Total</b>                           | <b>15,060</b>                 | <b>15,060</b>                  | <b>15,047</b>                  | <b>13</b>            | <b>-</b>             | <b>-</b>                        |
| <b>Group 2011/12</b>                   |                               |                                |                                |                      |                      |                                 |
| Cash and Cash Equivalents              | 4,757                         | 4,757                          | 4,757                          | -                    | -                    | -                               |
| Debtors and other receivables          | 8,278                         | 8,278                          | 8,265                          | 13                   | -                    | -                               |
| Net settled derivative assets          | -                             | -                              | -                              | -                    | -                    | -                               |
| Other financial assets:                |                               |                                |                                |                      |                      |                                 |
| - term deposits                        | 5,791                         | 5,791                          | 5,791                          | -                    | -                    | -                               |
| - community and related party loans    | 49                            | 49                             | 49                             | -                    | -                    | -                               |
| - local authority and government stock | 127                           | 127                            | 127                            | -                    | -                    | -                               |
| <b>Total</b>                           | <b>19,002</b>                 | <b>19,002</b>                  | <b>18,990</b>                  | <b>13</b>            | <b>-</b>             | <b>-</b>                        |
| <b>Council 2010/11</b>                 |                               |                                |                                |                      |                      |                                 |
| Cash and Cash Equivalents              | 8,236                         | 8,236                          | 8,236                          | -                    | -                    | -                               |
| Debtors and other receivables          | 2,883                         | 2,883                          | 2,883                          | -                    | -                    | -                               |
| Net settled derivative assets          | -                             | -                              | -                              | -                    | -                    | -                               |
| Other financial assets:                |                               |                                |                                |                      |                      |                                 |
| - term deposits                        | 4,513                         | 4,513                          | 4,513                          | -                    | -                    | -                               |
| - community and related party loans    | 60                            | 60                             | -                              | -                    | -                    | -                               |
| - local authority and government stock | 132                           | 132                            | 132                            | -                    | -                    | -                               |
| <b>Total</b>                           | <b>15,824</b>                 | <b>15,824</b>                  | <b>15,764</b>                  | <b>-</b>             | <b>-</b>             | <b>-</b>                        |
| <b>Group 2010/11</b>                   |                               |                                |                                |                      |                      |                                 |
| Cash and Cash Equivalents              | 8,544                         | 8,544                          | 8,544                          | -                    | -                    | -                               |
| Debtors and other receivables          | 10,868                        | 10,868                         | 10,868                         | -                    | -                    | -                               |
| Net settled derivative assets          | -                             | -                              | -                              | -                    | -                    | -                               |
| Other financial assets:                |                               |                                |                                |                      |                      |                                 |
| - term deposits                        | 4,563                         | 4,563                          | 4,563                          | -                    | -                    | -                               |
| - community and related party loans    | 60                            | 60                             | -                              | -                    | 60                   | -                               |
| - local authority and government stock | 132                           | 132                            | 132                            | -                    | -                    | -                               |
| <b>Total</b>                           | <b>24,167</b>                 | <b>24,167</b>                  | <b>24,107</b>                  | <b>-</b>             | <b>60</b>            | <b>-</b>                        |

## Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

|  |      | 2011/12<br>\$000's<br>-100bps | 2011/12<br>\$000's<br>-100bps | 2011/12<br>\$000's<br>+100bps | 2011/12<br>\$000's<br>+100bps | 2010/11<br>\$000's<br>-100bps | 2010/11<br>\$000's<br>-100bps | 2010/11<br>\$000's<br>+100bps | 2010/11<br>\$000's<br>+100bps |
|--|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | Note | Profit                        | Other<br>Equity               | Profit                        | Other<br>Equity               | Profit                        | Other<br>Equity               | Profit                        | Other<br>Equity               |
| <b>Interest Rate Risk</b>                      |      |                               |                               |                               |                               |                               |                               |                               |                               |
| <b>Financial Assets</b>                        |      |                               |                               |                               |                               |                               |                               |                               |                               |
| Cash and Cash Equivalents                      | 1    | (46)                          | -                             | (46)                          | -                             | (53)                          | -                             | 53                            | -                             |
| <b>Financial Liabilities</b>                   |      |                               |                               |                               |                               |                               |                               |                               |                               |
| Nett settled derivatives                       | 2    | (551)                         | -                             | (128)                         | -                             | (159)                         | -                             | 44                            | -                             |
| Borrowings:                                    |      |                               |                               |                               |                               |                               |                               |                               |                               |
| - bank overdraft                               |      | -                             | -                             | -                             | -                             | -                             | -                             | -                             | -                             |
| - term loans                                   | 3    | (10)                          | -                             | 10                            | -                             | (8)                           | -                             | 8                             | -                             |
| <b>Total sensitivity to interest rate risk</b> |      | <b>(607)</b>                  | <b>-</b>                      | <b>(164)</b>                  | <b>-</b>                      | <b>(220)</b>                  | <b>-</b>                      | <b>105</b>                    | <b>-</b>                      |

### Explanation of Sensitivity Analysis – Council

1 Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$4,544,000 (2011: \$5,316,000).

A movement in interest rates of plus or minus 1% has an effect on interest income of \$45,440 (2011: \$53,160).

2 Council has in place interest rate swaps with Westpac as at year end to hedge the rise of interest rates in the future..

3 Council's term loans are either on a capped ranged rate term loan or a multi option credit facility.

The \$5 million loan in capped ranged rate term loan is capped within the range of 5.84% to 6.20%. The \$5 million loan in multi option credit facility is fixed at 3.78% and reviewed quarterly.

## 31. Capital Management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (Community Plan) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Community Plan.

Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## 32. Contingent Liabilities

Council is aware of the following contingent liabilities existing at year end.

|  | 2010/11<br>Council<br>\$000's | 2011/12<br>Council<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Performance bonds held by the bank, by way of guarantees | -                             | -                             | 2,736                              | 2,352                              |
| Risk Pool call   | 41                            | 41                            | -                                  | 41                                 |
| Resource consents for sewage ponds                       | 720                           | -                             | 720                                | -                                  |
| <b>Total Contingent Liabilities</b>                      | <b>761</b>                    | <b>41</b>                     | <b>3,456</b>                       | <b>2,393</b>                       |

### Contingent Liability

#### Risk Pool Calls

Council obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability RiskPool (Riskpool). Riskpool operates as a mutual fund where each member makes an annual contribution to obtain cover.

However, should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount.

Council ceased to be a member of risk pool from financial year 2009/10 onwards because of the concern Council had for being jointly and severally liable for any claims. However, in November 2009 Council was advised that Riskpool would make three calls in each financial year beginning 2009/10 due to insufficient funds for weather tightness claims for the Fund Year 2009/10.

For the year 2011/12, Riskpool made the third call of \$41,125 which we have provided for in the financials statements. Risk pool has advised of a potential fourth call in 2012/13 for any shortfall in funds. We have recognised this call as a contingent liability above.

#### Weathertight Claims

Council has a contingent liability for potential claims relating to Weathertightness. Such claims will be lodged with the Weathertight Homes Resolution Service (WHRS). Hence, Council is exposed to potential future claims that we have not been advised. There has been no claims submitted for 2011/12 (2010/11: nil). With no claims submitted for the last three years, Council is not able to reliably quantify and measure the amount of these claims and any potential liability.

#### Emissions Trading Scheme

Tararua Forest Limited (TFL) owns approximately 320ha of forest on its property that are pre-1990 forest land under the emissions trading scheme. Should this land be deforested, a deforestation penalty would be incurred. At the balance sheet date, this liability is nil as the credits have not yet been received.

### Infracon Limited contingent liabilities as at 30 June 2012

There were 36 performance bonds (2011: 37) held by the Bank of New Zealand by way of guarantees given by the Bank on behalf of Infracon Limited totalling \$2,352,400 (2011: \$2,736,180). The Bank of New Zealand, by issuing performance bonds, has guaranteed the performance of contracts the company has entered into.

No liability is expected to arise, therefore, it is impractical to determine any possible liability with any acceptable degree of reliability.

## Contingent Asset

### Emissions Trading Scheme and Carbon Credits

Tararua Forests Limited owns land that has been in forestry since before 31 December 1989 and is entitled to enter into the Emissions Trading Scheme (ETS) via a one-off application for New Zealand Units (NZU's) to account for the credits that forest owners are deemed to hold for consuming the poisonous greenhouse gases that other industries release into the atmosphere.

The directors of Tararua Forests Limited have applied for an allocation of NZU's based on the age and area of the forest owned. The allocation of NZU's will be transferred in two rounds, approximately 38% will be transferred before 31 December 2012 with the remainder expected to be transferred during 2013. For Tararua Forests Limited this will mean that an intangible asset will be brought into the balance sheet of approximately \$384,000 (320ha x 60 NZU's x \$20 = \$384,000). Of which 38% or \$145,920 will be during the 2012/13 financial year. It is uncertain at what date the remainder will be transferred across yet.

No tax is payable on the receipt or sale of these units. The units will be valued at the balance sheet date based on the estimated market value.

## 33. Post Balance Date Events

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

## 34. Remuneration

During the year to 30 June 2012, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors, and the Chief Executive of the Council were as follows:

|   | 2010/11<br>\$000's | 2011/12<br>\$000's |
|---|--------------------|--------------------|
| <b>Mayor</b>  |                    |                    |
| Roly Ellis  | 60                 | 77                 |
| Maureen Reynolds  | 17                 | -                  |
| <b>Councillors</b>  |                    |                    |
| Warren Davidson†  | 26                 | 28                 |
| Brenda Dodunski   | 17                 | 24                 |
| Keith Fenemor   | 21                 | 20                 |
| Shirley Hull  | 17                 | 27                 |
| Bill Keltie   | 30                 | 33                 |
| Peter Johns   | 18                 | 26                 |
| David Lea   | 10                 | -                  |
| Claire Matthews   | 6                  | -                  |
| David Roberts   | 22                 | 22                 |
| Chris Southgate   | 21                 | 24                 |
| <b>Total Mayor &amp; Councillors</b>  | <b>265</b>         | <b>281</b>         |
| <b>Community Boards</b>   |                    |                    |
| Charlie Death   | 4                  | 7                  |
| Katrina Dimock  | 4                  | 5                  |
| Robert Dresser  | 4                  | 4                  |
| Diana Eagle   | 3                  | 4                  |
| Nigel Ensor   | -                  | -                  |
| Biddy Fraser-Davies   | 4                  | 4                  |
| John Harman   | 2                  | -                  |
| Carole Isaacson   | 4                  | 4                  |
| Ross MacDonald  | 4                  | 4                  |
| Ray Teahan  | 7                  | 7                  |
| <b>Total Community Boards</b>   | <b>36</b>          | <b>39</b>          |
| <b>Chief Executive</b>  |                    |                    |
| Blair King, employee benefit costs*   | 183                | 194                |
| Blair King, motor vehicle   | -                  | -                  |
| <b>Total Chief Executive</b>  | <b>183</b>         | <b>194</b>         |
| <b>Key Management Personnel (includes mayor, councillors, chief executive, and senior managers)</b> |                    |                    |
| Employee benefit costs  | 1,256              | 1,038              |
| Post employee benefit costs (including Superannuation)  | -                  | -                  |
| Other long term benefits  | -                  | -                  |
| Termination benefits  | -                  | -                  |
| <b>Total Key Management Personnel</b>   | <b>1,256</b>       | <b>1,038</b>       |
| <b>Severance Payments</b>   |                    |                    |
| All employees (nil for both years)  | -                  | -                  |

† Included in Councillor Davidson's remuneration for 2010/11 is \$8,275 received and on-paid to Councillor Davidson from Mighty River Power.

\* Included in Chief Executive Blair King's salary for 2010/11 is a one-off reimbursement received from Urban Search and Rescue.

## 35. Summary Cost of Services

|                                    | 2011/12<br>Council Actual<br>\$000's | 2011/12<br>Council Plan<br>\$000's | 2010/11<br>Council Actual<br>\$000's |
|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| <b>Income</b>                      |                                      |                                    |                                      |
| Animal Control                     | (245)                                | (194)                              | (195)                                |
| Cemeteries                         | (75)                                 | (72)                               | (82)                                 |
| Commercial Property                | (132)                                | (122)                              | (126)                                |
| Community Buildings                | (47)                                 | (39)                               | (36)                                 |
| Community Support                  | (50)                                 | (2)                                | (10)                                 |
| District Promotion and Development | (16)                                 | (14)                               | (17)                                 |
| Emergency Management               | (118)                                | (134)                              | (166)                                |
| Footpaths                          | (16)                                 | (2)                                | (3)                                  |
| Health & Safety                    | (405)                                | (411)                              | (385)                                |
| Housing                            | (356)                                | (349)                              | (383)                                |
| Library                            | (47)                                 | (45)                               | (52)                                 |
| Parks and Reserves                 | (130)                                | (182)                              | (172)                                |
| Public Conveniences                | (1)                                  | (1)                                | (2)                                  |
| Representation                     | (22)                                 | (21)                               | (97)                                 |
| Resource Management                | (53)                                 | (50)                               | (44)                                 |
| Roading                            | (9,226)                              | (7,840)                            | (7,721)                              |
| Service Centres                    | (5)                                  | (3)                                | (11)                                 |
| Sewerage                           | (139)                                | (111)                              | (109)                                |
| Solid Waste Management             | (521)                                | (843)                              | (773)                                |
| Stormwater/Drainage                | (3)                                  | (2)                                | (3)                                  |
| Swimming Pools                     | (6)                                  | (3)                                | (9)                                  |
| Water Supplies                     | (1,129)                              | (789)                              | (565)                                |
| <b>Total Activity Income</b>       | <b>(12,742)</b>                      | <b>(11,228)</b>                    | <b>(10,963)</b>                      |
| Less Internal Income               | 922                                  | 387                                | 956                                  |
| Add Rates Income                   | (18,045)                             | (17,263)                           | (17,293)                             |
| Other support activities           | (1,537)                              | (1,779)                            | (1,706)                              |
| <b>Total Income</b>                | <b>(31,402)</b>                      | <b>(29,883)</b>                    | <b>(29,006)</b>                      |

|                                    | 2011/12<br>Council Actual<br>\$000's | 2011/12<br>Council Plan<br>\$000's | 2010/11<br>Council Actual<br>\$000's |
|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| <b>Expenditure</b>                 |                                      |                                    |                                      |
| Animal Control                     | 199                                  | 202                                | 195                                  |
| Cemeteries                         | 265                                  | 300                                | 285                                  |
| Commercial Property                | 120                                  | 132                                | 104                                  |
| Community Buildings                | 701                                  | 817                                | 649                                  |
| Community Support                  | 291                                  | 314                                | 400                                  |
| District Promotion and Development | 340                                  | 355                                | 244                                  |
| Emergency Management               | 405                                  | 424                                | 514                                  |
| Footpaths                          | 592                                  | 697                                | 548                                  |
| Health & Safety                    | 758                                  | 767                                | 738                                  |
| Housing                            | 648                                  | 696                                | 613                                  |
| Library                            | 828                                  | 795                                | 731                                  |
| Parks and Reserves                 | 1,060                                | 1,102                              | 1,022                                |
| Public Conveniences                | 218                                  | 198                                | 175                                  |
| Representation                     | 1,099                                | 1,106                              | 1,403                                |
| Resource Management                | 254                                  | 315                                | 432                                  |
| Roading                            | 16,682                               | 14,301                             | 14,411                               |
| Service Centres                    | 394                                  | 393                                | 367                                  |
| Sewerage                           | 1,795                                | 2,146                              | 1,652                                |
| Solid Waste Management             | 2,287                                | 1,287                              | 2,411                                |
| Stormwater/Drainage                | 440                                  | 489                                | 412                                  |
| Swimming Pools                     | 391                                  | 366                                | 355                                  |
| Water Supplies                     | 2,228                                | 2,232                              | 1,926                                |
| <b>Total Activity Expenditure</b>  | <b>31,995</b>                        | <b>29,720</b>                      | <b>30,833</b>                        |
| Less internal expenditure          | (922)                                | (387)                              | (956)                                |
| Add other support activities       | 1,562                                | 353                                | (1,706)                              |
| <b>Total Operating Expenditure</b> | <b>32,635</b>                        | <b>29,398</b>                      | <b>29,877</b>                        |

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for the Council in the statement of comprehensive income, these transactions are eliminated as shown above.



## 36. Major Budget Variations

Explanations for major budget variances from the Council's budget figures in the 2011/12 Annual Plan is as follows:

### Statement of Comprehensive Income – Revenue

#### Rates

Rates revenue is slightly higher than budget by \$47,000. This slight variation is due to property changes during the year.

#### Grants and Subsidies

Grants and subsidies were higher than budget by \$1.6 million. The increase in subsidy is due to increase in road and emergency reinstatement works. This is to take advantage of the higher subsidy level this year (subsidy is reduced to 59% for the three years, 2013 to 2015). The amended NZ Transport Agency programme of works meant Council received an additional \$1.34 million in subsidy for the additional works.

Council also received confirmation for the Eketahuna and Pahiatua water treatment plant upgrade subsidies of \$553,000 from Ministry of Health.

#### Interest Revenue

Interest income received was up against budget by \$84,000 for the year due to higher cash balances and favourable interest rates. Due to lower interest rates, Council implemented a strategy to place investments on short term deposits ranging from one to three months. This strategy has helped Council better manage its cash flow requirements and obtain higher returns on investments.

#### Dividends & Subventions

No dividend income was received from TDC Holdings Limited as at 30 June 2012. This is mainly due to the economic downturn affecting profitability for Infracore Limited and lack of harvesting for Tararua Forests Limited.

### Statement of Comprehensive Income Expenses

#### Operating Expenses

Operating expenditure was higher than budget by \$2.24 million mainly due to:

- Increase expenditure in roading of \$1.1 million to take advantage of the higher NZ Transport Agency subsidy.
- Solid waste activity also had higher costs of \$1.3 million due to increased costs for recycling and the transfer station. Budget was based on Dannevirke Transfer Station opening sooner and the

"red bins" contract terminating earlier. The delay in completing the transfer station meant additional cost (not budgeted) for contractors to provide waste collection and disposal services were incurred.

#### Depreciation and Amortisation

Depreciation and amortisation expenses were over budget by \$1.19 million due to unbudgeted valuation increases in the 2010/11 financial year. Significant increases in depreciation expenses are in roading (\$7.4 million against a budget of \$6.7 million) and solid waste depreciation (\$280,000 over budget due to the Dannevirke Transfer Station). These increases were offset slightly by lower footpath depreciation of \$128,000 due to a delay in starting the Woodville town centre upgrade project.

#### Finance Costs

Finance costs are lower than budget by \$162,000. The finance cost of \$891,000 comprises of unrealised loss from the fair value movement of interest rate swaps of \$343,000, interest cost from term debt of \$605,000 and the unwinding of landfill interest cost of \$57,000. Fair value movements in interest rate swaps and interest cost were not included in the budget. Interest cost on term debt is \$457,000 lower than budget due to uncompleted capital works (meant to be funded from debt), lower interest rates and interest rate strategies implemented by Council.

### Statement of Financial Position

#### Cash and Cash Equivalent (including Other Financial Assets)

Cash & Bank, including Other Financial Assets are tracking well against budget.

#### Debtors and Other Receivables

Debtors and other receivables are higher than budget by \$1.69 million mainly due to higher NZ Transport Agency subsidies receivable of \$700,000 and accruals of \$540,000 for subsidies from Ministry of Health.

#### Current Liabilities

Current liabilities are \$3.5 million higher than budget due to an additional \$3 million of term debt maturing within a year and higher payable to creditors. The increase in payables is mainly due to the increase in roading activity work in the last quarter of the year.

#### Property, Plant & Equipment

Property, Plant & Equipment was \$5.6 million below 2011/12 budget at year end. An analysis of the variances between the budget value and the actual year end value of property, plant and equipment is outlined below.

- Variance in opening balance of PP&E of \$7.7 million compared to budget as a result of capital works not completed in 2010/11.

- Increased depreciation expense of \$1.2 million (refer to the note above for variance explanation).
- Reclassification of \$1.4 million of land and buildings to investment property.
- Asset additions were higher than budget by \$2.3 million due to the completion and capitalisation of prior year projects and increased roading expenditure.
- Revaluation of assets was \$2.6 million higher than budgeted.
- Disposals and adjustments of \$200,000.

### Investment Properties

Investment properties has increased \$1.37 million due to reclassification of the Dannevirke Aerodrome from operational assets to investment properties.

### Non-Current Liabilities

Total borrowings are inline with budget but the classification of current and non-current is different due to maturity of the term debt. Non-current term debt is \$2.5 million lower than budget due to reclassification of debt maturing less than one year to current liabilities.

### Accumulated Funds

Accumulated funds are \$12.6 million lower than budget for the 2011/12 year. This is due to opening accumulated funds being lower than forecast for the budget by \$11.3 million. Resulting net deficit of \$1.5 million compared to a budgeted surplus of \$500,000. Transfers from Equity to Special Funds were lower than budgeted by \$700,000.

### Asset Revaluation Reserves

The asset revaluation reserve is higher than budget by \$13.17 million. The major variance of \$11.9 million is due to the difference in the opening balance. This has come about by much higher than budgeted revaluations in the prior period, which at the time of completing the Annual Plan had not been restated. The remaining variance is from an increase in revaluation of \$2.5 million from budget and transfers to accumulated funds of \$1.3 million.

### Special Funded Reserves

Special Funds are \$3.4 million below 2011/12 budget at year end. This is due to opening special funds being lower than forecast for the budget by \$4 million. However, transfers to special funds of \$1.8 million were higher than budget by \$600,000.

### Statement of Cash Flows

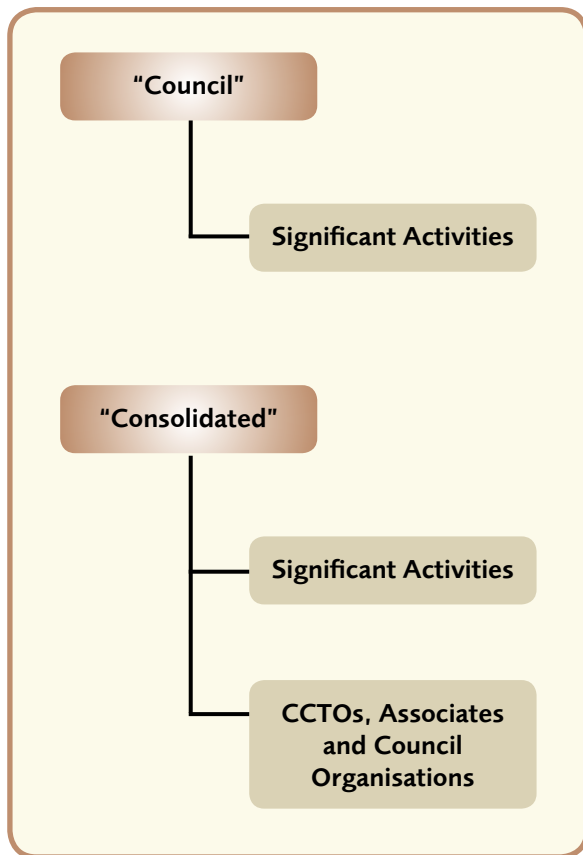
Significant variances to budget in the Statement of Cash Flows included: \$1.3 million decrease in cash flows from operations. The decrease is a mainly due to additional payments to suppliers as a result of additional roading expenditure and landfill costs, refer to operating expenses variance explanation for further details.

\$3.8 million decrease in cash flows from investing. The decrease is due to: higher investments in property, plant and equipment and intangibles of \$2.6 million than budgeted, refer to property, plant and equipment variance explanation for further details.

Net movements in term deposits of \$1.3 million resulting in a decrease in cash and cash equivalents and increase in other financial assets.

# Governance over Council Controlled Organisations

How Council's operations are managed and reported.



## Significant Activities

These are activities of the Council.

## Related Entities

Council Controlled Trading Organisations (CCTOs).

CCTOs consist of:

- TDC Holdings Limited
- Infracon Limited (66% owned. 34% of Infracon Limited is owned by Central Hawkes Bay District Council.)
- Tararua Forests Limited

## Associates

- Manawatu Wanganui LASS Limited (14% owned)

At the end of the financial year, the results and positions of these companies are included in Tararua District Council's financial result and shown as a "consolidated result". (The Annual Report also shows a Council only result.)

## Council Organisations (CO)

### Tararua Aquatic Community Trust

As Council provides a significant portion of this Trust's total funding it is deemed to have a "significant interest" in the Trust.

# Council's Significant Interests in Other Entities

The Local Government Act 2002, Schedule 10 (16) requires Council to provide information regarding its involvement in Trading Organisations (CCTOs), companies and other organisations under the control of Council or in which Council has a significant interest.

## TDC Holdings Limited

### The Company

The Holding Company was incorporated under the Companies Act 1993 on 16 June 1997, to provide better optimisation of Council's funds invested in its two operational CCTOs, Infracon Limited and Tararua Forests Limited.

### Nature and Scope of Activities

The core investment of the company is a 66% interest in Infracon Limited and a 100% interest in Tararua Forests Limited totalling \$9.424 million. Council has an investment in TDC Holdings Limited of \$5.016 million.

### Objectives

The objective of the Company is to operate as a successful investment business and to ensure Council obtains an adequate return on its investments.

### Performance Targets

#### Return on Shareholder Funds

TDC Holdings Limited performance for return on shareholders funds will be assessed on the combined

dividend or cash distributions made to TDC Holdings Limited and Council by Infracon Limited and Tararua Forests Limited.

### This Year's Result

This year's operating surplus/(deficit) before tax was (\$2,185) (2011: \$4,250). TDC Holdings Ltd received income of \$56,700 made up from Council fees and charges to the subsidiary companies. There were no dividends received this year from Infracon Limited.

The contracting industry is passing through difficult times and due to this Infracon Ltd has made a loss after tax of \$1,275,917. Tararua Forests Ltd undertook no harvesting this year. However, the forestry revaluation resulted in a net surplus after tax of \$224,740 (2011: \$71,036).

Council passed a resolution in June 2012 to simplify the reporting lines to its subsidiaries by approving the voluntary liquidation of TDC Holdings and transferring all assets to Council. This means that the two subsidiary companies, Tararua Forest Limited and Infracon Limited, will sit directly under Council once this process is completed. Council appointed accountant Rod McKenzie as liquidator and Peter Wimsett as the sole TDC Holdings Director to fulfil Company Act requirements while the company is liquidated.

A Council Committee has been established to oversee the process consisting of Mayor Roly Ellis (Chairman), Deputy Mayor, Bill Keltie and Councillor Chris Southgate.

|   | 2011/12<br>Actual | 2011/12<br>Target |
|---|-------------------|-------------------|
| Ratio of shareholder funds to total assets                                | 100%              | > 55%             |
| Distribution to Tararua District Council (& Group Tax Subvention Payment) | -                 | \$305,000         |
| Net profit before subventions and tax as % of average shareholders funds  | (0.02%)           | 3-6%              |

| Objective  | Performance Target   | Achievement             |
|--|--|-------------------------|
| To negotiate and agree with Council the Company's Statement of Intent  | Agreement of the Company's Statement of Intent (Sol) with the Council not later than 30 June each year.  | Achieved: 27 June 2012. |
|  | Compliance with provisions of the Local Government Act 2002 and the Company's Constitution.  | Achieved.               |
| To negotiate with its subsidiaries and, after consultation, with Council, approve the subsidiaries Sol's                       | Consideration of draft Sol's from subsidiaries and, if appropriate, discussions with subsidiary Boards of Directors not later than 15 June of each year.       | Achieved.               |
|  | Ensuring subsidiaries' Sol compliance with provision of the Local Government Act and subsidiaries' Constitutions.  | Achieved.               |
|  | Approval of subsidiaries' Sol's not later than 30 June of each year.   | Achieved.               |
| To monitor the subsidiaries' performances against targets established in the Sol.  | Establishment of recording requirements and protocols for the subsidiaries to the Company.   | Achieved.               |
|  | Review of subsidiaries' reports half-yearly and obtaining information on significant variances to performance targets.   | Achieved.               |
| To report regularly to Shareholders on the Company's performance against targets.  | Compliance with the reporting requirements detailed in the Sol and Board attending on Council to discuss reports.  | Achieved.               |
|  | Holding not less than one shareholders' meeting each year for the purpose of briefing the representatives of shareholders on developments in the subsidiaries. | Achieved.               |
| To report regularly to Council on its own and subsidiaries' performance  | Compliance with Council requirements for six monthly reports comparing performance against targets and other information.                                      | Achieved.               |
| To report to Council on actual or potential non-compliance or problems with performance requirements.                          | Reporting to Council at the earliest opportunity of any significant problems/issues relating to the Company or subsidiaries.                                   | Achieved.               |
| To operate as a successful company in terms of the Companies Act, the Local Government Act and all other statutory provisions. | Compliance with Requirements of the Local Government Act 2002.   | Achieved.               |
|  | Compliance with the Companies Act 1993 and the Financial Reporting Act 1993.   | Achieved.               |
|  | Compliance with the Company's Constitution.  | Achieved.               |
|  | Compliance with the Statement of Intent's performance targets.   | Not achieved.           |

**CCTO (Council Controlled Trading Organisation) Financial Statements****TDC Holdings Limited**

|  | 2010/11<br>TDC HL<br>\$000's | 2011/12<br>TDC HL<br>\$000's | 2010/11<br>Consolidated<br>\$000's | 2011/12<br>Consolidated<br>\$000's |
|--|------------------------------|------------------------------|------------------------------------|------------------------------------|
| <b>Statement of Comprehensive Income</b>           |                              |                              |                                    |                                    |
| <b>Revenue</b>                                     |                              |                              |                                    |                                    |
| Revenue from operations                            | 57                           | 57                           | 41,500                             | 38,590                             |
| Revenue from forestry sales                        | -                            | -                            | 24                                 | -                                  |
| Interest revenue                                   | 3                            | 1                            | 9                                  | 9                                  |
| <b>Total Revenue</b>                               | <b>60</b>                    | <b>58</b>                    | <b>41,533</b>                      | <b>38,599</b>                      |
| <b>Expenses</b>                                    |                              |                              |                                    |                                    |
| Operating Expenditure                              | 56                           | 60                           | 41,662                             | 40,405                             |
| <b>Total Expenses</b>                              | <b>56</b>                    | <b>60</b>                    | <b>41,662</b>                      | <b>40,405</b>                      |
| Other gains/(losses)                               | -                            | -                            | 186                                | (159)                              |
| <b>Net profit/(loss) before taxation</b>           | <b>4</b>                     | <b>(2)</b>                   | <b>57</b>                          | <b>(2,204)</b>                     |
| Taxation expense/(refund)                          | -                            | -                            | 87                                 | (671)                              |
| <b>Operating Surplus (Deficit) After Tax</b>       | <b>4</b>                     | <b>(2)</b>                   | <b>(30)</b>                        | <b>(1,533)</b>                     |
| <b>Other Comprehensive Income</b>                  |                              |                              |                                    |                                    |
| Gain on property revaluations                      | -                            | -                            | 2,105                              | 480                                |
| Tax on property revaluations                       | -                            | -                            | (583)                              | -                                  |
| <b>Total Comprehensive Income</b>                  | <b>4</b>                     | <b>(2)</b>                   | <b>1,492</b>                       | <b>(1,053)</b>                     |
| <b>Total comprehensive income attributable to:</b> |                              |                              |                                    |                                    |
| TDC Holdings Ltd                                   | 4                            | (2)                          | 1,010                              | (620)                              |
| Non-controlling interest                           | -                            | -                            | 482                                | (433)                              |
| <b>Statement of Financial Position</b>             |                              |                              |                                    |                                    |
| <b>Assets</b>                                      |                              |                              |                                    |                                    |
| Current Assets                                     | 238                          | 45                           | 11,847                             | 7,224                              |
| Non-Current Assets                                 | 9,424                        | 9,425                        | 19,790                             | 18,836                             |
| <b>Total Assets</b>                                | <b>9,662</b>                 | <b>9,470</b>                 | <b>31,637</b>                      | <b>26,060</b>                      |
| <b>Liabilities</b>                                 |                              |                              |                                    |                                    |
| Current Liabilities                                | 194                          | 4                            | 8,916                              | 4,575                              |
| Non-Current Liabilities                            | -                            | -                            | 2,617                              | 2,435                              |
| <b>Total Liabilities</b>                           | <b>194</b>                   | <b>4</b>                     | <b>11,533</b>                      | <b>7,010</b>                       |
| <b>Equity</b>                                      |                              |                              |                                    |                                    |
| Public Equity                                      | -                            | -                            | -                                  | -                                  |
| Parent Interest                                    | 9,468                        | 9,466                        | 13,826                             | 9,136                              |
| Minority Interest                                  | -                            | -                            | 6,278                              | 5,844                              |
| Revaluation Reserves                               | -                            | -                            | -                                  | 4,070                              |
| <b>Total Equity</b>                                | <b>9,868</b>                 | <b>9,466</b>                 | <b>20,104</b>                      | <b>19,050</b>                      |
| <b>Total Equity &amp; Liabilities</b>              | <b>9,662</b>                 | <b>9,470</b>                 | <b>31,637</b>                      | <b>26,060</b>                      |

## Infracon Limited

### The Company

Infracon Limited is a Council Controlled Trading Organisation (CCTO) which is 66% owned by TDC Holdings Limited. It was established on 1 July 2003 under Section 594B of the Local Government Amendment No.2 Act 1989. The Company has its own management structure.

### Mission Statement

"For Infracon Limited to be the outstanding provider of Roading and Civil Engineering and associated services in the communities we serve."

### Objectives

The principal objective of the Company is to provide competitive and quality service to a wide range of customers by creating a stimulating and rewarding environment for our people. This will add value for our shareholders and communities.

### Nature and Scope of Activities

Infracon Limited's primary activity is the management and execution of infrastructure maintenance particularly in the areas of Local Authority Roading and Underground Service Utilities.

The Company will undertake work as follows:

- Road and bridge maintenance

- Utilities and services maintenance
- Parks and reserves maintenance
- Civil engineering contracts for Transit NZ, local authorities, and private customers
- General plant hire
- Crushing and quarry operations
- Refuse collection and disposal
- Supply of readymix concrete
- Other works which are incidental or conducive to the attainment of the principal objective of operating a successful business.

### This Year's Result

The directors, management and staff have had to adapt to a quickly changing environment. The strength of the balance sheet and generation of good operating cashflows indicate the resilience of Infracon as the difficult times continue.

Despite a significant operating loss of \$1.27 million for the year, operating cashflows remained very positive (\$1.8 million compared to \$700,000 last year). Debt continued to reduce and the capital expenditure programme has been reactivated resulting in the replacement of some key operating plant items, resulting in a strong balance sheet.

Infracon found contracts had little or no margin during the year and lost a large component of their Hastings operations to a Christchurch based company for the Hastings District Council utilities work. It was difficult for Infracon as it had to make people redundant. For the year, Infracon paid \$414,000 in redundancies.

### Performance Targets

|  | 2011/12<br>Actual | 2011/12<br>Target |
|--|-------------------|-------------------|
| Ratio of shareholder funds to total assets                                 | 76%               | 55% min           |
| Net Profit before tax and Subvention Payment to opening shareholders funds | 0%                | 3-6%              |

## CCTO (Council Controlled Trading Organisation) Financial Statements

### Infracon Limited

|   | 2010/11<br>\$000's | 2011/12<br>\$000's |
|---|--------------------|--------------------|
| <b>Statement of Comprehensive Income</b>                        |                    |                    |
| <b>Revenue</b>  |                    |                    |
| Revenue from operations   | 41,446             | 38,537             |
| Interest revenue  | 1                  | 6                  |
| <b>Total Revenue</b>  | <b>41,447</b>      | <b>38,543</b>      |
| <b>Expenses</b>   |                    |                    |
| Operating Expenditure   | 41,379             | 40,276             |
| <b>Total Expenses</b>   | <b>41,379</b>      | <b>40,276</b>      |
| Plus Revaluation Increment/(Decrement) & Losses/(Gains) on Sale | (112)              | (120)              |
| <b>Net surplus before taxation</b>                              | <b>(44)</b>        | <b>(1,853)</b>     |
| Taxation expense/(refund)                                       | 60                 | (577)              |
| <b>Net surplus/(deficit) after taxation</b>                     | <b>(104)</b>       | <b>(1,276)</b>     |
| <b>Other Comprehensive Income</b>                               |                    |                    |
| Revaluations  | 2105               | -                  |
| Tax on equity items   | (583)              | -                  |
| <b>Total other comprehensive income</b>                         | <b>1522</b>        | <b>-</b>           |
| <b>Total comprehensive income attributable to shareholders</b>  | <b>1418</b>        | <b>(1,276)</b>     |
| <b>Statement of Financial Position</b>                          |                    |                    |
| <b>Assets</b>   |                    |                    |
| Current Assets  | 11,516             | 7,145              |
| Non-Current Assets  | 18,135             | 16,999             |
| <b>Total Assets</b>   | <b>29,651</b>      | <b>24,144</b>      |
| <b>Liabilities</b>  |                    |                    |
| Current Liabilities   | 8,693              | 4,549              |
| Non-Current Liabilities   | 2,495              | 2,408              |
| <b>Total liabilities</b>  | <b>11,188</b>      | <b>6,957</b>       |
| <b>Equity</b>   |                    |                    |
| Shareholder funds   | 12,923             | 11,746             |
| Revaluation Reserve   | 5,540              | 5,441              |
| <b>Total equity</b>   | <b>18,463</b>      | <b>17,187</b>      |
| <b>Total Equity &amp; Liabilities</b>                           | <b>29,651</b>      | <b>24,144</b>      |



## Tararua Forests Limited

### The Company

Tararua Forests Limited is a Council Controlled Trading Organisation (CCTO) which is wholly owned by TDC Holdings Limited. It was established on 1 July 1994 under Section 594B of the Local Government Amendment No.2 Act 1989. Tararua Forests Limited was sold by Council to TDC Holdings Limited on 15 October 1997 for \$150,000 in cash. An additional \$1.215 million was invested on 30 June 1999 to fund the purchase of Council's Forestry Assets.

### Mission Statement

"To develop over a sustainable forest resource of good economies of scale providing consistent dividends to shareholders."

### Nature and Scope of Activities

Activities of the company are focused upon the development of profitable forestry yielding financial and other benefits.

These activities include:

- (a) Managing our forestry asset.
- (b) Harvesting our forests at the appropriate times.
- (c) Replanting of harvested areas.

- (d) Offering forestry management services to Tararua District Council and others.

### Objectives

- (a) Pursue management practices, business and market opportunities in order to maximise profitability.
- (b) Utilise Joint Ventures as a mechanism for further development of a sustainable forest base.
- (c) Develop a management and financial plan for the ongoing activities of the company and monitor progress to ensure that the company achieves its objectives.
- (d) Be a responsible corporate citizen.

### This Year's Result

Revenue received was \$4,047 as harvesting was suspended for the year while a sale process was undertaken. International commodity prices for wood and pulp dropped and there was a devaluation of forest values of \$278,527 in 2012. This offset the 2011 increase \$186,053, giving a net decrease in value over the two years of \$92,474.

For the first time land assets have been revalued. This resulted in an increase in land value of \$479,455 and is now valued at \$622,000. Overall comprehensive income increased by \$224,740 (2011: \$71,036).

With little cash income, the cash position of the company has dropped to \$13,035 at 30 June 2012 (30 June 2011: \$33,946).

### Performance Targets

| Performance Targets  | 2011/12 Target              | 2011/12 Actual                |
|--|-----------------------------|-------------------------------|
| Ratio of shareholder funds to total assets   | Minimum 55%                 | 97%                           |
| Ratio of net profit before tax to shareholders funds   | Minimum 7%                  | (19%)                         |
| Birch North Forest to be harvested by 30 June 2013   | 30 June 2013                | Ongoing                       |
| Complete roading programme for the harvest of Birch North                                    | 30 June 2013                | Ongoing                       |
| Manage existing and new plantings effectively  | Regular contractor reports  | Met                           |
| Maintain roads established at Birch North  | Regular reports             | Met                           |
| To negotiate and agree with TDC Holdings Limited the Company's Statement of Corporate Intent | 30 June 2011                | Met: 30 June 2011             |
| Monitor and report performance against targets   | Regular reports             | Six-monthly financial reports |
| To operate within statutory provisions   | Compliance with legislation | Met                           |

**CCTO (Council Controlled Trading Organisation) Financial Statements****Tararua Forests Limited**

|  | 2010/11<br>\$000's | 2011/12<br>\$000's |
|--|--------------------|--------------------|
| <b>Statement of Comprehensive Income</b>                                   |                    |                    |
| <b>Revenue</b>   |                    |                    |
| Forest sales (Gross)   | 24                 | -                  |
| Forest management services   | -                  | -                  |
| Sundry revenue   | 7                  | 4                  |
| <b>Total Revenue</b>   | <b>31</b>          | <b>4</b>           |
| <b>Expenses</b>  |                    |                    |
| Fair value of logs harvested   | 26                 | -                  |
| Operating expenses & administration  | 93                 | 75                 |
| <b>Total Expenses</b>  | <b>119</b>         | <b>75</b>          |
| other asset gains/(losses)   | 186                | (279)              |
| <b>Net surplus/(deficit) before taxation</b>                               | <b>98</b>          | <b>(350)</b>       |
| Taxation expense/(refund)  | 27                 | (95)               |
| <b>Net Surplus/(Deficit) after Taxation</b>                                | <b>71</b>          | <b>(255)</b>       |
| Other Comprehensive Income   | -                  | 480                |
| <b>Total comprehensive income</b>  | <b>71</b>          | <b>225</b>         |
| <b>Total comprehensive income attributable to Tararua District Council</b> | <b>71</b>          | <b>225</b>         |
| <b>Statement of Financial Position</b>                                     |                    |                    |
| <b>Assets</b>  |                    |                    |
| Current Assets   | 93                 | 34                 |
| Non-Current Assets   | 1,654              | 1,837              |
| <b>Total Assets</b>  | <b>1,747</b>       | <b>1,871</b>       |
| <b>Liabilities</b>   |                    |                    |
| Current Liabilities  | 28                 | 22                 |
| Non-Current Liabilities  | 122                | 27                 |
| <b>Equity</b>  |                    |                    |
| Shareholder Equity   | 1,597              | 1,341              |
| Revaluation Reserve  | -                  | 480                |
| <b>Total Equity &amp; Liabilities</b>                                      | <b>1,747</b>       | <b>1,871</b>       |

## Tararua Aquatic Community Trust

### The Trust

Tararua Aquatic Community Trust is a charitable trust created by deed of trust and registered under the Charitable Trust's Act 1957. This trust was set up on 30 April 1993 as an independent body with its own board and management structure.

### Objective

The Trust's objective is to provide and maintain a comprehensive indoor swimming pool and related services,

in the Tararua District for the benefit and welfare of the citizens of the Tararua District.

### This Year's Result

The Trust made a surplus of \$11,395 (2011: \$6,000 surplus). The Trust has managed its revenues, expenses, assets, liabilities and investments, and general financial dealings prudently as required by deed.

The Trust complied with the terms and conditions listed in the Management Agreement between the Trust and the Council. The Trust provided an audited set of Annual Accounts and Chairman's report to Council in September 2012.

## Financial Statements – Tararua Aquatic Community Trust

|  | 2010/11<br>\$000's | 2011/12<br>\$000's |
|--|--------------------|--------------------|
| <b>Statement of Comprehensive Income</b>                                   |                    |                    |
| <b>Revenue</b>   |                    |                    |
| Council grant  | 200                | 211                |
| Operating revenue  | 8                  | 12                 |
| Interest revenue   | 2                  | 1                  |
| Other asset gains/(losses)   | (1)                | -                  |
| <b>Total Revenue</b>   | <b>209</b>         | <b>224</b>         |
| <b>Expenses</b>  |                    |                    |
| Operating expenditure  | 203                | 213                |
| <b>Total Expenses</b>  | <b>203</b>         | <b>213</b>         |
| <b>Net Surplus/(Deficit) for Year</b>                                      | <b>6</b>           | <b>11</b>          |
| Other Comprehensive Income   | -                  | -                  |
| <b>Total comprehensive income</b>  | <b>6</b>           | <b>11</b>          |
| <b>Total comprehensive income attributable to Tararua District Council</b> | <b>6</b>           | <b>11</b>          |
| <b>Statement of Financial Position</b>                                     |                    |                    |
| <b>Assets</b>  |                    |                    |
| Current Assets   | 54                 | 70                 |
| Non-Current Assets   | 975                | 974                |
| <b>Total Assets</b>  | <b>1,029</b>       | <b>1,044</b>       |
| <b>Liabilities</b>   |                    |                    |
| Current Liabilities  | 16                 | 19                 |
| Non-Current Liabilities  | -                  | -                  |
| <b>Equity</b>  |                    |                    |
| Public Equity  | 1,014              | 1,025              |
| <b>Total Equity &amp; Liabilities</b>                                      | <b>1,029</b>       | <b>1,044</b>       |

## Wanganui-Manawatu LASS Limited

This company has been set up in 2008 by seven local councils to investigate the possibilities of economies of scale by joint procurement.

To date there has been no call on share capital and the financial transactions during the year were restricted to insurance being charged to Council of \$62,000. Tararua District Council owns 1/7th equal share or 14% of this company and has a liability for \$1,000 share capital. This company is an investment of Council.

and be subject to competition of other businesses in the private sector.

Consultancy offers professional consultancy services with separate management and business systems to encourage a focus on providing a service that could be subject to competition in the commercial environment. It is awarded roading professional services on a non-competitive basis. Any work of a nature, which is unable to be handled by Consultancy is competitively tendered on the open market. Consultancy operates from Council premises in Woodville.

## In-House Business Unit

### Consultancy

To encourage optimum performance, Council established a business unit which could operate in commercial markets

Disclosure is as required by the "Transit New Zealand Determination 1992" (Reporting on Minor and Ancillary Roothing Works and In-house Professional Services Performed and Provided by a Local Authority's Own Staff or Assets).

## Business Unit – Financial Statements

### Consultancy

|   | 2010/11<br>\$000's | 2011/12<br>\$000's |
|---|--------------------|--------------------|
| <b>Statement of Financial Performance</b>   |                    |                    |
| <b>Revenue</b>  |                    |                    |
| In-house professional services for Transit New Zealand financially assisted roading | 1,074              | 1,126              |
| Other engineering fees and revenue  | 6                  | 2                  |
| <b>Total Revenue</b>  | <b>1,081</b>       | <b>1,128</b>       |
| <b>Expenses</b>   |                    |                    |
| Total costs of operating roading programme  | 1,070              | 1,278              |
| <b>Total Expenses</b>   | <b>1,070</b>       | <b>1,278</b>       |
| <b>Net Surplus/(Deficit) for the year</b>   | <b>11</b>          | <b>(150)</b>       |

\* Consultancy's net surplus is incorporated into the council net surplus.

## Other Activities

### Tararua Safer Community Council (TSCC)

#### The Council

Tararua Safer Community Council is an organisation developed by the local community and funded by the Crime Prevention Unit. Since 1995, the Tararua District Council has had an agreement with the Crime Prevention Unit to sponsor the Tararua Safer Community Council.

The Crime Prevention Unit provides a Discretionary fund of \$5,000 to assist crime prevention programmes in the Tararua District. The Tararua Safer Community Council is in its twelfth year of operation; it is chaired by Maureen Reynolds, and has representation from 20 plus community groups and agencies.

#### Objective

The mission of the Tararua Safer Community Council is to coordinate existing community crime prevention programmes and to plan for, and encourage the development of new programmes within the context of a local crime prevention plan.

# Community Outcomes

The Local Government Act 2002 requires councils to help their communities identify and prioritise outcomes or goals for the present and future social, economic, environmental and cultural wellbeing of their communities. The Act gives councils much more flexibility in which to work than it has had in the past, to work more collaboratively with other public bodies and private concerns to advance community goals, and encourages councils to be more responsive and accountable to their communities.

## Four Wellbeings Defined

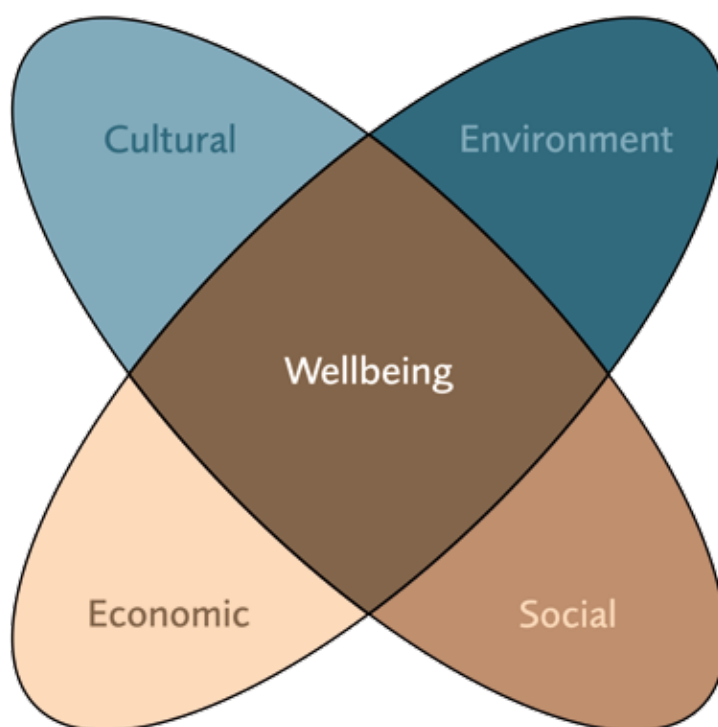
**Social** wellbeing relates to things such as education, health, the strength of community networks and associations, financial and personal security, rights, freedom' and levels of equity.

**Economic** wellbeing relates to the ability of the economy to generate the employment and wealth which enables communities to afford the goods and services they desire.

**Environmental** wellbeing relates to the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.

**Cultural** wellbeing relates to the shared beliefs, values, customs, behaviours and identities reflected through language, stories, experiences, visual and performing arts, ceremonies, heritage, sport and recreation.

The four wellbeings are not independent of each other; they are interconnected and impact on one another. For example: for a person to be able to work (economic wellbeing) that person needs to have a reasonable level of health to do the work (social wellbeing). The illustration shows this relationship and how each of the four wellbeings contributes to overall wellbeing.



## What are Community Outcomes?

Community outcomes are high level statements that describe the kind of society, community, environment and economy that the people of Tararua want to live in. They are the things the community think are important for its wellbeing. Community outcomes have been identified by the community and belong to the community.

Under the Local Government Act 2002, local authorities are required to assist their communities in identifying community outcomes at least once every six years.

Identifying community outcomes helps to:

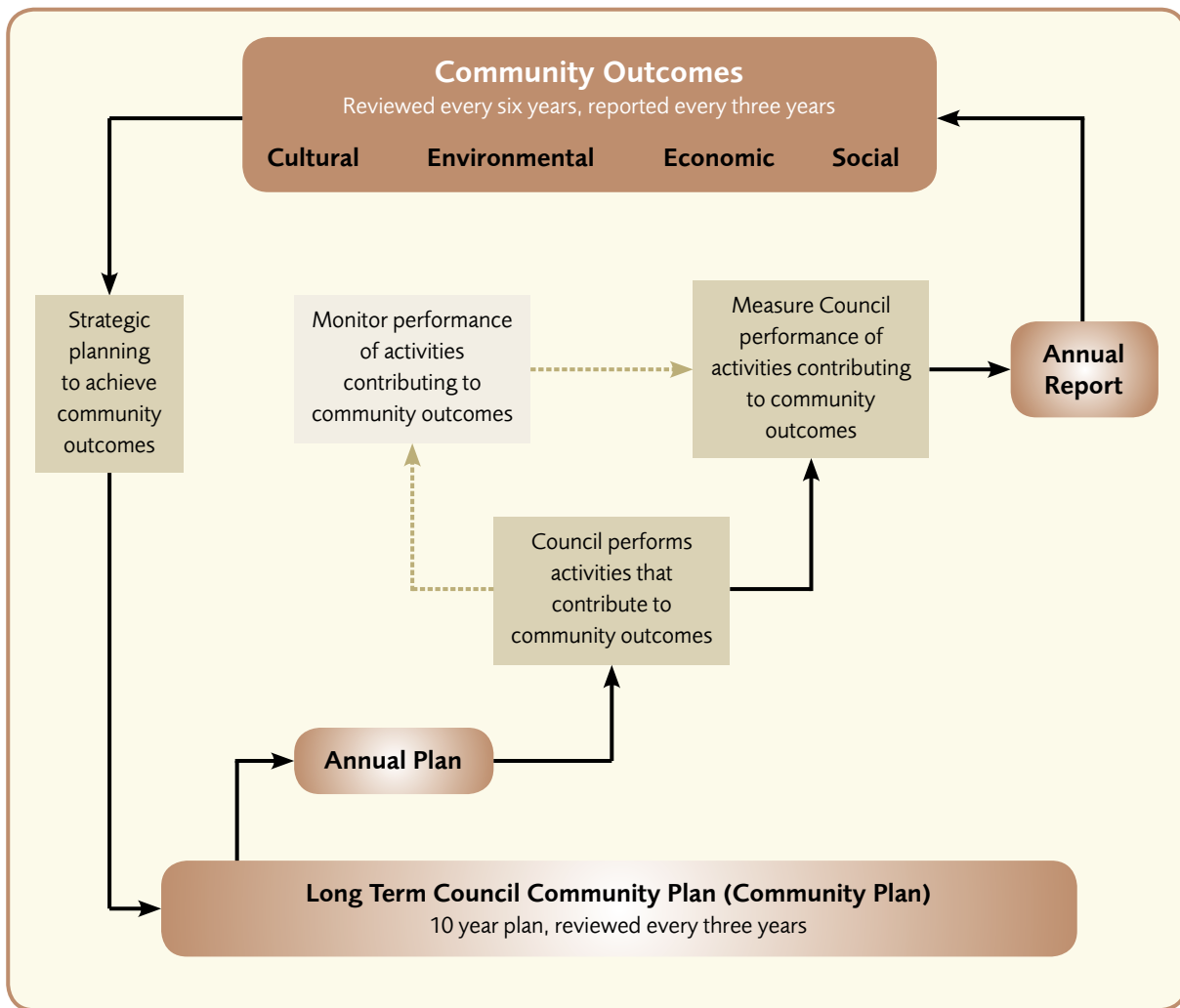
- Clarify what the community really wants
- Stimulate debate about local needs and priorities in terms of present and future wellbeing
- Inform and guide the setting of priorities for the activities of Council, central government agencies and community organisations
- Get organisations working together and forming partnerships
- Provide the basis for monitoring the community's progress towards achieving desired outcomes

## Community Outcomes Belonging to People of Tararua

These are the community outcomes identified and belonging to the people of Tararua:

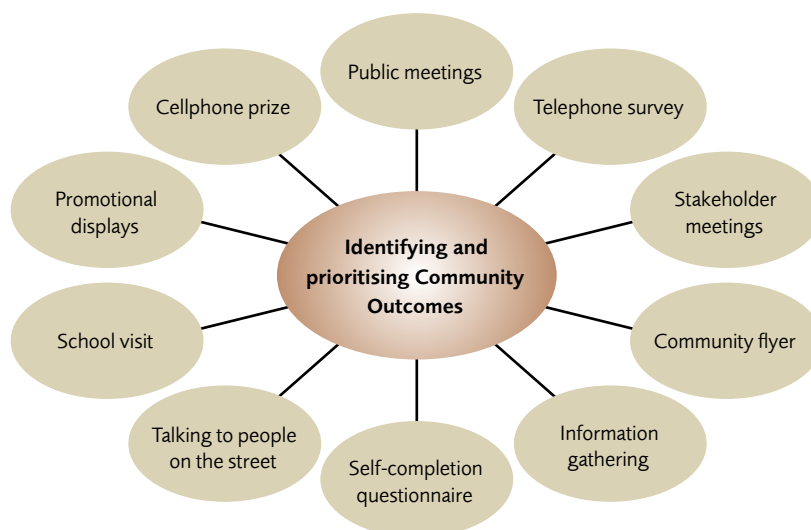
|                  |   |                         |  |
|------------------|---|-------------------------|--|
| Social Wellbeing | <b>1. A safe community</b> <ul style="list-style-type: none"> <li>• A community free from crime, violence, abuse or harm.</li> </ul>  | Economic Wellbeing      | <b>3. A high standard of infrastructure</b> <ul style="list-style-type: none"> <li>• A transport network that provides for the safe and convenient movement of people and goods.</li> <li>• Attractive, well maintained towns and public amenities that our community is proud of.</li> </ul>  |
|                  | <b>2. Access to local services</b> <ul style="list-style-type: none"> <li>• Access to local hospital and health services, education and training programmes, telecommunication, public transport, childcare, retail and banking services that meet the needs of the community.</li> </ul> |                         | <b>4. A strong, prosperous economy</b> <ul style="list-style-type: none"> <li>• A vibrant, prosperous economy that creates employment opportunities, and supports business development, productive land use, tourism and community initiatives.</li> <li>• A district that attracts visitors, and attracts and retains residents.</li> </ul>   |
|                  |   | Environmental Wellbeing | <b>5. A sustainable natural environment</b> <ul style="list-style-type: none"> <li>• Effective and efficient waste management for sustainability of our natural environment.</li> <li>• A natural environment that is protected, preserved and enhanced for present and future generations.</li> </ul>   |
|                  |   |                         | <b>6. A connected community</b> <ul style="list-style-type: none"> <li>• A community that has access to and participates in sport, recreation and social activities.</li> <li>• Our community has a greater say in the issues that affect them, and their wishes and needs are listened to.</li> <li>• Our community's culture and heritage is celebrated and preserved for future generations.</li> <li>• Arts and culture are supported by the community.</li> </ul> |

## Community Outcomes: A Performance Management Framework



## How were the Community Outcomes identified?

The Tararua District Council undertook extensive consultation with the people of Tararua to identify and prioritise community outcomes for the social, economic, environmental and cultural wellbeing of the community. The consultation took place from October 2004 to April 2005 using the following consultation techniques.



925 issues were identified by the people of Tararua resulting from the consultation process. These issues were sorted into ten common themes and then prioritised by the community into the following descending order of importance:

1. Safe communities
2. Road network
3. Access to services
4. Pride in our community
5. Waste management
6. Environmental protection
7. Economic development and tourism promotion
8. Recreational activities
9. Community and Council link
10. Heritage preservation

From the ranked community priorities the following six community outcomes were developed:

1. A safe community
2. Access to local services
3. A high standard of infrastructure
4. A sustainable natural environment
5. A strong prosperous economy
6. A connected community

For more information on the community outcomes process you are invited to read the report entitled 'Your Future... Tararua District Community Outcomes 2005'.

## Council's Contribution to Community Outcomes

The community outcomes identified by the community belong to the community. All individuals, community groups, government and non-government organisations having an association with Tararua district have an important role to play in contributing to the achievement of community outcomes, including the Council.

Listed below are some of the ways the Council will contribute to furthering community outcomes. More detailed information on each of the Council's core activities is provided in the Activities Section of this document.

The Council's contribution to community outcomes include being a provider or funder of services; regulator and enforcer of rules, legislation and standards; partner or collaborator with other organisations; advocate and leader for the community; and a monitor to measure the community's progress towards achieving community outcomes. The Council engages in many activities for the continued wellbeing of the Tararua community, and many of these roles are performed in the normal course of delivering services to the community.



# Council's Contribution to Community Outcomes through its Core Activities

## 1. A Safe Community

### Animal Control

- Provide animal control services through the Animal Control Activity in the interests of public and animal health and safety.
- Provide 24 hour dog and stock ranging service.
- Provide education programmes to schools and the community.
- Regulate through the Dog Control Policy and Dog Control Bylaw.

### Cemeteries

- Provide cemeteries for sanitary disposal of deceased persons.

### Community Support

- Provide administrative support to the Tararua Safer Community Council.
- Advocate to Central Government in extending the Safer Community Council's contract when it expires.
- Administer the rural rapid numbering system to help emergency services locate rural properties in the event of an emergency.

### Emergency Management

- Contract emergency management services for the protection of life and property in the event of a civil defence emergency or rural fire.

### Footpaths

- Provide a footpath on at least one side of urban streets for pedestrian safety.

### Health and Safety

- Protect public health and safety by:
  - inspecting premises regulated under the Health (Registration of Premises) Regulations 1966.
  - investigating and resolving nuisances under the Health Act 1956.
  - responding to accidental spillages involving hazardous substances.
  - inspecting private swimming pools under the Fencing of Swimming Pools Act 1987.
  - inspecting and approving new plumbing and drainage systems under the control of the Building Act 2004.

- administering and auditing building warrants of fitness.
- ensuring buildings comply with the New Zealand Building Code and other legislative requirements.
- Promote the aims of the Sale of Liquor Act by:
  - inspecting liquor licensed premises, issuing on and off licences and managers certificates
  - providing an advisory service to licensees, managers and the general public on liquor licensing matters.
  - investigating all complaints received regarding any licences, certificates, persons or premises regulated by the Sale of Liquor Act 1989.
  - working with other statutory agencies to achieve the desired community outcomes.

### Representation

- Facilitate regular meetings with Police to collaborate on issues affecting the community.
- Implement District Bylaws to control nuisance and unsafe behaviour.
- Provide an infrastructure that supports and improves public safety.
- Work with stakeholders to improve community safety.
- Provide leadership and advocate on behalf of the community in the interests of public safety.

### Roading

- Provide a safe road network throughout the district, including street lighting.
- Work with other stakeholders in the interest of road safety e.g. Police, ACC, Roadsafes Central, NZ Transport Agency, Horizons Regional Council.

### Sewerage

- Provide a sewerage reticulation system in most urban areas to protect public health through the sanitary disposal of human waste.

### Solid Waste Management

- Protect public health by providing landfills at Dannevirke, Eketahuna, Pahiatua and Pongaroa, transfer stations at Woodville and Ormondville, weekly refuse collections in urban areas, and rubbish receptacles in public places.

### Stormwater Drainage

- Provide stormwater drainage to protect health and safety of the community through the prevention of flooding that may cause risks to health through contaminated flood waters, accidents, drowning and land subsidence.

**Water Supplies**

- Provide potable reticulated water in urban supply areas and for fire fighting capability.
- Advocate to Central Government on drinking water standards.

**2. Access to Local Services****Cemeteries**

- Provide local cemeteries in most towns and settlements in the district.

**Community Buildings**

- Provide a number of community buildings across the district including town halls, community centres and sports centres.

**Housing**

- Provide low cost affordable housing to people 65 years of age and over and low income households.

**Library**

- Provide library services at Dannevirke, Eketahuna, Pahiatua and Woodville.

**Public Conveniences**

- Provide public conveniences at various locations throughout the district.

**Representation**

- Advocate for access to quality health and education services.
- Advocate for improved telecommunication.
- Advocate for improved access to public transport in the district.

**Roading**

- Provide physical access to properties within the district.

**Service Centres**

- Provide Council Service Centres at Dannevirke, Eketahuna, Pahiatua and Woodville.

**Sewerage**

- Provide a sewerage reticulation system in most urban areas.

**Solid Waste Management**

- Provide landfills at Dannevirke, Eketahuna, Pahiatua and Pongaroa, transfer stations at Woodville and Ormondville, weekly refuse collections in urban areas, and rubbish receptacles in public places.

**Swimming Pools**

- Provide funding assistance to local communities to run swimming pools at Dannevirke, Eketahuna, Pahiatua and Woodville.

**Water Supplies**

- Provide reticulated water supplies to most urban areas through the Water Supplies Activity.
- Review farm access to town water supplies where water is piped over farm land.

**3. A High Standard of Infrastructure****Commercial Property**

- Ensure commercial properties are well-maintained.

**Community Buildings**

- Provide clean, attractive facilities that are accessible and safe.
- Maintain buildings to required standards to comply with building warrants of fitness, Health & Safety in Employment Act 1992 and the Building Act 2004.

**Footpaths**

- Provide a footpath on at least one side of urban streets through the Footpaths Activity.
- Contract out capital development and ongoing maintenance.

**Health and Safety**

- Ensure buildings comply with the New Zealand Building Code and other legislative requirements.

**Housing**

- Provide a well maintained housing stock.

**Parks and Reserves**

- Provide well-maintained parks and reserves for the active and passive recreation and enjoyment of residents and visitors.

**Public Conveniences**

- Provide clean, safe, conveniently located public conveniences.

**Resource Management**

- Ensure a high standard of infrastructure throughout the district by regulating activities through the District Plan.

**Roading**

- Provide and fund a network of roads in the district, with subsidies received from Central Government for capital development and minor safety improvements.

- Contract out capital development work and maintenance programmes.
- Deliver engineering design and contract supervision services through in-house Consultancy staff.
- Continue with current seal extension programme.
- Advocate for regional funding for local roading projects.
- Work with Central Government, other Councils and regional groups to provide and maintain an efficient and effective road network.
- Work with NZ Transport Agency in establishing a joint working party to determine appropriate standards for the Pahiatua-Palmerston North Route and other alternate east/west links, and options to fund such costs.
- Undertake a capital development project to upgrade the footpaths and streetscape of Dannevirke CBD including further public consultation.
- Facilitate meetings with key stakeholders and advocate to NZ Transport Agency and NZ Transport Agency regarding a truck bypass in Dannevirke.
- Consider implementing a bylaw to control the movement of trucks in Dannevirke's CBD.
- Advocate to truck companies to use the bypass.
- Provide street lighting and contract out ongoing maintenance of street lights.

### Sewerage

- Provide a reticulated sewerage system in urban areas.

### Solid Waste Management

- Provide landfills at Dannevirke, Eketahuna, Pahiatua and Pongaroa, and transfer stations at Woodville and Ormondville.
- Provide rubbish receptacles in CBDs, cemeteries, parks and children's playgrounds.

### Stormwater Drainage

- Provide stormwater reticulation through the Stormwater Drainage Activity.
- Contract out ongoing maintenance.
- Protect property from flood damage and preserve road network.
- Review the culvert network and review capacity in pipe networks in rural areas as part of established programme.

### Water Supplies

- Provide reticulated water supplies to most urban areas through the Water Supplies Activity.
- Advocate for Central Government to meet the additional costs to upgrade water supplies to meet community expectations and government imposed standards.

## 4. A Sustainable Natural Environment

### Parks and Reserves

- Facilitate and collaborate with Horizons Regional Council and other organisations to extend the Akitio Reserve Management Plan to cover the entire Tararua district coastline.
- Advocate on behalf of the community to various environmental organisations and groups as required.
- Advocate and collaborate with Horizons Regional Council, Department for Conservation and QEII for the control of plant pests.
- Contribute to the protection, preservation and enhancement of our natural environment through the provision of parks and reserves.

### Resource Management

- Control the effects of development on the environment through the District Plan.

### Sewerage

- Provide a reticulated sewerage system to protect and preserve the natural environment from contamination through the treatment of raw sewage.
- Advocate to Ministry for the Environment, the District Health Board, and Central Government regarding environmental standards and government subsidies.
- Advocate to Horizons Regional Council for renewal of resource consents.

### Solid Waste Management

- Provide landfills, transfer stations, recycling and refuse collections, and rubbish receptacles to prevent littering and contamination of the environment.
- Implement education programmes, policies and penalties to prevent littering.

### Stormwater Drainage

- Provide stormwater reticulation to prevent inundation and land subsidence.

### Water Supplies

- Ensure the sustainable use of water through water conservation and metered supplies.
- Advocate to Horizons Regional Council for renewal of resource consents.

## 5. A Strong Prosperous Economy

### Commercial Property

- Lease a number of properties to private concerns for which the Council receives a financial return on investment.

### Community Support

- Attract and retain residents and attract visitors to the district by providing financial grants and support to:
  - Carnival Park management committee at Pahiatua.
  - Information centres run by local communities in Eketahuna, Norsewood, Pahiatua and Dannevirke.
  - Mainstreet committees at Dannevirke, Eketahuna, Pahiatua and Woodville.

### District Promotion

- Facilitate economic development through the Council's Economic Development Activity.

### Representation

- Provide leadership and an infrastructure that supports business development and tourism promotion.
- Collaborate with other councils in the Mayors' Taskforce for Jobs with the aim of all young people under 25 years of age and adults that are long term unemployed being in paid employment, education or training.
- Provide employment opportunities through the appointment of a Chief Executive to manage Council staff to deliver services to the community.

### Resource Management

- Ensure provision of appropriate infrastructure to support business development regulated through the District Plan.

### Roading

- Provide an efficient roading network for the transportation of people, goods and services for the economic growth and prosperity of the district.

### Tararua i-SITE

- Provide and fund the Tararua i-SITE at Woodville.
- Fund as a partner to the community-run information centres located at Dannevirke, Norsewood, Pahiatua and Eketahuna
- Facilitate and collaborate with Tourism Tararua with an elected member and the District Marketer being Council's representatives.

### Water Supplies

- Provide water supplies to urban areas to support local industry.

## 6. A Connected Community

### Cemeteries

- Provide cemeteries that are sensitive to the cultural needs of the community.
- Maintain Pioneer Cemeteries to preserve local history.
- Maintain accurate cemetery records to preserve the identities of those interred in the cemeteries.

### Community Buildings

- Provide community buildings such as town halls, community centres and sports centres so that residents can participate in social, cultural and recreational events and activities.

### Community Support

- Financial grants and administrative support are provided to a number of community groups and organisations such as:
  - Carnival Park management committee at Pahiatua
  - Dannevirke Brass Band
  - Dannevirke Highland Pipe Band
  - Information centres run by the communities in Eketahuna, Norsewood, Pahiatua and Dannevirke.
  - Mainstreet committees at Dannevirke, Eketahuna, Pahiatua, Pongaroa, Norsewood, and Woodville
  - Employment of a full-time sports and recreation co-ordinator.
  - Bush Multisports Trust
  - Tararua Safer Community Council
  - Dannevirke and Eketahuna Community Boards' and Pahiatua on Track Inc and Woodville Districts' Vision Inc Discretionary Funds granted to community projects.
  - Pahiatua on Track Inc and Woodville Districts' Vision Community Committees.
  - Administration of the Heritage Policy Development Fund and Elite Sportsperson Fund.

### Libraries

- Provide library services at Eketahuna, Pahiatua, Woodville and Dannevirke through the Library Activity

### Parks and Reserves

- Provide parks and reserves for sporting, recreational and social opportunities for residents and visitors.

### Representation

- Facilitate the community to celebrate its unique spirit and identity.

- Facilitate the Heritage Advisory Group.

### Roading

- Provide a road network to connect communities.

### Swimming Pools

- Provide funding support to the management committees of three public swimming pools at Eketahuna, Pahiatua and Woodville, and the Tararua Aquatic Community Trust at Dannevirke.

## Linkage between Community Outcomes and Key Strategic Planning Documents

The Council has a number of key strategic planning documents and each relate in some way to the community outcomes identified by the community. These linkages are represented as a ● in the table below, with the plans and strategies described in more detail in the section that follows.

| Community Outcomes:                       | A Safe Community | Access to Local Services | A High Standard of Infrastructure | A Strong Prosperous Economy | A Sustainable Natural Environment | A Connected Community |
|---|------------------|--------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------|
| <b>Strategic Planning Documents</b>       |                  |                          |                                   |                             |                                   |                       |
| Long Term Council Community Plan          | ●                | ●                        | ●                                 | ●                           | ●                                 | ●                     |
| Annual Plan                               | ●                | ●                        | ●                                 | ●                           | ●                                 | ●                     |
| District Plan                             |                  |                          |                                   | ●                           | ●                                 | ●                     |
| Regional Policy Statement                 |                  |                          |                                   |                             | ●                                 |                       |
| Asset Management Plans                    | ●                | ●                        | ●                                 | ●                           | ●                                 |                       |
| Solid Waste Plan                          |                  |                          |                                   |                             | ●                                 |                       |
| Assessment of Water and Sanitary Services | ●                | ●                        | ●                                 | ●                           | ●                                 | ●                     |
| National Land Transport Programme         | ●                | ●                        |                                   | ●                           | ●                                 |                       |
| Regional Land Transport Strategy          | ●                | ●                        | ●                                 | ●                           | ●                                 | ●                     |
| Economic Development Plan                 |                  |                          |                                   | ●                           |                                   | ●                     |



# 6

## **General Information**

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ANNUAL REPORT 2011/12

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# Council

## His Worship the Mayor



**R A (Roly) Ellis**

PO Box 115  
Dannevirke  
06 374 4080



## North Ward Councillors



**Cr J B (Brenda) Dodunski**

2B Hunter Street  
Dannevirke  
06 374 8054  
027 229 3989  
dodoj@xtra.co.nz



**Cr K R (Keith) Fenemor**

92A Adelaide Road  
Dannevirke  
06 374 5450  
fenlink@xtra.co.nz



**Cr D A (David) Roberts**

PO Box 69  
Dannevirke  
06 374 6405  
027 644 9459  
david@dorrington.co.nz



**Cr C W (Chris) Southgate**

PO Box 147  
Dannevirke  
06 374 2740  
027 484 6576  
cwsouthgate@xtra.co.nz

## South Ward Councillors



**Cr W H (Warren) Davidson**

RD 3  
Eketahuna  
06 375 8364  
warwyn@infogen.net.nz



**Cr S (Shirley) Hull**

Mangahao Road  
RD 3  
Pahiatua  
06 376 7283  
hullo1@xtra.co.nz



**Cr P A (Peter) Johns**

23 Pinfold Road  
Woodville  
06 376 5991  
027 442 7115  
johnsandcompany@gmail.com



**Deputy Mayor  
Cr W H (Bill) Keltie**

RD 1  
Pahiatua  
06 376 8996  
carolandwillie@xtra.co.nz

# Community Boards & Council Committees

## Community Boards

### Dannevirke Community Board

Generally meets on the first Monday of the month at 3:00pm.

- **Chairperson**  
Mr R P (Ray) Teahan  
50 Allardice Street, Dannevirke 4930  
06 374 9277  
rayelaine@xtra.co.nz
- **Deputy Chairperson**  
Mrs C (Carole) Isaacson  
RD 8, Umutaoroa, Dannevirke 4978  
06 374 5577  
huntzend@clear.net.nz
- Mr R A (Bob) Dresser  
22 Ries Street, Dannevirke 4930  
06 374 6270  
dresser234@msn.com
- Mr W R (Ross) Macdonald  
91 Piri Piri Road, RD 7, Dannevirke 4977  
06 374 7996  
rmacdonald@goldpine.co.nz
- **Councillor**  
Mrs J B (Brenda) Dodunski  
2B Hunter Street, Dannevirke 4930  
06 374 8054  
dodoj@xtra.co.nz

### Eketahuna Community Board

Generally meets on the first Friday of the month at 10:00am.

- **Chairperson**  
Mr C C (Charlie) Death  
Nireaha Road, RD 2, Eketahuna 4994  
06 375 8503  
deaths@inspire.net.nz
- **Deputy Chairperson**  
K A M (Katrina) Dimock  
87 High Street, Eketahuna 4900  
06 375 8213  
dimock@xtra.co.nz

- Mrs D F (Diana) Eagle  
343 Parkville Road, RD 2, Eketahuna 4994  
06 375 8356 027 434 7152  
eagleeketahuna@xtra.co.nz
- Mrs E (Biddy) Fraser-Davies  
36 Morgans Road, RD 2, Eketahuna 4994  
06 375 8634  
biddy@inspire.net.nz
- **Councillor**  
Mr W H (Warren) Davidson  
RD 3, Eketahuna 4994  
06 375 8364  
warwyn@infogen.net.nz

### Notes:

Woodville operates its own autonomous community committee, Woodville Districts' Vision (Inc).

Pahiatua operates its own autonomous community committee, Pahiatua on Track (Inc).

## Council Committees

### Chief Executive's Performance Appraisal Committee

His Worship the Mayor – Mr R A Ellis (Chairperson)

Cr W H Davidson

Cr W H Keltie

Cr D A Roberts

### Tribunal and Hearings Committee

#### Council Representatives

Cr W H Keltie (Chairperson)

Cr W H Davidson (Deputy Chairperson)

Cr P A Johns

Cr C W Southgate

# Management Team & Directory

## Management Team

### Executive Staff

Blair King ME (Civil) MIPENZ  
Chief Executive

Peter Wimsett CA, BBS  
Manager Strategy & District Development

Mike Brown BBS, Mgmt Dip  
Manager Environmental Services

Raj Suppiah CA  
Chief Financial Officer

Ray Cannon  
Manager Engineering Services

### Staff Numbers (full time equivalent)

|              | 2010/11   | 2011/12   |
|--------------|-----------|-----------|
| Council      | 55        | 55        |
| Consultancy  | 13        | 13        |
| <b>Total</b> | <b>68</b> | <b>68</b> |

## Directory

### Main Office and Council Chambers

|                               |                                |
|-------------------------------|--------------------------------|
| PO Box 115<br>Dannevirke 4942 | 26 Gordon Street<br>Dannevirke |
| Telephone:                    | (06) 374 4080                  |
| Fax:                          | (06) 374 4137                  |
| General email:                | info@tararua.govt.nz           |
| Council Website               | www.tararua.govt.nz            |
| District Website              | www.tararua.com                |
| Facebook                      | Tararua-District-Council       |

### Service Centre Locations

#### Dannevirke

26 Gordon Street, Dannevirke  
(06) 374 4080

#### Woodville

45 Vogel Street, Woodville  
(06) 376 0200

#### Pahiatua

136 Main Street, Pahiatua  
(06) 376 0110

#### Eketahuna

31 Main Street, Eketahuna  
(06) 376 0219

### Bankers\*

Bank of New Zealand  
Dannevirke  
\* Operational banking

### Auditors

Audit New Zealand  
PO Box 149  
Palmerston North  
On behalf of the Auditor-General

### Solicitors

Lloyd, Dodson, & Pringle  
Dannevirke

### Insurance Brokers

Aon New Zealand Ltd  
Wellington

# Tararua District Council Statistics

## General

| Description               | Total         |
|---------------------------|---------------|
| Population                | 17,634        |
| Rateable Assessments      | 10,661        |
| Non Rateable Assessments  | 597           |
| <b>Total Assessments</b>  | <b>11,258</b> |
| Area (ha)                 | 427,000       |
| Net Capital Value (\$m)   | 5,351         |
| Rateable Land Value (\$m) | 3,633         |
| Rural-Metal Roads (km)    | 777           |
| Rural-Sealed Roads (km)   | 1,095         |
| Urban-Metal Roads (km)    | 0.54          |
| Urban-Sealed Roads (km)   | 86            |
| <b>Total Roads (km)</b>   | <b>1,956</b>  |

## Resource Management

| Description  | Total |
|--|-------|
| Resource consents issued 1 July 2011 to 30 June 2012 | 52    |
| Landuse consents                                     | 24    |
| Subdivision consents                                 | 28    |
| Building consents issued                             | 397   |
| Registered dogs as at 30 June 2012                   | 6,656 |
| Licenced food premises as at 30 June 2012            | 118   |

## Buildings

| Description         | Total |
|---------------------|-------|
| Major Halls         | 5     |
| Sports Facilities   | 4     |
| Public Conveniences | 17    |
| Libraries           | 3     |
| Pensioner Flats     | 107   |

## Recreation Facilities, Parks & Reserves

| Description            | Total |
|------------------------|-------|
| Camping Grounds        | 3     |
| Swimming Pools         | 4     |
| Cemeteries             | 20    |
| Major Parks & Reserves | 9     |

## Utilities

| Description                 | Total |
|-----------------------------|-------|
| Bridges                     | 394   |
| Water Supplies              |       |
| Urban                       | 6     |
| Independent                 | 4     |
| Sewerage Systems            | 7     |
| Solid Waste Disposal Sites  | 5     |
| Stormwater/Drainage Systems | 4     |

## Vehicles

| Description     | Total |
|-----------------|-------|
| Cars            | 9     |
| Utilities       | 16    |
| Fire Appliances | 8     |

# Glossary of Terms

**Activity** The operation of a facility or the provision of a service.

**Asset Management Plan** A plan, which identifies the current status of an asset, future renewal programme and options to meet growth due to demand/expansion.

**Capital Development** Is the creation of new assets or the addition of new components to existing assets that extend any assets service potential.

**Capital Renewal** Is the replacement of existing assets when they have reached the end of their useful life.

**Community Outcomes** The community's priorities for the future of the District, identified through a community consultation process.

**Cost of Service** The true cost of performing an activity. Calculated as the total of direct costs, support costs, depreciation, interest and debt servicing.

**Council-Controlled Organisation (CCO)** means a council organisation that is:

- a) a company-
  - i) in which equity securities carrying 50% or more of the voting rights at the meeting of the shareholders of the company are-
    - A) held by one or more local authorities; or
    - B) controlled, directly or indirectly, by one or more local authorities; or
  - ii) in which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- b) an organisation in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons,-
  - i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
  - ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

**Council-Controlled Trading Organisation (CCTO)** A council-controlled organisation that operates a trading undertaking for the purpose of making a profit, formerly known as a Local Authority Trading Enterprise (LATE).

**Depreciation** The cost or value of the economic benefit of an asset used during a financial year.

**Funding Policy** The Funding Policy sets out who should pay for Council's activity and how they should pay for the activity.

**Groups of Activities** The Council's services are divided into four groups of activities - Leadership, Building Communities, Supporting the Economy, Protecting the Environment - based on their relationship and the rationale for providing them.

**Indicator** Flag or signal that represent an issue of concern or which measure change or progress toward a desired outcome.

**Infrastructural Assets** Fixed utility systems that provide a continuing service to the community that are not generally regarded as tradeable. These assets include roads, water and sewerage services and stormwater systems.

**Long Term Council Community Plan (Community Plan)** A plan which outlines the Council's programme for the next 10 years and how it will contribute to achieving the community outcomes.

**Measure** The actual piece of information or data used to gauge an indicator.

**Operational Expenditure** All funding for providing services on a day to day basis, excluding renewal and capital expenditure.

**Operating Revenue** Revenue received as part of day-to-day activities. Includes user charges and rates but not capital revenue (such as new loans).

**Performance Measure** Measure by which organisational performance may be judged in relation to objectives.

**Policy** A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

**Renewal Expenditure** Funding for works that replace the existing assets over their projected lifetime. Generally funded from the depreciation reserve fund.

**Separate Rate** A rate levied over a particular group of properties that receive or are capable of receiving a specific service or benefit additional to that provided by general rate funding.

**Service Delivery Plan** Outlines each of the Council's activities including service levels, performance measures, issues and future demand.

**Toby** A valve situated at the property boundary for the purpose of controlling the flow of water to the property.