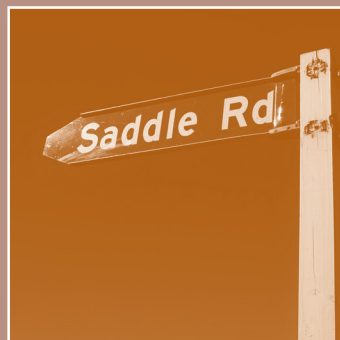


TARARUA DISTRICT COUNCIL

# ANNUAL REPORT

1 JULY 2013 – 30 JUNE 2014



## 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 Hawke's 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.

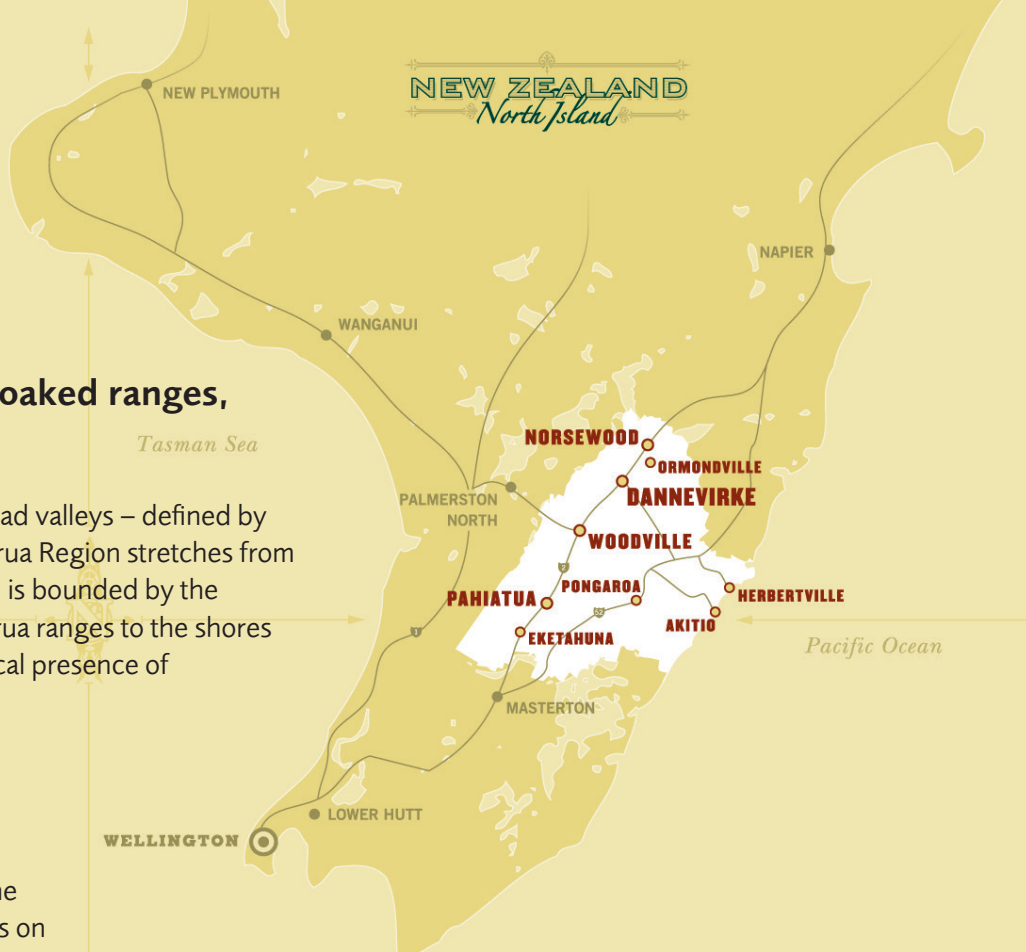
European settlement within the District started in 1854 when the first sheep were driven up the coast from Wellington to establish coastal stations, but access to this area remained almost entirely by sea until well into last century.

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 2013/2014**

**① ARARUA DISTRICT COUNCIL**



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# Introduction

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ANNUAL REPORT 2013/14

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# From Your Mayor and Chief Executive

The 2013/14 Annual Report details Council's progress in delivering on the three key outcomes of improved core infrastructure, prudent financial management, and economic development.

Successes in improving core infrastructure included upgrading of wastewater treatment plants through de-sludging and adding impervious liners in specific oxidation ponds, partly funded by the Government "Fresh Start for Fresh Water" programme.

Council's foresight in purchasing a remote controlled pipe-camera inspection system to identify where stormwater is leaking into the wastewater network, and following up with residents who have incorrect piped networks, has reduced annual volumes needing treatment and discharge. With the 113,000m<sup>3</sup> impounded water supply for Dannevirke commissioned, wise water use by residents and industrial consumers meant we were able to operate without imposing water restrictions. This same camera system highlighted that the magnitude 6.2 earthquake near Eketahuna had damaged nearly 95% of the piped network. With a replacement value for this network over \$2.2 million, the evidence provided via this camera and staff meant a successful claim on our insurance.

*"...the assessors commending those involved for the proactive culture and cost-effective processes."*

Part of the economic development work, has been around making it easier to gain the right information from Council, in a timely manner. One key success has involved detailed colour scanning of building packets into usable electronic records, that has been submitted for a national award. The benefit of this project is that we will be able to provide a

higher level of service as residents and prospective property owners will be able to access property/building information online in the near future. Another was obtaining renewal of our Building Consent Authority Accreditation, on the first application, with the assessors commending those involved for the proactive culture and cost-effective processes.

*"We are saddened by this decision but understand that it was a culmination of factors that had led to this announcement."*

On 21 August the Interim Board of Infracon Limited (the Company) announced that they had placed the Company into liquidation. The Interim Board received a letter from the Bank indicating that the bank is withdrawing all credit lines due to the financial performance of the Company. The Interim Board had several discussions with the Bank but were unable to resolve the situation. The Interim Board tried to negotiate a sale of the Company and/or its assets to secure cash for the operations and restructure, but it became apparent that the Company was insolvent and further trading was not prudent. The Directors at that point had a responsibility under the Companies Act to then put the Company into liquidation.

We are saddened by this decision but understand that it was a culmination of factors that had led to this announcement. As a result of the liquidation, we have written down our investment in the Company and have not prepared



consolidated financial statements, this year, as the Company's 2013/14 Annual Report is still in draft and unaudited.

To assist staff of the Company, we set up a hub inviting recruitment and various other agencies to provide help for the staff. This was well received by the Company's staff.

For the year, our building team processed 393 Consents for \$21.5 million of work, taking an average of 11 working days. Similarly, our Planning team processed 48 non-notified consents for the year, averaging 14 working days.

*"An extensive procurement process highlighted less staff would be needed, leaving more money for actual works..."*

At another level, we changed the structure of how we manage what are called "Council Controlled Companies", to improve their company results with Councils expectations. This resulted in a positive return to Council from liquidating the holding company and taking the assets back in house. Subsequent to that, the new Directors of the in-house Forestry Company, reviewed the contracts for management and harvesting of Councils forest assets, generating a significant cash return. This offset the loss of dividend paid by our two thirds shareholding in Infracon Limited (in Liquidation).

Prudent financial management has included paying off debt used to fund capital projects, such as the Woodville Main-street renewal, faster than predicted. Another has been reviewing how we deliver services, for example roading maintenance, to reflect changes in central government co-investment. An extensive procurement process highlighted less staff would be needed, leaving more money for actual works, under an Alliance contract, where the Engineering and Contractors teams are combined.

Recruiting new talent into the management team, and a focus on developing leaders, has resulted in national recognition. One staff member won the title of the Young Finance Manager of the year, out of a wide range of contenders working for private and public firms. Two senior staff were invited to assist Local Government New Zealand under the Ministry of Foreign Affairs and Trade (MFAT) funded assistance programme to provide technical advice to Vanuatu and other Pacific Island Countries.

The Local Authority Shared Services company (MW LASS) continues to provide lower combined regional cost services, and the assistance of the Horizons Regional Council in administering this company must be acknowledged.

It is also timely to thank the volunteers who also underpin the success of our districts amenities. Council purchased the

site known as the 'sale yards land' in Pahiataua at the request of Bush Multisport Trust and this was supported by public submissions. This ensures that, as the volunteers who have developed this complex create plans for future amenities, there is a large block of land available next to the well-used sports facilities. The years of service provided by the Volunteer Rural Fire Force members, along with their families were formally recognised with national service honours.

*"Recruiting new talent into the management team, and a focus on developing leaders, has resulted in national recognition."*

The recently concluded community survey showed support for our current strategic direction with economic development being the single most important issue identified by the residents surveyed. A larger percentage of residents surveyed are more positive about the district as a better place to live in than three years ago. This is very positive feedback.

Prudent financial management and sticking to our plan means we are now well positioned for the future. Looking ahead, our primary focus will continue to be affordability underpinned by identifying further efficiencies and savings, facilitating economic growth and wealth, and continued investment in our core infrastructure to enable commerce and recreation to flourish in the district.

*"A larger percentage of residents surveyed are more positive about the district as a better place to live in than three years ago."*

We are progressing well against our strategies in the Long Term Plan, which could not have happened without the efforts from staff, leadership of councillors and support from the community.

Blair King  
Chief Executive

Roly Ellis  
Mayor

# How this Report Works

## Purpose of this Annual Report

The purpose of this annual report is to compare our actual performance for the year from 1 July 2013 to 30 June 2014 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).

## Structure of this Report

This Report has five sections – Introduction, Reports, Activities and Service Performance, Financial Statements, and General Information.

### Introduction

This section includes:

- Our Year at a Glance – presents a quick summary.
- Our Progress Towards the Strategies in Our Long Term Plan – a review of our progress towards our strategies.
- Highlights for the Year – highlights key achievements and challenges we faced during the year.
- Financial Overview – an overview of the financial performance and position, and key operational information.
- Financial Prudence Benchmarks Disclosures – details Council's performance against the new Local Government (Financial Reporting and Prudence) Regulations 2014 disclosure requirements.
- Service Performance – summarises our achievements against performance measures in the Annual Plan.
- Five-Year Summary – an overview of financial performance and position, and key operational information.

### Reports

This section includes:

- Capital expenditure report and explanation for variances.
- Report that shows how we fulfil our responsibilities to govern the district well.

### Activities and 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

We detail the Council's and group's financial performance against budget.

### General Information

This section provides the make up of the Council, the Community Boards and Committees, and Management. It also includes a directory and general statistics of the district. A glossary of terms completes this section.



# Our Year at a Glance

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

## What We Said We Would Do

● Achieved ● Almost achieved ● Not achieved

- **Decreasing rates increases**
- **Continued investment in our core infrastructure**  
We did not complete our capital programme for the year.
- **Continue to address the water supply and quality issues**
- **Delivery on service level performance targets**  
We did not achieve 14 out of 87 of our service level measures.
- **Reduce environmental impact from our waste management practices**
- **Increase levels of service for Solid Waste Management in an efficient and cost effective way**
- **Debt managed within Long Term Plan forecast**
- **Operating cost does not exceed budget**  
Even though Rooding exceeded budget due to flood and earthquake damage repairs, savings from other activities meant overall operating cost was \$1.99 million under budget.
- **Branding of each town and promotion of Tararua**
- **Promote economic development**
- **Improve relationships and collaboration with other organisations**  
We continue to work closely with NZ Transport Agency and Horizons, and on new projects with MW LASS but have ceased the shared service to Central Hawkes Bay District Council due to staff changes.

## Financial Overview

<b>Overall Operating Result</b>	<b>\$3.4 million UNFAVOURABLE</b>	●
<b>Operating Revenue</b>	<b>\$1.8 million UNFAVOURABLE</b>	●
<b>Operating cost</b>	<b>\$2 million FAVOURABLE</b>	●
<b>Total External Debt</b>	<b>\$127,000 FAVOURABLE</b>	●
<b>Capital Expenditure</b>	<b>\$8.9 million UNFAVOURABLE</b>	●
<b>Net Debt</b>	<b>\$5 million FAVOURABLE</b>	●
<b>Net Interest</b>	<b>\$29,000 UNFAVOURABLE</b>	●

## Financial Performance

### Operating Revenue

Revenue was lower than budget by \$1.8 million. We received a lower NZ Transport Agency subsidy of \$400,000, compared to budget for the following reasons:

- We did not receive \$1.6 million of subsidy for the Saddle Road due to delays in completing the scheduled work.
- Operating subsidies were lower than budget by \$390,000 due to the focus on earthquake and flood damages, repair works, and contractors' poor performances.
- However, we did receive \$1.37 million of additional subsidies for the flood damage and Eketahuna earthquake repairs works.
- We also received a further emergency work subsidy of \$400,000 from NZ Transport Agency for the slip on Route 52 at Wimbledon.

There were delays in the Ministry of Environment subsidised Wastewater projects. As a result, we were not able to claim \$730,000 of subsidy as budgeted.

Adjustment of \$1.27 million was made to both revenue and operating expenditure to remove internal charges and reflect both of these balances correctly.

## Operating Cost

Our overall operating expenditure was \$2 million under budget. Four activities (Roothing, Representation, Parks & Reserves and Footpath) had cost overruns. With Roothing, the significant overrun was due to the flood damage and Eketahuna earthquake (\$1.1 million), as both caused significant damage to our district's local and state highway roads.

These cost overruns we offset by lower than budgeted depreciation (\$635,000), and cost savings from the other activities.

## External Core Debt

Our core external debt at year-end was \$11.1 million, which was close to our budget of \$11.2 million. The average cost of debt for Council was 5.5% (5.45% in last year) as at 30 June 2014.

## Infrastructure Investments

We are significantly under budget. Our total investment to maintain and in some activities increase the service levels was \$11.1 million which was 56% compared to a budget of \$20 million. The delays were due to the combination of our focus on rectifying and assessing the flood and Eketahuna earthquake damage to our district's infrastructure network, reprioritising projects, and the poor performance of our contractors.

## Big-Ticket Items

### Roothing and Footpath – total was \$6.1 million

- Road reseal – \$2.1 million
- Pavement rehabilitation – \$1.5 million
- Emergency reinstatement – \$1 million
- Unsealed road metaling – \$575,000
- Drainage renewals – \$474,000
- Minor safety improvements – \$340,000
- Manawatu/Hawkes Bay alternative route – \$307,000

### Wastewater – total was \$1.9 million

- Horizons led Ministry for the Environment funded wastewater projects – \$1.4 million
- District wide mains replacements – \$536,000

### Water – total was \$194,000

- District wide mains replacements – \$194,000

### Parks and Reserves – total was \$305,000

- Purchase of Pahiatua Saleyards – \$187,000
- Improve facilities – \$118,000

### Support activities – total was \$390,000

- Information systems renewals – \$192,000
- Vehicles replacements – \$198,000

## Service Performance

### Achievements

- We performed very well, achieving 83% of our service performance measures.
- Fourteen out of 22 of our activities met all of their service performance measures. Number of measures not achieved was 14 compared to 15 last year.
- Total number of dog attacks declined from 39 attacks to 17 attacks this year due to prompt action, education, and vigilance by our staff.
- Residents' opinion of the performance of the elected members has improved significantly. In 2014, 66% of residents rated their performance as fairly good to very good, up from 55% in 2011.
- We completed 99% of requests to fix road surface faults within the timeframe specified in contracts compared to a target of 85%.
- The number of incidents of unplanned loss and overflows of our wastewater systems continue to be well below our targets. The education programme for the public addressing the infiltration issue, and installing overload switches in the pump station is paying dividends.
- Community satisfaction with our Solid Waste Management was above targets. On average, we received 86% satisfaction.
- We have significantly reduced the issues in regards to taste of town water across the district (from 46 last year to nil this year), and continue to further improve this measure through the upgrade of our treatment plants.
- We facilitated another 5 applications from businesses in the district this year, to the Ministry of Science and Innovation Subsidy.

### Areas for Improvements

- Only four of our seven wastewater schemes met resource consent conditions. We have a programme in place to remedy this and are working closely with Horizons over the next three years to achieve the compliance progressively.
- Issue of building consents, inspection of licensed premises, processing of liquor licences with 10 working days, and responding to noise complaints within agreed timeframes were the targets not achieved this year.



# Our Progress Towards the Strategies in Our Long Term Plan

In the 2012-2022 Long Term Plan, Council developed a vision for the district:

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

Underpinning this vision was a Future State and Strategic Focus for Council.

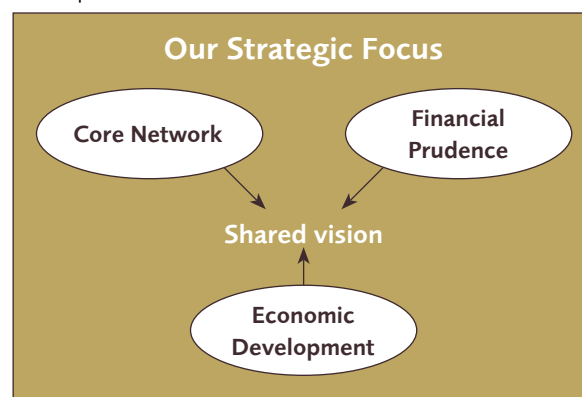
## The Future State: Tararua in 10 Years, 2021/22

By 2021/22 the Council wanted to achieve the following key strategic goals and be in a sound financial position:

- **Water and waste water infrastructure upgraded** – to meet legislative requirements, businesses and ratepayers needs.
- **Maintain the district's infrastructure** – to facilitate, encourage and attract businesses to grow and invest in the district.
- **Provide good amenities and recreational assets** – so that people can have a great lifestyle in our rural townships and rural areas, and give residents a sense of pride and belonging.
- **Keep costs affordable** – operating expenditure (and rates) increases will be limited to inflation plus the impacts of growth and enhanced levels of service.
- **Decreasing debt** – by the end of 2022 debt levels are declining and are at a comfortable level.
- **Adequate investments levels** – cash reserves for future asset replacements are adequate through prudent financial management.

## Strategic Focus

The strategy we adopted had three limbs – core network infrastructure, financial prudence and economic development.



We proposed to slowly reduce some roading levels of service and concentrate on urban Water supply upgrades and improved Wastewater treatment, with the additional emphasis to provide more focussed efforts on economic development and promotion to attract and retain residents and businesses. These strategic goals were together seen as critical to the future prosperity of the district.

The 2013/14 Annual Report is Year 2 of the Long Term Plan, and an ideal time to review our progress towards our strategies. The following tables summarise our progress. The details of our achievements are explained further in the 'Highlights of the Year' section of this Annual Report on pages 15 to 26.

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

## Strategy 1 : Core Infrastructure

**Maintain current infrastructure to a good standard**



### To facilitate, encourage and attract businesses to grow and invest in the district

- Dannevirke impounded supply has provided security of water supply to residents and businesses.
- Roothing network is being maintained to the agreed standard to facilitate commerce and travel.
- Upgrades to footpaths and town centre upgrades are progressing as planned.
- Dannevirke camping ground has been upgraded.
- New Zealand Motor Caravan Association (NZMCA) has accredited Dannevirke and Woodville as "Motorhome Friendly" towns.



### Water and Wastewater infrastructure upgraded

- Upgrades to urban water treatment in Eketahuna, Woodville, and Dannevirke completed.
- Resilience to supply and storage for Pahiatua, Woodville, and Eketahuna is planned for 2014/15.
- Stormwater projects are progressing well.
- We need to catch up on our wastewater projects. Issues with the oxidation ponds, and bad weather, has hampered progress.



### Provide Good Amenities and Recreational Assets

- Upgrades to Community buildings, camping grounds and playgrounds are being completed as planned.
- Promoting the Manawatu Gorge helped grow numbers to the Gorge from 15,000 in 2006 to 44,000 in 2014.

## Strategy 1 : Core Infrastructure

**Prioritise new infrastructure investment in assets**



### Major public safety issues

- No fatal accidents on roads due to road factors.
- Playground equipment meet standards and are regularly maintained.
- Trees in parks and reserves that were hazards have been pruned.



### Resource consent requirements

- We met all resource consents for water.
- However, of the seven wastewater schemes we currently have, only four schemes that meet all our resource consents conditions.



### Other legislation requirements

- Several performance measures relating to legislated requirements were not met. For example, processing of building consents.
- Statutory reporting deadline for consolidated accounts was not met for the 2012/13 year. Council is working closely with Infracon Limited (in Liquidation) to ensure statutory deadlines are met.
- All other legislative requirements were met, or are expected to be met as the effective dates of the legislations draw closer.



### Discretionary upgrades, including building resilience

- The second bore and storage in Pahiatua was pushed out to 2014/15 by agreement with our funding partner, the Ministry of Health.





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

## Strategy 2 : Financial Prudence

Financial prudence, efficiency and affordability of rates



### Maintain a strong balance sheet and low operating costs to allow future financial flexibility and affordability of rates

- To improve efficiency Council is currently exploring the alliance approach for the maintenance of our roading corridor network.
- Rates increases for the last four years have been declining.
- Under its current Financial Strategy, Council has the ability to double borrowing to \$30 million if required to fund capital development.



### Maintain modest debt levels within financial strategy limits allowing capacity for future developments

- Debts level has remained well within limits in the Long Term Plan.
- Council's core debt at year end was \$11.1 million.



### Adequate Investments Levels - cash reserves for future asset replacements are adequate through prudent financial management

- Council is in a net cash position – i.e. cash investments are higher than core external debt.
- Depreciation reserves for future asset replacements have increased by \$4 million.
- Adequate insurance policies are in place to mitigate risk of asset replacements due to natural disasters.
- Council has established a disaster relief reserve, with a balance of \$116,000, to help fund recovery in the event of a major disaster.



### Subsidiary ownership decisions results in maximising value of our investments

- Group structure has changed to improve communication and governance.
- Forestry activity contributed \$150,000 towards reducing Roding activity rates requirement due to decisions on new harvesting approach.
- Infracon Limited (in Liquidation) was placed into liquidation, on 25 August 2014, due to the accumulative poor financial performance over the last few years.

## Strategy 3 : Economic Development

Economic development and promotion



### Support and facilitate growth in local business

- We offer a service for business support and development for any new or existing business in the community.
- Looking to set up a business incubation hub to help new businesses to grow and establish themselves.
- Facilitated five business applications to the Ministry of Science and Innovation Subsidy scheme.
- The GO! Project – with help from NIWA, HortResearch, and Crop and Food Research – has identified opportunities for landowners to diversify into crops that are best suited for the Tararua district.



### Build district identity and promote the district by telling our story

- Working with the four major towns on branding and developing an identity. For example, the Woodville "Wood You", and in Dannevirke the "Viking Country".
- Promoting Tararua Country through videos, website, local newspaper, Facebook, and advertising.
- Dannevirke and Woodville have obtained accreditation as "Motorhome Friendly" towns.



### Develop a clear economic development plan.

- Economic Development Plan developed and adopted by Council.



### Provide business friendly and welcoming support for new residents

- Welcome Wagon – an initiative to help integrate new residents into the community.
- Welcome packs sent out to 244 new residents – an increase from 162 last year.
- Working closely with Fonterra in Pahiatua to promote accommodation, housing and recreation in the district to Fonterra's employees working in the Pahiatua plant.



# Highlights of the Year

This section highlights the key achievements and challenges we faced during the year, categorised in the three limbs of our Strategy in the Long Term Plan – Core Infrastructure, Financial Prudence and Economic Development.

## Investment in Core Infrastructure

**"Residents are now more positive about the district as a place to live, with 36% of residents of the opinion that the district is a better place to live than three years ago (up from 29% from the previous 2011 survey)" – Community Survey**

## Maintaining the roading network in good condition for users

The roading network is an essential and valuable asset that underpins economic development by enabling commerce and ensure residents and visitors can move around the district. Maintaining and renewing the network is the biggest task that we carry out each year, and is funded through a partnership with the NZ Transport Agency. Because of past significant investment in the district, we now have a good quality roading network when compared to other councils and national averages. The network is now facing the biggest challenges – a probable reduction in funding as a result of ongoing NZ Transport Agency reviews, as well as potential increased flood damage cost from the reduced funding and the increasingly frequent storm events.

## NZ Transport Agency Funding and Road Standards Review

Over the last year, the NZ Transport Agency has undertaken a comprehensive review of their Funding Assistant Rate (FAR) model that determines the subsidy level councils receive on any particular type of road maintenance. This review will set the FAR that drives the amount of funding for road maintenance from July 2015 onwards.

We received the initial decisions on this review in May 2014 and the impact on Council at this stage is significant. The new FAR model works on one subsidy level being applicable

across all of Council's roading activities. Our funding rate for maintenance will reduce by 1% each year, from the 61% we receive currently, until we reach the determined funding rate of 52%. Final decisions on whether the Council is one of the few selected as an "exception" for an increased FAR will not be made until November 2014. If selected the impacts will be less, but may still be negative. The reductions in funding will take a few years to impact, but these changes will have a major impact on our future funding and consequently the levels of service over the medium to longer term in the roading maintenance program.

*"These challenges come from probable reduced funding as a result of ongoing NZ Transport Agency reviews, as well as potential increased flood damage cost from reduced funding and the increasingly frequent storm events."*

Further compounding the issue, NZ Transport Agency has proposed to set the Emergency Works subsidy at the same level as the normal roadwork subsidy unless the level of damage to the Tararua roading network is substantial (around \$1 million or more from a single event). Major natural disasters (such as floods and earthquakes) that cause extensive damage to the roading network will receive enhanced funding for repairs, but smaller more regular damage from rainfall events will not.

Other initiatives from Central Government involve the way roading networks are managed and funded. Council is now expected to design local roads to cater for a standard



service level, and there is mounting pressure for more shared services with regional management and procurement clusters.

## Roading Corridor Maintenance Contract – A New Approach

All physical works are carried out through contracts that are tendered out. The current contract with Infracon Limited (in Liquidation), signed in 2009, had a final one year rollover option. We decided in March 2014 to re-tender the roading corridor maintenance work contract in response to a number of funding and performance pressures imposed on the Council by Central Government. The NZ Transport Agency's FAR review is one of them.

In order to improve efficiency, we are currently exploring the alliance approach for the maintenance of our roading corridor network to achieve the following objectives:

- Maximise performance;
- Proactively share and manage risk;
- Reduce cost and inefficiencies, and maximise "value for money" outcomes; and
- Achieve optimal outcomes for our network.

In June 2014, Downers was selected to proceed to Stage 2 of the procurement process where we are working with Downers to negotiate and agree on the pricing, performance framework, structure and operations of the new alliance group.

*"In order to improve efficiency, Council is currently exploring the alliance approach for the maintenance of our roading corridor network"*

The key benefits of an alliance contracting model include:

- Enhance Council's and Downer's reputations as business partners.
- Develop industry appropriate asset management and stewardship.
- Contracting parties are incentivised to work cooperatively to complete the project within the time and budget forecasts.
- Optimal solutions and better decision making for the project through:
  - transparency of costs – all alliance staff are able to see the real costs of activities and can therefore make the best decisions for the network;

- elimination of duplication at all levels – staff, resources, systems and processes;
- management efficiency is improved with all staff working under a single management structure;
- integrated asset management.
- Response times to work and customer requests are significantly reduced through co-location, reduction in client/network manager/contractor interfaces, and having an agile and flexible alliance that works quickly and collaboratively to resolve issues as they arise.

The use of an alliance approach to procurement is gaining interest among councils in New Zealand as the councils attempt to capitalise on the benefits of this approach.

*"The roading network suffered moderate damage from two natural events during the year - flood damage in the southern and central areas from Pahiatua to Pongaroa, and the Eketahuna earthquake."*

## Saddle Road Upgrade – SH2 Manawatu Gorge Alternative Route

The upgrade work on the Saddle Road commenced this year with 100% of the funding coming from the NZ Transport Agency. The project is focused on providing an acceptable alternative route to the Manawatu Gorge, and \$4.5 million (plus professional fees) has been approved for the project. The work includes strengthening corners and road edges, smoothing some corners for traffic coming in from Ashhurst, and installing more passing lanes.

The contract with the successful tenderer was signed in March 2014 and the project is expected to be completed in 2014/15.

## Flood and Earthquake Damage to the Network

Our roading network suffered moderate damage from two natural events during the year – flood damage in the southern and central areas from Pahiatua to Pongaroa, and the Eketahuna earthquake.

The flood damage in October 2013 occurred in the southern and central areas from Pahiatua to Pongaroa with roads damaged and slips experienced. Costs to repair the damage exceeded \$1 million, with the majority of this funded through NZ Transport Agency. The network repairs were completed prior to summer.

On 20 January 2014, the Eketahuna earthquake struck and caused moderate damage to the roading network in the area close to the epicentre. We made claims totalling \$600,000 to the NZ Transport Agency for earthquake damages. These relate to cracked roads, unstable banks, or slumping. Good progress has been made to repair the damage to the network with completion expected early in the 2014/15 year.

*"These projects are a major financial investment for our urban residents and businesses and are part of the Council strategy to improve core infrastructure."*

### Wastewater Treatment – Healthier Rivers and Increased Treatment Capacity

We continue to make significant progress in upgrading the quality and capacity for the treatment of wastewater in all of our urban communities. In our 2012-2022 Long Term Plan, we had included projects totalling \$6.45 million to upgrade our urban wastewater systems.

These projects are a major financial investment for our urban residents and businesses, and are part of our strategy to improve core infrastructure and reduce our environmental footprint.

Council staff and Councillors have worked hard to minimise the costs of these upgrades. Our involvement in the Manawatu River Accord and ongoing good relationships with Horizons Regional Council resulted in funding from the Ministry of Environment's 'Fresh Start for Fresh Water Clean-up Fund' of \$2.075 million, via Horizons, for a number of projects.

We acknowledge the continued support and good working relationship we have with Horizons Regional Council.

#### Dannevirke

We have completed upgrading the treatment ponds at the Dannevirke wastewater treatment plant. This is a major project that includes draining and removing the accumulated sludge in the four ponds, installing plastic liners, and making sure that all the ponds have no leakages.

The sludge removal process at Pond No. 4 was completed in 2013 and liners were installed. We have started the same process on Pond No. 3, and will commence Pond No. 2 in 2014/15. Horizons granted a resource consent for the removal of the sludge from the ponds to a purpose-built site within the ponds complex.

Planning work on the option of disposing treated wastewater to land continued into the current year. Work in identifying suitable land in Dannevirke for irrigation, though proving

difficult, is progressing. The land irrigation consent application has been drafted and, once soil information is finalised, the consent will be lodged.

#### Woodville

We made major progress on upgrading the standard of wastewater discharge in Woodville. The work now completed, which includes the upgrading and lining the ponds and treatment plant processes, has helped us meet the required discharge quality levels and to minimise the impact on the waterways. Other works completed this year include:

- A new aerator has been installed in the pond.
- New boundary fences have been erected around the discharge drain ready for planting in conjunction with Horizons.
- The new discharge pipeline has been installed.
- Lodging the resource consent with Horizons for the renewal of the discharge consent.

In 2014/15, a new rock filter is to be designed and installed and we are aiming to have the resource consent for the treatment plant discharge approved.

#### Pahiatua

Over the year, work has focused on the investigation into options for disposal and treatment, including land-based disposal of the wastewater discharge. This was completed and a discharge consent was lodged with Horizons and we are waiting on their response. The treatment plant upgrade initially planned for 2012/13 was designed in 2013/14 with completion now expected in 2014/15.

Works completed as part of the upgrade process include building the primary screen concrete pad.

*"The closed circuit TV camera is paying dividends, as we are able to identify cracked or broken pipes and laterals, root intrusion etc."*

#### Eketahuna

Work on the treatment plant upgrade project has commenced with completion expected in the following year.

Additional work to line the storage pond was not budgeted for in the 2012 Long Term Plan but is required to be completed as part of resource consent conditions. Council is expecting to undertake this additional work as part of the project planned for 2014/15.



## Norsewood

Power supply to the treatment plant was upgraded and new inflow and outflow meters were installed. In addition, a new discharge consent was lodged with Horizons and we are waiting on their response.

## Closed Circuit TV Camera

The closed circuit TV camera is paying dividends, as we are able to identify cracked or broken pipes and laterals, root intrusion etc. Extensive use of the CCTV camera within the wastewater pipe network in Dannevirke has discovered several pipes that will need re-lining or replacing in the short term. This tool is proving highly effective at reducing leakages and improving the performance of the network, as well as allowing Council staff to gain a greater understanding of the overall condition of the network for planning purposes.

## Major Water Supply Projects – Improving Security of Supply, and Taste

Council has continued to implement its water supply upgrade programme to improve the storage and water quality issues that have been longstanding sources of complaints. We are working to achieve urban water supplies that meet acceptable levels of the drinking water standards (mandatory standards set by government), do not exceed consent limits, provide adequate risk levels of storage, and good tasting water. All this has to be completed while still being affordable for each community.

The Health (Drinking Water) Amendment Act (2007) requires all councils to work towards meeting the current drinking water standards. The more people connected to each supply, the sooner these standards must be reached. We are planning to meet the majority of these deadlines but had a choice on the timing of the upgrade projects as long as risks are managed and progress is being made. Our water supplies have also been put under pressure by new resource consent conditions for river water extraction. In order to improve the health of our waterways, we are able to take less water at times of low flow. Each township has different options of water source, treatment and storage. These choices reflect the trade-offs between risks and cost.

## Dannevirke

In July 2013, we completed the Dannevirke impounded supply (water storage). This project has dramatically improved the quality and risk management profile for the users of the Dannevirke water supply. The project received an early test as the 2013/14 summer was very dry. The benefits of the project were proved by successfully providing continuity of supply and providing reliable quality water for commercial users over the year.

This major investment will meet the water supply needs of Dannevirke for many years to come.

## Pahiatua

In order to improve the supply and storage of water in Pahiatua, we plan to install a 2nd bore and expand the current storage capacity. This will reduce the risks in supply during dry periods as well as reduce the risk of relying on a single bore (in dry river flow periods). This strategy will also meet the mandatory water standards.

Work on the this project – Pahiatua second bore and storage facilities – was delayed as we looked to minimise the cost to ratepayers by applying for funding from the Ministry of Health. We were successful in obtaining a \$530,000 grant for the upgrade projects that total \$1.6 million, significantly improving the project affordability. A resource consent for the second bore is underway and this project is now scheduled to start construction in the 2015/16 year.

## Woodville

Options to improve water storage for Woodville have been budgeted in the 2014/15 year.

*"We are working to achieve urban water supplies that meet acceptable levels of the drinking water standards ... while still being affordable for each community"*

## Eketahuna Earthquake Impacts – Pipelines and Council Facilities

The Eketahuna earthquake that struck on 20th January 2014 (6.2 on the Richter Scale at a shallow depth) caused significant damage to the Eketahuna sewer pipes in the area close to the epicentre.

We carried out a detailed assessment of all sewer and water pipes in Eketahuna using a CCTV camera, and inspected all culverts. This revealed widespread damage to the wastewater network, largely in the form of misaligned pipes and movement at pipe junctions. The cameras have shown, for Eketahuna, that approximately 95% of the pipe network is showing some damage due to the earthquake – either misalignment, cracking, or in some cases fracturing of the pipes. We expect that the remedy will be a mixture of pipe replacement and pipe lining – whichever is the most cost effective and quickest solution, as we want to reduce the effect of contamination and infiltration quickly.

There was no significant damage for culverts and water pipes (most are new and PVC). We made a claim for damages against our infrastructure insurance policy. The policy is for 40% cover on the \$2.2 million replacement value of the wastewater assets with an excess of \$250,000. We are currently working through the claims process.

Inspection work on the wastewater pipe network in Pahiatua indicated that there was no major damage.

The Eketahuna swimming pool also suffered moderate damage in the earthquake. The Junior Pool cracked and did not hold water. The filter shed wall also collapsed and there were numerous cracks in the concrete pool surrounds. This damage is also covered by insurance and we have completed the majority of the repairs. The junior pool will be repaired early in 2014/15.

*"The cameras have shown, for Eketahuna, that approximately 95% of the pipe network is showing some damage due to the earthquake"*

Our building inspectors were also busy helping ensure residential and commercial buildings were safe. A few privately owned buildings have been closed due to structural damage.

## Solid Waste Management

We continued to work towards achieving the goals of the Waste Management and Minimisation Plan. We reduced the costs of waste disposal by utilising the capacity available at the Eketahuna Landfill. Waste from Pahiatua is now transported to the Eketahuna landfill rather than trucked to the landfill at Waipukurau. Diverting waste to Eketahuna reduces trucking and disposal costs compared with using Waipukurau.

Costs have been further reduced by using glass as cover material at the Eketahuna Landfill. This reduces costs, as glass is an expensive material to transport and recycle. Other efficiency gains have been achieved by using local contractors in each town.

This year a new recycling centre was completed in Pahiatua following on from the recycling centre in Dannevirke. Unfortunately, this new facility in Pahiatua was destroyed by an arson attack in June 2014.

*"We reduced the costs of waste disposal by utilising the capacity available at the Eketahuna Landfill."*

We are working with contractors and local communities to put in place alternative arrangements as the centre acts as a collection point for recycling from the surrounding rural area and Eketahuna as well as Pahiatua township. The facility

also gave us an ability to bale and store recyclables and thus manage the flow through the sorting line at the Dannevirke centre.

There are no ongoing contract costs as arrangements at the centre had only been on a temporary basis while we negotiated a contract to begin 1 July 2014. A claim has been successfully lodged with our insurers and the sum insured will cover total reinstatement of the building. New building plans are being drawn up and we will look to improve security for the new facilities.

## Community Housing

In the Long Term Plan, we had decided to sell the 13 Hovding Court flats and build 12 new units on the George Street Reserve. However, testing of the ground at George Street has confirmed that this site was unsuitable for building.

We considered three alternate options to replace the 13 units at Hovding Court. The option we finally considered after consultation was:

- Replace the 3 double units (6 flats) and rebuild 6 new flats. Estimated cost to rebuild 6 new units is \$600,000. This could be funded through the Pensioner Reserve Fund without raising a loan.
- Retain the 4 old flats in the front of the complex in the interim and the 3 newer flats on the southern side of the complex.
- Sell the 3 double flats for \$30,000 to be moved off site and return the sales proceeds to the Housing Reserves.
- Replace the 4 older flats when the Housing Reserves build up again.

This revised project will not require additional loans, but the replacement of the four older remaining flats will be deferred until reserves are available to fund them.

## Dannevirke Camping Ground

Following refurbishments and the change in management, the Dannevirke Camping Ground was reopened on 16 December 2013. The improvements have been a hit with visitors. Feedback from patrons about the custodian, the state of the facilities and the general running of the camping ground has been very complimentary. For example:

"Best site we have ever stayed at in NZ or UK." – **Moir and Colin from Aberdeen, Scotland**

"Best camping ground with the most beautiful kitchen ever." – **Lisa and Tamane from Austria** wrote in the visitors book.

"We would like to commend the Council on such an establishment. Having owned a caravan park in Australia for five years and having stayed in numerous parks in Australia, Britain and New Zealand, we can definitely say this park is of a high standard with all the facilities you require and a beautiful setting. Your host Kim is so





helpful/cheerful and maintains the amenities and camp kitchen in a first class manner. Certainly Dannevirke and especially the park is a place we will strongly recommend to fellow travellers." – **Gordon and Joan from Rylstone, Australia** via email.

## Financial Prudence – Efficiency and Affordability

**"70% of residents are satisfied with how rates are spent on the services and facilities provided by Council, 24% are not very satisfied, and 6% are unable to comment."** – Community Survey

*"Our Building Team was praised by the auditors for the proactive culture they saw, evident through how their suggestions were being used, and the quality of the background support."*

## Rates Increases

Our rate increase continues the trend of declining, while still delivering major improvements in infrastructure and complying with legislative changes.

The proposed rates increase in the 2014/15 Annual Plan of 3.41% is lower than that in the Long Term Plan (see graph below). This is our response to the issue of affordability and the drive to keep rates increases low and gradually declining over the ten years of the Long Term Plan.

## Building Consent Accreditation Successful

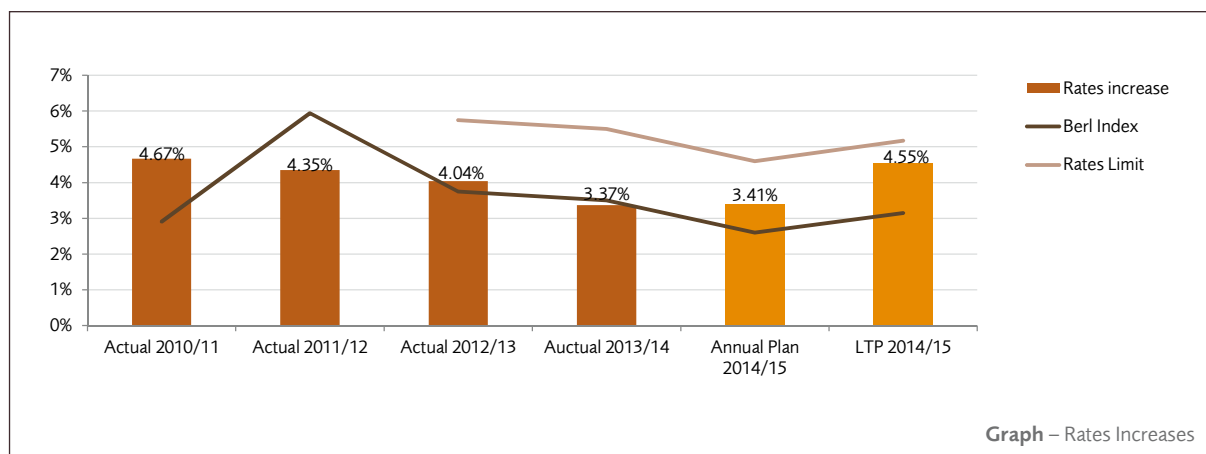
Our processes for the issuing of building consents were successful in passing the accreditation audit this year. This includes new requirements imposed under amendments to the Building legislation, and addressing previous action items. Considerable progress and improvements have been made over the last few years since the previous audit. Our Building Team was praised by the auditors for the proactive culture they saw, evident through how their suggestions were being used, and the quality of the background support.

## Digitisation of Building Records

During the year, we initiated a project to digitise all building records as part of obtaining the building accreditation, and to improve customer service and accuracy of Council information on properties. This was also in response to a challenge from Central Government – "e-Records are the future ... Make it happen!"

We ran a pilot project focussed on the digitisation of historic building consents. In addition to meeting the building accreditation requirements, the pilot also had several other objectives – an opportunity to measure the results achieved in comparison to the staff resources used to enable future project planning, and to test protocols and processes to ensure the results met all recommended digitisation standards. The project ran for approximately eight weeks. In that time, 20% of the hardcopy building records held by Council were fully digitised – well above our 15% target. Work will continue throughout the next 12 months with another highly focussed push in January/February 2015.

Additional costs of \$130,000 were included in the 2014/15 year budgets to enable this work to continue. Another positive return of this project is that it will result in a higher level of service through residents and prospective property owners being able to access property/building information online in the near future.



## Investment in Subsidiaries

### Forestry

During the year, we wound up Tararua Forests Limited and transferred the assets into Council under the commercial investments activity. The goal was to reduce costs and improve the profitability of the forestry operations.

This decision is reaping benefits. We have more control over this activity and took a different approach to harvesting the matured logs. As at June 2014, total forestry revenue was \$560,000 net of harvesting and capital improvements cost (this includes the profit transferred from Tararua Forests Limited).

As part of the 2014/15 Annual Plan process, we resolved to use \$150,000 from the forestry revenue to offset the loss of dividend from Infracon Limited (in Liquidation) for the 2014/15 financial year. This contribution from the forestry reserves was used to offset the rates requirement for the roading activity – the activity that is most affected by the forest harvesting operations.

*"As at June 2014, total forestry revenue was \$560,000 net of harvesting and capital improvements cost"*

### Infracon Limited (in Liquidation)

Infracon Limited was placed into liquidation on 25 August by the Interim Board. Refer to the section 'Infracon Limited Liquidation and its Impact on Council's Consolidated Annual Report' on page 82, and 'Council's Significant Interest in Other Entities' on pages 279 and 281 of this Annual Report.

## Legislation Delays and Uncertainties

A number of legislative changes that would impact on our operations have been delayed in Parliament. This has resulted in some frustration for us, as considerable work has been done to prepare for these changes and, in some cases, we have ongoing uncertainty on what standards to plan for.

### Building Act amendment (Earthquake-Prone Buildings)

The proposed amendments will affect all commercial buildings and multi-unit (three or more) and/or multi-storey residential buildings built before 2004, resulting in minimum structural standards being required within 15 years, and for us to carry out mandatory assessments of all of these buildings. The amendment has now been delayed until after the general election. We have continued with building upgrades to meet minimum standards (Dannevirke Domain Grandstand) and work on the other Council-owned

earthquake-prone buildings is in design phase. Processes to assess all commercial buildings are on hold until the amendment is passed.

### Resource Management Act

The government released a discussion paper on proposed changes to the Resource Management Act. The proposal included changing the principles of the Act. A single resource management plan for every district and a standardised list of definitions for plans. Reducing the role of the Environment Court to interpret policy and not determining the values of the Act. Increased direction and guidance from Central Government on various matters. A 10 working day limit for simple, non-notified resource consents. Reporting requirements on service performance.

The government failed to gain sufficient support for the proposed changes from its coalition partners. A government bill of changes to the Act is not expected until after the election.

## Earthquake-Prone Building Upgrades

We have a small number of older civic buildings that are impacted by the governments' recently announced policy changes. Over the year, these buildings have been assessed against the current structural standards. We have received detailed cost estimates for the Pahiatua Service Centre, Dannevirke Domain Grandstand and the Dannevirke Carnegie Centre.

We resolved to bring the Pahiatua Service Centre and Dannevirke Domain Grandstand up to the minimum code (34% of current structural building code). The Dannevirke Domain Grandstand upgrade has been completed, and we are waiting for the new legislation to be passed before proceeding with other upgrade works in case the requirements are changed at the select committee stage.

The Pahiatua Service Centre has been budgeted for in the 2014/15 year. We are still waiting on an engineer's earthquake assessment report for the Woodville i-SITE and Library.

*"As staff resources and skills in both councils change over time, a future arrangement may again be beneficial and another agreement entered into."*

The future of the Dannevirke Carnegie Centre has been a more difficult decision for us. The cost to strengthen the Dannevirke Carnegie Centre was estimated at \$280,000. We resolved to consider in detail, through the forthcoming 2015-2025 Long Term Plan, the future of the earthquake-



prone building. Options include establishing a charitable community trust to acquire the building for a minimal sum and to undertake its preservation and operation.

## Shared Services

We continue to work with other councils to identify possible savings from shared services. During the year, MW LASS investigated a number of possible projects, and considerable staff input was made on comparing unit costs between the member councils. This work of MW LASS is ongoing and the Council will continue to evaluate any opportunities that are identified as to whether they are in the best interests of the residents of Tararua.

During the year, we delivered services to Central Hawkes Bay District Council. This arrangement was ended recently with staff changes in the Council resulting in an inability to continue to deliver the service to the benefit of both councils. As staff resources and skills in both councils change over time, a future arrangement may again be beneficial and another agreement entered into. Future shared services with Central Hawkes Bay District Council will be impacted by the decisions in 2015-2025 Long Term Plan and on the proposed amalgamation of Councils in Hawkes Bay.

*"The proposed structure would see our costs increase slightly and would have impacted the integrated service delivery between civil defence and rural fire."*

## Rural Fire

Over the last few years there have been proposals to amalgamate a number of rural fire districts, driven by the New Zealand Fire Services. Our staff have been involved in these discussions during the year. As part of the New Zealand Fire Services Commission's strategy, they are seeking voluntary amalgamations of rural fire authorities.

Under the Forest and Rural Fires Act, District Councils, Department of Conservation and the Ministry of Defence are all separate Rural Fire Authorities, responsible for use of fire as a land management tool in their district. Under an amalgamation, the areas of land covered would be contiguous, with a Board appointed to run the new Rural Fire District.

A previous study had looked at the merits of an expanded Rural Fire Authority spanning from Tararua to Wairoa on the East Coast, which had been discontinued due to the Local Government amalgamation proposal in Hawkes Bay.

A review was carried out by Morrison Low, jointly funded between the existing expanded Rural Fire District for

Wairarapa, the National Rural Fire Authority, Department of Conservation, and Council. Morrison Low undertook a comprehensive financial assessment, along with providing a proposed structure and resourcing needs. The proposed structure would see our costs increase slightly and would have impacted the integrated service delivery between civil defence and rural fire.

In the June 2014 Council meeting, we resolved not to join the combined Wairarapa Rural Fire Authority. At this stage the option was voluntary, however in the future there may be compulsory amalgamations through legislative change.

*"Acknowledging our existing memorandum of partnership with Rangitane, we proposed that time be taken to gain an understanding of Rangitane's aspirations."*

## Iwi relationships

During the year Rangitane o Tamaki nui a Rua Iwi (Rangitane) approached us with a request to jointly manage a number of Crown-owned and Council managed reserves. The issues raised, the resulting community debate, and our resolutions, created some tension within the Council/Rangitane relationship and memorandum of partnership.

Acknowledging our existing memorandum of partnership with Rangitane, we proposed that time be taken to gain an understanding of Rangitane's aspirations. We resolved that, in the spirit of the memorandum of partnership, we facilitate with Rangitane an appropriate forum to discuss issues raised, and to provide the opportunity for dialogue on the forthcoming 2015-2025 Long Term Plan.

## Economic Development

**"51% of residents are satisfied with Council's efforts in economic development, 14% are not very satisfied and 34% are unable to comment."** – Community Survey

We have now published our Economic Development Plan 2013-2018. A copy of this is available on the Council website ([www.tararua.govt.nz](http://www.tararua.govt.nz)).

The key initiatives are:

- Retaining and expanding local business
- Attracting outside business and encouraging the formation of new business
- Retaining and growing population
- "Plugging the leaks" in our local economy
- Marketing the district
- Rural conference



## Retaining and Expanding Local Business

### Regional Business Partners Programme

We are continuing our work with Vision Manawatu and New Zealand Trade & Enterprise under the Regional Business Partners Programme to help local businesses with capability development and to encourage the research and development of new opportunities.

### Business Development and Business Capabilities

Our Economic Development team now offer a service for business support and development for any new or existing business in the community - providing links for Vision Manawatu and Bio Commerce Centre; connecting business to business, providing links to support networks; gathering and disseminating information from Council - as well as facilitating Research and Development Funding.

We work with business and community groups to facilitate and enable revitalisation of our towns and business communities.

*"'Fantastic leap shown by the Council on this, not sure if any other local bodies have this sort of relationship with business in their community' – Nic"*

Our Communication team has been supporting Fonterra with the communication strategy for new staff during the development of Fonterra over the next year. This includes a community brochure, quick reference for staff and a mini information corner in the staff room.

### GO! Project

The Council's GO! Project – which has been assisted by NIWA, HortResearch, and Crop and Food Research – has identified what crops are best suited for the Tararua district.

This project offers the Tararua community increased opportunities for job creation, biodiversity, sustainable farming systems and increased family business incomes.

The GO! Project is gathering traction with our first crop workshop – the Hazelnut Grower Led Workshop – attracting over 50 landowners and going on to become part of the North Island Action Group. We facilitated the subsequent Grower Led Workshop ('Pruning Hazelnuts for Best Results') and we have applied for funding to continue the development of grower competencies and intellectual property.

Following the success of the Hazelnut Workshop we hosted a Feijoa Grower Led Workshop, and are a member of the newly developed Feijoa Grower Led Group; which is

currently looking at the models for a feijoa co-operative in Tararua.

With the GO! Project thriving, we introduced a new crop – manuka. We hosted a Grower Led Workshop, which saw interest from all over the North Island with over 70 participants. After such a good response, we will now develop this crop by gathering and disseminating the intellectual property.

### What do the landowners think about the GO! Project?

- "Seona and I would like to thank you and your team for the effort you went to, to make the hazelnut day the success we believe it was. We certainly gained a great deal of information, which fitted into the ideas that we have been working along".
- "It was interesting with our friends from Wellington who are both early 50 years of age. They see the need to look to their future and a lifestyle block is part of that dream living away from the city. With the thoughts of developing along a Cooperative way makes it possible, especially as they have to learn what is needed to develop a block in a successful way. Once again our thanks for a well perceived and presented day." – **Bruce**
- "Thanks for organising the workshop, it was both informative and inspiring. I look forward to the next one. Thanks again (we look forward to the feijoa and flax workshops too!)" – **Lee-Anne**

## Attracting Outside Business and Encouraging the Formation of New Business

We are currently developing a "business hub" that will provide a central location for all enquiries regarding business support and growth in Tararua. This hub will bring together support, expertise, and links to key providers of business capability development and, additionally, support for community groups and event management.

### How did the businesses respond to the support?

- "Thanks for all your positive projection and hopefully we will meet again – fingers crossed." – **Lyn and Butch**
- "I was at your brekky meeting this morning and was impressed by your presentation and enthusiasm. Many thanks." – **Sharon**
- "Fantastic leap shown by the Council on this, not sure if any other local bodies have this sort of relationship with business in their community." – **Nic**
- "How's it going, thought I would check in with you to thank you for being there to help me through some issues with my business – all is going well so far." – **Pauline**



- "I'll follow your suggestions up ASAP. I very much appreciate your behind the scenes work. I am indebted to you for this and would like to do something for the Council in return. Will talk to you about this sometime." – Ray
- (Looking for a business opportunity on SH2) "I have been impressed at how willing to help, the Council/you have been. We are still actively looking for a property and may need to call on your assistance again." – Tonya

## Retaining and Growing Population

### Welcome Wagon

Our team has developed an initiative that supports the retention of new residents to Tararua. Welcome Wagon has three key purposes:

- Support new residents to the district.
- Host visitors to the district.
- Provide support and information for potential residents to Tararua Country.

### "Plugging the Leaks" in our Local Economy

Our team is working with the Dannevirke Chamber of Commerce on the Dannevirke High Street Revival Strategy. The objectives are:

- To create an open town
- Provide assistance for business
- Erect flags to identify types of business
- Earthquake-prone building
- Map the town (identifying business operators and owners as well as building issues)
- "Tri-lingual" signage

*"The Gorge is a destination in itself, and the Strategy Group has already grown visitor numbers from 15,000 (in 2006) to 44,000 (in 2014)."*

### Marketing the District

Council has been identifying the key point(s) of difference that will:

- Generate a sense of pride in the local community to help stem population loss and encourage locals to be positive ambassadors for the district.

- Raise the district's profile and promote what we have to offer in order to encourage inward migration of skilled and creative people.
- Attract new business and encourage business retention and expansion.

Part of this strategy has been developing the tracks and trails in Tararua.

### Manawatu Gorge Promotion

Council is a stakeholder of the Manawatu Gorge Biodiversity Group and a team member of The Gorge Strategy Group. The Strategy Group is striving for national and international recognition of "The Gorge".

The Gorge is a destination in itself, and the Strategy Group has already grown visitor numbers from 15,000 (in 2006) to 44,000 (in 2014). The Strategy Group has presented the project to several groups; focusing on the collaboration model. This has been well received – the presentations to the New Zealand Recreation Society gained great feedback.

### So, what was the feedback?

- "We all enjoyed your presentation a great deal. I know those who made the afternoon walk and saw the project 'in the flesh' were very impressed." – John

### Mountain Biking

Mountain Biking is rapidly becoming a popular visitor attraction for the tracks and trails in the district. With the current mountain bike tracks, which include Whariti Road, Whariti Peak, and the Upper Wahipai Reserve in Dannevirke (which is currently being upgraded), our district has the potential to be a great mountain biking arena. This will be accelerated by a new track at Ballance (Hall Block Road) – Te Ara o Mahurangi – that is due to open in September. This has been driven by a collaboration between the Department of Conservation and the Manawatu Mountain Bike Club, as well as The Gorge Strategy Group.

### Events

Events are one of the fastest growing forms of tourism. They are a means to revitalise local economies. Major events held in the district, attracting approximately 21,200 visitors, included:

- Woodville Motocross
- Dannevirke A & P Show
- Wheels with Attitude

### Destination Marketing

We have been working with the Dannevirke Promotion and Development Society to build on the current branding for Dannevirke. This included a launch of the upgraded Viking Branding concepts to the business community. Viking shields will be placed throughout Dannevirke as part of the launch.

Our Marketing Team has been working with Pahiatua on Track on the design for the branding of Pahiatua – taking into account, the proposed town upgrade. Their branding theme is "Pahiatua Press Play" the promotional video can be viewed on Vimeo (<http://vimeo.com/99453465>).

We are continuing to work with the communities of Eketahuna and Woodville on their branding strategies.

*"Dannevirke and Woodville have now passed accreditation – allowing us the opportunity to market to over 53,000 NZMCA members."*

## Motorhome Friendly Towns

We have been working with the New Zealand Motor Caravan Association (NZMCA) on the accreditation of our towns as Motorhome Friendly. Dannevirke and Woodville have now passed accreditation – allowing us the opportunity to market to over 53,000 NZMCA members.

We have been involved in advertising these towns in 'The Motor Caravan' magazine as well as on their new traveller website: [www.mhftowns.com](http://www.mhftowns.com)

## Signboards

The new community signboards on Stanley Street in Dannevirke were erected in 2013. These permanent signboards allow us to market community events and images of the district to over 7,500 travellers per day.

## District Story Map

We have produced a ten-minute video of the Tararua and six two-minute videos on Agriculture; GO! Project; Lifestyle; Sport; Education; and Arts. We intend to develop new videos every year to link into our story map, which is the theme for our new tourism website. We believe it is very important to link our stories to our past – both Scandinavian and Iwi history – and to the future to the opportunities and lifestyle here in Tararua Country.

These videos are all available on the Council website ([www.tararua.govt.nz](http://www.tararua.govt.nz)).

## What's the feedback?

- "We've just watched the video and wanted to say a big congratulations! The imagery is superb. Well worth the wait! Congratulations once again." – **Mark and Claire**
- "I just thought I would show you how many posts our Facebook account has had with the 'Tararua Country

– The Good Life' video on it. It has blown me away. Thanks." – **Nigel**

We have designed new district maps and are in the process of designing new tourism maps for the Tararua.

## Rural Conference

### Communication

#### Bush Telegraph

We continue to produce a Council page in the Bush Telegraph for weekly distribution. The results of the Communitrak Survey show that 90% of residents read the Bush Telegraph newspaper. It also shows that 69% of residents usually read the Council page in the Bush Telegraph (and 91% of those say it is useful information).

#### Website

We have now redesigned and redeveloped the Council website. During this year, we will update content and forms online.

#### Facebook

We continue to maintain our Facebook page. This enables us to reach a wider audience. All media releases are posted to Facebook and this provides a powerful tool for online consultation.

*"The trading story in the Tararua for the past 12 months has been solid, with growth strong for the entire year."*

### Public Voice

Public Voice is a research company that helps Council gain valuable insight into the thoughts and opinions of Tararua residents. We continue to work with our Citizens' Panel (representatives from our local community) who have agreed to take part in regular surveys. The panel provides a readymade district wide sample to consult on key issues.

### Economic Activity

#### Paymark

Some of the most telling data throughout the year has been from the Paymark EFTPOS system that includes both debit and credit card use. The trading story in the Tararua for the past 12 months has been solid, with growth strong for the entire year.



## Migration Statistics

### The word is spreading - Tararua is the place to be!

International migration statistics for April are now available. The net gain for International migration for the year to April 2014 is plus 25 and from Australia is plus three. These figures do not sound very high until we take into consideration that the net to April 2013 was minus 126 - therefore a 151-person turnaround in population impact in just one year. That is 60 households! This is the best result since 1996 for International migration and the best result from Australia migration.

# Financial Overview

This section of the report provides an overview of our financial performance for the year ended 30 June 2014.

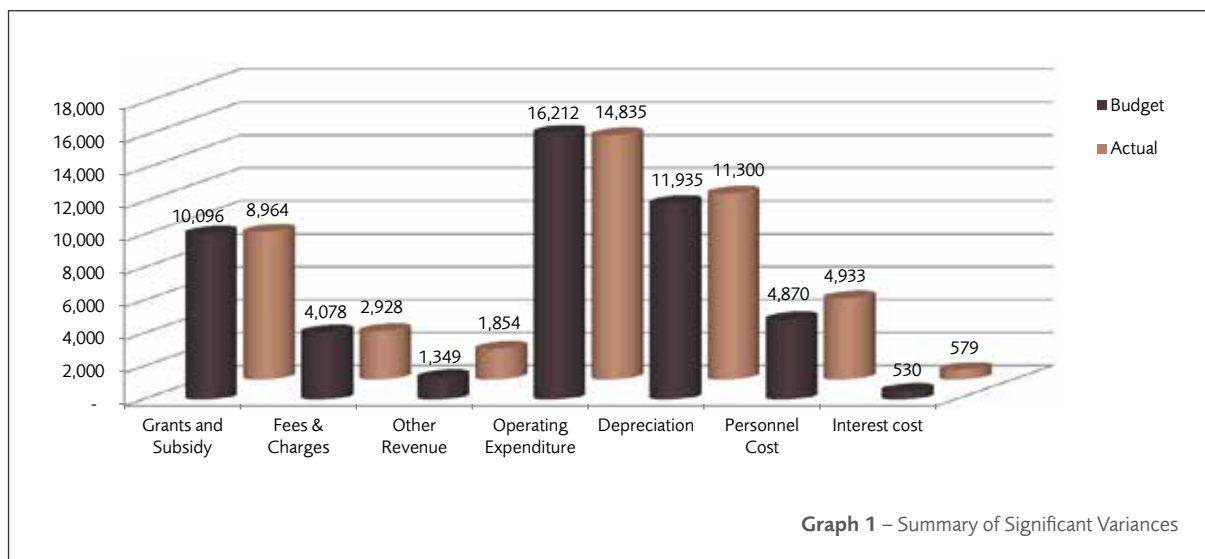
This overview provides an explanation to our financial statements and notes on pages 200 to 277.

## Overall Results

For the financial year, Council had a deficit of \$2.08 million compared to a budget surplus of \$1.38 million. This is mainly due to the write-down of Council's investment in Infracon Limited (in Liquidation) of \$3.609 million due to the liquidation of the company on 25 August 2014. Overall revenue was lower than budget by \$1.8 million with overall expenditure being under budget by \$2 million.

	2012/13 Actual	2013/14 Actual	2013/14 Budget	Variance to Budget
	000s	000s	000s	000s
<b>Total revenue</b>	<b>33,120</b>	<b>33,151</b>	<b>34,931</b>	<b>(1,780)</b>
Operating expenditure	(16,200)	(14,835)	(16,216)	1,381
Personnel Cost	(4,651)	(4,933)	(4,870)	(63)
Finance cost	(545)	(579)	(530)	(49)
<b>Operating surplus excluding non-cash movements</b>	<b>11,724</b>	<b>12,804</b>	<b>13,313</b>	<b>(509)</b>
<b>Non-cash movements</b>				
Depreciation	(11,828)	(11,300)	(11,935)	635
Other gains and losses	(142)	(3,475)	-	(3,474)
Unwinding of landfill provision	(46)	(63)	-	17
<b>Fair value movements</b>				
Forestry assets	-	(172)	-	(172)
Interest rate SWAPs	165	145	-	145
Investment properties	(69)	(17)	-	(17)
<b>Net operating surplus/(deficit)</b>	<b>(196)</b>	<b>(2,078)</b>	<b>1,378</b>	<b>(3,456)</b>

See Graph 1 for summary of significant variances.



## Explanation

- Grants and subsidies were lower than budget by \$1.13 million. We received a lower overall NZ Transport Agency subsidy by \$400,000 compared to budget for the following reasons:
  - We did not receive \$1.6 million of subsidy for the Saddle Road due to delays in completing the scheduled work.
  - Operating subsidies were lower by \$390,000 due to focus on the earthquake and flood damages, repairs, and contractors' poor performances.
  - However, we received \$1.37 million of additional subsidies for the flood damage and Eketahuna earthquake repairs works. Total cost was \$1.7 million for which we received an overall subsidy of 81%.
  - We also received a further emergency work subsidy of \$400,000 from NZ Transport Agency for the slip on Route 52 at Wimbledon.
- There were delays in the Ministry of Environment subsidised Wastewater projects. We were not able to claim \$730,000 of subsidy as budgeted.
- Fees and charges are lower than budget by \$1.15 million. These are due to low revenue from fewer building consent applications, lower infringements fees, and lower transfer station fees due to increase in volume of recycling.
- Revenue from dividends and subvention from subsidiaries, interest from term deposits, forestry and miscellaneous revenue was higher than budget by \$505,000 due to:
  - Though we did not receive dividends from Infracon Limited (in Liquidation) this year, we received subvention payments of \$234,000 from Taranua Forests Limited on liquidation of the company this year.
  - Higher revenue from roading non-subsidised external work due to the flood and earthquake damage.
  - Revenue from the forestry activity was higher than budget by \$268,000 due to higher log prices and better quality of logs harvested.
  - Interest income was slightly higher than budget as we had higher cash balances to invest in term deposits due to delay/deferring of capital renewal projects.
  - Depreciation and amortisation was under budget by \$635,000 due to the decrease in valuation in the 2012/13 financial year where asset values decreased \$5.39 million.
  - Finance costs were lower than budget by \$32,000. The finance cost of \$498,000 comprises of unrealised gain from the fair value movement of interest rate swaps of \$145,000, interest cost from term debt of \$579,000 and the unwinding of landfill interest expense of \$63,000. Interest cost on term debt was \$49,000 higher than budget due higher than budgeted market interest rates.
  - Our overall operating expenditure was \$1.381 million under budget, mainly due to the adjustment from revenue of \$1.27 million of internal charges to offset expenditure. This internal charge was budgeted for as external revenue and external costs. Cost overruns were in the following four activities:
    - Roading - incurred additional cost of \$610,000 in relation to flood damage and the Eketahuna earthquake, which caused significant damage to our roading network.
    - Representation – overall expenditure was \$91,000 higher than budget. \$26,000 relates to the additional expenses for the election which we have recovered from the other

agencies. The remaining cost overrun is due to increased training and increases in Councillors remuneration.

- Parks and Reserves – overall increase of \$40,000 was mainly due to Council taking over the management of the Dannevirke camping ground while changes to the management of the facility was introduced, increases in contract cost for maintenance, and removal of hazards.
- Footpath – an increase of \$33,000 was a result of increased maintenance and repair of the district's footpaths.

Cost savings made in other activities continue to help offset the cost increases, namely in these groups of activities: Regulatory \$238,000, Solid Waste \$168,000, Wastewater \$160,000, Community and Recreation Facilities \$134,000.

## Revenue Sources

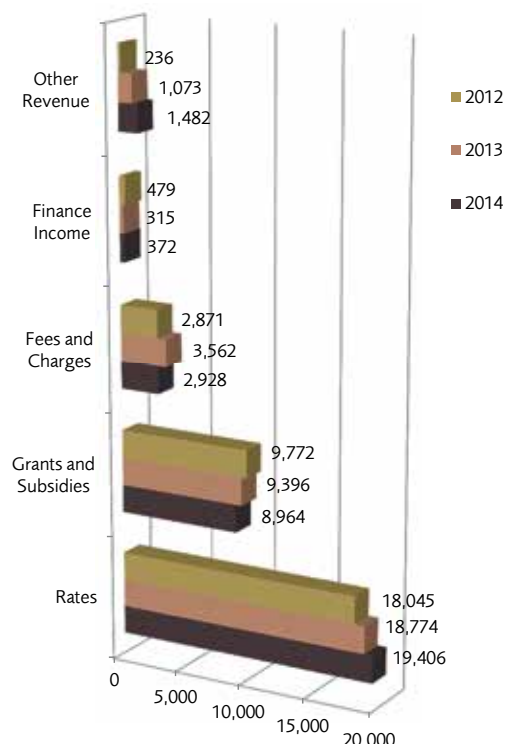
Council received \$33.15 million in revenue from a variety of sources. The following charts highlight some of the key financial areas where Council received revenue from and how it was spent.

Our primary revenue source is rates, which accounts for about 59% of total revenue. Other revenue sources include user charges and fees, government subsidies and grants, interest and dividends, and other income.

We need to maintain rates increase close to the Local Government Cost Index (inflation indices) LGCI to ensure we continue to develop and maintain our infrastructure to provide the agreed level of service. Our rates increase this year were higher than the LGCI due to an increased cost of compliance with standards and legislation, resource consent requirements (sewerage and water upgrades), and increases in service levels.

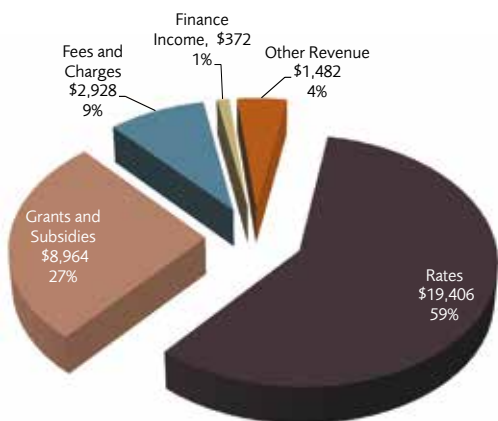
The rates increase over the last five years has shown a steady decline from 5.26% in 2009/10 to 3.65% this year. The rates increase for next year show a further decline to 3.41%. This is Council's continued response to the issue of affordability and principles of financial prudence.

We continue to source revenue/subsidies/grants from other sources in an attempt to reduce the proportion of revenue sourced from rates. We have been very successful this year with the additional NZ Transport Agency subsidy for roading and Ministry of Health funding for the Pahiatua second bore and storage.



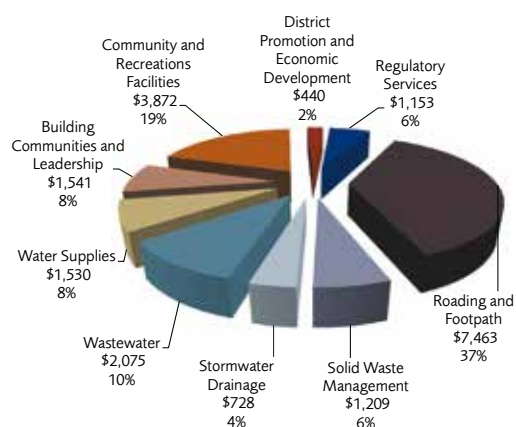
Graph 3 – Revenue Source Over the Last Three Years

Amounts are in '000s



Graph 2 – Where Council Got Its Revenue

Amounts are in '000s



Graph 4 – Rates Revenue From Operating Activities





## Investing in the Assets

This year our investment in our core infrastructure was impacted significantly by repair works due to the earthquake, flood damage, and contractors' poor performances.

The total budget for the year was \$20 million but our spend was only \$11.1 million which was 56% compared to 68% the previous year.

The total book value of all our operational and infrastructure assets is \$877 million (including intangible assets) compared to \$864 million last year. The increase in book value is mainly made up of additions of \$14.6 million and revaluation increase of \$13 million. These increases were offset by depreciation of \$11.3 million, reduction of work in progress of \$2.6 million, disposal and impairment of \$700,000.

## Level of Service Capital Work

Our total investment to maintain and in some activities increase the service levels was \$3.7 million which was 37% of the budget of \$10.1 million. The table below details the projects with significant variances.

## Renewal Capital Work

Our investment in renewing our assets was \$8 million compared to \$7.4 million last year. When compared to a budget of \$9.61 million we achieved a 83% completion compared to 76% last year. The main expenditure variances to budget include:

- Total spend on roading activity was \$6.22 million, compared to a budget of \$5.93 million.

Project description	Budget (\$000)	Actual (\$000)	Funding %		Comments
			Council	Subsidy	
Manawatu/Hawkes Bay alternative route	2,000	260	-	100%	Funding approval and tendering caused delay in starting the project
Dannevirke disposal to Land	450	-	75%	25%	Project carried to next year due to difficulty in finding suitable land. Council is working closely with Horizons.
Ministry for the Environment funded project	2,862	1,950	75%	25%	Work is in progress. Project delayed due to work priorities and issues encountered with the Dannevirke pond.
Eketahuna Treatment Plant	833	23	100%		Work has started and will be completed next year.
Dannevirke Treatment Plant	500	26	100%	-	Assessment to determine actual spend completed. Project will be carried to next year.
Pahiatua second Bore and storage	942	-	67%	33%	Project moved to next year as part of the 2014/15 Annual Plan process. Delay was due to efforts in securing funding from Ministry of Health of \$530,000 which we obtained. Project budget was subsequently increased to \$1.5 million.
Pahiatua Earthquake strengthening	305	-	100%	-	Awaiting new earthquake-prone building legislation to be passed. To carry forward to next year.
George Street new units	749	9	100%	-	Project did not proceed due to suitability of land. We consulted on options and a new project is budgeted in 2014/15 Annual Plan.
<b>TOTAL</b>	<b>8,641</b>	<b>2,268</b>			

Table – Projects with Significant Variances



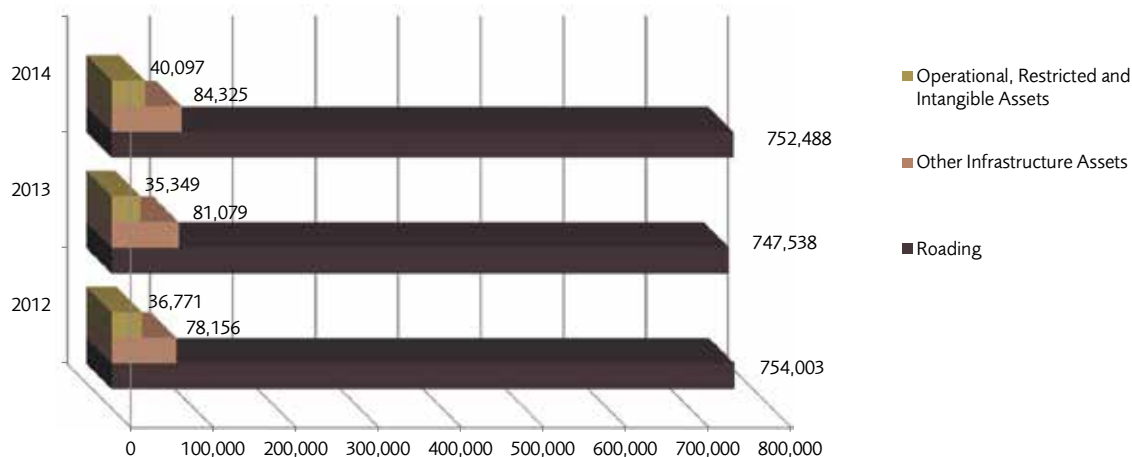
- Incurred an additional \$11.1 million of emergency work repairs due to the flood and Eketahuna earthquake damages.
- The budget allocated for Bridge Renewals was carried forward to next year due to reprioritisation of projects. There is no specific NZ Transport Agency funding for bridge renewals so we need to prioritise which bridges we need to renew based on priority.
- Our target length for pavement rehabilitation was 10km/58,000m<sup>2</sup>. We achieved 5.9km/37,380m<sup>2</sup> against a budget of \$1.6 million with expenditure being \$1.48 million. Performance of the contractor had a major influence on this result.
- The target outcome for reseals was 90km, or 495,000m<sup>2</sup>. We achieved 63km/407,046m<sup>2</sup>. This is below our target, and was due to initial budget concerns with negotiated

contract rates. Our budget was \$2,150,000 and actual expenditure was \$2,083,000.

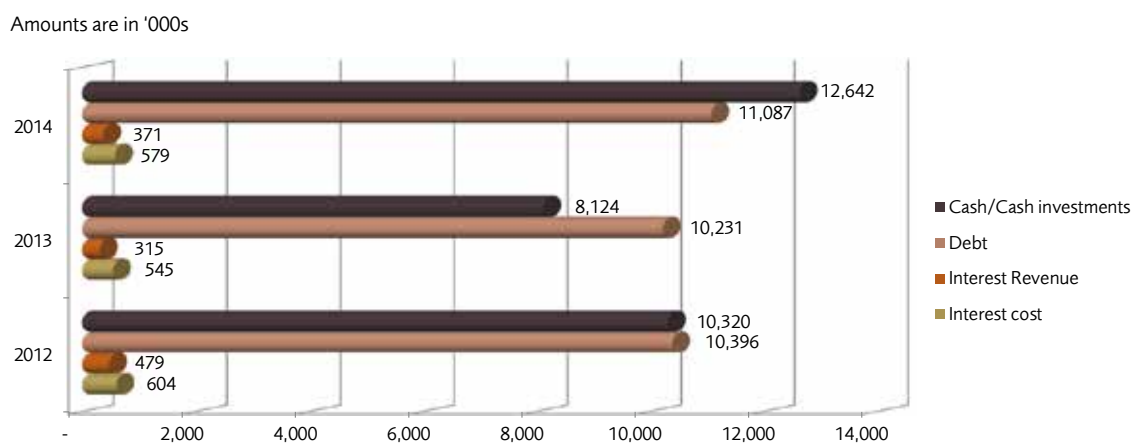
- Planned budget for minor improvements was \$507,460 with actual spend being \$397,500. The lower spend was due to work efforts for design/planning being focussed on the Saddle Road upgrade. We have had to use our in-house design team to complete design work for the planned \$4.5 million Saddle Road upgrade.
- With the Eketahuna earthquake, significant expenditure on pipe renewals has been deferred until the extent of damage and insurance claims have been confirmed.

## Treasury Management

We manage our investments and debt, and the associated cost and revenue through our Treasury and Risk Management Policy.



Graph 5 – Infrastructure and Operational Assets



Graph 6 – Treasury Management



Graph 6 shows our cash/cash investments, debt levels and the corresponding finance cost and finance revenue for the last three years.

Our debt levels have remained constant over the years as we borrowed internally to fund capital projects where possible and have debt instruments that allow us to repay and drawdown loans without incurring break fees and penalties from the banks. These arrangements have given us more flexibility in managing our interest rates risk.

The average return Council received for the year from cash investments of \$12.6 million was 3.6% (3.9% last year).

Our average cash investment during the year was around \$7.5 million. The increase in cash balance at year-end was the receipt of LGFA \$2 million loan tranche and subsidies for capital expenditure in the last quarter of the year.

Council achieved an overall increase in cash position at year-end because of delays in capital projects. The main movements in the Statement of Financial Position that resulted in a net decrease are detailed in the table below:

	000s
<b>Opening cash/cash investment balance</b>	<b>4,242</b>
<b>Operating Activities</b>	
Revenue received	35,723
Payments to suppliers and staff	(21,070)
<b>Investing Activities</b>	
Net investment on Operational and Infrastructure assets	(14,140)
Net proceeds from sales of assets	3,907
<b>Financing Activities</b>	
Net proceeds from borrowings	4,856
Repayment of borrowings and tenant contribution	(4,000)
<b>Net movement in cash</b>	<b>5,276</b>
<b>Closing cash/cash investment balance</b>	<b>9,518</b>

\* Includes intangible assets.

As at 30 June 2014, we had swaps of \$9 million in place to manage future interest rate risk out to 2019 and 2022 of term loan. Putting in place fixed interest rate swaps for a long term allows us to hedge the rise of the interest rates in the future. We continue to monitor and report on the effectiveness of using swaps to manage interest rate risk.

Total Amount	Fair Value as at 30 June 2014	Fair Value as at 30 June 2013
\$9,000,000	(\$86,919)	(\$231,000)

A sensitivity analysis of the swaps shows that an increase in interest rates will significantly improve the valuation of swaps and reduce our weighted average cost of borrowing.

Total Amount	Interest Rates Increase by 1%	Interest Rates Fall by 1%
\$9,000,000	\$238,479	(\$433,281)

The average cost of debt for Council was 5.5% (5.45% last year) on \$11.1 million of external debt as at 30 June 2014.

### Compliance with Policy

The liability management policy (a policy within the Treasury and Risk Management Policy) provides guidance on how to manage external borrowings.

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:

Item	Borrowing Limit	Actual
Net debt as a percentage of equity	< 10%	0.2%
Net debt as a percentage of total revenue	< 100%	4.7%
Net Interest as a percentage of total revenue	< 15%	0.2%
Net Interest as a percentage of annual rates income (debt secured under debenture)	< 20%	0.3%
Liquidity (Liquid assets/current liabilities)	> 110%	223%

# Financial Prudence Benchmarks Disclosures

For the year ended 30 June 2014.

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

## Rates affordability benchmarks

The Council meets the rates affordability benchmark if its:

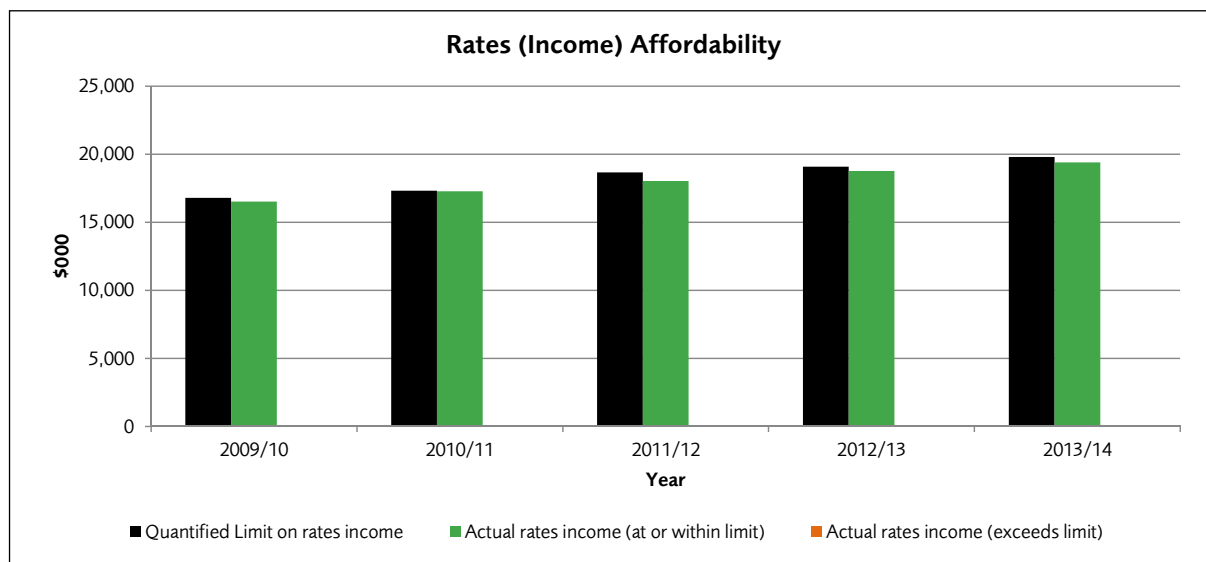
- actual rates income equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's 2012-2022 Long Term Plan.

For the years 2009/10, 2010/11 and 2011/12, the quantified limits were not spelled out in the 2009-2019 Long Term Council Community Plan nor the Annual Plans for the respective years. We have applied the same limits in the 2012-2022 Long Term Plan.

The quantified limit we have used is Berl Local Government Cost Index plus 2%.

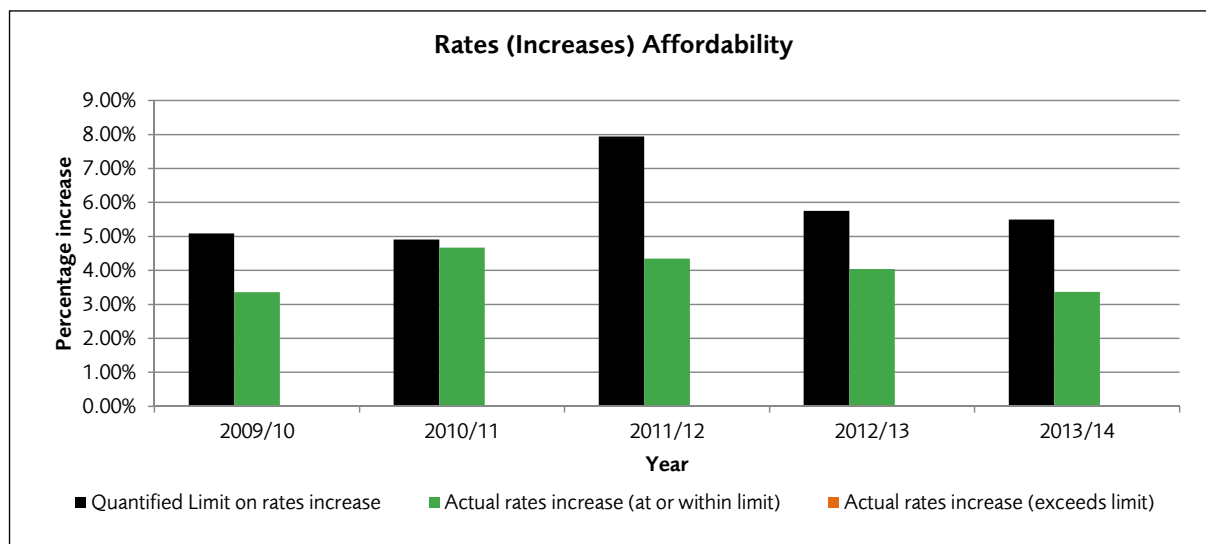


### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's 2012-2022 Long Term Plan.

For the years 2009/10, 2010/11, and 2011/12, the quantified limits were not spelled out in the Long Term Plan nor the Annual Plans for the respective years. We have applied the same limits in the 2012-2022 Long Term Plan.

The quantified limit we have used is Berl Local Government Cost Index plus 2%.



Overall, Council's rates increases over 5 years show a declining trend:

	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Quantified limits	5.09%	4.91%	7.94%	5.75%	5.50%
Rates increase	3.36	4.67%	4.35%	4.04%	3.37%
Available headroom*	277,000	39,000	621,000	309,000	401,000

\* denotes difference between quantified limits and actual rate increases

In 2008/09, we commenced the programme to upgrade our urban water and wastewater systems, and establish a new solid waste transfer station. The overall total rates income forecast for the year 2009/10 and the following year was for increases resulting from these investments. Cost savings from operations helped offset these increases.

We continued to find efficiencies and cost savings, which meant our actual rates increases were much lower than our limits.

Affordability will continue to play a major role as we continue to balance the desire to keep rate increases low, while at the same time investing in our infrastructure and enabling the district to thrive by attracting more business and people.

## Debt affordability benchmark

We meet the debt affordability benchmark if our actual borrowing is within each quantified limit on borrowing.

We have five quantified limits on borrowing in the Financial Strategy included in the 2012-2022 Long Term Plan. The 2009-2019 Long Term Council Community Plan had different policy limits and definition.

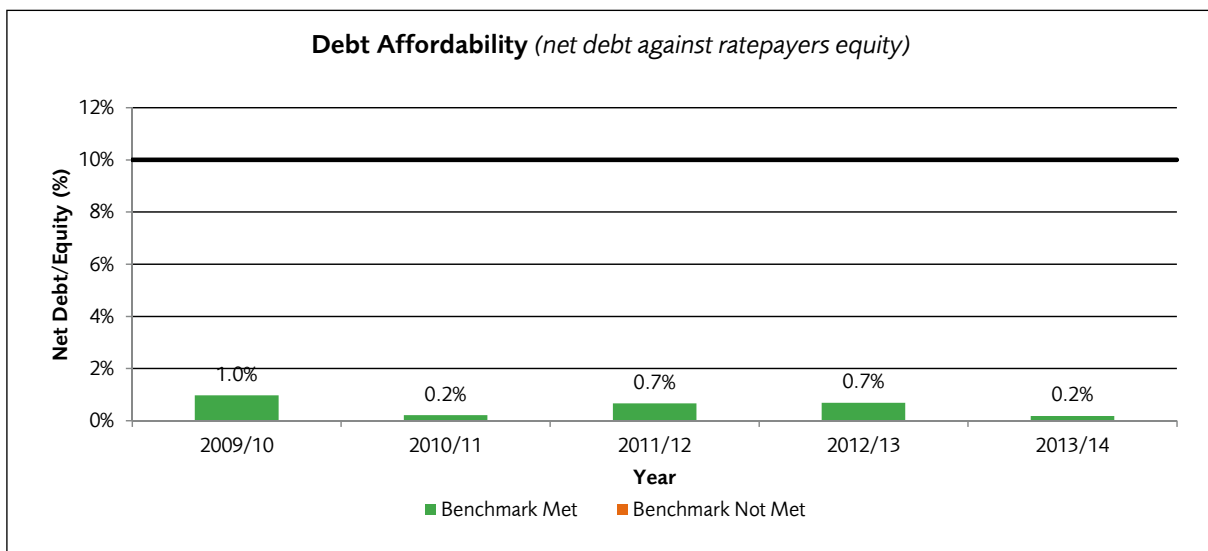
For simplicity and comparability of reporting against the debt affordability benchmark, we will use the policy and quantified policy limits on borrowing in the Financial Strategy included in the 2012-2022 Long Term Plan.

Council has met all of its debt limits and has sufficient capacity to borrow if required for capital investment in the future.

The quantified limits are as follows:

1. Net debt as a percentage of equity will not exceed 10%.

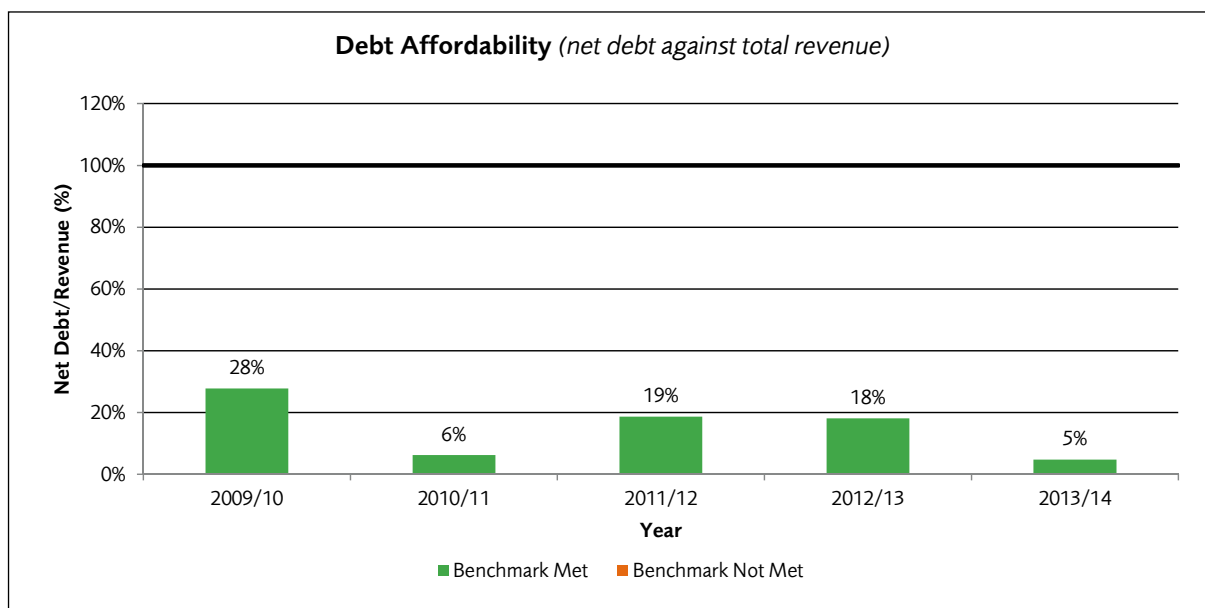
The following graph compares the Council's actual net debt as a proportion of equity income.



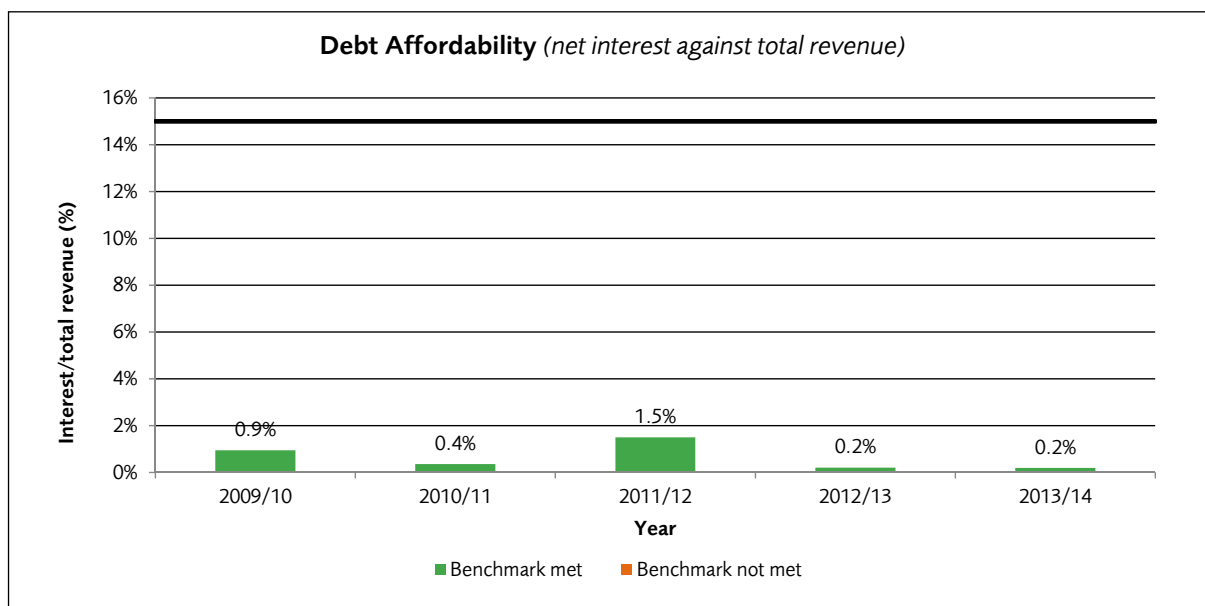


2. Net debt as a percentage of total revenue will not exceed 100%.

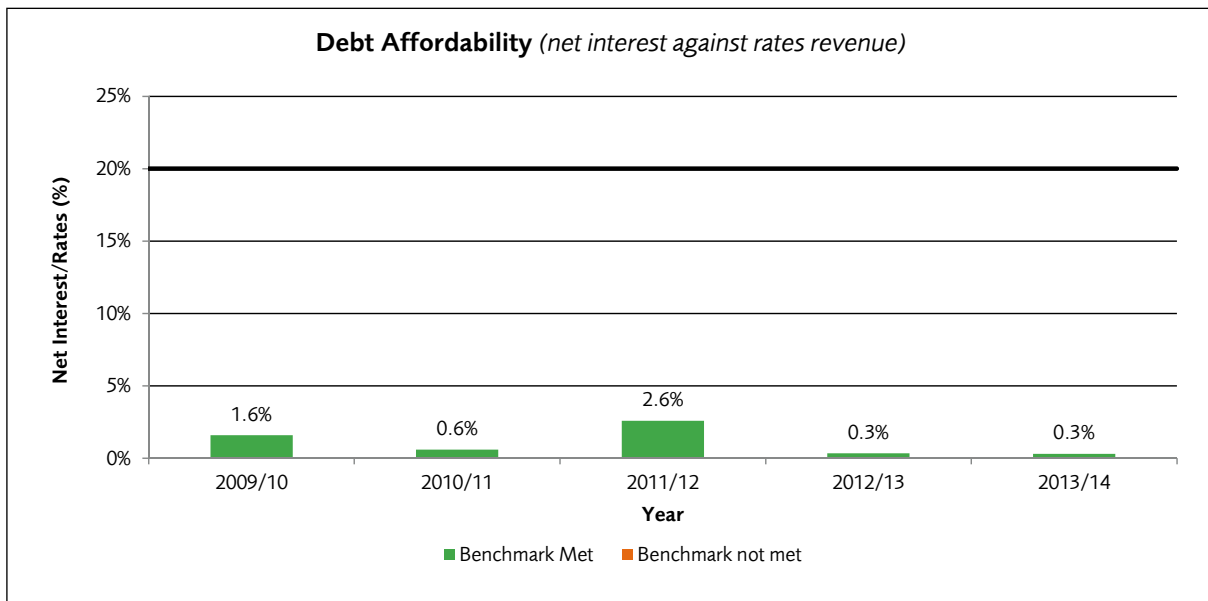
The following graph compares the Council's actual net debt divided by the total revenue.



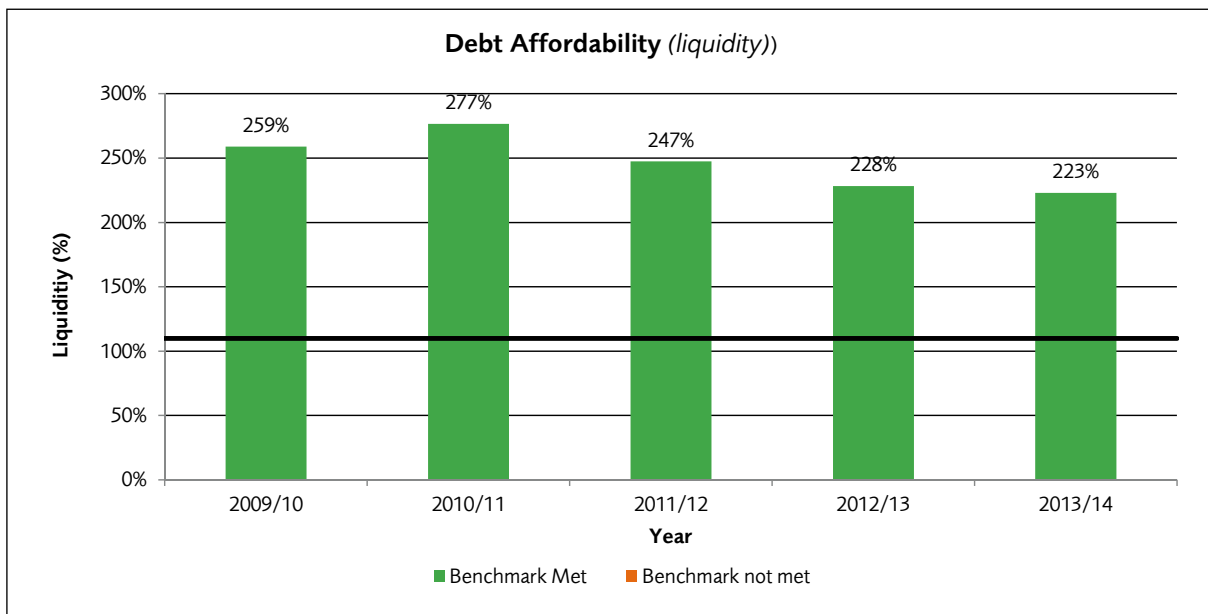
3. Net interest as a percentage of total revenue will not exceed 15%.



4. Net interest as a percentage of annual rates income will not exceed 20%.



5. Liquidity (current assets over current liabilities) is greater than 110%.

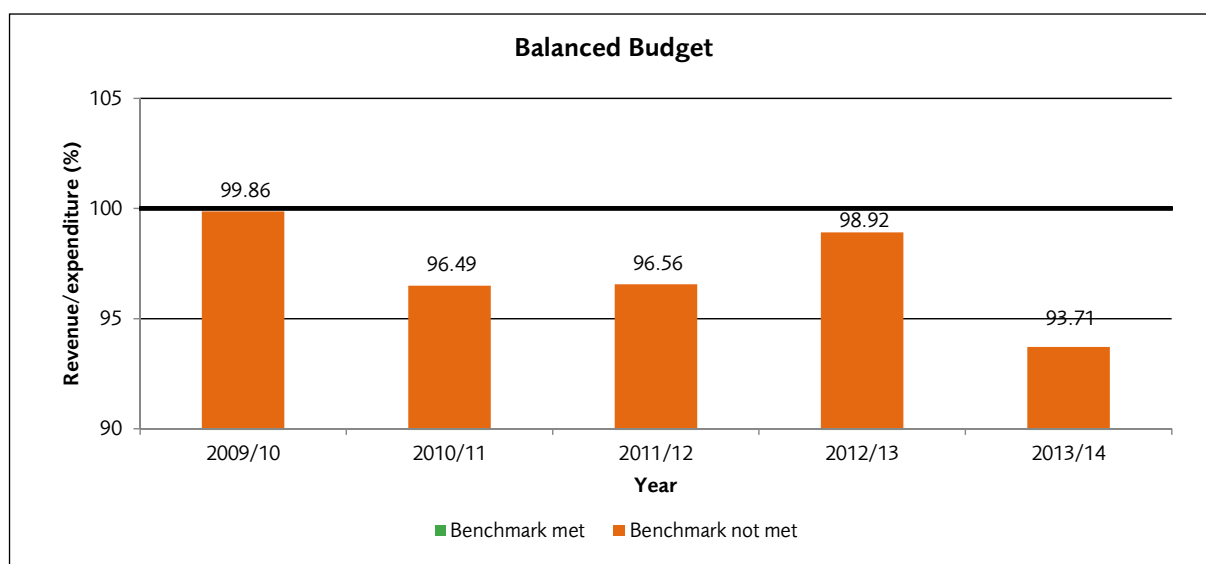




## Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



The following table analyses the key reason for Council not meeting this benchmark:

	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Difference between operating revenue and expenditure</b>	<b>(38)</b>	<b>(1,054)</b>	<b>(1,118)</b>	<b>(361)</b>	<b>(2,187)</b>
<b>(Cost overruns) / Surplus</b>					
Depreciation	(1,106)	(765)	(1,194)	(1,532)	637*
Net Interest cost (interest cost less interest income)	214	511	246	239	53
Impairment of investment in Subsidiary	-	-	-	-	(3,609)
<b>Activity that had significant variances compared to budget</b>					
Solid Waste Management	(18)	(669)	(743)	(137)	176*
Flood damage net cost (cost less NZTA subsidies)	-	(168)	(78)	(267)	(21)
Wastewater	471	453	262	174	168*
Resource Management	(89)	(139)	61	111	129*
Forestry	-	-	-	-	270*

\*denotes cost savings

### 2009/10

Depreciation expenses were higher due to higher than expected increases in valuation of infrastructure assets and the significant additions resulting from the capital investment in the district.

Over the five years, investment in our infrastructure for new assets was \$18.5 million and the valuation increases totalled \$105 million.



## 2010/11

Depreciation expenses were higher due to higher than expected increases in valuation of infrastructure assets and the significant additions resulting from the capital investment in the district.

Budgeted interest rates varied from actual, with lower interest rates than expected due to slow economic conditions.

Council does not budget for flood damage works. Council budgets for emergency works but relies on NZ Transport Agency subsidies for works related to flood damages. However, the extent of damage to our network varies from year to year depending on the event.

## 2011/12

Valuation increases continue to be higher. Together with the significant additions resulting from the capital investment in the district, depreciation expenses were higher than budgeted.

Actual interest rates rose significantly higher than budgeted. In 2012/13, Council implemented strategies (disclosed in the Debt Servicing benchmark below) to manage this risk and reduce the impact on rates due to the fluctuations in the interest rates.

In 2011/12, the Dannevirke Transfer station was operational. The budgets were based on the Transfer Station opening sooner but delays meant we had to incur additional cost for contractors to provide waste collection and disposal services.

Interest rates started to decline but rates remained higher than budgeted. Council strategies to manage interest rate risk were starting to take effect: net finance costs were favourable compared to budgets, reduced the impact on rates fluctuations due to increases in interest rates.

Council received part subsidies from NZ Transport Agency for works related to flood damages. The remaining cost, that is unbudgeted, is funded by Council from its reserves.

## 2012/13

Valuation increases continue to be higher. Together with the significant additions resulting from the capital investment in the district, depreciation expenses were higher than budgeted.

In 2012/13, Council extended the refuse and recycling services to the smaller towns in the district. Additional cost for providing this service (unbudgeted cost), and increase in transportation and recycling cost, resulted in the overruns. These issues were resolved in 2013/14.

Council received part subsidies from NZ Transport Agency for works related to flood damages. Council funds the remaining cost, which is unbudgeted, from its reserves.

## 2013/14

Council's investment in Infracon Limited (in Liquidation) was \$3.609 million. In August 2014, the company was placed in liquidation. As a result, Council had to impair (write down) its investment in the company to the Income Statement, resulting in Council not meeting the balanced budget benchmark.

Council received part subsidies from NZ Transport Agency for works related to flood damages. The remaining cost, that is unbudgeted, is funded by Council from its reserves.

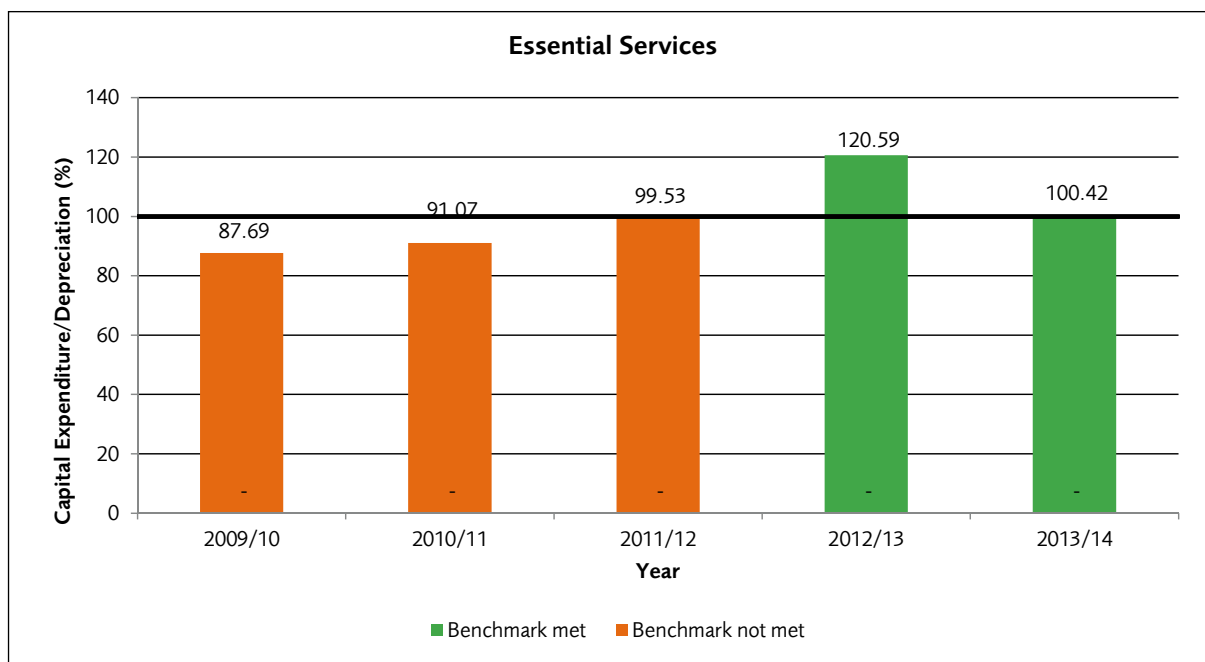


## Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. (Capital work includes both renewals of existing infrastructure as well as new capital work undertaken.)

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage, flood protection and control works, and the provision of roads and footpaths. The Council owns no infrastructure related to flood protection and control work.



The actual variance for 2009/10, 2010/11 and 2011/12 was \$1,035,000, \$793,000 and \$45,000 respectively.

For 2009/10, the benchmark was not met across all activities:

### Roading

- The Pahiatua Track Improvement project totalling \$3 million did not proceed due to lack of subsidy.

### Wastewater

- The Pahiatua and Eketahuna Effluent Improvement projects, totalling \$2.6 million, were in the planning and consenting phase.

### Water Supplies

- The Pahiatua New Bore project (\$2.2 million) was programmed for this year, but was not completed until 2011/12.

For 2010/11 the activities where the benchmark was not met was in wastewater and Roothing:

### Wastewater

- The Pahiatua and Eketahuna Effluent Improvement projects, totalling \$2.6 million, were delayed as Council sought external funding to assist with

these projects. Design phase for these projects was completed but deferred as Council looked to see funding for these projects. In 2011/12, Council was successful in obtaining a Ministry for the Environment subsidy, totalling \$2.04 million, to improve the discharge for the various wastewater schemes.

### **Roading**

- The Pahiatua Track Improvement project totalling \$3 million did not proceed due to lack of funding from NZ Transport Agency. This project was moved to Years 7 & 8 of the 2012-2022 Long Term plan.
- The Roothing activity underspent \$1.02 million (both renewals and new capital work) which was carried forward to the 2011/12 and completed.
- Valuation increases was \$34 million, which was the highest for the five years. This meant depreciation expense was \$290,000 higher than previous years and \$400,000 higher than budgeted.

For 2011/12 the activities where the benchmark was not met was in Footpaths, Wastewater and Roothing:

### **Roothing**

- For bridge renewals, \$250,000 was not spent due to prioritisation. Focus for the roading activity was on completing the targeted NZ Transport Agency three year funding. The 2011/12 year was year 3 (last year) of the block funding and Council will forfeit the funding if not spent.

### **Footpath**

- The delay in completing the Woodville town centre upgrade resulted in \$209,000 carried forward and completed in the following year.

### **Wastewater**

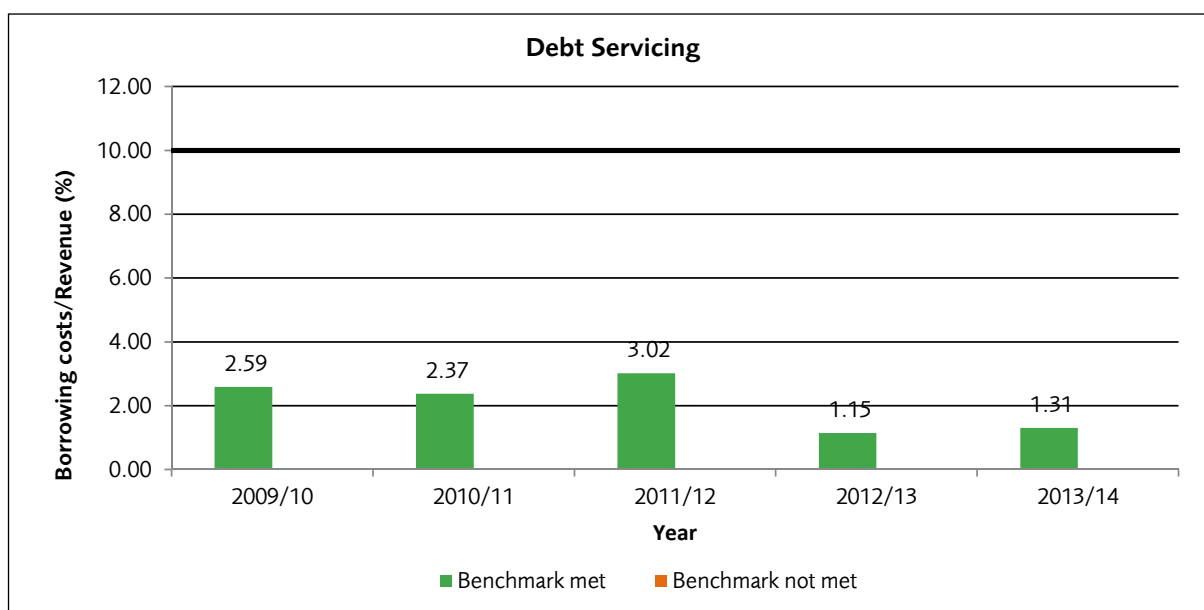
- The Pahiatua and Eketahuna Effluent Improvement projects totalling \$2.6 million were delayed as Council sought external funding to assist with these projects. Design phase for these projects were completed but deferred as Council looked to see funding for these projects. Council was successful in this year in obtaining Ministry of Environment subsidy totalling \$2.04 million to improve the discharge for the various wastewater schemes.
- Mains replacement was under budget by \$580,000, as Council was looking to ascertain condition information of the network to prioritise the replacements. The CCTV camera, that was purchased in 2012/13, was used to assist in the condition assessments of pipes and inform the renewal programme.



## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the district's population will grow more slowly than the national population growth rate, Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt service cost declined from \$948,000 in 2011/12 to \$434,000 in 2013/14 mainly due to:

- Lower external lending interest rates.
- Council in the 2012-2022 Long Term Plan removed policy limits for borrowings with any one financial institution and term of loan. These limits though appropriate at that time, were inhibiting and enabling us to take advantage of the competitive lending market and was not strategically focused.
- In 2012/13 we restructured our banking arrangements and set up flexible lending and investing arrangements enabling us to take advantage of the new lending options and competitive rates among banks.
- In 2012/13, Council used interest rate swaps as another tool to manage interest rate risk. With interest rates expected to increase, we managed to maintain an overall interest rate lower than the banks' lending rate.
- In 2013/14, we started using the Local Government Funding Agency as another lending agency and secured interest rates that were, on average, 50 basis points below banks' lending rates.

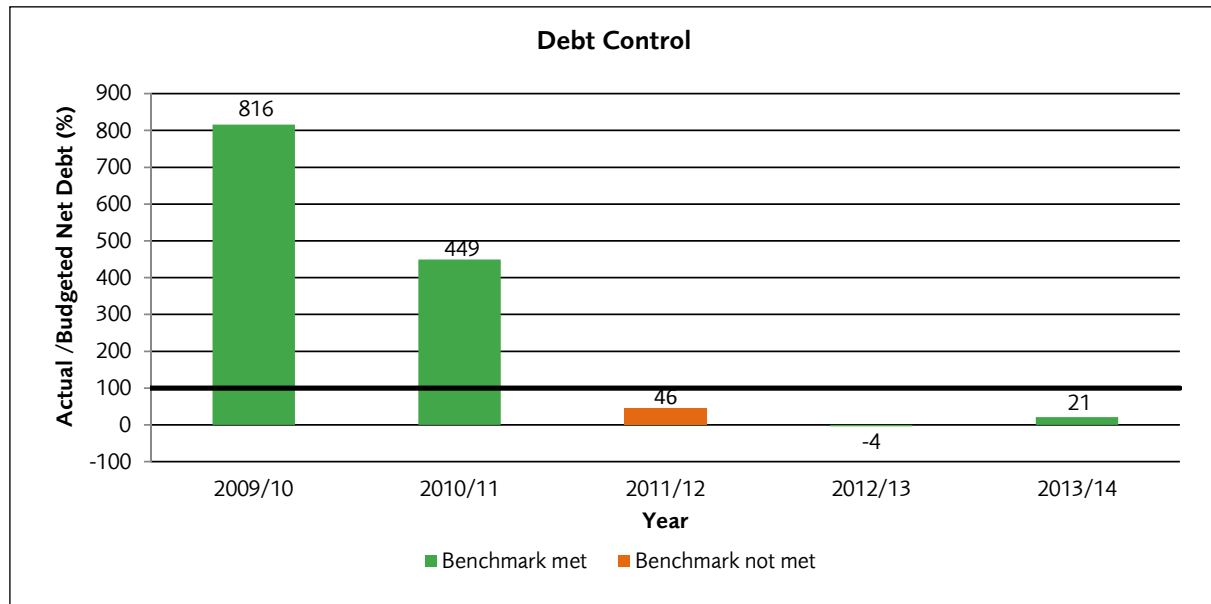
## Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). (The graph shows negative values when financial liabilities are less than financial assets, excluding rate and other receivables.) Where Council has budgeted for a net investment position and has greater net investments than budgeted, this will show Council exceeding the 100%

benchmark, as in years 2009/10 and 2010/11. However, this is a favourable position and, therefore, the benchmark is shown as met.

In 2011/12, Council budgeted for a higher net investment position than it achieved. This results in the benchmark not being met in this year.

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Our debt levels have remained constant over the years due to the following:

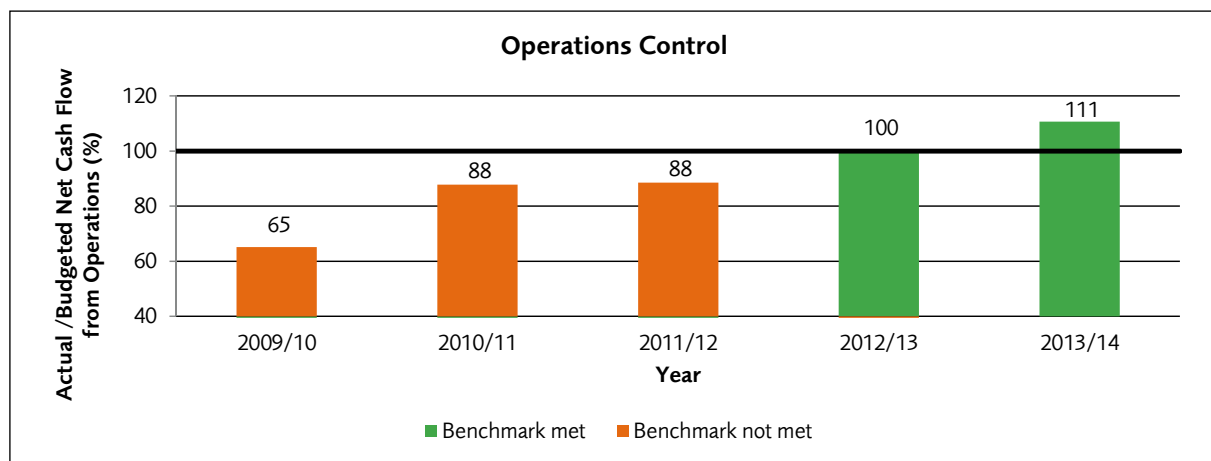
- We borrowed internally to fund capital projects where possible.
- We have debt instruments that allow us to repay and drawdown loans without incurring break fees and penalties from the banks.

These arrangements have given us more flexibility in managing our debt levels and interest rates risk.

## Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





The reasons for not meeting this bench for the relevant years are as follows:

### 2009/10

Overall shortfall in cash flow from operations was \$5.4 million and was due to:

- The Pahiatua Track improvements did not receive subsidy funding from the NZ Transport Agency of \$2.55 million.
- The subsidy from the Ministry of Health for the Pahiatua water treatment upgrade of \$1.425 million was not forthcoming.
- The broadband network project budgeted at \$688,000, which was fully subsidised by Central Government, was delayed and carried forward to the following year.
- Roothing maintenance work was not completed resulting in subsidy of \$622,000 carried forward to the following year.

### 2010/11

Overall shortfall in cash flow from operations was \$1.4 million and was due to:

- Council incurred \$860,000 additional unbudgeted cost for emergency repairs to our roading network due to flood damage.
- The Government declined support for the broadband network project, and funding of \$688,000 was denied. This project was cancelled.

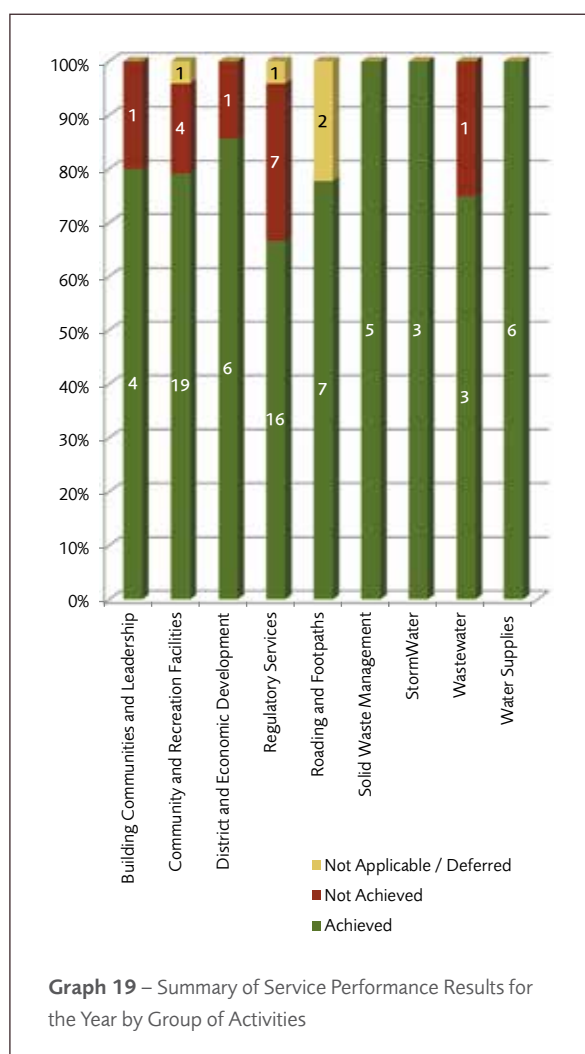
### 2011/12

Overall shortfall in cash flow from operations was \$1.3 million and was due to:

- Emergency repairs to our roading network due to flood damage was \$400,000 higher than budget.
- Higher road maintenance expenditure of \$894,000 to take advantage of the NZ Transport Subsidy higher subsidy.

# Summary of Service Performance and Significant Results

This section of the report summarises our service performance results for the year ended 30 June 2014.



We use a range of service performance measures to monitor the service levels we deliver to our customers. This year a customer satisfaction survey was completed between 9th and 18th May 2014 involving 451 residents spread across the district in both urban and rural areas. The survey was carried out by National Research Bureau and includes comparison results from peer Councils around New Zealand. The results were very pleasing and will encourage further performance gains as Council moves into preparing the 2015 Long Term Plan. In arriving at the results for the customer satisfaction survey, we have excluded those who have replied "Don't know" or "Unable to say".

Overall, Council performed very well against all service performance measures. This year we achieved 83% of service performance measures compared to 76% in prior year and 72% in 2011/12. This is a significant improvement. Refer to the table below.

	2011/12	2012/13	2013/14
<b>Total number of measures</b>			
Achieved	46	46	69
Not achieved	18	15	14
Not applicable / deferred	23	25	4
<b>Total</b>	<b>87</b>	<b>86</b>	<b>87</b>

Graph 19 summarises the service performance results for the year by Group of Activities.

Of the 24 measures that were based on the customer satisfaction survey (customers rated the service as fairly



satisfied or very satisfied) we achieved 92% (22 out of 24), compared to 88% (15 out of 17) in the 2011 survey.

## Summary of the Community Survey

### Strategic direction

There is support for the current strategic direction of Council with economic development being the single most important issue identified by the residents surveyed, followed by infrastructure (water and roading) and prudent financial management (rates levels and spending). Many residents mentioned employment, economic growth and population, followed by water and roading as key issues. The Council strategy recognises that investment in core infrastructure, and increasing the rating base and the overall wealth of the district are vital in delivering affordable services.

### The Way Rates Are Spent

Overall, 70% of residents were satisfied with the way rates are spent, and 24% were dissatisfied. This was an improvement from the 63% satisfied in 2011 and 2008. The proportion dissatisfied is 10% lower than the peer group (rural councils) average. The completion of several major infrastructure upgrades in Dannevirke was evident with just 14% of residents dissatisfied in the town. The highest percentage of dissatisfied residents were from Eketahuna. The significant progress in infrastructure upgrades in Woodville, Eketahuna and Pahiatua will hopefully increase satisfaction in these towns in the next few years.

### Economic Development

The Council's increased focus on economic development, combined with progress on a number of projects, is reflected in only 14% of residents dissatisfied with this activity. This compares very well with the peer group average of 27% and the national average of 23% dissatisfied.

### Elected Members

Residents' opinion of the performance of the elected members has also improved significantly. In 2014, 66% of residents rated their performance as very or fairly good, up from 55% in 2011. This performance rating is now comparable to the peer group average for what is a very challenging job. The performance rating for Council staff followed the same pattern with 66% of residents rating their performance as very or fairly good, up from 55% in 2011. On an even more positive note, 95% of the residents that had contacted Council staff over the last year were very satisfied or satisfied with the service provided.

### Is the District a Better Place?

Residents are now more positive about the district as a place to live, with 36% of residents of the opinion that the district is a better place to live than three years ago (up from 29% from the previous 2011 survey). Just 3% of residents thought Tararua was a worse place to live than three years ago. This positive view is reflected with 82% of residents rating the community spirit as good or very good.

Activities where we compare well to the Peer Group and National averages (based on % not very satisfied):

	Council's %	Peer Group %	National Average %
Unsealed roads	16	28	23
Economic development	14	27	23
Public toilets	9	17	18
Community support	4	10	9
Emergency Management	3	6	8
Sewerage System	2	6	9

### Areas for Improvements

The survey highlights some activities where residents are less satisfied than our peer group average or have considerable dissatisfaction levels. Council has or is currently moving to increase service levels in some of these activities – for example, dog control and recycling services – while the others will be considered as part of the 2015 Long Term Plan process; namely stormwater, footpaths and swimming pools. In most cases, Council has long term plans to increase the levels of service for these activities. However, Council has to manage these cost increases in the context of keeping rates affordable.

Activities where we compare poorly (based on % not very satisfied) to the Peer Group and National averages:

	% not very satisfied	Peer Group %	National Average %
Dog control	22	16	18
Management of Stormwater	20	13	14
Recycling services	15	10	11
Pools	15	11	10



## Service Performance Highlights for the Year

■ Achieved
 ■ Not achieved
 ■ Not applicable

### Community and Recreation Facilities

#### Community Buildings

2

- Total number of hours community buildings were used was 3,321 hours, which was 7.5% higher than last year and our target for the year of 3,100 hours. This is positive given we did not achieve the target last year. The minor improvements we have done to the facilities, and also the increase of indoor sports and recreational activities, have resulted in an overall increase in usage.
- 96% of residents who responded in the community survey were satisfied with community buildings.

#### Libraries

3 1 1

- We achieved 29%, compared to a target of 35%, for percentage of residents that are active members of the library. E-book issues are slowly rising – up 29% against last year. Although Pahiatua and Woodville have remained static, borrowing overall was down 6%. However, the number of people borrowing items from the library increased by 2% overall. This means more people are borrowing, but they are borrowing less items each visit.
- Pedestrian traffic was up 5%, and use of the Aotearoa People's Network Kaharoa (APNK) rose by 18%. Much of this increase has been at the Woodville site, which saw an 81% increase in use of the APNK after opening hours were increased from 1 July 2013.
- Percentage of residents who are active members (used the library in the last three years) was 29%, compared to a target of 35%. To encourage library usage, we continue to run membership promotions to encourage more residents to join the library and actively borrow items.
- The library organised 152 programmes (64 last year) that were attended by 2,495 children, which was 18% more than last year (2,122 children last year).
- 96% of residents who responded in the community survey, were satisfied with libraries.

#### Parks and Reserves

3

- We achieved all service performance measures. We continue to progressively upgrade/repair/replace pieces of equipment that do not meet the Australia/New Zealand playground safety standards as part of our yearly capital and maintenance programme.

- We continue to see that our sports facilities are well utilised. For example, the Junior soccer teams have been utilising all Dannevirke Domain fields over the winter months of May and June.
- 96% of residents who responded in the community survey, were satisfied with Parks and Reserves.

#### Service Centres

2 2

- We had 84% of our customers' service request calls answered within 20 seconds, compared to a target of 95%, which reflects further staffing changes during the year and training for new staff. These issues have been resolved.
- Customer Services had another restructure with significant changes to staff (two new staff at Dannevirke and amalgamation of services in Woodville). Staff are now settled and processes bedded in.
- 94% of residents who responded in the community survey were satisfied with service centres.

#### Swimming Pools

3 1

- The visitor numbers for the pools were encouraging. Usage of the outdoors pools increased by 15% to 5,715 visitors this year, compared to 4,973 last year.
- 80% of residents who responded in the community survey were satisfied with swimming pools.
- Eketahuna Pool was closed after the earthquake for repairs.

### District and Economic Development

#### Commercial Properties

2

- All our commercial properties were fully rented and the rental income was used to offset the general rate requirement. Operating surplus before offsetting rate requirement was \$539,000.

#### District Promotion

4 1

- We facilitated five business applications to the Ministry of Science and Innovation Subsidy scheme and successfully held seven events with approximately 21,200 visitors in total for these events.
- We have supported Pahiatua on Track with their new branding and the Eketahuna Community Board to build on the current branding for Eketahuna.
- 79% of residents who responded in the community survey were satisfied with District Promotion.



## Regulatory Services

### Animal Control

3

2

- Total number of dog attacks recorded has declined. From 39 attacks recorded last year to 17 this year. All customer calls related to dog attacks were attended to within two hours, exceeding our target of 99%. For all other complaints, we responded to 94% of them within one day compared to a target of 95%.
- The number of dog related complaints decreased from 542 last year to 516 this year. Most of the complaints related to roaming dogs (54%) and barking dogs (27%).
- The number of known dogs registered was not on target. A total of 6,506 dogs were registered, compared to 6,628 known dogs in the district achieving the target of 98%, just short of our target of 99%.

### Emergency Management

4

- 69% of households surveyed had maintained a "preparedness kit" and 80% of staff (compared to a target of 75%) received Emergency Management Information System training.
- We managed to get 95% (80% last year) of our volunteer rural fire forces to meet the required competency standards compared to a target of 85%. Tiraumea Volunteer Rural Fire Force volunteers are now trained to basic fire fighter standard that meets the required National Rural Fire Authority Standards.

### Health and Safety

5

5

- We did not achieve five measures (six last year) in this activity.
- We ended our shared services arrangement providing environmental health and licencing services to Central Hawkes Bay District Council (CHB) to focus on the service levels in our district. However, the staff member overseeing the environmental health function resigned in May, which meant we were not able to complete the inspection regime planned for the year.
- Issue of building consents, inspection of licensed premises, processing of liquor licences with 10 working days, and responding to noise complaints within agreed timeframes were the targets not achieved this year.
- We continue to improve the business processes, work allocations, and prioritisation of work to ensure we rectify this issue and deliver on our service performance going forward.
- Buildings warrant of fitness audits and inspection of swimming pools were within targets.

- We also achieved a result of 100% for completing building inspections within 2 working days compared to a target of 70%.

### Resource Management

4

1

- Resource consent application numbers showed a 32% increase on last year. All of the 49 resource consent applications received were processed within the statutory timeframe.
- 99% of complaints about non-compliance with the District Plan or consent conditions were investigated and resolved within three months of being received.

## Roading and Footpaths

### Footpaths

3

1

- Of the 40 "Footpath Maintenance/Cleaning" customer requests, only 8 related to footpath surface safety issues, the remainder related to cleanliness or items in the general area of the footpath. All safety hazards were followed up within timeframes achieving a result of 100%.
- 81% of residents who responded in the community survey, were satisfied with footpaths.

### Roading

4

1

- We achieved all performance measures.
- 1 fatal accident occurred on a local road but was not linked to road factors.
- We received 233 service request (75% rural roads) compared to 212 request last year. The higher rural road surface faults/defects are mainly due to the significant weather events encountered during the year.
- The target level for maintenance chipseal was 90km/495,000m<sup>2</sup> with a budget of \$2.5 million compared to actual of 93.6km due to a favourable contract tendered rate.
- However, for pavement rehabilitation we achieved 9.2km of work at a cost of \$1.69 million compared to a target of 10km budgeted at \$1.56 million. This was slightly below our target due to individual sites requiring more attention to safety. The pavement surfaces were slightly increased on narrow road sections, and additional drainage was completed.
- One of the most important points for road maintenance is the removal of water from the road surface. Our target length for annual grading is a minimum of 25,000m with a budget of \$680,000. This year, a total of 108,306m was

cleared, as compared to last year's total of 15,116m, at a total expenditure of \$740,000.

## Solid Waste

5

- We achieved all service performance measures.
- Community survey shows a significant improvement in the service levels. With the completion of the Dannevirke and Pahiatua Transfer stations, we received a score of 86% for satisfaction with our management of landfills and transfer stations.
- We also achieved our customer satisfaction targets for recycling and rubbish collection scoring 82% and 89% respective in the community survey.
- The tonnage of waste sent to landfills doubled compared to last year from 2,119 to 4,241 tonnes. This is mainly due to the materials from the Eketahuna earthquake and increased collection due to the introduction of collection services in other towns across the district.

## Stormwater

3

- We achieved all service performance measures.
- Council continues to maintain the rigour in the monthly inspections to proactively manage blockages. This has resulted in an increase in the satisfaction results for the community survey. We received a score of 76% compared to a target of 65%.
- We received 10 (15 last year) customers request for flooding on urban road and only one request was not resolved within 2 hours.

## Wastewater

3

1

- We had 12 (18 last year) incidences of unplanned loss of wastewater service and they related to blockages of wastewater mains and blow out of pumps. We continue to address the infiltration issue and have installed overload switches in our pump stations.
- The work that we are doing in wastewater projects with Horizons, identifying infiltration and measures taken to reduce unplanned loss of services has resulted in use achieving a 97% in the community survey.
- Of the seven schemes, we currently have only four schemes that meet all our resource consents conditions. Upgrade to Dannevirke wastewater ponds (Pond No. 4) nearing completion will ensure that we achieve 5 schemes complying with the resource consents. We will continue to work on Pongaroa and Ormondville with expected completion the following year.

## Water Supplies

6

- We achieved all service performance measures.
- We had 21 (46 last year) recorded issues (customer request) for clarify of town water compared to a target of less than 29. Some of these related to the same issue as there were only 14 separate incidents. Of these 14, 7 were for Woodville, 6 for Pahiatua and 1 for Dannevirke. Compared to last year this was a significant improvement. For example, last year 38 calls were logged for Woodville relating to 11 separate incidents. The upgrade of the treatment plant has significantly addressed the issue.
- 78% of residents who responded in the community survey, were satisfied with water supply. Compared to the 67% obtained in the 2011 survey, this is a significant improvement.
- All Public Health Management Plans are in place, and both Woodville and Eketahuna water schemes have been upgraded.





## How We Spent Your Rates


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


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



Group of Activities	Percentage	Spent
<b>District Promotion and Economic Development</b>	<b>2%</b>	<b>\$49</b>
 <p>Significant projects: District branding and promotion; GO! Project; Events attracting more than 22,000 visitors; Achieved a 72% net return on commercial investments.</p>		

Group of Activities	Percentage	Spent
<b>Community and Recreation Facilities</b>	<b>20%</b>	<b>\$428</b>
 <p>Significant projects: Upgraded facilities; Purchase of Pahiatua Saleyards; Upgrade of camping facilities and playgrounds.</p>		


Group of Activities	Percentage	Spent
<b>Regulatory Services</b>	<b>6%</b>	<b>\$128</b>
 <p>Significant projects: Earthquake prone assessments; Building consent accreditation; monitoring and consenting; Building consents; Implementation of the new liquor licensing act.</p>		


Group of Activities	Percentage	Spent
<b>Roading and Footpaths</b>	<b>38%</b>	<b>\$826</b>
 <p>Significant projects: Saddle Road; Earthquake damage in Eketahuna; Flood damage repairs across the district; Reseals and culverts across the district.</p>		





The symbols indicate the location of significant projects.





Group of Activities	Percentage	Spent
<b>Building Communities and Leadership</b>	7%	\$151
 Significant projects: Community grants; CCTV for main streets; Youth Project.		

Group of Activities	Percentage	Spent
<b>Solid Waste Management</b>	6%	\$134
 Significant projects: Completion of Pahiatua transfer station and recycling centre.		

Group of Activities	Percentage	Spent
<b>Stormwater Drainage</b>	4%	\$81
 Significant projects: District wide renewals; Woodville main street stormwater upgrade.		

Group of Activities	Percentage	Spent
<b>Wastewater</b>	11%	\$230
 Significant projects: Dannevirke, Woodville, and Pahiatua oxidation ponds; District wide renewals; Eketahuna earthquake damage pipe replacements; Infiltration assessments; Condition assessment of pipes using the CCTV camera.		

Group of Activities	Percentage	Spent
<b>Water Supplies</b>	8%	\$169
 Significant projects: District wide renewals.		

Group of Activities	Percentage	Spent
<b>Treasury and Support</b>	(2%)	(\$47)
 Significant projects: Achieved higher income; Debt levels and interest cost were well within budget; Information systems and technology replacements.		



# Council Five-Year Summary

## Our Five-Year Summary

	Unit	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Financial</b>						
Operating surplus/(deficit)*	\$000s	117.	(871)	(1,233)	15	1,585
Equity	\$000s	801,883	844,848	875,192	869,597	880,567
Working capital	\$000s	8,582	7,530	6,115	210	6,926
Cash and cash investments	\$000s	11,939	12,749	10,320	8,124	12,642
Borrowing	\$000s	10,023	10,053	10,396	10,231	11,087
Debt to equity	%	1.2%	1.2%	1.2%	1.1%	1.3%
Net debt per ratepayer	\$	568	570	590	580	658
Net debt †	\$000s	(1,916)	(2,696)	76	2,107	(1,555)
Infrastructure assets	\$000s	762,156	805,010	832,159	828,617	835,813
Operational assets (including restricted assets)	\$000s	33,197	32,698	36,121	34,627	39,403
<b>Operational</b>						
Roading dig-outs & stabilisation	m <sup>2</sup> 000s	6	5	25	7.5	5.3
Resealing	km	101	103	98	93	63
Maintenance aggregate	m <sup>3</sup> 000s	32	28	24	25	30
Water tabling	km	204	170	247	108	102
Building consents issued		505	404	397	397	393
Resource consents issued		45	38	52	52	54
Registered dogs		6,698	6,729	6,656	6,656	6,628
Library usage	Issues	154,206	158,484	158,112	148,381	139,602

\* 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.

# 2

# Reports

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ANNUAL REPORT 2013/14

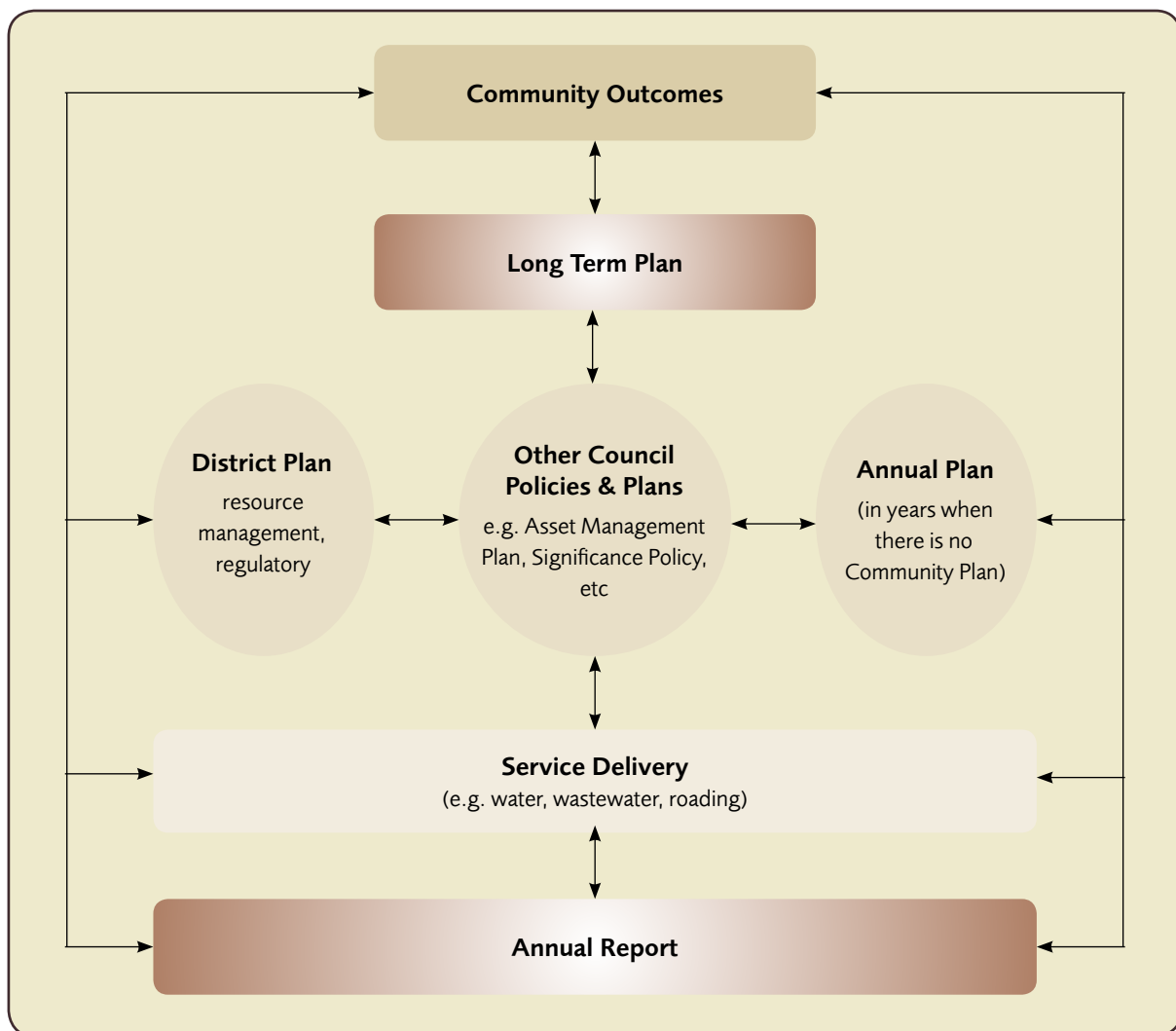
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# Linkage Between Council Policies and Plans

This Annual Report gives outcomes for the 2013/14 financial year. These actions were shaped by the directions outlined in the our Long Term Plan and in our other Policies and Plans. The linkages between these are shown in the diagram below:





# Capital Expenditure Report

For the year ended 30 June 2014.

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

Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>GROWTH</b>					
<b>Community and Recreation Facilities</b>					
<b>Cemeteries</b>					
Mangatera new area	44,000	34,000	-	78,000	-
Mangatera new berms	-	-	-	-	2,000
Eketahuna new berm	6,000	3,000	-	9,000	7,000
Woodville new berms	-	3,000	-	3,000	-
	<b>50,000</b>	<b>40,000</b>	<b>-</b>	<b>90,000</b>	<b>9,000</b>
<b>Total Growth</b>	<b>50,000</b>	<b>40,000</b>	<b>-</b>	<b>90,000</b>	<b>9,000</b>
<b>LEVEL OF SERVICE</b>					
<b>Community and Recreation Facilities</b>					
<b>Cemeteries</b>					
Memorial restoration	2,000	-	-	2,000	-
Mangatera stillborn memorial	-	-	-	-	-
Mangatera stillborn area	5,000	-	-	5,000	1,000
Pahiatua stillborn area	15,000	-	-	15,000	-
Pahiatua carpark sealing		27,000	-	27,000	34,000
	<b>22,000</b>	<b>27,000</b>	<b>-</b>	<b>49,000</b>	<b>35,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
78,000	78,000	Loan	Expansion of berms in new area not required. Budget to be carried forward as a new project to improve drainage.
(2,000)	-	Rates	Completed.
2,000	2,000	Rates	In progress with one berm done and one more to do. Will be completed next year.
3,000	-	Rates	Project carried forward as part of the 2014/15 Annual Plan.
<b>81,000</b>	<b>80,000</b>		
<b>81,000</b>	<b>80,000</b>		
2,000	2,000	Rates	Waiting on funeral director for stillborn monument. Will be completed next year.
-	-	Rates	Waiting on funeral director for stillborn monument. Will be completed next year.
4,000	4,000	Rates	Waiting on funeral director for stillborn monument. Will be completed next year.
15,000	15,000	Rates	In planning stage. Will be completed next year.
(7,000)	-	Rates	Completed.
<b>14,000</b>	<b>21,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Community Buildings</b>					
Carnegie Centre earthquake work	3,000	-	-	3,000	1,000
Eketahuna Service Centre earthquake work	3,000	-	-	3,000	-
Pahiatua Service Centre earthquake work	-	300,000	-	300,000	-
Pongaroa accessible toilets	11,000	-	-	11,000	15,000
Woodville Service Centre earthquake work	5,000	-	-	5,000	1,000
Woodville Library i-SITE doors	30,000	-	-	30,000	-
	<b>52,000</b>	<b>300,000</b>	<b>-</b>	<b>352,000</b>	<b>17,000</b>
<b>Housing</b>					
George Street new units	49,000	700,000	-	749,000	9,000
Mobility garaging	12,000	12,000	-	24,000	2,000
	<b>61,000</b>	<b>712,000</b>	<b>-</b>	<b>773,000</b>	<b>11,000</b>
<b>Parks and Reserves</b>					
District drainage	5,000	25,000	-	30,000	18,000
Norsewood Waterwheel Park	5,000	-	-	5,000	-
Reserve Management Plans	71,000	20,000	-	91,000	-
Walkway development	5,000	10,000	-	15,000	5,000
Pahiatua Saleyards purchase	(2,000)	-	189,000	187,000	187,000
Camping grounds accessible toilet	32,000	-	-	32,000	16,000
Dannevirke play equipment	-	20,000	-	20,000	16,000
	<b>116,000</b>	<b>75,000</b>	<b>189,000</b>	<b>380,000</b>	<b>242,000</b>
<b>Swimming Pools</b>					
Eketahuna outdoor pool	6,000	-	-	6,000	-
	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>-</b>
<b>District Promotion and Economic Development</b>					
<b>Commercial Investments</b>					
Sale of Thyra Street	(1,000)	-	-	(1,000)	1,000
Forestry road improvements	-	-	-	-	309,000
	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>(1,000)</b>	<b>310,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
2,000	2,000	Rates	Awaiting new legislation to be passed. To carry forward to next year.
3,000	2,000	Rates	Awaiting new legislation to be passed to proceed with repair. To carry forward to next year.
300,000	300,000	Rates	Awaiting new legislation to be passed to proceed with repair. To carry forward to next year.
(4,000)	-	Rates	Completed.
4,000	-	Rates	Completed. Used budget in Eketahuna Service Centre Earthquake work budget.
30,000	30,000	Rates	Awaiting Earthquake Report before proceeding with project.
<b>335,000</b>	<b>334,000</b>		
740,000	-	Housing Reserves/Loan	Project not proceeding. New project budgeted in 2014/15 Annual Plan.
22,000	22,000	Housing Reserves/Loan	In progress. Will be completed next year.
<b>762,000</b>	<b>22,000</b>		
12,000	12,000	Rates	In progress. Project delayed to poor weather. Will be completed next year.
5,000	5,000	Rates	Deciding on the best option. To be carried forward and completed next year.
91,000	-	Rates	Not a capital project. Will complete this project as part of the operational budget.
10,000	10,000	General Purposes Reserve	In progress. Will be completed next year.
-	-	Reserves	Completed.
16,000	-	Rates	Completed.
4,000	4,000	Rates	In progress. Will be completed next year.
<b>138,000</b>	<b>31,000</b>		
6,000	6,000	Loan	Awaiting earthquake repairs to be completed. To carry forward to next year.
<b>6,000</b>	<b>6,000</b>		
(2,000)	-	Sales proceeds	Property still held classified as "held for sale". Cost will be offset against sales proceeds.
-	-	Forestry Reserves	Assets transferred to Council on liquidation of Taranaki Forests Limited.
<b>(2,000)</b>	<b>-</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Economic Development or District Promotion</b>					
District wide fibre project	4,000	10,000	-	14,000	-
i-SITE computer upgrades	15,000	15,000	-	30,000	-
Broadband	-	-	-	-	2,000
	<b>19,000</b>	<b>25,000</b>	<b>-</b>	<b>44,000</b>	<b>2,000</b>
<b>Regulatory Services</b>					
<b>Animal Control</b>					
Dannevirke pound	-	200,000	-	200,000	-
	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>-</b>
<b>Emergency Management</b>					
Akitio fire appliance	-	50,000	-	50,000	39,000
	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>39,000</b>
<b>Roading and Footpaths</b>					
<b>Footpaths</b>					
District wide footpath development	86,000	27,000	-	113,000	2,000
	<b>86,000</b>	<b>27,000</b>	<b>-</b>	<b>113,000</b>	<b>2,000</b>
<b>Roading</b>					
Associated improvements	-	80,000	-	80,000	72,000
Manawatu/Hawkes Bay alternate route	25,000	2,000,000	-	2,025,000	307,000
	<b>25,000</b>	<b>2,080,000</b>	<b>-</b>	<b>2,105,000</b>	<b>379,000</b>
<b>Solid Waste Management</b>					
Pahiatua capping	60,000	60,000	-	120,000	-
Eketahuna capping	-	30,000	-	30,000	-
Pongaroa capping	-	10,000	-	10,000	-
Pahiatua transfer station	115,000	-	-	115,000	103,000
District wide recycling - bulk bin setup	42,000	-	-	42,000	5,000
Waste disposal management	6,000	-	-	6,000	6,000
	<b>223,000</b>	<b>100,000</b>	<b>-</b>	<b>323,000</b>	<b>114,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
14,000	12,000	Rates	In progress. Will be completed next year.
30,000	30,000	Rates	Budget will be transferred to new project, Economic Development Hub, in the 2014/15 year.
(2,000)	-	Rates	Completed. Cost funded from District Wide Fibre Project.
<b>42,000</b>	<b>42,000</b>		
200,000	-	Loan	Legislation is yet to be passed. Project will be included in the 2015-2025 Long Term Plan.
<b>200,000</b>	<b>-</b>		
11,000	11,000	Loan	Completed. Balance of budget to be carried forward and used towards the Akitio rural fire appliance in 2014/15.
<b>11,000</b>	<b>11,000</b>		
111,000	111,000	Loan	In progress. We have identified specific projects which be completed next year.
<b>111,000</b>	<b>111,000</b>		
8,000	-	Subsidy/Rates	Completed.
1,718,000	1,718,000	Subsidy/Rates	In progress. Delay due to approval of funding which meant tender and subsequent awarding of contract was only completed in March 2014. To carry forward budget next year.
<b>1,726,000</b>	<b>1,718,000</b>		
120,000	120,000	Loan	Options for waste disposal are being explored. To be carried forward to next year.
30,000	30,000		Options for waste disposal are being explored. To be carried forward to next year.
10,000	10,000		Options for waste disposal are being explored. To be carried forward to next year.
12,000	-	Loan	Completed.
37,000	37,000	Loan	In progress. Will be completed next year.
-	-	Reserves	Completed.
<b>209,000</b>	<b>197,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Stormwater Drainage</b>					
Treatment to Outlets Report	5,000	10,000	-	15,000	-
Mangapurupuru stream drainage	-	-	-	-	3,000
Woodville Stormwater Development	290,000	-	-	290,000	114,000
	<b>295,000</b>	<b>10,000</b>	<b>-</b>	<b>305,000</b>	<b>117,000</b>
<b>Wastewater</b>					
Dannevirke disposal to land	110,000	340,000	-	450,000	-
Manhole rehabilitation	6,000	6,000	-	12,000	5,000
Pahiatua disposal to land	24,000	-	-	24,000	-
Woodville disposal to land	25,000	-	-	25,000	-
Eketahuna treatment plant	833,000	-	-	833,000	23,000
Pongaroa treatment plant	90,000	-	-	90,000	-
District wide treatment upgrade	-	155,000	-	155,000	2,000
Plant & machinery purchases	-	-	-	-	3,000
Woodville resource consent	-	-	-	-	1,000
Herbertville treatment plant	-	15,000	-	15,000	-
Norsewood treatment plant	-	20,000	-	20,000	19,000
Ormondville treatment plant	-	-	-	-	30,000
Ministry for the Environment funded wastewater projects	(350,000)	2,300,000	-	1,950,000	1,377,000
District telemetry capex	(5,000)	10,000	-	5,000	44,000
CCTV drain camera	(25,000)	25,000	-	-	28,000
	<b>708,000</b>	<b>2,871,000</b>	<b>-</b>	<b>3,579,000</b>	<b>1,532,000</b>





Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
15,000	15,000	Loan	Yet to start as the infiltration investigation has just been completed. To carry forward to next year.
(3,000)	-	Loan	Completed. Budget is from the Woodville Stormwater Development.
176,000	173,000	Loan	To carry forward budget another year to be used for district wide improvements.
<b>188,000</b>	<b>188,000</b>		
450,000	450,000	Loan\MFE Funding	Difficulty in finding suitable land. Council is working closely with Horizons. To carry forward to next year.
7,000	7,000	Rates	In progress. Will be completed next year.
24,000	24,000	Loan\MFE Funding	Difficulty in finding suitable land. Council is working closely with Horizons. To carry forward to next year.
25,000	25,000	Loan\MFE Funding	Difficulty in finding suitable land. Council is working closely with Horizons. To carry forward to next year.
810,000	810,000	Loan\MFE Funding	In progress. Will be completed next year.
90,000	90,000	Loan\MFE Funding	Design and Planning Phase 14-15 - pilot clarifier going in for testing of wastewater.
153,000	60,000	Loan	In progress. \$39,000 of budget is used for district telemetry, and \$30,000 to Ormondville treatment upgrade. Carry forward only \$60,000 to be used next year.
(3,000)	-	Loan	Completed. Budget is from District Wide Treatment Plant Upgrade.
(1,000)	-	Loan\MFE Funding	Completed. Budget is from the Woodville Treatment Plant upgrade.
15,000	-	Loan	Not required. Project will be included in the 2015-2025 Long Term Plan.
1,000	-	Loan	Completed.
(30,000)		Loan	Funded from District Wide Treatment Upgrade.
573,000	573,000	Loan\MFE Funding	Work in progress. Project delayed due to work priorities and issues encountered in Dannevirke pond. Remaining budget to be carried forward to next year.
(39,000)	-	Rates	Completed. Overspend is due to narrow band upgrade at Whariti. Budget overspend will be taken from treatment upgrade project.
(28,000)	-	Loan	Budget is from the Water and Sanitary Services Team project.
<b>2,047,000</b>	<b>2,039,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Water Supplies</b>					
Demand management & zone metering	10,000	5,000		15,000	-
Dannevirke impounded supply consent	4,000	-	-	4,000	-
Dannevirke soda ash conversion	30,000	-	-	30,000	-
Dannevirke treatment plant	500,000	-	-	500,000	26,000
Large users, metering and management	5,000	5,000	-	10,000	-
Leak detection	3,000	25,000	-	28,000	13,000
Pahiatua new bore and treatment	942,000	-	-	942,000	-
Dannevirke water storage	-	-	-	-	12,000
Eketahuna filtration	-	-	-	-	2,000
District wide telemetry	7,000	-	-	7,000	15,000
Treatment plant upgrades	-	-	-	-	15,000
Norsewood treatment plant upgrade	11,000	-	-	11,000	-
Water and Sanitary Services Team	120,000	-	-	120,000	-
Meter reading devices	-	8,000	-	8,000	-
Eketahuna water storage	-	75,000	-	75,000	-
Chlorinator & analyser	-	-	-	-	22,000
	<b>1,632,000</b>	<b>118,000</b>	<b>-</b>	<b>1,750,000</b>	<b>105,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
15,000	15,000	Rates	Leak detection work completed. Project will progress and be completed in 2014/15.
4,000	-	Rates	Completed. Budget is from the Dannevirke impounded supply project.
30,000	8,000	Rates	\$22,000 used to fund the purchase of chlorinator and analyser. To carry the balance forward to next year.
474,000	474,000	Loan	In progress. Delay due to focus on wastewater projects and assessment of damage due to Eketahuna earthquake. Will be completed next year.
10,000	10,000	Rates	Delay due to focus on wastewater projects and assessment of damage due to Eketahuna earthquake. Will be completed next year.
15,000	15,000	Rates	In progress. Will be completed next year.
942,000	942,000	Loan/Subsidies	Project moved to next year as part of the 2014/15 Annual Plan process. Delay was due to efforts in securing funding from Ministry of Health.
(12,000)	-	Loan	Completed. This was final cost for this project that was completed last year. Total project cost is \$3.191 million, which is within the project total budget of \$3.212 million.
(2,000)	-	Loan	Completed.
(8,000)	-	Rates	Completed.
(15,000)	-	Loan	Completed.
11,000	11,000	Loan	To carry forward budget to next year.
120,000	92,000	Loan	Work in progress. To carry budget forward to next year.
8,000	8,000	Rates	Sourcing for hardware and software that are compatible with current system and efficient to use. To carry forward budget to next year.
75,000	75,000	Loan	Delay due to focus on wastewater projects and assessment of damage due to Eketahuna earthquake. Will be completed next year.
(22,000)	-	Loan	Completed. Project funded from Dannevirke Soda Ash Conversion project budget.
<b>1,645,000</b>	<b>1,650,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Support</b>					
Dannevirke Library developments	-	-	-	-	27,000
IBIS software	-	-	-	-	13,000
Information Services developments	100,000	135,000	-	235,000	148,000
	<b>100,000</b>	<b>135,000</b>	<b>-</b>	<b>235,000</b>	<b>188,000</b>
<b>Total Levels of Service</b>	<b>3,344,000</b>	<b>6,730,000</b>	<b>189,000</b>	<b>10,263,000</b>	<b>3,093,000</b>
<b>RENEWALS</b>					
<b>Community and Recreational Facilities</b>					
<b>Community Buildings</b>					
Eketahuna Medical Centre	15,000	5,000	-	20,000	14,000
Woodville Sports Hall	15,000	15,000	-	30,000	15,000
Dannevirke Sports Centre	-	14,000	-	14,000	6,000
District renewals	-	3,000	-	3,000	3,000
Pahiatua Town Hall	-	10,000	-	10,000	-
Dannevirke Town Hall renewal	10,000	-	-	10,000	-
Pahiatua Stadium	-	16,000	-	16,000	12,000
Dannevirke Civic Centre	-	5,000	-	5,000	9,000
Eketahuna community buildings	-	2,000	-	2,000	-
Woodville Community Centre	6,000	-	-	6,000	-
Pahiatua carpark sealing	10,000	-	-	10,000	-
	<b>56,000</b>	<b>70,000</b>	<b>-</b>	<b>126,000</b>	<b>59,000</b>
<b>Housing</b>					
District wide window replacement	12,000	12,000	-	24,000	18,000
Eketahuna refurbishment	3,000	-	-	3,000	-
Pahiatua refurbishment	13,000	-	-	13,000	-
Aften Court refurbishment	-	-	-	-	6,000
Housing Centennial refurbishment	-	-	-	-	4,000
Woodville refurbishment	11,000	-	-	11,000	-
	<b>39,000</b>	<b>12,000</b>	<b>-</b>	<b>51,000</b>	<b>28,000</b>

Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
(27,000)	(27,000)	Loan	Budget in 2014/15 Year. Overspend to be carried forward to offset against next year's budget.
(13,000)	-	Loan	New project. Working in partnership with IBIS Limited to develop funding, planning and reporting tools. Cost was initially renewals, however, elements of the project were for an enhanced application with new functionality.
87,000	87,000	Loan	In progress. To carry forward remaining budget for the asset management planning tool.
<b>47,000</b>	<b>60,000</b>		
<b>7,479,000</b>	<b>6,430,000</b>		

6,000	6,000	Depreciation Reserve	In progress. Will be completed next year.
15,000	15,000	Depreciation Reserve	In progress. Will be completed next year.
8,000	8,000	Depreciation Reserve	In progress. Will be completed next year.
-	-	Depreciation Reserve	Completed.
10,000	10,000	Depreciation Reserve	Waiting on outcome of consultation of amalgamation of Library and Service Centre. To carry forward budget to next year.
10,000	10,000	Depreciation Reserve	Awaiting new legislation to be passed to proceed with repair. To carry forward to next year.
4,000	4,000	Depreciation Reserve	Final minor work remaining. Will be completed next year.
(4,000)	-	Depreciation Reserve	Completed. Budget was from District Renewals.
2,000	2,000	Depreciation Reserve	In progress. Will be completed next year.
6,000	6,000	Depreciation Reserve	Awaiting contractor's availability. To carry forward budget to next year.
10,000	10,000		Awaiting contractor's availability. To carry forward budget to next year.

**67,000 71,000**

6,000	6,000	Depreciation Reserve Housing	In progress. Will be completed next year.
3,000	3,000	Depreciation Reserve Housing	Carry forward to next year due to prioritisation of projects.
13,000	13,000	Depreciation Reserve Housing	Carry forward to next year due to prioritisation of projects.
(6,000)	(6,000)	Depreciation Reserve Housing	Budget brought forward from 2014/15 due to pipe blow out. To carry forward cost overrun to next year to offset budget.
(4,000)	-	Depreciation Reserve Housing	Finishing off a 2012/13 budgeted job.
11,000	11,000	Depreciation Reserve Housing	Carry forward to next year due to prioritisation of projects.
<b>23,000</b>	<b>27,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Library</b>					
Books	13,000	100,000	-	113,000	112,000
Furniture & Fittings	40,000	10,000	-	50,000	-
Eketahuna Library	-	8,000	-	8,000	5,000
Woodville Library	8,000	4,000	-	12,000	2,000
	<b>61,000</b>	<b>122,000</b>	<b>-</b>	<b>183,000</b>	<b>119,000</b>
<b>Parks and Reserves</b>					
Dannevirke Domain earthquake-prone work	44,000	30,000	-	74,000	72,000
Dannevirke Domain shed	2,000	-	-	2,000	-
Eketahuna Domain	-	7,000	-	7,000	-
Ormondville playground equipment	-	-	-	-	7,000
Eketahuna Camping Ground	2,000	2,000	-	4,000	5,000
Pahiatua Camping ground	-	2,000	-	2,000	-
Dannevirke Camping Ground	28,000	31,000	59,000	118,000	118,000
Reserve Management Plan	21,000	-	-	21,000	-
	<b>97,000</b>	<b>72,000</b>	<b>59,000</b>	<b>228,000</b>	<b>202,000</b>
<b>Public Conveniences</b>					
Dannevirke Exeloos	16,000	-	-	16,000	22,000
Pahiatua main toilets	8,000	4,000	-	12,000	-
Woodville public toilets	5,000	2,000	-	7,000	2,000
Replace hand dryers	3,000	-	-	3,000	-
Resurface toilet floors	29,000	-	-	29,000	17,000
	<b>61,000</b>	<b>6,000</b>	<b>-</b>	<b>67,000</b>	<b>41,000</b>
<b>Service Centres</b>					
Woodville admin buildings	-	17,000	-	17,000	20,000
Pahiatua service centre	-	31,000	-	31,000	1,000
	<b>-</b>	<b>48,000</b>	<b>-</b>	<b>48,000</b>	<b>21,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
1,000	-	Depreciation Reserve	Completed.
50,000	50,000	Depreciation Reserve	Waiting on outcome of amalgamation of Library and Service Centre in Pahiatua and earthquake assessments. To carry forward budget to next year.
3,000	3,000	Depreciation Reserve	Waiting on outcome of amalgamation of Library and Service Centre in Pahiatua and earthquake assessments. To carry forward budget to next year.
10,000	10,000	Depreciation Reserve	Waiting on outcome of amalgamation of Library and Service Centre in Pahiatua and earthquake assessments. To carry forward budget to next year.
<b>64,000</b>	<b>63,000</b>		
2,000	-	Depreciation Reserve	Earthquake assessment completed. Overall budget increased, as estimates in September 2013 were higher. Hence, additional budgets were carried forward.
2,000	-	Depreciation Reserve	Earthquake assessment completed.
7,000	7,000	Depreciation Reserve	Safety Matting required. To carry forward budget to next year.
(7,000)	-	Depreciation Reserve	Completed.
(1,000)	-	Depreciation Reserve	Completed.
2,000	2,000	Depreciation Reserve	Minor Maintenance required. To carry forward budget to next year.
-	-	Depreciation Reserve	Completed.
21,000	-	Depreciation Reserve	Not a capital project. Will complete this project as part of the operational budget.
<b>26,000</b>	<b>9,000</b>		
(6,000)	-	Depreciation Reserve	Completed.
12,000	12,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
5,000	5,000	Depreciation Reserve	In progress. Will be completed next year.
3,000	3,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
12,000	12,000	Depreciation Reserve	In progress. Will be completed next year.
<b>26,000</b>	<b>32,000</b>		
(3,000)	-	Depreciation Reserve	Completed.
30,000	30,000	Depreciation Reserve	Waiting on outcome of amalgamation of Library and Service Centre in Pahiatua and earthquake assessments. To carry forward budget to next year.
<b>27,000</b>	<b>30,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Swimming Pools</b>					
Eketahuna outdoor pool renewal	-	-	-	-	2,000
Pahiatua outdoor pool renewal	5,000	-	-	5,000	13,000
Woodville outdoor pool renewal	7,000	3,000	-	10,000	14,000
Eketahuna pool earthquake repairs	-	-	-	-	1,000
	<b>12,000</b>	<b>3,000</b>	<b>-</b>	<b>15,000</b>	<b>30,000</b>
<b>District Promotion and Economic Development</b>					
<b>Commercial Property</b>					
New entranceway Infracon depot	11,000	2,000	-	13,000	-
	<b>11,000</b>	<b>2,000</b>	<b>-</b>	<b>13,000</b>	<b>-</b>
<b>Regulatory Services</b>					
<b>Emergency Management</b>					
Civil Defence - radio replacement	12,000	3,000	-	15,000	16,000
	<b>12,000</b>	<b>3,000</b>	<b>-</b>	<b>15,000</b>	<b>16,000</b>
<b>Roading and Footpaths</b>					
<b>Footpaths</b>					
Footpath construction	-	-	-	-	7,000
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>
<b>Roading</b>					
Bridge renewals	350,000	100,000	-	450,000	-
Drainage renewals	-	490,000	-	490,000	474,000
Minor safety improvements	-	496,000	-	496,000	340,000
Pavement rehabilitation	-	1,560,000	-	1,560,000	1,458,000
Sealed road resurfacing	-	2,150,000	-	2,150,000	2,083,000
Structures component replacement	-	95,000	-	95,000	206,000
Traffic services renewal	-	90,000	-	90,000	69,000





Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
(2,000)	-	Depreciation Reserve	Project due to earthquake damage.
(8,000)	-	Depreciation Reserve	Completed. Repairs more expensive than planned.
(4,000)	-	Depreciation Reserve	Completed. Repairs more expensive than planned.
(1,000)	-		Completed.
<b>(15,000)</b>	<b>-</b>		
13,000	13,000	Depreciation Reserve	Project on hold, as roading maintenance contract not renewed. To carry forward to next year.
<b>13,000</b>	<b>13,000</b>		
(1,000)	-	Depreciation Reserve	Completed.
<b>(1,000)</b>	<b>-</b>		
(7,000)	(7,000)	Depreciation Reserve	Overspend to be carried forward to next year budget.
<b>(7,000)</b>	<b>(7,000)</b>		
450,000	339,000	Depreciation Reserve	Focus this year has been on repairing the significant damages to our network.  Overspend in structures components Replacements projects is offset against this budget. To carry forward remaining budget to next year.
16,000	-	Depreciation Reserve	Completed.
156,000	156,000	Depreciation Reserve	Completed. Underspend to be carried forward for Sealed Road Resurfacing project.
102,000	30,000	Depreciation Reserve	Completed. Underspend due to focus this year has been on repairing the significant damages to our network and performance of contractor. Underspend to be carried forward for Sealed Road Resurfacing project.
67,000	67,000	Depreciation Reserve	Completed. Underspend due to focus this year has been on repairing the significant damages to our network and performance of contractor. To carry forward to next year.
(111,000)	-	Depreciation Reserve	Completed. Overspend due to the significant damages to our network as a result of flood, earthquake and slips.
21,000	-	Depreciation Reserve	Completed. Underspend due to focus this year being on repairing the significant damages to our network, and performance of contractor.



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Roading (continued)</b>					
Unsealed road metalling	-	600,000	-	600,000	575,000
Emergency reinstatements	-	-	-	-	1,014,000
	<b>350,000</b>	<b>5,581,000</b>	<b>-</b>	<b>5,931,000</b>	<b>6,219,000</b>
<b>Stormwater Drainage</b>					
District wide mains replacement	36,000	38,000	-	74,000	-
	<b>36,000</b>	<b>38,000</b>	<b>-</b>	<b>74,000</b>	<b>-</b>
<b>Wastewater</b>					
District wide consent upgrades	27,000	-	-	27,000	26,000
District wide preventative maintenance	50,000	50,000	-	100,000	-
Infiltration renewals	21,000	-	-	21,000	-
District wide mains replacements	441,000	400,000	-	841,000	536,000
District wide manhole replacements	11,000	6,000	-	17,000	6,000
District wide pump replacements	-	2,000	-	2,000	3,000
Aerators renewal	-	23,000	-	23,000	-
	<b>550,000</b>	<b>481,000</b>	<b>-</b>	<b>1,031,000</b>	<b>571,000</b>
<b>Water Supplies</b>					
District wide mains replacement	154,000	285,000	-	439,000	194,000
Preventative renewals	50,000	50,000	-	100,000	-
District wide treatment plant upgrades	64,000	64,000	-	128,000	-
Chlorinator replacement	12,000	-	-	12,000	-
Chlorine analyser replacement	10,000	-	-	10,000	-
Water pump replacement	4,000	-	-	4,000	-
Dannevirke mains replacement	103,000	-	-	103,000	-
Woodville mains replacement	35,000	-	-	35,000	-
	<b>432,000</b>	<b>399,000</b>	<b>-</b>	<b>831,000</b>	<b>194,000</b>



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
25,000	-	Depreciation Reserve	Completed. Underspend due to focus this year has been on repairing the significant damages to our network and performance of contractor.
(1,014,000)	-	Depreciation Reserve	This is for the flood and earthquake damage repair work. We received funding of \$821,000 from NZ Transport Agency for these repairs.
<b>(288,000)</b>	<b>592,000</b>		
74,000	74,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
<b>74,000</b>	<b>74,000</b>		
1,000	-	Depreciation Reserve	Completed.
100,000	100,000	Depreciation Reserve	Focus this year was on wastewater projects and assessment of damage due to Eketahuna earthquake. Budget will be used for the Eketahuna repairs as part of the deductible for the insurance claim.
21,000	21,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
305,000	305,000	Depreciation Reserve	In progress. Most of the work has focused on the earthquake damage in Eketahuna. Carry forward budget to next year.
11,000	11,000	Depreciation Reserve	In progress. To carry forward budget to next year.
(1,000)	-	Depreciation Reserve	Completed.
23,000	23,000	Depreciation Reserve	Aerator gone to Ormondville Treatment Upgrade. From Ministry for the Environment order for aerators.
<b>460,000</b>	<b>460,000</b>		
245,000	245,000	Depreciation Reserve	In progress. To carry forward budget to next year.
100,000	100,000	Depreciation Reserve	No significant issues this year. To carry forward budget to next year.
128,000	128,000	Depreciation Reserve	Treatment plant upgrades to main towns completed. Focus this year was prioritised to deliver on wastewater projects and assessment/repairs of damage due to Eketahuna earthquake. Carry forward budget to next year.
12,000	12,000	Depreciation Reserve	Project is part of the Dannevirke Treatment Plant upgrade. To carry forward to next year.
10,000	10,000	Depreciation Reserve	Project is part of the Dannevirke Treatment Plant upgrade. To carry forward to next year.
4,000	4,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
103,000	103,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
35,000	35,000	Depreciation Reserve	Carry forward to next year due to prioritisation of projects.
<b>637,000</b>	<b>637,000</b>		



Activity & Capital Works Project	Carry forward Budget to June 2013	Budget 2013/14	Authorised Revision	Total Budget	Year to June 2014
<b>Support</b>					
Vehicle renewals	12,000	210,000	-	222,000	198,000
Information services renewals	110,000	266,000	-	376,000	158,000
Photocopier replacement	15,000	49,000	-	64,000	38,000
Telephone replacement	10,000	10,000	-	20,000	5,000
Woodville Engineering Services building refurbishments	-	-	-	-	51,000
District administration equipment renewals	107,000	5,000	-	112,000	-
Woodville buildings purchase	-	-	-	-	12,000
Dannevirke admin buildings	160,000	-	-	160,000	-
Business continuity - generator and UPS	6,000	28,000	-	34,000	34,000
	<b>420,000</b>	<b>568,000</b>	<b>-</b>	<b>988,000</b>	<b>496,000</b>
<b>Minor Renewals</b>					
Community buildings	3,000	-	-	3,000	-
Public conveniences	6,000	-	-	6,000	-
Commercial buildings	1,000	-	-	1,000	-
	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>Total Renewals</b>	<b>2,147,000</b>	<b>7,405,000</b>	<b>59,000</b>	<b>9,611,000</b>	<b>8,003,000</b>
<b>Total Capital</b>	<b>5,541,000</b>	<b>14,175,000</b>	<b>248,000</b>	<b>19,964,000</b>	<b>11,105,000</b>

\* Total capital expenditure for the year differs from assets capitalised in the 'Property, Plant & Equipment' note (Note 18) of the Notes to the Financial Statements due to changes in work in progress and increases in landfill asset lives.



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
24,000	24,000	Depreciation Reserve	In progress. Will be completed next year.
218,000	218,000	Depreciation Reserve	In progress. Will be completed next year.
26,000	26,000	Depreciation Reserve	To replace large copier - combine with 2014/15 budget \$25,000.
15,000	15,000	Depreciation Reserve	In progress. Will be completed next year.
(51,000)	(51,000)	Depreciation Reserve	Completed. Budget is from the Dannevirke Admin Building project. This was for the refurbishment of the Woodville Engineering Services building.
112,000	112,000	Depreciation Reserve	To carry forward to next year for the replacement of the Asset Management application.
(12,000)	-	Depreciation Reserve	Completed.
160,000	105,000	Depreciation Reserve	In progress. Part of the budget was used for Engineering Services building and Dannevirke Civic Centre.
-	-	Depreciation Reserve	Completed.
<b>492,000</b>	<b>449,000</b>		
3,000	-	Depreciation Reserve	Not required.
6,000	-	Depreciation Reserve	Not required.
1,000	-	Depreciation Reserve	Not required.
<b>10,000</b>	<b>-</b>		
<b>1,608,000</b>	<b>2,450,000</b>		
<b>9,168,000</b>	<b>8,960,000</b>		



# 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 four 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
- Council Controlled Trading Organisation Committee
- Forestry 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.

## Council Controlled Trading Organisation

This committee consist of the Mayor and a Councillor who is the Roding Portfolio Holder and another Councillor who is a Finance Portfolio Holder. This Committee has full delegation to appoint or remove directors of the subsidiary boards, attend and offer advice as shareholder at the shareholder meetings, and discuss long term strategies with Tamatea Holdings Limited.

## Council Forestry Committee

This committee consist of the Mayor and two other Council members and has full delegation to oversee the management of Council's forestry assets and make recommendations to the Council if it wishes to divest the forestry assets.

## Community Boards and Community Committees

Elected community boards represent Dannevirke and Eketahuna communities. In addition Pahiatua On-Track Incorporated and Woodville Districts' 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 Taranaki 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 Taranaki 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 Taranaki 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 policy consultations.

### **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 2014

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 audit the District Council and group's financial statements, statement of service provision and other statements required by legislation, as set out in the 'Responsibilities of Council' paragraph below.

#### Adverse opinion on the group financial statements

As outlined in note 34 on page 273, on 25 August 2014, Infracon Limited (the Company), a council controlled trading organisation which is 66% owned by the District Council was placed into liquidation. At the time of the Company being placed into liquidation it had not issued audited financial statements for the year ended 30 June 2014.

Because the Company was a subsidiary of the District Council as at 30 June 2014, the District Council should have prepared consolidated financial statements that incorporate the Company's financial position, and the results of its operations and cash flows, in keeping with the requirements of NZ International Accounting Standard 27 (PBE) Consolidated And Separate Financial Statements, and the District Council's accounting policies.

Although the Company had prepared draft financial statements, these statements do not reflect the liquidated value of the assets nor do they include all of the liabilities that may arise as a result of the liquidation.

In our opinion, because the District Council has not consolidated the Company, its group financial statements on pages 200 to 277:

- do not comply with generally accepted accounting practice in New Zealand; and
- do not fairly reflect the group's:
  - financial position as at 30 June 2014; and
  - the results of its operations and cash flows for the year ended on that date.

#### Unqualified opinion on the parent information

In our opinion:

- the financial statements of the District Council on pages 200 to 277:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect:
    - the District Council's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 206, fairly reflects the amount of funds produced from each source of funding and how the



funds were applied as compared to the information included in the District Council's annual plan.

- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 56 to 75, fairly reflect by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the activities and service performance of the District Council on pages 90 to 197:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 90 to 197, fairly reflect by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 76 to 77, 83, 88 to 197, 225, 240, 255, 258 to 260, 274 to 275 and 278 to 284 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

### **Uncertainty over the valuation of the District Council's investment in the Company**

Without further modifying our opinion, we draw your attention to the disclosures made in note 34 on page 273 about the District Council's decision to write-down the value of its investment in the Company to nil. This decision was made in response to the resolution to place the Company into liquidation on 25 August 2014. The outcome of the liquidation process is uncertain and the value of the District Council's investment could be different than the nil value that has been recognised in the financial statements.

### **Compliance with the Other Requirements of schedule 10**

In our view the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2014. This is the date at which our opinion is expressed.

The basis of our opinions is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision. We found material misstatements that were not corrected because the District Council did not prepare consolidated financial statements, as we referred to above.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported the statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As

a result, we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our unqualified opinion on the district council's parent information and our adverse opinion on the group financial statements.

## Responsibilities of the Council

The Council is responsible for preparing:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2014 on pages 202 to 203;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 200 to 201 and 204 to 205;
  - the funding impact statement of the District Council on page 206;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 56 to 75; and;
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 207 to 277
- the statement of service provision (referred to as activities and service performance) of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 90 to 197;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 33 to 44; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002, by including:
  - information about:
    - internal borrowing on page 255;
    - council-controlled organisations on pages 278 to 284;
    - reserve funds on pages 258 to 260;
    - each group of activities carried out by the District Council on pages 88 to 197;

- remuneration paid to the elected members and certain employees of the District Council on page 274;
- employee staffing levels and remuneration on page 275;
- severance payments on page 274;
- rating base units on page 225; and
- insurance of assets on page 240.

- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 76 to 77; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 83.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

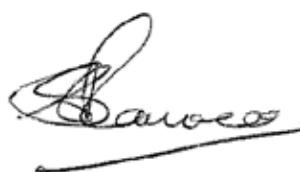
The Council's responsibilities arise under the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, 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



# Infracon Limited's Liquidation and its Impact on Council's Consolidated Annual Report

Infracon Limited (the Company) was, by resolution of its shareholders Tararua District Council and Central Hawkes Bay District Council, placed into liquidation on Monday, 25 August 2014, with PricewaterhouseCoopers appointed as liquidators of the Company.

At the time of the liquidation, the audit of the Company, for the year ended 30 June 2014, had not been completed.

Council relies on the Company's audited Annual Report to prepare its consolidated statements. This ensures that the Council's consolidated Annual Report is compliant with the New Zealand Generally Accepted Accounting Practice (NZ GAAP).

Council considered the options available to it for preparing consolidated accounts, which included:

1. preparing the consolidated accounts on the basis that the Company was a discontinued operation; or
2. consolidating the audited draft accounts; or
3. not preparing a consolidated Annual Report.

Regardless of the option taken, Council would receive a modified audit opinion. Having considered the various options, Council resolved not to prepare consolidated financial statements this year. As a result, Council has received an adverse audit opinion for its group accounts, as it has not complied with NZ GAAP and the Local Government Act 2002.

As a result of the liquidation, Council has also resolved to write down its investment in the Company to zero. At the

time of adopting the Annual Report, it was not possible to estimate any payout from the liquidators and, therefore, Council has considered it prudent to write down its investment in full.

Council has kept its auditors, and the Office of the Auditor General (OAG), informed of events before and after liquidation.

It is noted that the liquidator will provide a final (public) report as required under Section 253 of the Companies Act 1993.

## Liquidator Role

The Liquidator, PricewaterhouseCoopers, has the principal duty to:

- take possession of, protect, realise, and distribute the assets, or the proceeds of the realisation of the assets, of the Company to its creditors in accordance with this Act; and
- if there are surplus assets remaining, to distribute them, or the proceeds of the realisation of the surplus assets in a reasonable and efficient manner, in accordance with section 313(4) of the Companies Act 1993.

In order to meet its accountability requirements, Council has included details relating to the Company's unaudited trading results for the year ended 30 June 2014 and the financial position at that date on pages 279 to 281 of this Annual Report.

# Statement of Compliance and Responsibility

## Compliance

Infracon Limited (the Company) was placed into liquidation effective Monday 25 August 2014 by the Company's Shareholders, Taranua District Council and Central Hawkes Bay District Council. The Shareholders also resolved to appoint PricewaterhouseCoopers as liquidators of the Company.

At the time of the Company going into liquidation, the audit for the 2013/14 financial year was not complete.

Council has resolved not to consolidate the financial statements of the Company as they are unaudited.

As a result of this, the Council's consolidated financial statements are not compliant with the requirements of the Local Government Act 2002: Part 6, Section 98 and part 3 of Schedule 10, and New Zealand Generally Accepted Accounting Practice (NZ GAAP).

However, Council's financial statements (the parents) 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.



**Mayor**



**Chief Executive**

## Responsibility

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

The Council and management of Taranua 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.

In the opinion of the Council and management of Taranua District Council, the annual Financial Statements for the year ended 30 June 2014 fairly reflects the financial position and operations of the Council.



3

# Activities and Service Performance

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ANNUAL REPORT 2013/14

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# Introduction

## Activities and Service Performance

We provide a wide range of services and facilities for people living in Tararua. These services – called Activities – help to make Tararua a better, safer, healthier and more enjoyable place to live.

We have nine groups of activities, and 22 activities. The rest of this section explains what we achieved in each activity, the overall cost to ratepayers, and our service performance results.

### Groups of Activities

Building Communities and Leadership .....	89
Community and Recreation Facilities .....	100
District Promotion and Economic Development .....	134
Regulatory Services .....	145
Roading and Footpaths .....	165
Solid Waste Management .....	177
Stormwater .....	184
Wastewater .....	188
Water Supplies .....	193



## How the Council Outcomes Relate to Council Services

**Key:** Strongly Related ✓ Related ● Partially Related ◇

Groups of Activities	Council Outcomes				
	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Building Communities and Leadership	●	●	✓	✓	✓
Community and Recreation Facilities	✓	●	✓	✓	✓
District Promotion and Development	◇	✓	✓	●	✓
Regulatory Services	◇	●	✓	✓	✓
Roading and Footpaths	✓	✓	✓	◇	●
Solid Waste Management	✓	◇	●	✓	●
Stormwater	✓			◇	✓
Wastewater	✓	●		✓	✓
Water Supplies	✓	●	●	✓	●

# Building Communities and Leadership

## Activities in this Group

### Community Support

**AIM** To support communities to support themselves.

### 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.

## Key Issues

- Further legislative changes to the Local Government Act 2002 are expected in 2014. This could change the way Council operates and how we interact with the community.
- Elections for the Council took place in October 2013.
- No significant change to Levels of Service

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related			✓	✓	✓
Related	✓	✓			
Partially related					

## Group Level Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	805	1,238	900	1,541	1,541
Targeted rates (other than a targeted rate for water supply)	433	-	421	-	-
Grants and subsidies for operating purposes	-	14	-	35	31
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	21	15	76	78
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,238</b>	<b>1,273</b>	<b>1,336</b>	<b>1,652</b>	<b>1,650</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	780	893	800	1,071	1,100
Finance costs	-	-	-	-	-
Internal charges and overheads applied	453	401	533	556	478
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,234</b>	<b>1,294</b>	<b>1,332</b>	<b>1,627</b>	<b>1,578</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>4</b>	<b>(21)</b>	<b>4</b>	<b>25</b>	<b>72</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	4	(21)	4	25	72
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>4</b>	<b>(21)</b>	<b>4</b>	<b>25</b>	<b>72</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(4)</b>	<b>21</b>	<b>(4)</b>	<b>(25)</b>	<b>(72)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Community Support

Aim – To support communities to support themselves.

## What is the Service Provided

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

1. Coordinating Sports & Recreation activity.
  2. Community organisation support.
  3. Local community funding assistance.
  4. Provision of Information Centres
- Youth advocacy is a key support role that is important for the future of Tararua communities. We support Tararua Community Youth Services Incorporated by providing leadership and advocacy at Central Government levels to ensure Tararua gets its share of social development funding.
  - We support the goal of the Mayor's Taskforce for Jobs 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 and recreation is part of our social design and Tararua provides a wonderful playground for such activity. We also provide a sports coordinator through a contract with Sport Manawatu.
  - Information Centres run by local committees provide visitors and locals with a wealth of knowledge and information about the district (the i-SITE in Woodville is part of the District Promotion and Economic Development group).
  - 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.

## Why We Provide It

We recognise that a strong community infrastructure is essential to supporting communities to help each other.

## What We Achieved

### Young People Leadership Project

The Ministry of Youth Development funded a \$35,000 Council "The Voice" project that began in early 2013 and was completed in January 2014.

The project's purpose was to give our young people the skills and understanding to have a voice on community decision-making by:

1. Training: Structured training on community decision making – what works and how.
2. Youth Leadership Forums: Forums to build confidence and self-esteem – kick starting new leaders.
3. Community Engagement: Engaging young people with adults.

"The Voice" is just that – it is giving our young people a voice on decisions that will affect everyone's future. Engagement of youth is now critical for a sustainable future. Water, wastewater, roads touch our lives everyday and are fundamental to our survival. We need our young people to be involved.

What was achieved?

- A total of 236 young people participated in programmes run through the leadership team – programmes have been run locally ensuring connection and participation. Eighteen youth initiated their level three Youth Services.
- Focus groups of young people have developed in Dannevirke, Woodville, Pahiatua and Eketahuna.



- The most rewarding aspect is that the results of the project continue to self-sustain with young people completing NCEA qualifications and the ongoing operation of Rural Youth Focus Groups.

Young people's involvement in the development and running of the project meant that they were fully involved and empowered in the whole process of this project.

The project was delivered by Tararua Youth Services. The funding came from Youth Development Partnership Fund Round 8 – Local Government and communities supporting young people throughout New Zealand.

### Town Closed Circuit TV

We are providing support for the towns to develop closed circuit TV (CCTV) systems for public areas to deter and prevent crime, and to increase safety. This support comes

from access to fibre optic cables, maintenance and housing of equipment, to advice and project management.

There was much activity at many locations on CCTV public security cameras.

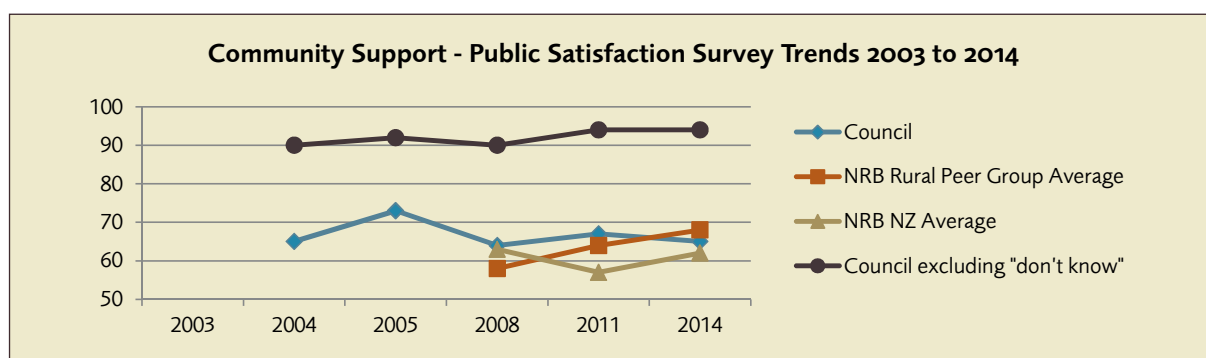
Pahiatua On Track successfully implemented a camera system in the central business district, working in partnership with the New Zealand Police, Inspire Net, and the Council.

Fund raising in Dannevirke continued throughout the year. Substantial improvements to cameras and software allowed plans for a very robust system to be developed. By June 2014, sufficient funds had been raised for the project to proceed by Dannevirke Promotions and Development Inc, with support from the Chamber of Commerce.

Eketahuna upgraded their system and increased the numbers of cameras.

## Performance Against Objectives

			Results																				
Performance Measure and Target	Target	Achievement	2012/13	2013/14																			
<ul style="list-style-type: none"><li>Percentage of residents rating Council's involvement in community support as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	75%	ACHIEVED: 94% of residents were satisfied in the 2014 community survey, which is a similar result to the 2011 survey.	No NRB survey																				
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>67%</td><td>65%</td></tr><tr><td>Not very satisfied</td><td>4%</td><td>4%</td></tr><tr><td>Don't know / Unable to say @</td><td>30%</td><td>32%</td></tr><tr><td>Percentage satisfied</td><td>67%</td><td>65%</td></tr><tr><td>Percentage satisfied excl @</td><td>94%</td><td>94%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	67%	65%	Not very satisfied	4%	4%	Don't know / Unable to say @	30%	32%	Percentage satisfied	67%	65%	Percentage satisfied excl @	94%	94%	
		Category			2011	2014																	
		Very/Fairly Satisfied			67%	65%																	
		Not very satisfied			4%	4%																	
		Don't know / Unable to say @			30%	32%																	
		Percentage satisfied			67%	65%																	
		Percentage satisfied excl @			94%	94%																	
<ul style="list-style-type: none"><li>All organisations receiving grants meet accountability requirements of Council.</li></ul>	100%	ACHIEVED: All grants made met our accountability requirements.																					



## Community Support Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	183	281	197	336	336
Targeted rates (other than a targeted rate for water supply)	98	-	92	-	-
Grants and subsidies for operating purposes	-	14	-	35	31
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	21	-	61	28
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>281</b>	<b>317</b>	<b>289</b>	<b>432</b>	<b>395</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	249	280	255	335	302
Finance costs	-	-	-	-	-
Internal charges and overheads applied	28	47	30	72	51
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>277</b>	<b>327</b>	<b>285</b>	<b>407</b>	<b>353</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>4</b>	<b>(10)</b>	<b>4</b>	<b>25</b>	<b>42</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	(13)	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	4	(10)	4	12	42
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>4</b>	<b>(10)</b>	<b>4</b>	<b>12</b>	<b>42</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(4)</b>	<b>10</b>	<b>(4)</b>	<b>(25)</b>	<b>(42)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is lower than budget due to non-recognition of subsidy for the Ministry of Education for the Youth Project. This project was completed in August 2014.

Application of operating funding is lower than budget due to underspend of main street funding.



## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Closed Circuit TV	10	9
Community Boards & Committees Discretionary	54	50
Community Grants	63	59
Eketahuna Money Exchange	3	3
Information Centres	59	55
Main Street Committees	28	18
Main Street Lighting Non-subsidised	19	26
Sports & Recreation	52	49
Youth Service	35	33
<b>Total Payments to Staff and Suppliers</b>	<b>322</b>	<b>302</b>



# 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.

## What is the Service Provided

The Tararua district Mayor and Councillors deliver a governance role which involves representing the community, setting direction, and monitoring and reviewing our performance. The activity also involves keeping people informed of decisions made.

Community Boards and Community Committees provide this at a local level.

The service provides:

- An avenue is provided through which the community can have its views heard.
- Strategy setting to determine the level of services and activities provided to the district's communities and the financial cost to ratepayers and the users of these facilities.
- A mayor elected at large by the district with eight district councillors comprising four members each from the North and South Tararua Wards.
- Two Community Boards being Dannevirke and Eketahuna and two Community Committees being Woodville Districts' Vision and Pahiatua On Track.
- Elections held every three years and by-elections as required, and annual general meetings of community committees to elect their executive committee members.
- Advocacy on district and community issues.

## Why We Provide It

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 leadership and advocacy 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.

## What We Achieved

The Mayor, Councillors and Community Board Members collectively committed their energies to working in the best interests to promote the district and the respective communities. It is with sadness to note that in August 2013 Councillor Brenda Dodunski passed away, and the Council acknowledges her contribution and dedication given to this role.

Decision making, reporting and accountability was facilitated through monthly meetings. The work undertaken by elected representatives was supported through their appointments to oversee various portfolios, liaise with community organisations, and follow up on issues and concerns raised by residents.

The most significant effects and measures that contribute to this activity include:

- Advocacy with relevant agencies in the interests of the district, e.g. WINZ, Tararua Community Youth Service, Police, Public Health Organisation,



MidCentral Health and the New Zealand Transport Agency.

- Upgrade of the Saddle Road as an alternative route for use when the Manawatu Gorge is closed.
- Work with the Council's contractor on changes resulting to the roading activity through the New Zealand Transport Agency Funding Assistance Rates Review.
- Developing in conjunction with the community and implementing a progressive programme of town centre upgrades.
- The adoption of the District Plan provides environmental standards and policies for the district.
- Maintaining a good relationship with the Horizons Regional Council through the Memorandum of Understanding and working collaboratively on protecting the environment of the district.
- Work constructively with Iwi through regular meetings held with their representatives and consultation on significant issues as provided in the Memorandum of Understanding with Rangitane.
- Support for sports and recreational groups through participating in the Sport New Zealand rural travel assistance fund and the Creative New Zealand fund for arts and culture.
- Support for communities through the International Representatives Scheme, the Community Development Recreation Reserve, the Heritage Protection Reserve, the Biodiversity Reserve and discretionary funding for the Community Boards and Community Committees.





The following was completed and achieved:

- Review and adopt the Class 4 Gambling and Racing Board Venue policy.
- Conclude negotiations and purchase the Pahiatua sale yards property as a strategic site for the future development of the Pahiatua community and the Bush Multisport complex facilities.
- Amend the freedom camping policy for the district to recognise its towns as motorhome friendly places.
- Elections held on 12 October 2013 for the Mayor, North and South Ward Councillors and Dannevirke and Eketahuna Community Board Members.
- Continue the review of the management of reserve land vested in the Council through completing the consultation on the draft recreation and reserves strategy, and adopting this document to guide the development of reserve management plans for the district.
- Review the approach to motor sport application requests for road closures, and adopt a policy setting

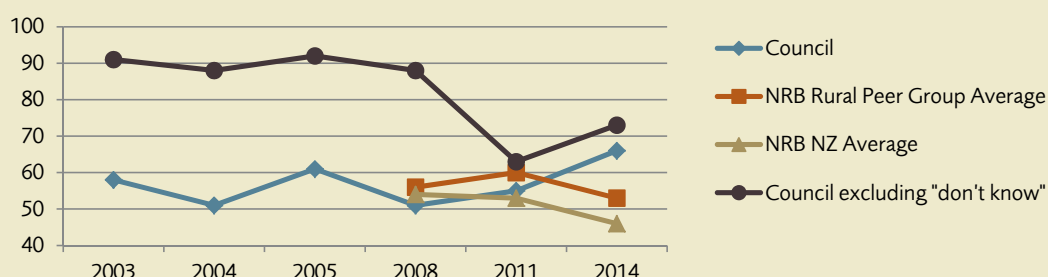
out for the district's roads when and where such events are appropriate.

- Working collaboratively with the Horizons Regional Council, and advocating in the interests of the district and its rural community regarding finalising the One Plan to include acceptable provisions concerning its potential economic impact relating to the nutrient management rules.
- Advocate for the district on the New Zealand Transport Agency Funding Assistance Rates Review to emphasise the impact of these proposals on the rural roading network.
- Maintain an awareness of local government reforms to ensure compliance with their requirements.
- Adopt the 2012/2013 Annual Report.
- Adopt the 2014/2015 Annual Plan.
- Review the Speed Limits Bylaw 2004 and following consultation adopt the Speed Limits Bylaw 2013.
- Consider and implement the requirements of the Sale and Supply of Alcohol Act 2012, including the formation of the District Licensing Committee.
- Maintaining an awareness of local government reorganisation relevant to the district, including the potential impact of amalgamations proposed in Hawke's Bay and the Wairarapa to establish a unitary authority for their respective areas.
- Maintain an understanding on the potential for oil exploration in the Tararua District.
- Liaise with Rangitane on their Treaty settlement negotiations relative to specific Council reserves proposed for inclusion as part of their redress from the Crown.
- Consult the community on the option of forming Joint Reserve Management Committees.
- Adopt an Economic Development Plan for the district covering the five-year period of 2013 to 2018.
- Establish a corridor network maintenance agreement based on an alliance model to replace the former road and bridge maintenance contract.
- Strengthen the accountability and reporting from Infracon Limited (in Liquidation) with regard to the investment in this council-controlled trading organisation.
- Appoint three Council members to the Infracon Limited (in Liquidation) Board in June 2014 as interim directors for three months following the resignation of the existing Board, thereby providing the ability to make timely decisions to address the company's financial and operational challenges.
- Financial returns provided from the Council's forestry interests improved under the oversight of the Forestry Committee.

## Performance Against Objectives

			Results																						
Performance Measure and Target	Target	Achievement	2012/13	2013/14																					
<ul style="list-style-type: none"><li>Percentage of residents rating the overall performance of the Mayor and Councillors as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	75%	NOT ACHIEVED: 73%.	No NRB survey																						
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>55</td><td>66</td></tr><tr><td>Just acceptable</td><td>28</td><td>20</td></tr><tr><td>Not very satisfied</td><td>5</td><td>5</td></tr><tr><td>Don't know / Unable to say @</td><td>12</td><td>9</td></tr><tr><td>Percentage satisfied</td><td>55%</td><td>66%</td></tr><tr><td>Percentage satisfied excl @</td><td>63%</td><td>73%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	55	66	Just acceptable	28	20	Not very satisfied	5	5	Don't know / Unable to say @	12	9	Percentage satisfied	55%	66%	Percentage satisfied excl @	63%	73%
		Category			2011	2014																			
		Very/Fairly Satisfied			55	66																			
		Just acceptable			28	20																			
		Not very satisfied			5	5																			
		Don't know / Unable to say @			12	9																			
		Percentage satisfied			55%	66%																			
Percentage satisfied excl @	63%	73%																							
The increase in percentage satisfied is a result of Council's continued efforts in engaging with key stakeholders and the wider community in the district through consultation on planning documents and communicating on our results in the Annual Report and Council publications (via Bush Telegraph, website, flyers/brochures).																									
<ul style="list-style-type: none"><li>Percentage of residents rating the overall performance of the Community Boards and Community Committees as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	75%	ACHIEVED: 75%.	No NRB survey																						
<ul style="list-style-type: none"><li>Percentage of Council committee meetings that meet the requirements the Local Government Official Information and Meetings Act.</li></ul>	100%	ACHIEVED: Meetings were publicly notified by newspaper, generally through the Bush Telegraph.																							

Representation Performance – Public Satisfaction Survey Trends 2003 to 2014





## Representation Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	622	956	703	1,025	1,206
Targeted rates (other than a targeted rate for water supply)	335	-	329	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	15	15	50
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>956</b>	<b>956</b>	<b>1,047</b>	<b>1,040</b>	<b>1,256</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	531	536	544	565	799
Finance costs	-	-	-	-	-
Internal charges and overheads applied	425	349	503	475	427
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>956</b>	<b>885</b>	<b>1,047</b>	<b>1,040</b>	<b>1,226</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>29</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	(10)	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	71	-	(10)	29
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>(10)</b>	<b>29</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>-</b>	<b>(29)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Revenue is higher due to reimbursement of the Local Government election cost from other agencies.

Payments to staff and suppliers is higher as we incurred additional expenses for the election which we have recovered from the other agencies

and from reserves. The remaining cost overrun is due to increased in training and slight increases in Councillors remuneration.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Community Board Dannevirke	8	31
Community Board Eketahuna	11	43
Community Committee Pahiatua	146	47
Community Committee Woodville	122	39
Council	142	377
Elections	153	119
Strategy and policy	-	143
<b>Total Payments to Staff and Suppliers</b>	<b>582</b>	<b>799</b>



# Community and Recreation Facilities

## Activities in this Group

### Cemeteries

**AIM** To provide attractive burial places where the community can remember loved ones and celebrate our district's heritage.

### Community Buildings

**AIM** To provide community buildings for social, cultural, recreational and educational activities.

### Housing

**AIM** To respond to the needs of older people with limited income and assets by providing access to affordable and suitable long-term housing.

### Libraries

**AIM** To meet the community's needs for recreational and educational reading; and the provision of information.

### Parks and Reserves

**AIM** To protect and enhance the natural character of the district, and provide a mix of parks and reserves facilities for leisure and recreation.

### Public Conveniences

**AIM** To provide well maintained public conveniences in areas of frequent community activity.

### Service Centres

**AIM** To provide excellent customer service and stakeholder access to services locally.

### Swimming Pools

**AIM** To provide funding support for community pools to promote community wellbeing.

## Key Issues

- Council is planning to upgrade the units at Hovding Court. This project will be completed in the 2014/15 year.
- Council has assessed all major community buildings against current structural standards for earthquake-prone buildings. A small number of buildings are considered earthquake-prone buildings. Council is waiting on detailed cost estimates to bring these buildings up to the minimum standards. Community input may be required to decide which of these buildings should be upgraded, and what the priorities are.
- Proposed government policy will reduce the time available for earthquake prone buildings to be upgraded, and increase Council responsibilities for initial assessments.
- The newly combined Woodville library and service centre will be operational this year.
- Additional land was purchased adjoining the recreation centre managed by Bush MultiSport Trust in Pahiatua.
- No significant change to Levels of Service.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓		✓	✓	✓
Related		✓			
Partially related					

## Group Level Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	2,968	2,592	3,144	3,872	2,549
Targeted rates (other than a targeted rate for water supply)	907	1,283	850	-	1,324
Grants and subsidies for operating purposes	6	14	6	5	6
Fees, charges, and targeted rates for water supply	489	468	503	496	513
Local authorities fuel tax, fines, infringement fees, and other receipts	162	268	166	323	343
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>4,531</b>	<b>4,625</b>	<b>4,668</b>	<b>4,696</b>	<b>4,734</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	3,012	2,763	3,145	3,004	2,862
Finance costs	37	21	47	53	35
Internal charges and overheads applied	815	841	844	847	977
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>3,864</b>	<b>3,625</b>	<b>4,036</b>	<b>3,904</b>	<b>3,874</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>668</b>	<b>1,000</b>	<b>633</b>	<b>792</b>	<b>860</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	200	57	(163)	473	181
Gross proceeds from sale of assets	-	-	530	515	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>200</b>	<b>57</b>	<b>367</b>	<b>988</b>	<b>181</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	56	-	38	84	-
- to improve the level of service	268	88	1,095	1,144	279
- to replace existing assets	448	221	231	269	497
Increase (decrease) in reserves	97	749	(364)	284	265
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>868</b>	<b>1,057</b>	<b>1,000</b>	<b>1,781</b>	<b>1,041</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(668)</b>	<b>(1,000)</b>	<b>(633)</b>	<b>(792)</b>	<b>(860)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Cemeteries

Aim – To provide attractive burial places where the community can remember loved ones and celebrate our district's heritage.

## What is the Service Provided

The district has a number of cemeteries. Most are in our ownership with a few owned by the Crown and vested in us. All of the cemeteries are managed by our Asset Management division and maintenance is contracted out.

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

Some older cemeteries are closed and burial plots are no longer available. These closed cemeteries continue to be maintained by us.

## Why We Provide It

Cemeteries fulfil a social and cultural need in the community by providing a facility where families and friends can join together to remember people.

We are involved in the provision of cemeteries primarily because of its statutory requirements under the Health Act 1956 and the Burial and Cremation Act 1964. There are strong

public expectations that we will maintain open cemeteries to a high standard as a mark of respect.

Some historically significant cemeteries are an important part of our identity as a community.

## What We Achieved

New berms were installed in the Alfredton and Marchant Street Cemeteries.

A new carpark was constructed at the Mangatainoka Cemetery.

A new memorial wall was erected at the Mangatera Cemetery.

Overhanging pine trees were removed from the Marchant Street Cemetery.

A new picket fence was erected at the Norsewood Cemetery.

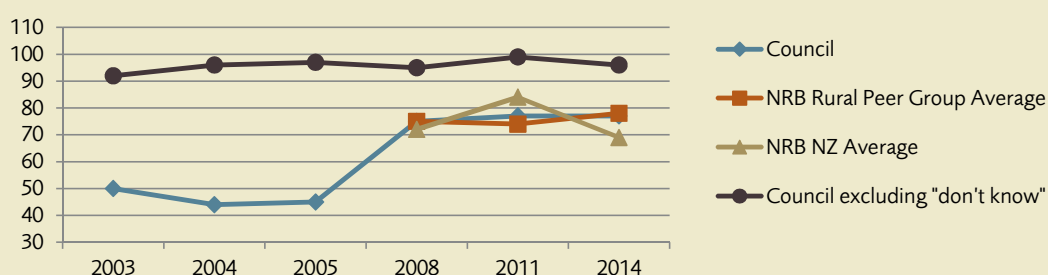
Signage for all the main cemeteries has been upgraded.



## Performance Against Objectives

			Results																					
Performance Measure and Target	Target	Achievement	2012/13	2013/14																				
<ul style="list-style-type: none"><li>Percentage of residents rating cemeteries as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020.</li></ul>	75%	ACHIEVED: 96%.	No NRB survey																					
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>77</td><td>77</td></tr><tr><td>Not very satisfied</td><td>1</td><td>3</td></tr><tr><td>Don't know / Unable to say @</td><td>22</td><td>20</td></tr><tr><td>Percentage satisfied</td><td>77%</td><td>77%</td></tr><tr><td>Percentage satisfied excl @</td><td>99%</td><td>96%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	77	77	Not very satisfied	1	3	Don't know / Unable to say @	22	20	Percentage satisfied	77%	77%	Percentage satisfied excl @	99%	96%		
		Category			2011	2014																		
		Very/Fairly Satisfied			77	77																		
		Not very satisfied			1	3																		
		Don't know / Unable to say @			22	20																		
		Percentage satisfied			77%	77%																		
		Percentage satisfied excl @			99%	96%																		
		Lack of maintenance and not being attractive were the reasons given for the dissatisfaction.																						
		Council has committed a limited budget in each Annual Plan to progressively upgrade the cemeteries in the district.																						
<ul style="list-style-type: none"><li>Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data.</li></ul>	100%	ACHIEVED: 100%.  All cemeteries have more than adequate number of plots available.																						

**Cemeteries – Public Satisfaction Survey Trends 2003 to 2014**





## Cemeteries Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	151	232	161	249	249
Targeted rates (other than a targeted rate for water supply)	81	-	75	-	-
Grants and subsidies for operating purposes	6	5	6	5	6
Fees, charges, and targeted rates for water supply	68	59	70	68	62
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	-	5	3
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>306</b>	<b>299</b>	<b>312</b>	<b>327</b>	<b>320</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	236	220	242	244	225
Finance costs	4	1	6	7	1
Internal charges and overheads applied	13	29	13	46	31
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>253</b>	<b>250</b>	<b>261</b>	<b>297</b>	<b>257</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>53</b>	<b>48</b>	<b>51</b>	<b>30</b>	<b>63</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	49	11	29	108	1
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>49</b>	<b>11</b>	<b>29</b>	<b>108</b>	<b>1</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	56	-	38	84	-
- to improve the level of service	33	12	28	27	9
- to replace existing assets	10	3	-	-	34
Increase (decrease) in reserves	4	44	14	27	21
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>103</b>	<b>59</b>	<b>80</b>	<b>138</b>	<b>64</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(53)</b>	<b>(48)</b>	<b>(51)</b>	<b>(30)</b>	<b>(63)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is tracking close to budget.

In Application of Operating funding, we achieved savings of \$11,000 from ground maintenance by rationalising the work and deferring some



work (moving and cleaning) without impacting service levels and reduced incidence of damage.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

Sources and Application of capital funding were under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Dannevirke Rural	42	39
Dannevirke Urban	82	76
Eketahuna	37	34
Pahiatua	48	44
Woodville	35	32
<b>Total Payments to Staff and Suppliers</b>	<b>244</b>	<b>225</b>



# Community Buildings

Aim – To provide community buildings for social, cultural, recreational and educational activities.

## What is the Service Provided

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

## Why We Provide It

Residents want access to community buildings throughout the district as venues for social, cultural, recreational and educational activities. 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 multifunctional to widen their usage.

## What We Achieved

In the Dannevirke Sports Centre Stadium building the front and rear top windows have been replaced. The supper room floor has also been replaced.

A section behind netball courts 1 and 2 at the Dannevirke Sports Centre has been sold.

In the Dannevirke Town Hall, new winches and lighting bars have been installed on the stage. New trestles have been purchased. The earthquake strengthening for the building has been completed.

The detailed seismic assessment of the Dannevirke Carnegie Building has been completed. A decision on the future of the building is pending.

The drainage behind the Akitio War Memorial hall at Pongaroa has been completed and new fences around the complex have been erected.




The storm water at the Eketahuna Community Centre has been revamped. Vinyl has been laid in the toilets and new toilet cisterns have been installed.

The detailed seismic assessment for Pahiatua Service Centre was completed. A decision on the future of the building is pending.

The Woodville i-SITE/Library has had an initial seismic report completed. We are awaiting a detailed seismic report on the building.

All buildings throughout the district were condition assessed to ascertain the state of the buildings. The assessment showed all buildings have been maintained to a good standard.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of residents rating community buildings as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020.</li> </ul>	90%	ACHIEVED: 96%.	No NRB survey	
		<b>Category</b>		
		<b>2011</b>		
		<b>2014</b>		
		Very/Fairly Satisfied	93	91
		Not very satisfied	2	4
		Don't know / Unable to say @	5	5
		<b>Percentage satisfied</b>	<b>93%</b>	<b>91%</b>
		<b>Percentage satisfied excl @</b>	<b>98%</b>	<b>96%</b>
<ul style="list-style-type: none"> <li>The total number of hours per annum facilities are booked through Council.</li> </ul>	> 3,100	ACHIEVED: 3,321 hours.		
		The result this year was a 7.5% increase in utilisation. For example, the Dannevirke Sports Centre stadium was fully utilised over winter.		



## Community Buildings Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	484	744	506	689	689
Targeted rates (other than a targeted rate for water supply)	260	-	237	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	38	28	39	39	27
Local authorities fuel tax, fines, infringement fees, and other receipts	-	45	-	64	54
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>782</b>	<b>817</b>	<b>782</b>	<b>792</b>	<b>770</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	341	273	363	360	263
Finance costs	12	5	18	20	11
Internal charges and overheads applied	138	63	142	85	70
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>491</b>	<b>340</b>	<b>523</b>	<b>465</b>	<b>344</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>291</b>	<b>477</b>	<b>259</b>	<b>327</b>	<b>426</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	25	5	243	316	(11)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>25</b>	<b>5</b>	<b>243</b>	<b>316</b>	<b>(11)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	71	19	257	330	17
- to replace existing assets	54	30	51	65	51
Increase (decrease) in reserves	191	433	194	248	347
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>316</b>	<b>482</b>	<b>502</b>	<b>643</b>	<b>415</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(291)</b>	<b>(477)</b>	<b>(259)</b>	<b>(327)</b>	<b>(426)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Hall hireage was lower than budget due to some facilities being closed for renovation and upgrades during the year.

In Application of Operating Funding for payments to staff and suppliers, we achieved savings of \$97,000 from maintenance, management fees,



cleaning and energy (lower hireage).

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

Sources and Application of capital funding were under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Facility Management	299	218
Facility Repainting	61	45
<b>Total Payments to Staff and Suppliers</b>	<b>360</b>	<b>263</b>



# Housing

**Aim –** To respond to the needs of older people with limited income and assets by providing access to affordable and suitable long-term housing.

## What is the Service Provided

Our housing units provide lower than market rental levels for low income older people. We manage these units to be self funding and there is no rates funding required. We provide the administration and maintenance of the units. There are 80 one-bedroom units and 12 two-bedroom units which are provided under a tenant contribution scheme (purchase of tenancy). The one bedroom units are located at Dannevirke (50), Eketahuna (3), Pahiatua (15) and Woodville (12). The 12 tenant contribution units are all located in Dannevirke.

area. There are presently three suitable flats on this complex and these will be retained. Six of the older units at the rear of the section will be removed and six new units built. The four flats at the front of the section will be retained until sufficient funds are available for their replacement.

## Why We Provide It

There is a social need for low income superannuitants to be able to afford accommodation that enables them to stay close to family and friends and to be able to participate as active members of the community.

## What We Achieved

Aften Court and Elsinore Court have had areas of water mains replaced.

The Ballarat Court double-glazed window programme has commenced.

All Dannevirke flats have had new ceiling insulation added.

The upgrade of shower units has continued, with a new shower unit being installed at Gordon Street.

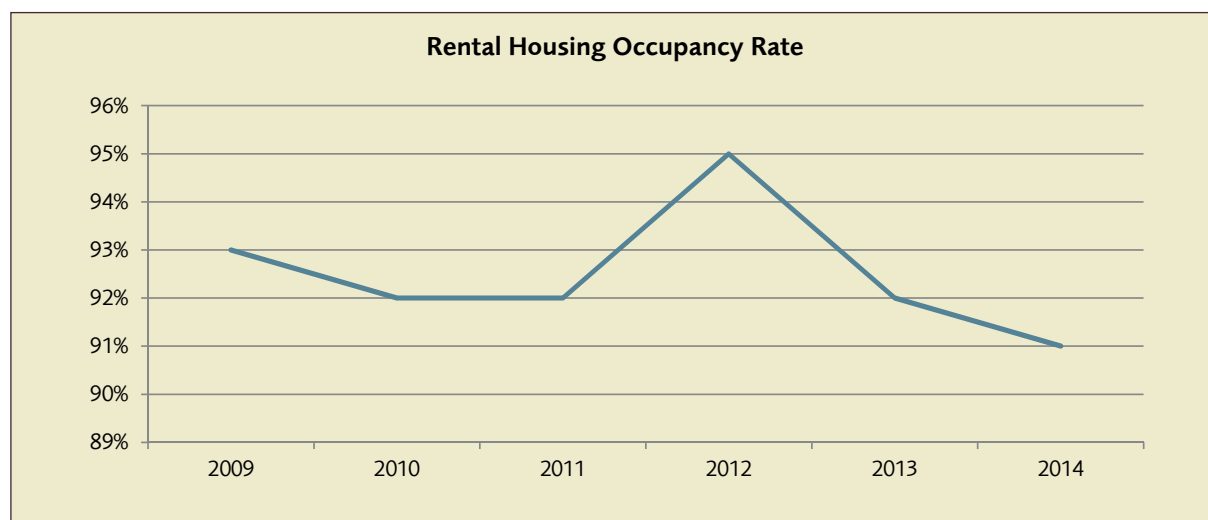
The pensioner housing survey has been completed with a good return. 99% of tenants are satisfied to extremely satisfied with the service provided. Security was the main issue highlighted and, as a result, security lighting has been installed at Ballarat flats after a number of break-ins at the complex.

The plans to build new units at George Street have been abandoned because of contaminated soil. The plan is now to retain the Hovding Court complex as a pensioner housing



## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of housing units which achieve a performance grading 3 stars or higher (NAMS property grading).</li> </ul>	75%	ACHIEVED: 100%.  Some minor repairs were noted and these have since been completed.	Deferred	●
<ul style="list-style-type: none"> <li>Tenants' satisfaction with the landlord service received from Council.</li> </ul>	90%	ACHIEVED: 99% of tenants surveyed were satisfied, or extremely satisfied, with service Council offered as landlord.	●	●





## Housing Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	336	338	346	348	358
Local authorities fuel tax, fines, infringement fees, and other receipts	-	48	-	96	99
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>336</b>	<b>386</b>	<b>346</b>	<b>444</b>	<b>457</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	295	264	341	303	290
Finance costs	-	1	1	1	-
Internal charges and overheads applied	5	33	5	53	35
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>300</b>	<b>297</b>	<b>347</b>	<b>357</b>	<b>325</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>37</b>	<b>89</b>	<b>-</b>	<b>86</b>	<b>132</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	25	36	(381)	(385)	-
Gross proceeds from sale of assets	-	-	530	515	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>25</b>	<b>36</b>	<b>149</b>	<b>130</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	62	36	733	713	11
- to replace existing assets	46	19	12	12	29
Increase (decrease) in reserves	(46)	69	(596)	(509)	92
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>62</b>	<b>(125)</b>	<b>149</b>	<b>216</b>	<b>132</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(37)</b>	<b>(89)</b>	<b>-</b>	<b>(86)</b>	<b>(132)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is higher due to interest earned on housing is directly allocated to this activity.

Application of operating funding we achieved savings of \$14,000 from lower maintenance cost of buildings.



Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

Application of capital funding was under budget mainly due to deferring/delay in completion of capital projects. Refer to details.

The Hovding Court capital project did not proceed as planned due to suitability of land. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this Annual Report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Maintenance - to appropriate standard	304	290
<b>Total Payments to Staff and Suppliers</b>	<b>304</b>	<b>290</b>



# Libraries

**Aim** – To meet the community's needs for recreational and educational reading; and the provision of information.

## What is the Service Provided

We own and manage library buildings and services in Dannevirke, Eketahuna, Pahiatua and Woodville. The four community libraries are run as a single district wide service. Books are loaned to the Akitio, Pongaroa and Norsewood communities.

Our principal library is located in Dannevirke and many functions are centralised there. Dannevirke manages the overall collection and ensures outlying collections are refreshed regularly.

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.

## Why We Provide It

Libraries foster community growth, allowing communities to become self-sustaining by providing a gateway to information, lifelong learning, literacy development, council services, educational, intellectual, cultural and leisure activities through a range of technologies.

Activities run by the library encourage literacy and a joy of reading. Library staff have developed links with primary and secondary schools as well as Adult Education providers to work together to assist with the provision of literacy in the Tararua region.

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

## What We Achieved

Combined the Library and Service Centre facilities from 1 July at our Woodville site. This saw an increase in opening hours for library customers from 20 hours per week to 37.5 hours per week. Increased staffing levels has also been introduced, which has meant the ability to offer extra library service during non-Council peak times.

We ran a successful Summer Reading programme and Winter Warmers Reading programme at each branch (Dannevirke – 740 children, Pahiatua – 235, Eketahuna – 53, Woodville – 70), funded by the Eastern and Central Community Trust. Of the 1,098 children who enrolled, 783 completed the programmes. This year the Winter Warmers Programme was run through schools at Dannevirke and Pahiatua, which enabled us to reach more children with a 74% increase in enrolments.

We ran holiday programmes at all four branches every school holidays – 1,429 children attended these.









Wairarapa REAP's Math is Fun programme was run at Pahiatua Library (23 attendees) and Eketahuna Library (25 attendees).

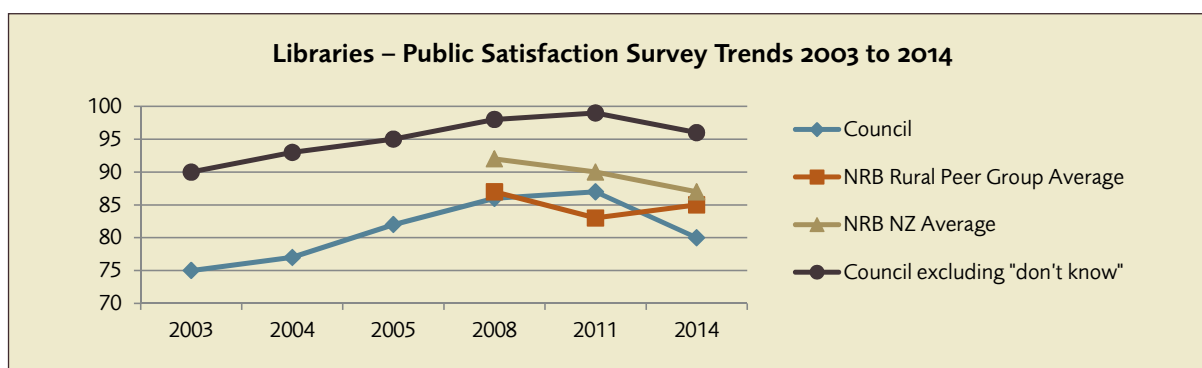
Ministry of Education's "Reading Together" programme was run at Ballance and Papatawa Schools. The branch libraries at Woodville and Pahiatua were involved in this programme with these schools.

The digitisation of the Dannevirke News Births, Deaths, and Marriage Index was completed and is now available to the public on the Tararua Kete.

Borrowing overall was down 6%, although, Pahiatua and Woodville remained static. However, the number of people borrowing items from the library increased by 2% overall. This means more people are borrowing, but they are borrowing less items each visit. E-book issues are slowly rising – up 29% against last year. Pedestrian traffic was up 5%, and use of the Aotearoa People's Network Kaharoa (APNK) rose by 18%. Much of this increase has been at the Woodville site, which saw an 81% increase in the use of the APNK after opening hours were increased from 1 July 2013.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of residents rating libraries as "fairly satisfactory" or "very satisfactory: in the community surveys conducted in 2014, 2017, and 2020.</li></ul>	88%	<p>ACHIEVED: 96%.</p> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>87</td><td>80</td></tr><tr><td>Not very satisfied</td><td>1</td><td>4</td></tr><tr><td>Don't know / Unable to say @</td><td>12</td><td>16</td></tr><tr><td>Percentage satisfied</td><td>87%</td><td>80%</td></tr><tr><td>Percentage satisfied excl @</td><td>99%</td><td>96%</td></tr></table>	Category	2011	2014	Very/Fairly Satisfied	87	80	Not very satisfied	1	4	Don't know / Unable to say @	12	16	Percentage satisfied	87%	80%	Percentage satisfied excl @	99%	96%	No NRB survey	
Category	2011	2014																				
Very/Fairly Satisfied	87	80																				
Not very satisfied	1	4																				
Don't know / Unable to say @	12	16																				
Percentage satisfied	87%	80%																				
Percentage satisfied excl @	99%	96%																				
<ul style="list-style-type: none"><li>Percentage of residents that are active* members of the library (*used library in last 3 years).</li></ul>	35%	<p>NOT ACHIEVED: 29%. In the last three years, 4,894 people have borrowed items from the library.</p> <p>Traditional library use is changing, as reflected by the decline in library physical issues (down 6% from 148,361 to 139,602 in the 2013/14 year). In the same period, e-book issues have risen 29% (up from 881 in 2012/13 to 1,135 in 2013/14) and use of the internet via the Aotearoa People's Network Kaharoa (APNK) has risen again – up 7,892 sessions (an 18% rise).</p> <p>The library will reassess the strategies for the 2015-2025 Long Term Plan to ensure that the goals set are what will be required for future services.</p>																				
<ul style="list-style-type: none"><li>250 new items added per 1,000 residents to the collection yearly.</li></ul> <p>*LIANZA standard based on population.</p>	4,425	<p>ACHIEVED: 4,980 new items. Target exceeded.</p>																				
<ul style="list-style-type: none"><li>Percentage of customers satisfied with staff service (biennial survey).</li></ul>	82%	<p>NOT APPLICABLE: No survey run this year.</p> <p>There has been no change to levels of service – the library continues to run the same number of programmes and books/media renewal programme. From 1 July 2013, the hours at the Woodville branch increased from 20 hours per week to 37.5 hours per week with the combined Council service centre and library service.</p>		N/A																		
<ul style="list-style-type: none"><li>Percentage of customers satisfied with children's programmes (biennial survey).</li></ul>	90%	<p>ACHIEVED: 95%. No survey run this year.</p> <p>There were 107 feedback forms received back for the Summer Reading programmes. Of these 102 (95%) had positive feedback, 4 with neutral feedback, and 1 with negative feedback.</p>																				



## Library Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	905	-	929	938	-
Targeted rates (other than a targeted rate for water supply)	-	905	-	-	938
Grants and subsidies for operating purposes	-	5	-	-	-
Fees, charges, and targeted rates for water supply	40	35	41	35	35
Local authorities fuel tax, fines, infringement fees, and other receipts	1	9	1	9	11
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>946</b>	<b>954</b>	<b>971</b>	<b>982</b>	<b>984</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	521	523	535	540	532
Finance costs	-	-	-	-	5
Internal charges and overheads applied	328	402	340	324	474
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>850</b>	<b>925</b>	<b>875</b>	<b>864</b>	<b>1,011</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>96</b>	<b>29</b>	<b>96</b>	<b>118</b>	<b>(27)</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	(9)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	110	87	113	110	112
Increase (decrease) in reserves	(14)	(58)	(17)	8	(148)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>96</b>	<b>29</b>	<b>96</b>	<b>118</b>	<b>(36)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(96)</b>	<b>(29)</b>	<b>(96)</b>	<b>(118)</b>	<b>27</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comment:**

Operating funding is tracking against budget.

In Application of operating funding, the overhead allocation was higher than budget as a result of amalgamation of the Woodville Library and Service centre. Together with other changes in staff numbers and expenditure at an activity level due to restructure and efficiency gains, the impact has resulted in changes to internal charges and overheads applied.

Application of capital funding was under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Dannevirke Library	280	276
Eketahuna Library/Service Centre	73	72
Pahiatua Library	106	104
Woodville Library	81	80
<b>Total Payments to Staff and Suppliers</b>	<b>540</b>	<b>532</b>



# Parks and Reserves

Aim – To protect and enhance the natural character of the district, and provide a mix of parks and reserves facilities for leisure and recreation.

## What is the Service Provided

The primary purpose is to provide land and facilities for both active and passive recreation. We manage 31 significant domains, 18 significant urban reserves, 8 significant rural reserves and many other small urban and rural reserves. It includes the provision of sports grounds, gardens, green areas, playgrounds and a wildlife area.

- We provide adequate access to multiple sports codes, and attract visitors.
- Parks and reserves enhance communities' quality of life.
- Camping grounds provide a pleasant and safe environment and low cost holiday accommodation.
- We contribute to the Manawatu Gorge biodiversity project.

## Why We Provide It

A range of attractive opportunities for recreational activities provide for social interaction and development, helping create healthy communities. They also attract visitors to the district. Communities value reserves for the open space they offer, making settlements more pleasant to live in and enabling access to coastal areas.

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.

## What We Achieved

We are reviewing the structure of the parks maintenance contracts to see if they are delivering the best outcomes for our residents. This is to ensure contracts are outcome focused and align with our strategic direction. There will be a greater focus on contractor performance in the new contracts.

At the Dannevirke Camping Ground, the house and facilities have been refurbished. A Council custodian has been running the camping ground. The trees beside the river at the camping ground have been removed and extensive ground work undertaken. New signage has been installed.

At the Lower Domain, beside the lower pond, bollards have been installed around the driveway. The driveway has been resealed. The entranceway to the right of the Camping Ground entranceway has been tidied up.






The grandstand at the Upper Domain has been earthquake strengthened, and shade sails have been erected over the junior playground.

A new roundabout has been installed at the Ormondville playground, and soft fall areas installed.

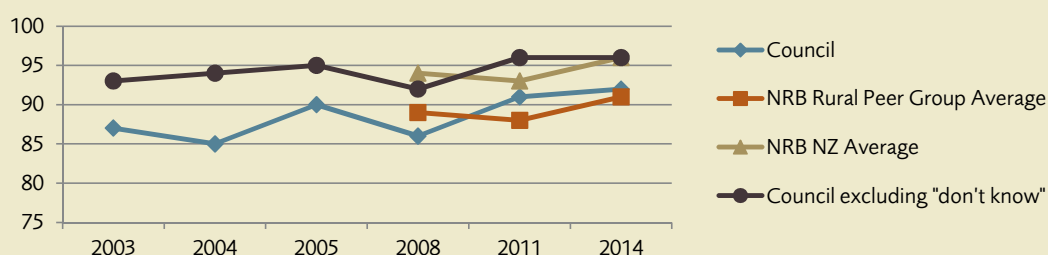
At the Norsewood Waterwheel Park, the flying fox has been repaired and the toilets painted. Landscape plantings have been completed.



## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of residents rating parks and reserves as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020.</li></ul>	90%	<p>ACHIEVED: 96%.</p> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>91</td><td>92</td></tr><tr><td>Not very satisfied</td><td>4</td><td>4</td></tr><tr><td>Don't know / Unable to say @</td><td>5</td><td>5</td></tr><tr><td>Percentage satisfied</td><td>91%</td><td>92%</td></tr><tr><td>Percentage satisfied excl @</td><td>96%</td><td>96%</td></tr></table> <p>Reasons for dissatisfaction were maintenance and need for upgrading.</p> <p>We are progressively upgrading our playgrounds and camping grounds, and have stepped up maintenance of trees and gardens.</p>	Category	2011	2014	Very/Fairly Satisfied	91	92	Not very satisfied	4	4	Don't know / Unable to say @	5	5	Percentage satisfied	91%	92%	Percentage satisfied excl @	96%	96%	No NRB survey	
Category	2011	2014																				
Very/Fairly Satisfied	91	92																				
Not very satisfied	4	4																				
Don't know / Unable to say @	5	5																				
Percentage satisfied	91%	92%																				
Percentage satisfied excl @	96%	96%																				
<ul style="list-style-type: none"><li>Number of reported incidences of sports facilities not being suitable for their intended use.</li></ul>	< 5	<p>ACHIEVED: Nil.</p> <p>We continue to see that our sports facilities are well utilised. For example, the junior soccer teams have been utilising all Dannevirke Domain fields over winter month May and June.</p> <p>We have not received any reported incidents and/or customer requests regarding sports facilities not being suitable for their intended use.</p>																				
<ul style="list-style-type: none"><li>Percentage of playgrounds in the district with all equipment meeting the Australia/New Zealand playground safety standards.</li></ul>	80%	<p>ACHIEVED: 85%.</p> <p>We continued to progressively upgrade/repair/replace pieces of equipment, that did not meet the Australia/ New Zealand playground safety standards, as part of our yearly capital and maintenance programme.</p> <p>Significant work done this year were:</p> <ol style="list-style-type: none"><li>1. Barked Ormondville playground and replaced unsafe slide.</li><li>2. Removed unsafe play equipment at Pongaroa.</li><li>3. Installed shade sails over junior area, at Dannevirke Domain playground, and repainted play equipment.</li></ol>																				

Parks and Reserves – Public Satisfaction Survey Trends 2003 to 2014





## Parks and Reserves Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	548	843	612	839	839
Targeted rates (other than a targeted rate for water supply)	295	-	286	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	6	8	6	6	31
Local authorities fuel tax, fines, infringement fees, and other receipts	161	154	165	142	166
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,009</b>	<b>1,005</b>	<b>1,069</b>	<b>987</b>	<b>1,036</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	813	709	833	750	791
Finance costs	15	8	16	18	11
Internal charges and overheads applied	53	35	54	59	37
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>880</b>	<b>752</b>	<b>903</b>	<b>827</b>	<b>839</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>129</b>	<b>253</b>	<b>166</b>	<b>160</b>	<b>197</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	105	12	(48)	38	203
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>105</b>	<b>12</b>	<b>(48)</b>	<b>38</b>	<b>203</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	100	20	77	75	242
- to replace existing assets	124	34	44	73	201
Increase (decrease) in reserves	10	211	(3)	50	(43)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>234</b>	<b>265</b>	<b>118</b>	<b>198</b>	<b>400</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(129)</b>	<b>(253)</b>	<b>(166)</b>	<b>160</b>	<b>(197)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding was higher than budgeted due to the non-cash entry for Domain Board for completion of their GST returns and higher revenue from camping grounds.

In Application of operating funding, the higher cost relates to:

- the other side of the non-cash entry for Domain Board for completion of their GST returns;
- higher employee remuneration cost as we took over the management of the Dannevirke Camping Ground while we upgraded the ground and got a new caretaker; and
- higher insurance and miscellaneous expenses for refurbishing the grounds.

Sources and Application of capital funding were under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Camping Grounds Dannevirke	38	41
Camping Grounds Eketahuna	13	14
Camping Grounds Pahiatua	20	22
Camping Grounds Woodville	3	3
Coronation Park	53	56
Dannevirke Domain	44	46
Dannevirke Rural	30	31
Dannevirke Urban	142	149
Dannevirke Wildlife	22	23
Domain Boards	127	134
Eketahuna Rural	26	27
Eketahuna Urban	21	22
Pahiatua Recreation	71	75
Pahiatua Rural	3	3
Pahiatua Town Square	66	69
Pahiatua Urban	19	20
Woodville Rural	7	7
Woodville Urban	46	48
<b>Total Payments to Staff and Suppliers</b>	<b>750</b>	<b>791</b>



# Public Conveniences

Aim – To provide well maintained public conveniences in areas of frequent community activity.

## What is the Service Provided

We provide a clean, safe, accessible service for local people and travellers. Seventeen public conveniences are maintained throughout the district. Some facilities are open only in daylight hours. At least one convenience is open 24 hours in each urban centre (11 throughout the district). Most facilities were refurbished within the previous 10 years.

- Cleaning regime is increased in times of heavy usage, such as school holidays.
- For the toilets open 24 hours, the cleaning frequencies are daily (early morning) and twice daily during school holidays.

## Why We Provide It

The 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.

## What We Achieved




The Dannevirke Exeloos have had an upgrade, which included tiles, pans and the electronic system. The exterior was also painted.

The Barraud Street toilets had the accessible ramp repaired and made non-slip.

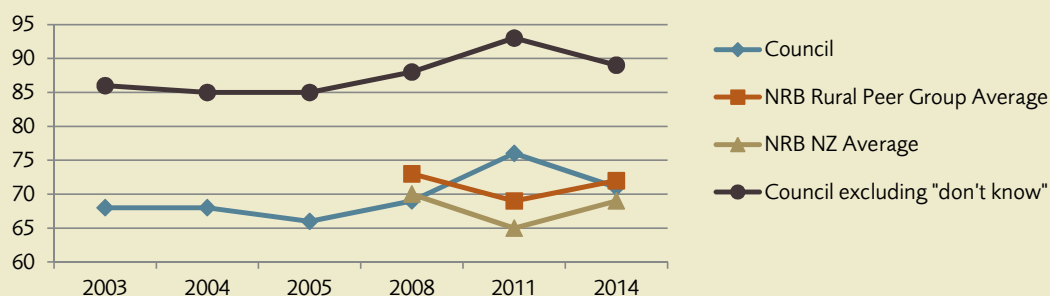
The Akitio and Herbertville toilets had the floors tiled. Akitio also had an interior repaint and scenic screens placed in the changing rooms.

The main toilets in Pahiatua have had an exterior repaint and new signage erected.

## Performance Against Objectives

			Results																			
Performance Measure and Target	Target	Achievement	2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of residents rating public conveniences as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020.</li></ul>	70%	ACHIEVED: 89%.	N/A																			
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>76</td><td>71</td></tr><tr><td>Not very satisfied</td><td>6</td><td>9</td></tr><tr><td>Don't know / Unable to say @</td><td>18</td><td>20</td></tr><tr><td>Percentage satisfied</td><td>76%</td><td>71%</td></tr><tr><td>Percentage satisfied excl @</td><td>93%</td><td>89%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	76	71	Not very satisfied	6	9	Don't know / Unable to say @	18	20	Percentage satisfied	76%	71%	Percentage satisfied excl @	93%	89%
		Category			2011	2014																
		Very/Fairly Satisfied			76	71																
		Not very satisfied			6	9																
		Don't know / Unable to say @			18	20																
		Percentage satisfied			76%	71%																
		Percentage satisfied excl @			93%	89%																
		More respondents had commented (increase from 6% to 9%) that the public toilets require upgrading, regular cleaning and improved maintenance. The cleanliness of the public toilets was a concern as the number of service request increased as noted in the performance measure below.																				
		Council will continue with its upgrading programme as detailed in the Long Term Plan/Annual Plan.																				
<ul style="list-style-type: none"><li>The number of complaints received per annum about the condition of public toilets.</li></ul>	< 51	ACHIEVED: 47.																				
		The number of customer requests received for public toilets has continued to increase over the last three years:																				
		2013/14: 47																				
		2012/13: 44																				
		2011/12: 40																				
		2010/11: 24																				
		There are two main reason for the gradual increases – vandalism (majority of complaints were for vandalism) and also higher usage due to a greater number of tourists.																				
		We have taken steps to act on maintenance and cleanliness issues.																				
		As part of our capital programme, public toilets are progressively being upgraded and refurbished.																				
		For example, the Exeloos in Dannevirke were upgraded midway through the year. Next year we are looking to upgrade Eketahuna public toilets.																				

Public Conveniences – Public Satisfaction Survey Trends 2003 to 2014





## Public Conveniences Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	150	231	158	227	227
Targeted rates (other than a targeted rate for water supply)	81	-	74	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3	-	3	4
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>231</b>	<b>234</b>	<b>232</b>	<b>230</b>	<b>231</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	175	151	175	162	155
Finance costs	5	5	4	4	5
Internal charges and overheads applied	20	19	21	29	21
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>200</b>	<b>175</b>	<b>200</b>	<b>195</b>	<b>181</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>31</b>	<b>59</b>	<b>31</b>	<b>35</b>	<b>50</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(5)	(6)	(5)	(5)	4
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>(5)</b>	<b>(6)</b>	<b>(5)</b>	<b>(5)</b>	<b>4</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	49	3	6	6	41
Increase (decrease) in reserves	(23)	50	20	24	13
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>26</b>	<b>53</b>	<b>26</b>	<b>30</b>	<b>54</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(31)</b>	<b>(59)</b>	<b>(31)</b>	<b>(35)</b>	<b>(50)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Both Sources and Application of operating funding is tracking against budget.

Application of operating funding was under budget due to savings from minor capital of \$6,000 and internal charges and overheads of \$8,000.



In Application of capital funding, renewals of assets were under budget mainly due to deferring/delay in completion of capital renewal projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

### Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Building Maintenance	32	31
Provision of Clean Safe Facilities	130	124
<b>Total Payments to Staff and Suppliers</b>	<b>162</b>	<b>155</b>



# Service Centres

Aim – To provide excellent customer service and access to all Council services locally.

## What is the Service Provided

We operate four Services Centres located in:

- **Dannevirke** 26 Gordon Street  
Providing customer services, Monday to Friday from 8:00am to 5:00pm
- **Woodville** 42 Vogel Street  
Providing customer services and library services, Monday to Friday from 9:00am to 1:00pm and 1:30pm to 5:00pm
- **Pahiatua** 136 Main Street  
Providing customer services, Monday to Friday from 8:00am to 4:30pm
- **Eketahuna** 31 Main Street  
Providing customer services, library services and a money exchange facility, Monday to Friday from 10:30am to 12:30pm and 1:00pm to 4:30pm

The principal office is in Dannevirke and acts as the main point of contact for managing the district wide phone service from 8:00am to 5:00pm Monday to Friday. The Woodville office was amalgamated with the Library to provide an integrated "one-stop" service to customers. Eketahuna also provides a Library and money exchange service. Pahiatua Service Centre supports the management of our call centre operations.

Service centres provide an integral link between communities and support across all our activities at a local level.

Each office is a point of contact for their respective cemeteries and provides support to tenants in our pensioner housing units. We also provide a 24 hour phone service – outside of normal office hours this is handled by an afterhours call centre.

## Why We Provide It

The service centres provide a local presence for our communities to obtain advice, assistance, information, and to make payments.







## What We Achieved

Combining the Woodville Library and Service Centre has meant more library hours for the community and a reduced duplication of Council resources. We are currently working with staff to close a knowledge gap created by the amalgamation, with ongoing training.

Our customer service centres handled over 35,000 calls, with callers waiting an average of 17 seconds to have their call answered. A total of 3,700 customer requests were entered into our system.



## Performance Against Objectives

			Results																			
Performance Measure and Target	Target	Achievement	2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of customers who lodge faults/requests are satisfied with service provided.</li></ul>	93%  (out of 120 randomly selected customers)	<p>ACHIEVED: 94%.</p> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>N/A</td><td>94%</td></tr><tr><td>Not very satisfied</td><td>N/A</td><td>6%</td></tr><tr><td>Don't know / Unable to say @</td><td>N/A</td><td>-</td></tr><tr><td>Percentage satisfied</td><td>N/A</td><td>94%</td></tr><tr><td>Percentage satisfied excl @</td><td>N/A</td><td>94%</td></tr></table> <p>Last year we used the email panel for our survey.</p>	Category	2011	2014	Very/Fairly Satisfied	N/A	94%	Not very satisfied	N/A	6%	Don't know / Unable to say @	N/A	-	Percentage satisfied	N/A	94%	Percentage satisfied excl @	N/A	94%		
Category	2011	2014																				
Very/Fairly Satisfied	N/A	94%																				
Not very satisfied	N/A	6%																				
Don't know / Unable to say @	N/A	-																				
Percentage satisfied	N/A	94%																				
Percentage satisfied excl @	N/A	94%																				
<ul style="list-style-type: none"><li>Percentage of customers who lodge faults/request are satisfied with afterhours service received.</li></ul>	90%	<p>NOT ACHIEVED: 81%.</p> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>N/A</td><td>81%</td></tr><tr><td>Not very satisfied</td><td>N/A</td><td>19%</td></tr><tr><td>Don't know / Unable to say @</td><td>N/A</td><td>-</td></tr><tr><td>Percentage satisfied</td><td>N/A</td><td>81%</td></tr><tr><td>Percentage satisfied excl @</td><td>N/A</td><td>81%</td></tr></table> <p>"Poor response" and "not very helpful" were reasons cited by respondents who were not satisfied with service received.</p> <p>The percentage of afterhours calls not answered within 20 seconds was lowest in the third quarter (80%), which was the busiest month given flood damage across the region and the Eketahuna earthquake. We are working closely with our service provider to resolve these issues.</p>	Category	2011	2014	Very/Fairly Satisfied	N/A	81%	Not very satisfied	N/A	19%	Don't know / Unable to say @	N/A	-	Percentage satisfied	N/A	81%	Percentage satisfied excl @	N/A	81%		
Category	2011	2014																				
Very/Fairly Satisfied	N/A	81%																				
Not very satisfied	N/A	19%																				
Don't know / Unable to say @	N/A	-																				
Percentage satisfied	N/A	81%																				
Percentage satisfied excl @	N/A	81%																				
<ul style="list-style-type: none"><li>Percentage of calls answered where the average wait time is equal to or less than 20 seconds.</li></ul>	95%	<p>NOT ACHIEVED: 84%.</p> <p>Our call statistics results for the 2013/14 year are similar to the prior year even though we had several issues, namely:</p> <ul style="list-style-type: none"><li>January and February results reflect the staffing changes that occurred in Dannevirke.</li><li>There were a couple of issues in Pahiatua with the telephones. We discovered that the Pahiatua office were waiting at least 10 seconds to pick up calls (this was an overhang from a previous arrangement as the Dannevirke telephonist wanted the opportunity to pick up the calls first). The phone lines for Pahiatua also had a delay of about six seconds with the ringing sound. We have since rectified both of these issues and hope to have improved results going forward.</li></ul>																				



Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of calls received by the afterhours call centre on a 24/7 basis are answered.</li> </ul>	85%	ACHIEVED: 86%.  Full Year Total: 4,062 Answered: 3484 Abandoned: 578	●	●

## Service Centres Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	352	541	381	544	544
Targeted rates (other than a targeted rate for water supply)	189	-	178	-	-
Grants and subsidies for operating purposes	-	4	-	-	-
Fees, charges, and targeted rates for water supply	1	1	1	1	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	2	1
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>542</b>	<b>547</b>	<b>560</b>	<b>547</b>	<b>546</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	356	348	365	348	326
Finance costs	-	-	-	-	-
Internal charges and overheads applied	186	227	195	197	273
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>542</b>	<b>575</b>	<b>560</b>	<b>545</b>	<b>599</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>-</b>	<b>(28)</b>	<b>-</b>	<b>2</b>	<b>(53)</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	(3)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	(28)	-	2	(56)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>-</b>	<b>(28)</b>	<b>-</b>	<b>2</b>	<b>(56)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>(2)</b>	<b>53</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comment:**

In Application of operating funding, Payments and Suppliers and Staff is lower than budget mainly due to staff changes as new staff started several weeks after the positions were made vacant.

The overhead allocation was higher than budget as a result of amalgamation of the Woodville Library and Service centre. Together with other changes in staff numbers and expenditure at an activity level due to restructure and efficiency gains, the impact has resulted in changes to internal charges and overheads applied.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Dannevirke Service Centre	214	200
Eketahuna Service Centre	46	43
Pahiatua Service Centre	44	41
Woodville Service Centre	44	42
<b>Total Payments to Staff and Suppliers</b>	<b>348</b>	<b>326</b>



# Swimming Pools

Aim – To provide funding support for community pools to promote community wellbeing.

## What is the Service Provided

There are four public swimming pools in the Tararua district:

- Dannevirke, York Street
- Woodville, Vogel Street
- Pahiatua, Tui Street
- Eketahuna, Bridge Street

The Dannevirke pool is a heated indoor complex owned by the Tararua Aquatic Community Trust (TACT). Its operations are also run by the Trust, however, the land it is situated on is owned by Council.

Local committees of volunteers run the three outdoor pools that are Council-owned. Users pay an admission fee, or key fee. Fees do not cover all operational costs, hence we make grants to each pool to assist with operating costs, maintenance and the provision of amenities.

## Why We Provide 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 promotion of the kiwi culture that children should "learn to swim".

Public swimming pools have become more valuable to primary schools in particular, as they have mostly been unable to afford to maintain school pools at the required standard. The public pools support the school swimming curriculum within an affordable travelling distance.

## What We Achieved

The Pahiatua and Woodville pools were maintained to the required standard to enable swimming over the summer period.

Usage of the Pahiatua pool increased by 10% from last year to 1,792 visitors this year. In addition, 9,388 schoolchildren used the pool. Usage of the Woodville pool decreased by 20% to 1,074 patrons.

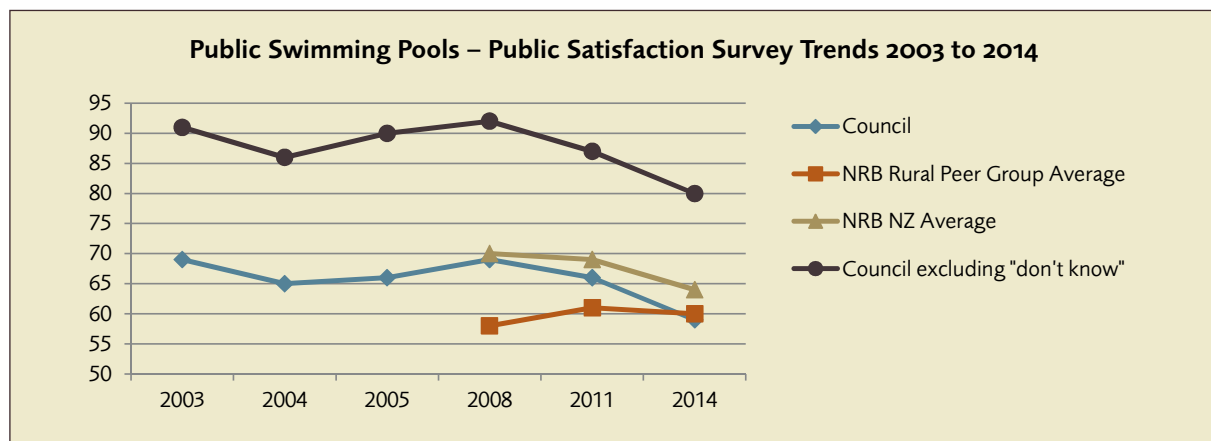
The Eketahuna pool complex was closed from 20/1/2014 after the earthquake struck. The junior pool would not hold water, and the front wall of the filtration shed was wrecked. The filtration shed wall and adjacent concrete slabs have been replaced. The junior pool is still under reconstruction.

The Pahiatua main pool is still losing a small amount of water. This will be repaired in the off-season.

Shade sails were installed at the Pahiatua and Woodville pools.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of residents rating swimming pools as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020.</li></ul>	70%	<div>ACHIEVED: 80%.</div> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>66</td><td>59</td></tr><tr><td>Not very satisfied</td><td>10</td><td>15</td></tr><tr><td>Don't know / Unable to say @</td><td>24</td><td>26</td></tr><tr><td>Percentage satisfied</td><td>66%</td><td>59%</td></tr><tr><td>Percentage satisfied excl @</td><td>87%</td><td>80%</td></tr></table>	Category	2011	2014	Very/Fairly Satisfied	66	59	Not very satisfied	10	15	Don't know / Unable to say @	24	26	Percentage satisfied	66%	59%	Percentage satisfied excl @	87%	80%	N/A	<div></div>
Category	2011	2014																				
Very/Fairly Satisfied	66	59																				
Not very satisfied	10	15																				
Don't know / Unable to say @	24	26																				
Percentage satisfied	66%	59%																				
Percentage satisfied excl @	87%	80%																				
<ul style="list-style-type: none"><li>The number of weeks each year Wai Splash is open for public use.</li></ul>	52 weeks	ACHIEVED: The Wai Splash pool remained open throughout the year.	<div></div>	<div></div>																		
<ul style="list-style-type: none"><li>The number of weeks each year outdoor pools are open for public use.</li></ul>	> 10 weeks	<div>NOT ACHIEVED: The number of weeks each outdoor pool was open was:</div> <div>Eketahuna – 8 weeks</div> <div>Pahiatua – 12 weeks</div> <div>Woodville – 11 weeks</div> <div>The number of people that used the pools was 5,715, compared to 4,973 last year.</div>	<div></div>	<div></div>																		
<ul style="list-style-type: none"><li>Percentage of rates spent funding public swimming pools (base – average household rate).</li></ul>	1.99%	ACHIEVED: 1.99%	N/A	<div></div>																		





## Swimming Pools Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	378	-	397	385	-
Targeted rates (other than a targeted rate for water supply)	-	378	-	-	386
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	4	-	-	5
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>378</b>	<b>382</b>	<b>397</b>	<b>385</b>	<b>391</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	275	274	292	294	281
Finance costs	2	1	2	2	1
Internal charges and overheads applied	72	33	74	55	36
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>348</b>	<b>308</b>	<b>367</b>	<b>351</b>	<b>318</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>30</b>	<b>73</b>	<b>30</b>	<b>34</b>	<b>73</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1	(2)	(2)	(2)	(5)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>1</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(5)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	3	-	-	-	-
- to replace existing assets	54	45	3	3	29
Increase (decrease) in reserves	(26)	27	25	29	39
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>31</b>	<b>71</b>	<b>28</b>	<b>32</b>	<b>68</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(30)</b>	<b>(73)</b>	<b>(30)</b>	<b>(34)</b>	<b>(73)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is tracking against budget.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and



efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

In Application of capital funding, renewals of assets were under budget mainly due to deferring/delay in completion of capital renewal projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Dannevirke Indoor Pool	192	183
Eketahuna Pool	29	28
Pahiatua Pool	35	33
Woodville Pool	38	37
<b>Total Payments to Staff and Suppliers</b>	<b>294</b>	<b>281</b>



# District Promotion and Economic Development

## Activities in this Group

### Commercial Property

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

### District Promotion and Development

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

## Key Issues

- Council forestry assets, previously managed by Tararua Forests Limited, are now managed in-house and included in the Commercial Investments activity. The forestry assets will continue to provide commercial returns to Council until a satisfactory sale price is obtained.
- In the Long Term Plan a key strategy is to increase the resources put into Promotion and Economic Development. The outcome derived is to increase the population and employment in the district. This will underpin the viability of the investments in urban infrastructure.
- Council acts as a facilitator to grow economic development through specific projects that aim to increase the economic output of the district. Council encourages access to government support and business support services. Council considers this as the most cost effective option to encourage local businesses to grow, and for new businesses to be established.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related		✓	✓		✓
Related				✓	
Partially related	✓				



## Group Level Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	107	82	119	342	166
Targeted rates (other than a targeted rate for water supply)	314	339	328	98	274
Grants and subsidies for operating purposes	-	5	-	-	-
Fees, charges, and targeted rates for water supply	90	142	93	492	149
Local authorities fuel tax, fines, infringement fees, and other receipts	1	15	1	29	635
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>512</b>	<b>583</b>	<b>541</b>	<b>961</b>	<b>1,224</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	411	395	428	600	551
Finance costs	-	-	-	-	-
Internal charges and overheads applied	85	87	89	100	101
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>496</b>	<b>482</b>	<b>517</b>	<b>700</b>	<b>652</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>15</b>	<b>101</b>	<b>24</b>	<b>261</b>	<b>572</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	6	(2)	(47)	2
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>6</b>	<b>(2)</b>	<b>(47)</b>	<b>2</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	25	6	26	25	312
- to replace existing assets	11	-	2	2	-
Increase (decrease) in reserves	(21)	101	(5)	187	262
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>15</b>	<b>107</b>	<b>22</b>	<b>214</b>	<b>572</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(15)</b>	<b>(101)</b>	<b>(24)</b>	<b>(261)</b>	<b>(572)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Commercial Property

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

## What is the Service Provided

We have a number of commercial buildings throughout the district. They include the old depots at Dannevirke, Tahoraiti and Woodville, and leased lands district wide.

## Why We Provide It

These properties were acquired at the time of amalgamation when Tararua District Council was first formed and make a financial return to Council. We will consider selling these properties at a fair market value as opportunities arise.

We continue to own the depots in Dannevirke, Tahoraiti and Woodville and lease them to Infracon Limited (in Liquidation) – a Council Controlled Trading Organisation (CCTO). We also continue 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.

We continue to own the Rural Bus Depot to ensure the rural mail service delivery is retained, and own the depots in Dannevirke, Tahoraiti and Woodville to support Infracon Limited (in Liquidation).

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.

As at 1 July 2013, Council resolved to place Tararua Forests Limited in voluntary liquidation. This follows the liquidation of TDC Holdings Limited. The restructuring of the governance structure for the group was consulted in the Long Term Plan and taking fruition now. The forest assets were transferred to Council and will contribute towards reducing rates.

## What We Achieved

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

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
• Occupancy of commercial buildings each year.	95%	ACHIEVED: 100%. All commercial buildings currently are rented/leased.	●	●
• Net operating surplus each year.	5%	ACHIEVED: 74%. Total profit (excluding depreciation and contribution to rates) was \$539,000. This is due to the forestry revenue now included in this activity.	●	●

## Commercial Property Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	(4)	(4)	(4)	(16)	(16)
Targeted rates (other than a targeted rate for water supply)	(2)	(2)	(2)	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	79	128	81	480	133
Local authorities fuel tax, fines, infringement fees, and other receipts	-	4	-	27	633
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>73</b>	<b>126</b>	<b>75</b>	<b>491</b>	<b>750</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	81	73	78	215	175
Finance costs	-	-	-	2	-
Internal charges and overheads applied	7	17	8	25	18
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>88</b>	<b>90</b>	<b>86</b>	<b>242</b>	<b>193</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>(16)</b>	<b>36</b>	<b>(11)</b>	<b>249</b>	<b>557</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	(2)	(70)	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(70)</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	310
- to replace existing assets	11	-	2	2	-
Increase (decrease) in reserves	(27)	36	(15)	177	247
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>(16)</b>	<b>36</b>	<b>(13)</b>	<b>179</b>	<b>557</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>16</b>	<b>(36)</b>	<b>11</b>	<b>(249)</b>	<b>(557)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is higher than budget by \$259,000 due transfer of Forestry Assets in Council and higher than budgeted forestry revenue for harvesting of logs.

Application of operating funding is below budget due to deferring of maintenance work in Thyra, as this asset is being considered for sale, and



lower than expected forestry expenditure.

In Application of Capital Funding, the capital project refers to forestry road improvements completed this year.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Building Maintenance	63	41
Planned Maintenance	5	21
Forestry management	147	114
<b>Total Payments to Staff and Suppliers</b>	<b>215</b>	<b>176</b>

# District Promotion and Development

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

## What is the Service Provided

Our involvement in district promotion and development is focused on two main areas. One is business development in advisory and facilitation functions, and the second is Destination Marketing. We own the aerodrome at Dannevirke, which provides a low-cost basic service for commercial and private operators.

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

We also provide business development advisory services, promote the "Tararua" brand for economic development and tourism outcomes, and provide an information and booking centre for visitors to Tararua.

We operate the Tararua i-SITE, situated at 42 Vogel Street, Woodville, which is an accredited member of the Visitor Information Network (VIN).

## Why We Provide It

Tararua district's relatively small population is distributed across a number of small urban centres. We therefore face 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 and Development 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.

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. The i-SITE supports the district tourism operators to promote their business, assist with initiatives for events and promotion throughout the district and nationally. There are four other district information centres located in Norsewood, Dannevirke, Pahiatua, and Eketahuna. All centres receive funding from Council to assist with their operation.

The aerodrome is a historical asset that is kept to support aviation services for local rural farming and recreational users.

## What We Achieved

### GO! Project

The Council's GO! Project – with help from NIWA, HortResearch, and Crop and Food Research – has identified what crops are best suited for the Tararua district.

This project has been very successful with public workshops on some crops attracting strong interest from landowners, both local and further afield. This project offers the Tararua community increased opportunities for job creation, biodiversity, sustainable farming systems and increased family business incomes.

The GO! Project is gathering traction: Our first crop workshop – the Hazelnut Grower Led Workshop – attracted 50 landowners, and we are now part of the North Island Action Group. We facilitated a Grower Led workshop ('pruning hazelnuts for best results') and we are now helping to investigate funding opportunities to continue developing grower competencies and intellectual property.

We have hosted a Feijoa Grower Workshop and are involved in facilitation of a Feijoa Grower Led Group, which is currently looking at the models for a feijoa co-operative in Tararua.

We hosted a Grower Workshop on manuka, which saw interest from all over the North Island, with 70 participants attending.



## Regional Business Partners Programme

We are continuing our excellent work with Vision Manawatu and New Zealand Trade & Enterprise under the Regional Business Partners programme to help local businesses with capability development and the encouragement of research and development.

## Business Development and Business Capabilities

The Economic Development team now offers a service for business support and development for or any new or existing business in the community providing links for Vision Manawatu; Bio Commerce Centre; connecting business to business; and links to Research and Development Funding. Council has developed this strategy for gathering and disseminating information from Council to new and existing businesses.

We work with business development groups to facilitate and enable revitalisation of our towns and business communities.

We are working towards the development of a business hub that would provide a central location for all enquiries regarding business support and growth in Tararua.

Our Communication team has been supporting Fonterra with the communication strategy for new staff during the development of Fonterra over the next year. This includes a community brochure, quick reference for staff and a mini information corner in the staff room.

## Manawatu Gorge Promotion

Council is a sponsor of the Manawatu Gorge Biodiversity Group and a team member of The Gorge Strategy Group. The Gorge Strategy Group is striving for national and international recognition of "The Gorge". The Gorge is a destination in itself, much like the Tongariro Crossing, and the Group has grown visitor's numbers from 15,000 in 2006 to 44,000 in 2014. The opening of the first mountain bike track at Ballance has been driven by collaboration between the Department of Conservation and the Manawatu Mountain Bike Club and the strategy team.

## Events

Events are one of the fastest growing forms of tourism. They are a means to revitalise local economies. Major events held in the district included:

- Woodville Motocross
- Dannevirke A & P Show
- Wheels with Attitude
- Central District Field Days

## Destination Marketing

We have also been working with the Dannevirke Development and Promotions Group to build on the current branding in Dannevirke. This included a launch of the upgraded Viking Branding concepts to the business

community. Viking shields will be placed throughout Dannevirke as part of the launch.

The Marketing Team has been working with Pahiatua on Track on the design of branding for Pahiatua – taking into account, the proposed town upgrade.

We have been working with the New Zealand Motor Caravan Association (NZMCA) on the accreditation of our towns as Motor Home Friendly. Dannevirke and Woodville have now passed accreditation, which we now have the opportunity to market to over 50,000 NZMCA members.

The new Dannevirke Stanley Street Community Signboards have now been installed. These permanent signboards tidy up the previous untidy ad hoc signs that have been appearing in Southern Dannevirke.

We have designed new district maps and are in the process of designing new tourism maps for Tararua.

We have produced a ten-minute video of the Tararua and six two-minute videos on Farming, GO! Project, Lifestyle, Sport, Education, and Arts.

These videos are all available on the Council website: [www.tararua.govt.nz](http://www.tararua.govt.nz)

## Communication

### Bush Telegraph

We continue to produce a Council page in the Bush Telegraph for weekly distribution. We have had very positive reports regarding the information flow from Council to our residents.

### Website

We have now redesigned and redeveloped the Council website. During this year, we will update content and forms online.

### Facebook

We have developed a Facebook page, which enables us to reach a wider audience. All media releases are posted to Facebook and this provides a powerful tool for online consultation.

### Public Voice

Public Voice is a research company that helps Council gain valuable insight into the thoughts and opinions of Tararua residents. We have set up a Citizens' Panel taking a representative sample of our local community who have agreed to take part in regular surveys. The Citizen Panel members are invited to complete surveys on a regular basis. The panel provides a readymade district wide sample to consult on key issues.

## Economic Development

We have now published our Economic Development Plan 2013-2018. A copy of this is available on the Council website.

The key initiatives are:

- Retaining and Expanding Local Business
- Retaining and Growing Population
- Attracting Outside Business and Encouraging the Formation of New Business
- "Plugging the Leaks" in our Local Economy
- Marketing the Community
- Rural Conference

## Economic Activity

Some of the most telling data through the year has been from the Paymark EFTPOS system that includes both debit and credit card use. The story in the Tararua for the past

twelve months has been solid, with growth strong for the entire year.

The number of welcome packs sent out this year was 244, an increase from 162 last year.

International migration statistics for April are now available. The net gain for International migration for the year to April 2014 is plus 25 and from Australia is plus three. These figures do not sound very high until we take into consideration that the net to April 2013 was minus 126 – therefore, a 151-person turnaround in population impact in just one year. That is 60 households! This is the best result since 1996 for international migration and the best result from Australia migration

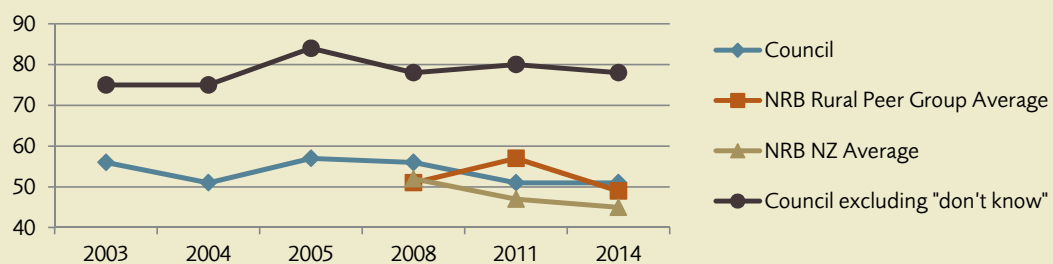
## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
• Referrals of Business Applications to Ministry of Science and Innovation Subsidy (while scheme is available).	5 per annum	ACHIEVED: 5 referrals. We facilitated 5 applications to the Ministry of Science and Innovation Subsidy. In addition to that, 37 businesses registered for the Innovate Programme. This year we worked with 17 new businesses in this area.	●	●
• Positive feedback on Business Strategy Meetings – Annual Survey.	80%	ACHIEVED: 100%. We completed the following business strategy meetings and received positive feedback: <ul style="list-style-type: none"> <li>• Tararua Tourism Strategy Meeting.</li> <li>• Manawatu Gorge Strategy Meeting.</li> <li>• Dannevirke Chamber of Commerce Business Strategy Meeting.</li> <li>• Business Strategy Meeting – Get Financially Fit 2014.</li> <li>• Fonterra Business Strategy Meeting.</li> </ul> In addition to the above: <ul style="list-style-type: none"> <li>• We held business strategy meetings with individual businesses, and other organisations in Tararua.</li> <li>• We are running Innovate Programme in Tararua.</li> <li>• As part of the GO! Project we have hosted Feijoa, Hazelnut, and Manuka Workshops.</li> <li>• Working with Fonterra on their Business, Community and Communication Strategy.</li> </ul>	●	●



Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Major events that 'Tararua' is directly involved.</li> </ul>	3 per annum	ACHIEVED: A total of 7 events were attended: <ul style="list-style-type: none"> <li>Woodville International Motocross</li> <li>Central District Field Days</li> <li>A &amp; P Show</li> <li>Woodville Rural Expo</li> <li>National Viking Day</li> <li>Norway Day</li> <li>Great Dannevirke Day Out</li> </ul>	●	●
<ul style="list-style-type: none"> <li>Exceed Statistics NZ Medium Population Projections in Annual Estimates and Census.</li> </ul>	Per Statistics NZ	NOT ACHIEVED: We are on par with the minimum population projections. We had forecast in the Long Term Plan that the district population will pick up from the year 2016 onwards.	N/A	●
<ul style="list-style-type: none"> <li>Biannual Qualmark Assessment achieved.</li> </ul>	Achieve	ACHIEVED: The Tararua i-SITE was assessed on 4 September 2013, and received a score of 83%. An assessment score of 60% is required to get a pass.	●	●

**Economic Development – Public Satisfaction Survey Trends 2003 to 2014**





## District Promotion and Development Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	111	86	124	358	182
Targeted rates (other than a targeted rate for water supply)	316	341	330	98	274
Grants and subsidies for operating purposes	-	5	-	-	-
Fees, charges, and targeted rates for water supply	11	14	12	11	16
Local authorities fuel tax, fines, infringement fees, and other receipts	1	10	1	2	2
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>439</b>	<b>456</b>	<b>466</b>	<b>469</b>	<b>474</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	330	321	350	385	374
Finance costs	-	-	-	1	-
Internal charges and overheads applied	78	70	81	74	83
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>408</b>	<b>392</b>	<b>431</b>	<b>460</b>	<b>457</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>31</b>	<b>64</b>	<b>35</b>	<b>9</b>	<b>17</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	6	-	25	2
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>25</b>	<b>2</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	25	6	26	24	2
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	6	64	9	10	17
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>31</b>	<b>70</b>	<b>35</b>	<b>34</b>	<b>19</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(31)</b>	<b>(64)</b>	<b>(35)</b>	<b>(9)</b>	<b>(17)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Sources and Application of operating funding is tracking against budget.

Overheads allocated is higher than budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure



and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

In Application of capital funding, renewals of assets were under budget mainly due to deferring/delay in completion of capital renewal projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Business Development	156	111
District Marketing	169	153
Tararua i-SITE	60	110
<b>Total Payments to Staff and Suppliers</b>	<b>385</b>	<b>374</b>

# Regulatory Services

## Activities in this Group

### Animal Control

**AIM** To prevent nuisance and threats to community safety from dogs and wandering stock.

### Emergency Management

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

### Health and Safety

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

### Resource Management

**AIM** To help achieve a sustainable natural and built environment and a strong prosperous economy.

## Key Issues

- New legislation late in 2013 may result from the Productivity Commission review 'Towards Better Local Regulation', changes to the Resource Management Act 1991 and further changes to the Local Government Act 2002. This could impact on the levels and types of fees and charges, the scope of bylaws, and the way building consent services are delivered.
- A nationwide online building consent system is prescribed by government.
- The new Sale and Supply of Alcohol Act 2012 resulted in Council setting up new procedures and a new Committee to process liquor licenses and on-license managers certificates.
- No significant change to Levels of Service.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related			✓	✓	✓
Related		✓			
Partially related	✓				

## Group Level Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	576	883	617	906	906
Targeted rates (other than a targeted rate for water supply)	543	237	525	246	247
Grants and subsidies for operating purposes	20	24	21	10	7
Fees, charges, and targeted rates for water supply	692	711	711	729	640
Local authorities fuel tax, fines, infringement fees, and other receipts	2	15	2	30	23
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,833</b>	<b>1,869</b>	<b>1,876</b>	<b>1,922</b>	<b>1,823</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	1,414	1,314	1,439	1,461	1,215
Finance costs	9	3	15	14	5
Internal charges and overheads applied	301	336	314	335	400
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,724</b>	<b>1,653</b>	<b>1,768</b>	<b>1,811</b>	<b>1,620</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>110</b>	<b>216</b>	<b>108</b>	<b>111</b>	<b>203</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	29	26	15	-	11
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	12	18	232	188	20
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>41</b>	<b>44</b>	<b>247</b>	<b>188</b>	<b>31</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	66	41	258	250	39
- to replace existing assets	48	86	3	3	16
Increase (decrease) in reserves	36	133	94	46	179
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>150</b>	<b>260</b>	<b>355</b>	<b>299</b>	<b>234</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(110)</b>	<b>(216)</b>	<b>(108)</b>	<b>(111)</b>	<b>(203)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Animal Control

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

## What is the Service Provided

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 registration fees. In addition, we work with the community to educate people in responsible dog ownership and safety around dogs, to prevent future incidents.

- We maintain a database of registered dogs within the district and unregistered dogs are investigated.
- Complaints are investigated and responded to, including a 24 hour dog and stock ranging service, and facilities for impounding.
- A dog owner education programme is conducted to promote responsible dog ownership and safety around dogs.

## Why We Provide It

We are obliged to meet a number of statutory obligations under the Dog Control Act 1996 and because community safety is a community priority. We are required to ensure the obligations of responsible dog ownership are met and to adopt a policy and bylaw for the care and control of dogs in the district. The Impounding Act 1955 requires us to maintain a stock pound and appoint a pound keeper. It is obliged to accept stock impounded for trespassing or wandering on roads or public places.

## What We Achieved

At the end of the financial year, 6,628 dogs were registered, being 98% of known dogs in the district. Of the known dogs, 5,369 are classified as rural dogs and 1,259 as urban dogs.

The total number of dog attacks recorded was 17, compared to 37 last year and 30 attacks the previous year. All customer calls relating to dog attacks were attended to within two hours, exceeding our target of 99%. For all other complaints, we responded to 94% of them within one day, compared to a target of 95%.

There were 210 dogs impounded in this period, compared to 229 in the last period. Of the 210 dogs impounded, 120 were returned to their owners, 26 rehomed, and 53 destroyed.

516 dog-related complaints were lodged with the Council, the majority being for barking and wandering dogs.

There were 57 reported complaints about people or animals being bitten, or rushed, by dogs during the year. Last year there were 78 complaints. On these occasions, the dogs were either destroyed, owners given a warning letter, the dogs classified as menacing or dangerous, or an infringement notice issued and their owners required to pay compensation to those affected.

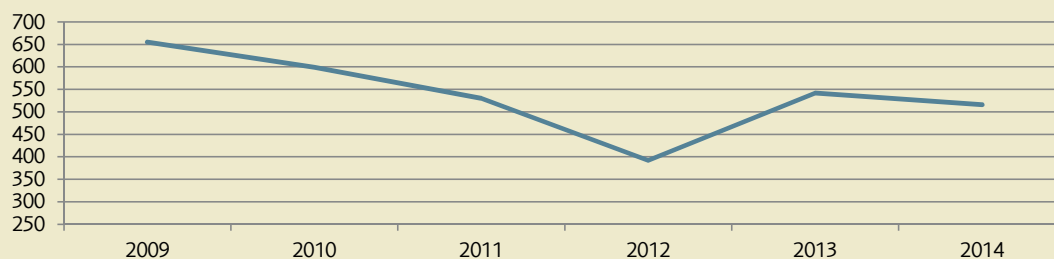
During the year, 39 dogs were classified as menacing under Sections 33A and 33C of the Dog Control Act. All of these dogs were classified because of observed or reported behaviour of the dog. These breeds, or types, were mainly American pit bull terriers.

## Performance Against Objectives

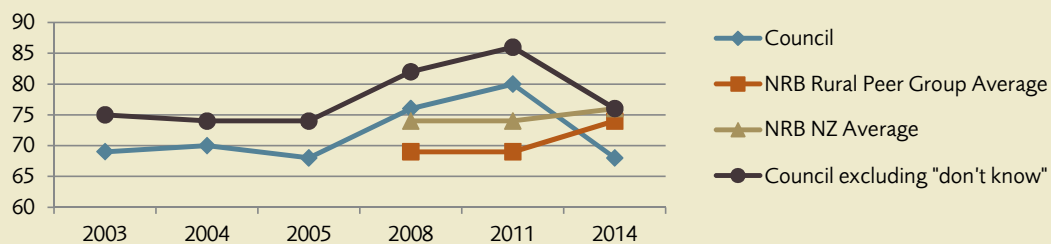
Performance Measure and Target	Target	Achievement	Results																					
			2012/13	2013/14																				
<ul style="list-style-type: none"><li>Percentage of dog attacks responded to within 2 hours.</li></ul>	99%	ACHIEVED: 100%.  Total number of dog attacks recorded was 17, compared to 37 attacks recorded last year.	<div></div>	<div></div>																				
<ul style="list-style-type: none"><li>Percentage of other complaints responded to within 1 day.</li></ul>	95%	NOT ACHIEVED: 94%.  The Animal Control Team is also tasked with the responsibilities to administer and manage the general inspection functions. The increase in compliance monitoring of classified dogs and an increase in the time spent on investigation and file preparation of complaints, have led to a small variance in this area.	<div></div>	<div></div>																				
<ul style="list-style-type: none"><li>Percentage of residents rate dog control as "quite satisfactory" or "very satisfactory" in community surveys.</li></ul>	70%	ACHIEVED: 76%. <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>80</td><td>68</td></tr><tr><td>Not very satisfied</td><td>13</td><td>22</td></tr><tr><td>Don't know / Unable to say @</td><td>8</td><td>10</td></tr><tr><td>Percentage satisfied</td><td>80%</td><td>68%</td></tr><tr><td>Percentage satisfied excl @</td><td>86%</td><td>76%</td></tr></table> <p>Although we were above our target for this year, there was an increase in the number of those who are not very satisfied. This could be attributed to greater than normal media attention we received around a couple of dog attack incidences.</p> <p>We are aware that to improve on this we need to lift our public image by having a greater presence in the community.</p>	Category	2011	2014	Very/Fairly Satisfied	80	68	Not very satisfied	13	22	Don't know / Unable to say @	8	10	Percentage satisfied	80%	68%	Percentage satisfied excl @	86%	76%	N/A	<div></div>		
Category	2011	2014																						
Very/Fairly Satisfied	80	68																						
Not very satisfied	13	22																						
Don't know / Unable to say @	8	10																						
Percentage satisfied	80%	68%																						
Percentage satisfied excl @	86%	76%																						
<ul style="list-style-type: none"><li>Number of animal related complaints received by Council.</li></ul>	< 520	ACHIEVED: 516 animal related complaints were received.  The profile of dog related complaints is as follows: <table><tr><th>Dog Complaints Received</th><th>2013/14</th><th>2012/13</th><th>2011/12</th></tr><tr><td>Roaming</td><td>386</td><td>388</td><td>289</td></tr><tr><td>Others</td><td>113</td><td>115</td><td>72</td></tr><tr><td>Attack</td><td>17</td><td>39</td><td>31</td></tr><tr><td>Total</td><td>516</td><td>542</td><td>392</td></tr></table> <p>These statistics show that dog attacks have significantly reduced but roaming dogs increased.</p> <p>We will look to improve this by providing a better education programme and having a greater visible presence in the community (this is becoming a common thread).</p> <p>Plans have been put in place to improve on these.</p>	Dog Complaints Received	2013/14	2012/13	2011/12	Roaming	386	388	289	Others	113	115	72	Attack	17	39	31	Total	516	542	392	<div></div>	<div></div>
Dog Complaints Received	2013/14	2012/13	2011/12																					
Roaming	386	388	289																					
Others	113	115	72																					
Attack	17	39	31																					
Total	516	542	392																					

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of known dogs registered each year.</li> </ul>	99%	<p>NOT ACHIEVED: 98%.</p> <p>With the increase in time spent on investigating and documentation, we have fallen short of our target of 99%. We have made a few changes already that will aid our officers with meeting this target.</p>	<span style="color: green;">●</span>	<span style="color: red;">●</span>

### Reported Dog-related Complaints



### Animal Control – Public Satisfaction Survey Trends 2003 to 2014



## Animal Control Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	7	11	10	16	16
Targeted rates (other than a targeted rate for water supply)	4	-	5	-	-
Grants & subsidies operating	-	-	-	-	-
Fees, charges, and targeted rates for water supply	221	225	228	216	174
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3	-	18	4
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>231</b>	<b>239</b>	<b>242</b>	<b>251</b>	<b>194</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	155	179	159	177	163
Finance costs	4	-	9	8	-
Internal charges and overheads applied	58	52	60	51	61
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>217</b>	<b>231</b>	<b>228</b>	<b>236</b>	<b>224</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>14</b>	<b>8</b>	<b>14</b>	<b>15</b>	<b>(30)</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(5)	-	202	196	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>(5)</b>	<b>-</b>	<b>202</b>	<b>196</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	206	201	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	10	8	10	10	(30)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>10</b>	<b>8</b>	<b>216</b>	<b>211</b>	<b>(30)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(14)</b>	<b>(8)</b>	<b>(14)</b>	<b>(15)</b>	<b>30</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

In Operating Funding Fees and Charges are below budget due to lower infringement revenue.

In Application of capital funding, renewals of assets were under budget mainly due to deferring/delay in completion of capital renewal projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.



## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
After hours dog control	42	38
After hours stock control	3	3
Education	6	5
Maintain database	23	22
Monitor and enforce	103	95
<b>Total Payments to Staff and Suppliers</b>	<b>177</b>	<b>163</b>



# Emergency Management

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

## What is the Service Provided

We are part of the Manawatu-Wanganui Civil Defence Emergency Management Group that exists to provide centrally co-ordinated services to its members. The group functions through a coordinating executive group (or CEG) on which we have a representative.

- **Civil Defence**
  - Providing civil defence education programmes to local schools and the community through the ongoing public awareness campaign. Facilitating local Community Civil Defence Response Groups within the district. Providing a linked radio network across the district to enable a coordinated response by our Incident Management Team to any event.
- **Rural Fire**
  - Ensuring that all notified rural fires have a rural fire officer response immediately upon notification, and trained crews attend as needed within 30 minutes of notification.
  - Ensuring we have a trained and equipped "Incident Management Team", required to coordinate response and recovery to large scale, often multiple-agency incidents, as required.
  - Training rural fire fighters.

Civil Defence has a number of designated Council buildings across the district which act as a Welfare Centre in the event of an emergency. The other Welfare Centres are made up of local primary schools, rural fire depots, and New Zealand Fire Service stations within the Tararua district. The centres are operated by Civil Defence volunteers in the event of an emergency and are activated at the request of the Civil Defence Controller.

We have five 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 engines and equipment for each fire force. The turnout

system for each fire force varies as to the geographical location. We have three automated systems for alerting the volunteer fire forces of a fire; at Te Uri, Weber and Herbertville. The other two fire forces are alerted by a phone call to the Rural Fire Controller, and then a phone tree system is put into action.

## Why We Provide It

### Civil Defence

We have a legal and social obligation to provide services that enable the community to build resilience and capability to cope with a civil defence emergency, and ensure any response and recovery services to an event are co-ordinated across the district.

### Rural Fire

We have a legal responsibility to respond to and manage rural fires, apart from those in Department of Conservation reserves, which are separate (yet complementary) to the fire and rescue services provided by the New Zealand Fire Service covering urban areas and rural hazards. Training provided to volunteer Rural Fire Force members includes rural fire and some other specialist skills recognising that these volunteers are often the first trained service members to attend to isolated rural emergencies.

## What We Achieved

Significant achievements for the year have been:

- Complete re-write of the Tararua District Council Rural Fire Authority Plan.
- Rural Fire and Civil Defence personnel participated in the Whanau Ora Challenge at Akitio.
- We recorded a total of 110 incidents and various levels of response were carried out by Rural Fire

Officers and Volunteer Rural Fire Forces. Most of these callouts were minor incidents with one larger fire at Kohiku Road that took three days to resolve, with a successful fire cost recovery of \$17,000.

- Completed Community Civil Defence Response Group Plans for the Norsewood and Eketahuna communities.
- Commenced the Community Civil Defence Response Group Plan for Eketahuna.
- Reviewed all of our fire callout zones with New Zealand Fire Service.
- All stations, including the remote All-weather Stations, were checked during the year and were compliant with the National Rural Fire Standards.
- Installed a pager system at Weber for the Volunteer Rural Fire Force.
- Gave a presentation to the Fire Service Commission re the Eketahuna Community Civil Defence Response Group.
- Provided a Civil Defence/Rural Fire stand at the Dannevirke A & P Show.
- Attended various Civil Defence Emergency Management Group meetings, seminars and forums.
- Schools civil defence radio check programme completed weekly during the year.

Training was another area of focus, as we looked to increase readiness, competencies, and awareness to emergency in the district. The following were achieved:

- 10 members of the Tiraumea Volunteer Rural Fire Force trained as rural fire fighters.
- All volunteer rural fire forces carried out monthly training nights.
- Completed new portable pump unit standard for Te Uri, Akitio and Tiraumea Volunteer Rural Fire Forces.
- Various staff and volunteers participated in the Manawatu-Wanganui Regional Fire Committee training programme achieving unit standards in fire safety, fire management etc.
- We ran an aircraft course in Dannevirke with 12 attendees from our fire forces.
- We ran a basic rural fire fighter/pump operator course in Dannevirke for 14 rural fire fighters.
- Provided 5 preschool and 9 adult civil defence talks to various organisations within the district.
- Conducted one day first aid refresher courses for Te Uri rural fire party, Akitio rural fire party and their respective communities.
- 11 rural fire staff trained in a second heavy vehicle 4x4 off-road driving course at Weber.

- Ran the annual Rural Fire Competition at Akitio.
- Ran a basic chainsaw course for Tararua rural fire fighters.
- Conducted a training day for both Norsewood, Totara College and Eketahuna civil defence volunteers.

We continue to invest in new equipment and upgrade existing equipment to ensure we are able to respond more efficiently and effectively to emergencies. These investments were namely:

- New upgraded 4x4 rural fire appliance for Akitio Volunteer Rural Fire Force commissioned.
- Purchased and issued 70 sets of rural fire web gear for our rural fire fighters.
- Upgraded all personal protection equipment for all rural fire fighters.
- In-vehicle radio chargers fitted to 4 rural fire vehicles.



## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
• Percentage of households surveyed that have a maintained "preparedness" kit.	45%	ACHIEVED: 69%.	●	●
• Percentage of operations centre staff internally assessed as having appropriate training and skills to perform Incident Management Team Role.	75%	ACHIEVED: 80%. Staff were trained in the use of EMIS and CIMS.	●	●
• Percentage of volunteer rural fire forces that meet required competency standards.	85%	ACHIEVED: 95%. Tiraumea Rural Fire Force was trained to basic fire fighter standard and meets National Rural Fire Authority Standards.	●	●
• Percentage of time Rural Fire Officers and trained crews respond within 30 minutes to notified incidents, as assessed by NZ Fire Service communications centre data.	90%	ACHIEVED: 98%. As per New Zealand Fire Service fire incident reports.	●	●

## Emergency Management Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	113	170	124	189	189
Targeted rates (other than a targeted rate for water supply)	294	237	295	247	247
Grants and subsidies for operating purposes	20	24	21	10	7
Fees, charges, and targeted rates for water supply	5	16	5	-	24
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	3	3
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>432</b>	<b>449</b>	<b>444</b>	<b>449</b>	<b>470</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	290	285	301	307	264
Finance costs	5	5	6	7	5
Internal charges and overheads applied	54	45	56	55	51
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>349</b>	<b>334</b>	<b>363</b>	<b>369</b>	<b>320</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>83</b>	<b>115</b>	<b>81</b>	<b>80</b>	<b>150</b>

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	29	26	15	-	11
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	16	18	30	44	22
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>45</b>	<b>44</b>	<b>45</b>	<b>44</b>	<b>33</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	66	41	52	50	39
- to replace existing assets	48	86	3	3	16
Increase (decrease) in reserves	14	31	72	71	128
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>128</b>	<b>158</b>	<b>126</b>	<b>124</b>	<b>183</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(83)</b>	<b>(115)</b>	<b>(81)</b>	<b>(80)</b>	<b>(150)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comment:**

Operating funding was higher than budget due to the response cost claimed for Fire Suppression Costs for Kohiku Road Fire and receipt of subsidy for refit of Akitio Volunteer Rural Fire Fighters.

In Application of operating funding, response cost and vehicle mileage cost were higher than budget due to the increase vigilance over the summer drought and responding to the Kohiku Road fire. However, these cost were offset by savings in contract, employee and purchase of minor capital expenditures.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Civil Defence	62	102
Rural Fire	245	162
<b>Total Payments to Staff and Suppliers</b>	<b>307</b>	<b>264</b>



# Health and Safety

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

## What is the Service Provided

Health and Safety consists of four separate activities; building control, environmental health, liquor licensing, and general inspection.

Building control exists to ensure that all buildings in the district are safe and healthy, environmental health maintains an overview of food premises and other public places where good hygiene is important, while liquor licensing ensures that the sale and supply of liquor is carried out in a responsible manner and general inspection anticipates and responds to matters of public nuisance.

### Building Control

- Plans for proposed new buildings are checked to ensure they comply with the building code and once approved building consents are issued to construct the buildings.
- Regular inspections are carried out during construction to ensure that the building work complies with the approved plans.

### Environmental Health

- Premises supplying food to the public are monitored to ensure the practices are healthy and safe.

### Liquor Licensing

- Applications for liquor licenses and managers' certificates are investigated and reports on suitability are made to the District Licensing Agency.
- Licensed premises are visited and good management practices are encouraged.

### General Inspection

- A 24-hour a day noise control service is provided to the community and staff respond to complaints affecting the public environment. This includes matters such as stock effluent on roads, trees hanging low over footpaths and overgrown urban sections presenting fire dangers.

## Why We Provide It

The community has told us it wants a safe community. We have a number of statutory obligations under the Building Act 2004, the Health Act 1956, the Resource Management Act 1991 and other statutes, which legislate for a safe and healthy community. We are also an accredited Building Consent Authority.

## What We Achieved

Building consent activity has picked up this year with 393 building consents issued (compared to 358 last year and 396 the previous year). However, the value of consents have remained similar to last year at \$21.4 million.

The Sale and Supply of Alcohol Act 2012 came into effect on 18 December 2013. The new regime has been designed to:

- Recover the total costs of the licensing system.
- Allocate costs more fairly across the sector, so that those operations creating higher costs to Council pay a greater share of fees.
- Provide Council with flexibility to respond to local conditions.
- Establish fair and pragmatic transitional arrangements.
- Minimise alcohol related harm to the extent that is possible and reasonable through a cost-recovery fees regime.

Council took advantage of the transitional arrangements and deferred the setting of annual fees to be effective on 1 July 2014. Council also adopted to use the default fees as set by the Act and agreed to review the fee structure in the 2015-2025 Long Term Plan.

As required by the Act, Council had to establish the District Licensing Committee and appoint members to the Committee.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of earthquake-prone buildings on public register strengthened or demolished.</li> </ul>	Initial assessments completed	<p>ACHIEVED: Initial assessment for all Council owned buildings are completed. Detailed assessments have been completed for 3 Council owned buildings.</p> <p>Further detail assessments are being completed for the remaining building identified as earthquake risk/prone.</p> <p>We are now waiting for the decision on the new Earthquake Prone Building policy from MBIE before proceeding with the necessary strengthening work.</p>	●	●
<ul style="list-style-type: none"> <li>Percentage of buildings with building warrants of fitness audited each year.</li> </ul>	5%	<p>ACHIEVED: 6%.</p> <p>This is an improvement from year due to improving our business processes and having better scheduled workplans for the year.</p>	●	●
<ul style="list-style-type: none"> <li>Percentage of properties with swimming pool and/or spa fencing inspected.</li> </ul>	20%	<p>ACHIEVED: 22%.</p> <p>This is an improvement from year due to improving our business processes and having better scheduled workplans for the year.</p>	●	●
<ul style="list-style-type: none"> <li>Percentage of building consents issued within the statutory time frame (20 working days).</li> </ul>	100%	<p>NOT ACHIEVED: 98%.</p> <p>A total of 394 building consents were received. Seven building consents processed exceeded the 20 days statutory timeframe. These seven consents were processed between 1 and 3 days over the 20 days timeframe. This occurred in the month of May 2014, which was an exceptional month with 66 consents processed (average per month is about 35).</p>	●	●
<ul style="list-style-type: none"> <li>Percentage of inspections carried out within two working days of request.</li> </ul>	70%	<p>ACHIEVED: 100%.</p>	●	●
<ul style="list-style-type: none"> <li>Percentage of high risk licensed premises inspected twice a year.</li> </ul>	100%	<p>NOT ACHIEVED: No premises were inspected twice during the year.</p> <p>Out of the 108 (90 last year) high risk licensed premises, we inspected 67 (25 last year) premises only once during the year.</p> <p>Processes were introduced to ensure the target was achieved.</p> <p>The Environmental Health Officer resigned in May this year, with a replacement appointed on 7 July. We had two months where no audits were completed due to the resignation.</p>	●	●

Performance Measure and Target	Target	Achievement	Results	
			2012/13	2013/14
<ul style="list-style-type: none"> <li>Percentage of low risk licensed premises inspected each year.</li> </ul>	100%	<p>NOT ACHIEVED: 81%.</p> <p>Out of the 34 (24 last year) low risk licensed premises, we inspected 28 premises during the year. Those not inspected were small volume traders or clubs that were only open at weekends or in the evenings.</p> <p>These clubs have a good record of sound management practises.</p> <p>Although we did not meet our targets, it is an improvement from last year. We will look to further improve business processes and our performance against these measures.</p>		
<ul style="list-style-type: none"> <li>Percentage of liquor licence applications processed and issued within 10 working days (where complete information is provided – i.e. public notice, police reports etc).</li> </ul>	100%	<p>NOT ACHIEVED: 98%.</p> <p>We did not achieve the target due to the transitional changes involved in changing from the former Sale of Liquor Act 1989 to the new Sale and Supply of Alcohol Act 2012.</p> <p>A lot of work had to be done on our database to update templates for licences, reports and decisions. At the same time, there was a lot of new learning and interpretation of the Act to make sure that the licences, certificates, inspectors reports and decisions produced for the applicant, the District Licensing Committee, and Alcohol Regulatory and Licensing Authority, met the requirements of the Act. The level of detail that is now required for the inspectors reports has increased significantly and may take some time to complete in some situations. An inspectors report can only be completed after the other reporting agencies have notified any issues that they may have.</p>		
<ul style="list-style-type: none"> <li>Percentage of on and off licence liquor outlets inspected annually.</li> </ul>	100%	ACHIEVED: 100%.		
<ul style="list-style-type: none"> <li>Percentage of noise complaints responded to within 30 minutes in Dannevirke and Pahiatua, and 1 hour in Woodville and Eketahuna.</li> </ul>	100%	<p>NOT ACHIEVED: 97%.</p> <p>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.</p>		



## Health and Safety Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	209	322	218	386	386
Targeted rates (other than a targeted rate for water supply)	113	-	102	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	416	423	425	463	395
Local authorities fuel tax, fines, infringement fees, and other receipts	1	9	1	7	11
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>739</b>	<b>754</b>	<b>746</b>	<b>856</b>	<b>792</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	563	555	562	657	599
Finance costs	-	-	-	-	-
Internal charges and overheads applied	164	199	172	183	241
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>727</b>	<b>754</b>	<b>734</b>	<b>840</b>	<b>840</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>16</b>	<b>(48)</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	(1)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	12	-	12	16	(49)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>16</b>	<b>(49)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(12)</b>	<b>-</b>	<b>(12)</b>	<b>(16)</b>	<b>48</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

In Sources of Operating Funding, revenue was lower than budget due to:

- building consents fees – due to decrease in the value of Building consents applications



- loss of revenue from Central Hawkes Bay shared services
- lower than budgeted special inspection fees

These decreases were offset by increases in liquor licencing fees

Payments to staff and suppliers in Application of operating funding were lower than mainly due to changes to staffing and staff structures.

The overhead allocation was higher than budget as a result of the review of allocation of Corporate Support costs due to changes in operations, staff numbers and business structures. The review resulted in changes to internal charges and overheads applied.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Building Consent Processing	255	328
Environmental Health	147	80
Liquor Licensing	119	100
Noise Callouts & Other Nuisances	136	91
<b>Total Payments to Staff and Suppliers</b>	<b>657</b>	<b>599</b>

# Resource Management

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

## What is the Service Provided

There are two aspects to this activity: the sustainable management of the district's natural and physical resources and the protection and enhancement of the community's environmental values. These are achieved mainly through the preparation and maintenance of the District Plan and through the resource consent process.

The District Plan identifies the resource management issues facing the district and sets out policies and rules for managing the effects of land use and subdivision activities on the environment. The effectiveness of the District Plan is monitored and reported on annually.

The service is provided by:

- Provision of a District Plan that provides certainty of land use and environmental outcomes, reviewing it 10 yearly and making changes annually to keep it current.
- Monitoring of Resource Management Act activities in the district and the provision of advice, ensuring our obligations are met.
- A monitoring programme that reports on the effectiveness of the District Plan.
- Efficient processing of resource consent applications.

## Why We Provide It

While there are development pressures in some areas, there is also a desire to protect the special character of certain parts of the district, particularly coastal areas and landscapes. As a statutory requirement under the Resource Management Act 1991, the District Plan provides a strong element of control and certainty for land use activity in the district. The District Plan and the associated resource consent processes are important regulatory tools to help ensure appropriate land use.

## What We Achieved

At the start of the financial year, Tararua District and Horizons Regional Council appointed commissioners decided the resource consent application made by Fonterra to expand the manufacturing plant on Pahiatua-Mangahao Road, Mangamutu. The commissioners approved the application subject to conditions.

A total of 49 resource consent applications were processed to a decision during the year. This is a 32% increase on last year and also 4% above the historical average (July 2008 to June 2013). All applications were processed within the statutory timeframe to meet the target of 100%.

In comparison to last year, the number of land use applications increased by 27%, while the number of subdivision applications increased by 35%. However, in comparison to the historical average the number of land use applications increased by 22%, while the number of subdivision applications increased by 3%.

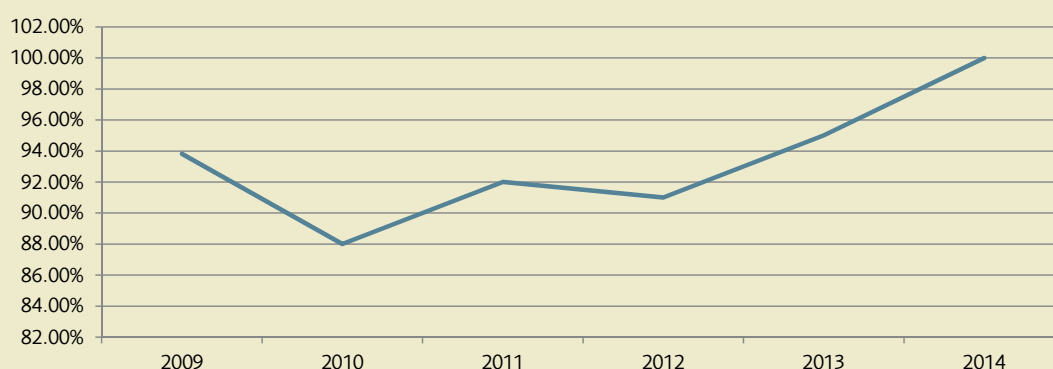
Out of the 49 applications processed, the proportion of land use to subdivision applications was 35:65. The proportion of land use applications is lower than last year (37:63) but higher than the historical average (30:70). Land use consents are generally more complex and take longer to process.



## Performance Against Objectives

			Results																			
Performance Measure and Target	Target	Achievement	2012/13	2013/14																		
• Percentage of hearings commissioners surveyed that think that the district plan is effective.	85%	NOT APPLICABLE: Only one Hearing was held and this was organised by the Manawatu-Wanganui Regional Council (Horizons).	N/A	N/A																		
• Prepare a district wide state of the environment monitoring report.	Report published	ACHIEVED: Report published in June 2014.	N/A	●																		
• Percentage of residents rating resource management as satisfactory in community surveys to be conducted in 2014, 2017, and 2020.	75%	ACHIEVED: 89%. <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>74</td><td>51</td></tr><tr><td>Not very satisfied</td><td>23</td><td>6</td></tr><tr><td>Don't know / Unable to say @</td><td>3</td><td>44</td></tr><tr><td>Percentage satisfied</td><td>74</td><td>51%</td></tr><tr><td>Percentage satisfied excl @</td><td>76%</td><td>89%</td></tr></table> <p>Council has actively encouraged pre-application meetings and advice. This has lifted the quality of the applications received and environmental outcomes experienced by the community.</p>	Category	2011	2014	Very/Fairly Satisfied	74	51	Not very satisfied	23	6	Don't know / Unable to say @	3	44	Percentage satisfied	74	51%	Percentage satisfied excl @	76%	89%	N/A	●
Category	2011	2014																				
Very/Fairly Satisfied	74	51																				
Not very satisfied	23	6																				
Don't know / Unable to say @	3	44																				
Percentage satisfied	74	51%																				
Percentage satisfied excl @	76%	89%																				
• Percentage of resource consents processed within the statutory time frame.  • Non-notified: 20 working days.  • Notified: 70 working days.  • Notified and Limited Notified not requiring a hearing: 50 working days.	100%	ACHIEVED: 100%. All 49 resource consent applications processed to a decision were decided within the statutory timeframe.  Statistics for applications by notification type, as follows:  Non-notified – 48  Limited notified – 0  Publicly notified – 1	●	●																		
• Percentage of complaints about non-compliance with the District Plan or consent conditions are investigated and resolved within 3 months of being received.	90%	ACHIEVED: 99%.  We received 339 complaints during the year. Of these complaints, 1 was resolved 8 days after the target timeframe, and 2 others are under investigation (currently within the target timeframe).	●	●																		

**Resource Consent Applications Processed within Statutory Limits**



## Resource Management Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	247	380	266	315	315
Targeted rates (other than a targeted rate for water supply)	133	-	125	-	-
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	51	47	53	50	47
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	1	1	6
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>431</b>	<b>427</b>	<b>444</b>	<b>366</b>	<b>368</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	406	295	417	319	190
Finance costs	-	-	-	-	-
Internal charges and overheads applied	25	41	26	46	48
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>430</b>	<b>336</b>	<b>443</b>	<b>365</b>	<b>238</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>1</b>	<b>91</b>	<b>1</b>	<b>(1)</b>	<b>130</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	(50)	-
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	1	91	1	(51)	130
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>1</b>	<b>91</b>	<b>1</b>	<b>(51)</b>	<b>130</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(1)</b>	<b>(91)</b>	<b>(1)</b>	<b>1</b>	<b>(130)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is tracking against budget.

In Application of operating funding the underspend is mainly due to deferring of consultancy cost to next year. Key projects deferred are District Plan change and Natural Hazards Plan.



## Additional Note

Expenditure by Output	Budget 2013/14	Actual 2013/14
Coastal Hazard Assessment	48	29
District Plan Review	61	36
Environmental Monitoring Report	71	42
Legal Costs Associated with Hearings	80	48
Resource Consent Processing	34	20
RMA Management & Information	25	15
<b>Total Payments to Staff and Suppliers</b>	<b>319</b>	<b>190</b>

# Roading and Footpaths

## Activities in this Group

### Roading

**AIM** To provide safe, convenient and orderly transportation in the district.

### Footpaths

**AIM** To provide safe access and walking opportunities for pedestrians in urban areas.

## Key Issues

- Reducing funding for road maintenance in inflation adjusted terms is putting pressure on Council to continually find more efficiencies
- A complete review of the road funding system is currently underway. Significant changes could impact on council for 2015.
- The upgrade to Saddle Road, the alternative route to the Manawatu Gorge, has commenced. The project has a budget of \$4.5 million.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓	✓	✓		
Related					✓
Partially related				✓	

## Group Level Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	62	35	64	128	128
Targeted rates (other than a targeted rate for water supply)	7,085	7,112	7,385	7,335	7,335
Grants and subsidies for operating purposes	3,773	4,815	3,890	3,653	3,957
Fees, charges, and targeted rates for water supply	150	159	155	150	159
Local authorities fuel tax, fines, infringement fees, and other receipts	-	675	-	228	559
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>11,069</b>	<b>12,795</b>	<b>11,494</b>	<b>11,494</b>	<b>12,138</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	6,445	8,433	6,640	6,244	6,939
Finance costs	133	84	135	138	138
Internal charges and overheads applied	1,166	910	1,195	1,429	1,188
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>7,744</b>	<b>9,427</b>	<b>7,971</b>	<b>7,811</b>	<b>8,265</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>3,325</b>	<b>3,368</b>	<b>3,523</b>	<b>3,685</b>	<b>3,873</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	3,415	3,574	5,557	5,390	4,693
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	221	511	(127)	(8)	(252)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>3,636</b>	<b>4,085</b>	<b>5,430</b>	<b>5,382</b>	<b>4,441</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	447	1,014	2,172	2,107	719
- to replace existing assets	5,631	5,008	5,754	5,581	5,887
Increase (decrease) in reserves	883	1,431	1,027	1,378	1,708
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>6,961</b>	<b>7,454</b>	<b>8,953</b>	<b>9,067</b>	<b>8,314</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(3,325)</b>	<b>(3,368)</b>	<b>(3,523)</b>	<b>(3,685)</b>	<b>(3,873)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Footpaths

Aim – To provide safe access and walking opportunities for pedestrians in urban areas.

## What is the Service Provided

We manage approximately 114km of footpaths with a replacement value of over \$4 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: unreinforced 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.

We have a policy to provide at least one footpath per urban road where pedestrian access is required. Special surfaces such as concrete cobblestones/pavers and pressed concrete have been installed in the main shopping area in Dannevirke. This main street upgrade project is planned to be repeated in the main shopping streets in Pahiatua, Woodville and Eketahuna during the 2012 to 2021 period.






## Why We Provide It

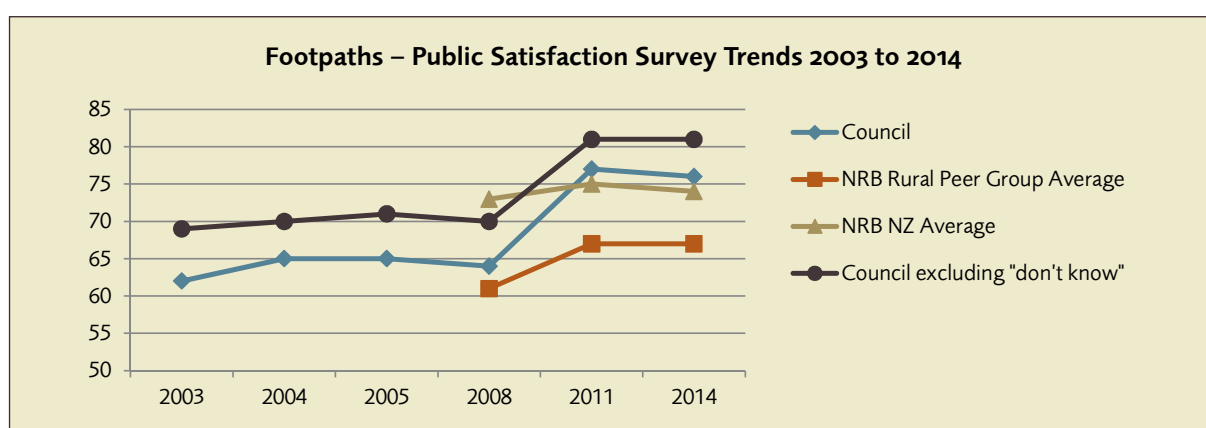
Pedestrians need safe and convenient routes to their destinations. Mainstreet footpaths support economic activity by providing an attractive environment. There is no legislative requirement to provide footpaths. Footpaths contribute strongly to the Council Outcome – Great Lifestyle.

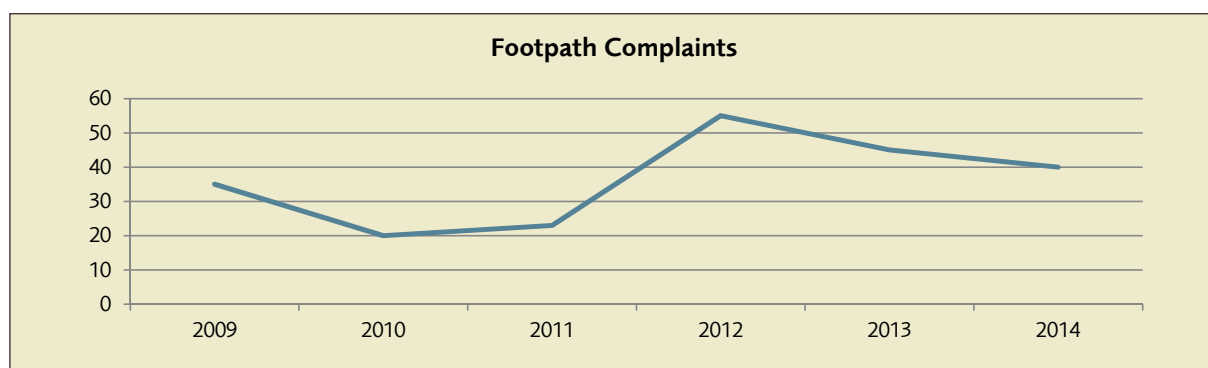
## What We Achieved

Footpath construction, this year, has been limited to only minor additions in both Eketahuna and Woodville. We have trialled construction using a lime base, as the footpaths have been constructed on the outskirts of both towns. Work was undertaken on Alfredton Road, and State Highway 2 at both the east and west entrances of Woodville. The purpose of using lime appears very cost effective against that of using concrete.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of residents rate footpaths as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	75%	<p>ACHIEVED: 81%.</p> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>77</td><td>76</td></tr><tr><td>Not very satisfied</td><td>18</td><td>18</td></tr><tr><td>Don't know / Unable to say @</td><td>5</td><td>6</td></tr><tr><td>Percentage satisfied</td><td>77%</td><td>76%</td></tr><tr><td>Percentage satisfied excl @</td><td>81%</td><td>81%</td></tr></table>	Category	2011	2014	Very/Fairly Satisfied	77	76	Not very satisfied	18	18	Don't know / Unable to say @	5	6	Percentage satisfied	77%	76%	Percentage satisfied excl @	81%	81%	N/A	
Category	2011	2014																				
Very/Fairly Satisfied	77	76																				
Not very satisfied	18	18																				
Don't know / Unable to say @	5	6																				
Percentage satisfied	77%	76%																				
Percentage satisfied excl @	81%	81%																				
<ul style="list-style-type: none"><li>Percentage of footpath free from trip hazards – e.g. bumps, depressions, settlement, cracking, deterioration – per 100 metres of footpath, measured by footpath condition surveys.</li></ul>	95%	Survey to be undertaken in 2014. Results will be reported at year end.		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>	100%	<p>ACHIEVED: 100%.</p> <p>Of the 40 "Footpath Maintenance/Cleaning" customer requests, only 8 related to footpath surface safety issues, the remainder related to cleanliness or items in the general area of the footpath. All safety hazards were followed up within timeframes achieving a result of 100%.</p>																				
<ul style="list-style-type: none"><li>Percentage of resident and non-resident ratepayers rate urban CBD upgrades as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017 and 2020.</li></ul>	80%	ACHIEVED: 91%.	New measure																			





## Footpaths Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	62	35	64	128	128
Targeted rates (other than a targeted rate for water supply)	760	787	789	656	656
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	2	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	7	-	10	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>821</b>	<b>831</b>	<b>854</b>	<b>794</b>	<b>785</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	56	52	58	58	93
Finance costs	96	84	98	100	113
Internal charges and overheads applied	238	206	244	265	234
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>390</b>	<b>342</b>	<b>400</b>	<b>423</b>	<b>440</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>432</b>	<b>489</b>	<b>454</b>	<b>371</b>	<b>345</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	20	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	214	341	(112)	(14)	(158)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>214</b>	<b>361</b>	<b>(112)</b>	<b>(14)</b>	<b>(158)</b>



	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	342	434	28	27	-
- to replace existing assets	50	113	-	-	7
Increase (decrease) in reserves	254	303	315	330	180
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>646</b>	<b>850</b>	<b>342</b>	<b>357</b>	<b>187</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(432)</b>	<b>(489)</b>	<b>(454)</b>	<b>(371)</b>	<b>(345)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comment:**

Application of operating funding is over budget as a result of increased maintenance and repair of the district's footpaths.

**Additional Notes**

Expenditure by Output	Budget 2013/14	Actual 2013/14
Footpath Maintenance Rural	1	2
Footpath Maintenance Urban	57	91
<b>Total Payments to Staff and Suppliers</b>	<b>58</b>	<b>93</b>

# Roading

**Aim – To provide safe, convenient and orderly transportation in the district.**

## What is the Service Provided

Our roading network is listed as the fourth-largest of any authority in New Zealand. The network consists of a total of 1,957km of roads, with 1,183km sealed, and 774km of unsealed roads. Additionally, there are 398 bridges, and all associated infrastructure assets, such as signs (9,106), lighting, and culverts (130) both large and small.

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

The network is managed by our in-house engineering business unit, Tararua Engineering Services, based in Woodville. This nonprofit 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 of our district, we are heavily reliant upon subsidies received from NZ Transport Agency.

We are responsible for the management of roads with a depreciated replacement value of approximately \$615 million, and an annual expenditure of between \$11–15 million budgeted for maintenance, renewals and capital works. This is the most costly of our activities.

We receive a subsidy of 59% from the NZ Transport Agency. This subsidy covers all maintenance activities for both operational and renewal works. The subsidy has been reduced from 60% in 2011/12. Any drop in subsidy places an impact on our budget.

## Why We Provide It

We have statutory obligations under the Land Transport Management Act 2003 to maintain a roading network within the district. An effective roading network is also essential to ensuring the economic and social wellbeing of the community through the provision of access and mobility for people, goods and services.

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.

## What We Achieved

A summary of Roading 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	295.1	0.3	363.3	697.8
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>570.7</b>	<b>0.3</b>	<b>374.0</b>	<b>987.9</b>
<b>South</b>					
Local	38.4	333.4	0.3	393.6	765.7
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>528.4</b>	<b>0.3</b>	<b>399.5</b>	<b>969.4</b>
<b>TOTAL</b>	<b>84.1</b>	<b>1099.1</b>	<b>0.6</b>	<b>773.5</b>	<b>1957.3</b>

These statistics show that:

- 58.7% of rural roads are sealed.
- 95.68% of roads are rural (4.32% are urban).

A report was sent to NZ Transport Agency analysing the results of the roughness count survey for the 2012/13 period indicating the following:

- Average urban roughness: 119 achieved (less than 150 meets NZ Transport Agency levels).
- Average rural roughness: 82 achieved (less than 150 meets NZ Transport Agency levels).

The table below lists the lengths of road which are controlled by us 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	629.6	1 - 897
Collector	118.1	29 - 707
Secondary	351.4	11 - 2470
<b>Total</b>	<b>1099.1</b>	
<b>Rural Unsealed Roads</b>		
Local	756.9	1 - 155
Collector	5.9	41 - 74
Secondary	10.7	56 - 90
<b>Total</b>	<b>773.5</b>	
<b>Urban Sealed Roads</b>		
Local	77.5	3 - 4237
Collector	1.49	178 - 909
Secondary	5.09	115 - 3092
<b>Total</b>	<b>84.1</b>	
<b>Urban Unsealed Roads</b>		
Local	0.6	1 - 37
Collector	-	-
Secondary	-	-
<b>Total</b>	<b>0.6</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.

### Maintenance Chipseal

The target outcome for reseals was 90km, or 495,000m<sup>2</sup>. We achieved 63km/407,046m<sup>2</sup>. This is below our target, and was due to initial budget concerns with negotiated contract rates between reseals and rehabilitation. The higher rates meant we could only reseal 68% of our target length for the budget allocated. Our budget was \$2,204,000 and expenditure was \$2,083,000. We will review 2014/15 contracts to consider increasing target lengths against network needs.

### Pavement Rehabilitation

Our target length for pavement rehabilitation was 10km/58,000m<sup>2</sup>. We achieved 5.9km/37,380m<sup>2</sup> against a budget of \$1.6 million with expenditure being \$1.48 million. Performance of the contractor had a major influence on this end result. The contractor was advised that all pavement rehabilitation was to be completed by 30 April, yet we were still trying to seal roads at 30 June. Again, we are reviewing contract work for 2014/15.

### Minor Improvements

Planned budget for 2013/14 was \$507,460, with actual expenditure \$397,500. Under expenditure has been due to work efforts for design/planning being focussed on the Saddle Road upgrade. We have had to use our in-house design team to complete design work for the planned \$4.5 million upgrade.

Work completed under Minor Improvements has been sight bench improvements on rural roads, as well as street lighting improvements within the urban area.

### Seal Extensions

No seal extensions have been undertaken this financial year.

### Road Safety

Tararua District Council continues regular meetings of the Road Safety Group to identify safety needs for local, and State Highway roads, within the district.

Work identified is undertaken under the minor works category.

### Road Maintenance

#### Maintenance Metal

With a planned 31,500m<sup>3</sup> of maintenance metal to be placed in both maintenance spread metal and heavy metal overlays, a total of 30,253m<sup>3</sup> has been achieved. This equates to approximately 775km of unsealed roads.

#### Grading

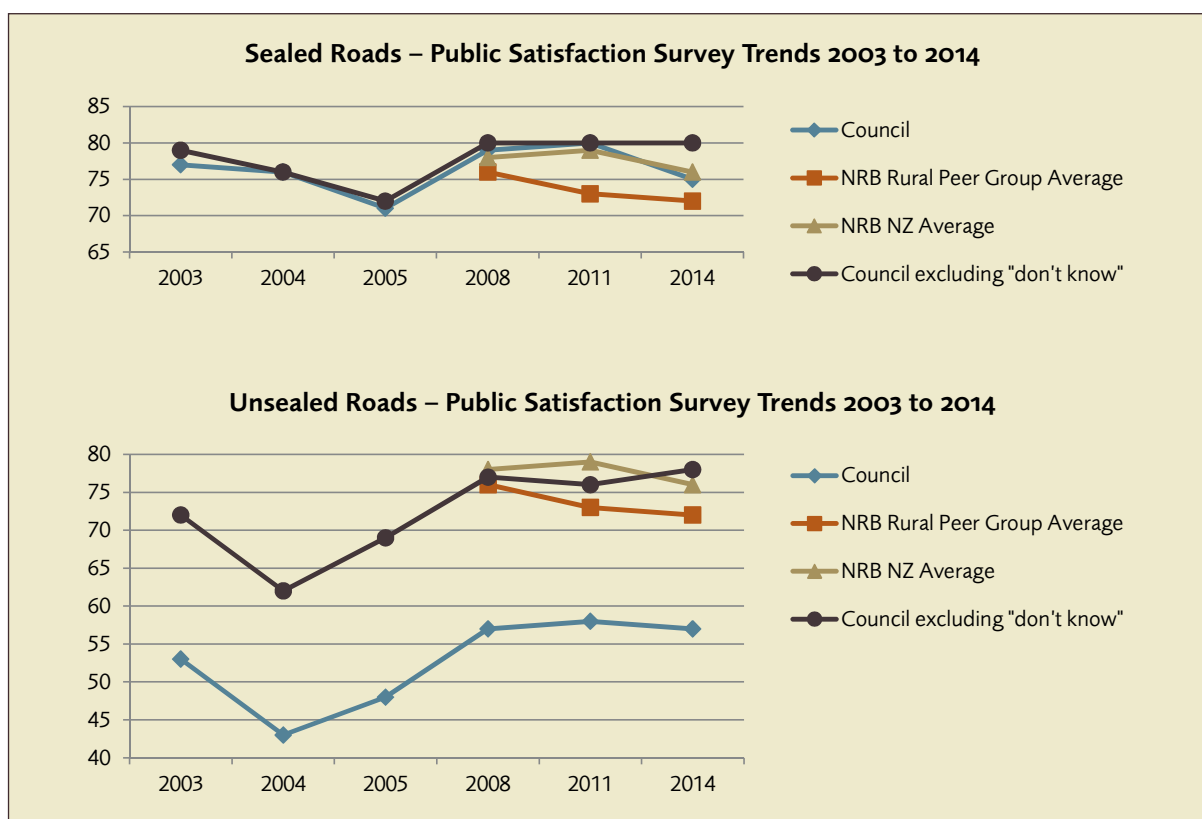
Our target length of 4,500km of roads to be graded annually has resulted in 5,741km being graded.

#### Watertabling

Drainage has continued to play an important part of road maintenance, with 102km of watertabling completed, against last year's achievement of 108km.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																																					
			2012/13	2013/14																																				
• Number of fatal accidents due to road factors.	Nil	ACHIEVED: Nil.  One fatal crash occurred in the Eketahuna urban area. There were no contributing roading factors in the crash.	●	●																																				
• Percentage of requests to fix road surface faults are completed within the timeframe specified in contracts.	85%	ACHIEVED: 99%.  Of 233 customer requests assigned to road surface categories, only 3 did not meet specified completion timeframes achieving 99% compared to a target of 85%.	●	●																																				
• Percentage of residents rating Urban and Rural roading as "quite satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.	70%	ACHIEVED: 77%.  <b>Sealed Roads</b> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>80</td><td>75</td></tr><tr><td>Not very satisfied</td><td>19</td><td>24</td></tr><tr><td>Don't know / Unable to say @</td><td>1</td><td>1</td></tr><tr><td><b>Percentage satisfied</b></td><td><b>80%</b></td><td><b>75%</b></td></tr><tr><td><b>Percentage satisfied excl @</b></td><td><b>80%</b></td><td><b>76%</b></td></tr></table>  Poor condition of sealed roads (e.g. potholes, uneven, rough) and lack of maintenance were reasons cited for the dissatisfaction. These issues will be addressed under our new approach to the roading corridor maintenance contract.  <b>Unsealed Roads</b> <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>58</td><td>57</td></tr><tr><td>Not very satisfied</td><td>18</td><td>16</td></tr><tr><td>Don't know / Unable to say @</td><td>24</td><td>27</td></tr><tr><td><b>Percentage satisfied</b></td><td><b>58%</b></td><td><b>57%</b></td></tr><tr><td><b>Percentage satisfied excl @</b></td><td><b>76%</b></td><td><b>78%</b></td></tr></table>  Most of the respondents were from Eketahuna. The reasons cited were similar to sealed roads. These issues will be addressed under our new approach to the roading corridor maintenance contract.	Category	2011	2014	Very/Fairly Satisfied	80	75	Not very satisfied	19	24	Don't know / Unable to say @	1	1	<b>Percentage satisfied</b>	<b>80%</b>	<b>75%</b>	<b>Percentage satisfied excl @</b>	<b>80%</b>	<b>76%</b>	Category	2011	2014	Very/Fairly Satisfied	58	57	Not very satisfied	18	16	Don't know / Unable to say @	24	27	<b>Percentage satisfied</b>	<b>58%</b>	<b>57%</b>	<b>Percentage satisfied excl @</b>	<b>76%</b>	<b>78%</b>	N/A	●
Category	2011	2014																																						
Very/Fairly Satisfied	80	75																																						
Not very satisfied	19	24																																						
Don't know / Unable to say @	1	1																																						
<b>Percentage satisfied</b>	<b>80%</b>	<b>75%</b>																																						
<b>Percentage satisfied excl @</b>	<b>80%</b>	<b>76%</b>																																						
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Very/Fairly Satisfied	58	57																																						
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<b>Percentage satisfied</b>	<b>58%</b>	<b>57%</b>																																						
<b>Percentage satisfied excl @</b>	<b>76%</b>	<b>78%</b>																																						
• Percentage of sealed roads providing a smooth and comfortable ride as measured by RAMM Roughness Surveys for NAASRA counts lower than 220 for urban and 120 for rural.	95%	NOT APPLICABLE: Survey will be done towards the end of the year.	●	N/A																																				
• Initial response to impassable roads be undertaken within 24 hours.	99%	ACHIEVED: 100%.  No concerns with initial response activities on the part of the contractor; this is an area in which they perform consistently well.	●	●																																				



## Roading Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	6,325	6,325	6,596	6,678	6,678
Grants and subsidies for operating purposes	3,773	4,815	3,890	3,653	3,958
Fees, charges, and targeted rates for water supply	150	157	155	150	158
Local authorities fuel tax, fines, infringement fees, and other receipts	-	668	-	219	559
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>10,248</b>	<b>11,965</b>	<b>10,640</b>	<b>10,700</b>	<b>11,353</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	6,389	8,381	6,582	6,186	6,846
Finance costs	38	10	37	38	25
Internal charges and overheads applied	928	704	951	1,163	954
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>7,354</b>	<b>9,095</b>	<b>7,571</b>	<b>7,387</b>	<b>7,825</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>2,894</b>	<b>2,870</b>	<b>3,069</b>	<b>3,313</b>	<b>3,528</b>



	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	3,415	3,554	5,557	5,390	4,693
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	7	171	(15)	7	(94)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>3,421</b>	<b>3,725</b>	<b>5,541</b>	<b>5,397</b>	<b>4,599</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	105	580	2,144	2,080	719
- to replace existing assets	5,581	4,895	5,754	5,581	5,880
Increase (decrease) in reserves	629	1,120	712	1,049	1,528
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>6,315</b>	<b>6,595</b>	<b>8,611</b>	<b>8,710</b>	<b>8,127</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(2,894)</b>	<b>(2,870)</b>	<b>(3,069)</b>	<b>(3,313)</b>	<b>(3,528)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comment:**

We received an overall subsidy lower by \$392,000 compared to budget for the following reasons:

- Overall capital subsidies for Roading were under budget by \$697,000 due to focus on the flood damage and earthquake repairs, and contractors poor performance.
- We did not receive \$1.6 million of capital subsidy for the Saddle Road due to delays in completing the scheduled work. However, we received an additional subsidy of \$1 million for the flood damage and earthquake repairs.
- Operating subsidies were higher by \$390,000 due the earthquake and flood damages repairs.
- However, we received \$1.37 million of additional subsidies for the flood damage and Eketahuna Earthquake repairs works. Total cost was \$1.7 million for which we received an overall subsidy of 81%.
- We also received further emergency work subsidies of \$400,000 from NZ Transport Agency for the slip at Wimbledon on Route 52.

Corresponding cost increases were noted in unsubsidised contract works and higher Roading Consultancy fees under the Application of operating funding for the damage to our roads from the severe weather events totalling \$660,000.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

Sources and Application of capital funding were higher than budget mainly due to increases in capital expenditure resulting from the damages to our roads from the severe weather events and Eketahuna Earthquake repairs. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report for details.



## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Emergency Reinstatement	1,120	1,230
Environmental Maintenance	450	494
Level Crossings	40	44
Network Asset Management Subsidised	510	560
Non-Subsidised Verges	139	207
Routine Drainage Maintenance	732	804
Sealed Pavement Maintenance	860	944
Structures Maintenance	710	780
Territorial Administration and Administration Support	141	155
Traffic Services Maintenance	454	498
Unsealed Pavement Maintenance	480	527
Unsealed Road Metalling - Maintenance Metal	550	604
<b>Total Payments to Staff and Suppliers</b>	<b>6,186</b>	<b>6,846</b>

# Solid Waste Management

## Activities in this Group

### Solid Waste Management

**AIM** To protect people's health and our environment by minimising the production of waste and promoting recycling and reuse.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓			✓	
Related			✓		✓
Partially related		✓			

## Key Issues

- A new transfer station facility at Pahiatua was operational this year.
- There has been an overall increase in the cost of providing solid waste services within the district mainly due to:
  - extension of the kerbside and recycling services;
  - the overall increase in the volume of recycling recovered from the district particularly glass; and
  - increases in transport and disposal fees.

Council is looking at ways to offset these increases in costs whilst still encouraging residents to recover and recycle.



## What is the Service Provided

The majority of the waste stream in the district handled by us is currently disposed of at Waipukurau. Waste is processed and transported to Waipukurau through transfer stations at Dannevirke, Woodville and Ormondville. A small volume of waste is still disposed of at the Eketahuna and Pongaroa Landfills. These small landfills have current resource consents that limit disposal to locally generated waste only. We manage four closed landfills (Dannevirke, Pahiatua, Woodville and Ormondville). A full service transfer station has been constructed at the Dannevirke landfill site. A basic transfer station currently operates at Woodville (contracted) while the Pahiatua landfill site accepts cleanfill and green waste. This level of service is to change with the Pahiatua transfer station receiving general waste as well as greenwaste and cleanfill from 2013. We have included in the Long Term Plan provision for transfer station services for general waste disposal in Pahiatua and is to close the Ormondville transfer station.

Services include:

1. Operating landfills in Eketahuna and Pongaroa, closed landfills in Woodville, Ormondville, Dannevirke and Pahiatua
2. Transfer stations in Dannevirke, Ormondville, Pahiatua, and Woodville (contracted).
3. Providing a kerbside refuse collection in Norsewood, Dannevirke, Woodville, Pahiatua, Ormondville, Eketahuna, Pongaroa, Akitio and Herbertville and a "bagged refuse" transfer facility in Makuri and Alfredton.
4. Providing kerbside recycling collections in Dannevirke, Woodville, Ormondville, Pahiatua and Eketahuna (Paper and cardboard, tin, aluminium and plastics type 1 and 2 only).
5. Providing recycling centres in Dannevirke and Pahiatua.
6. Provide "drop off" bulk bins for glass in Norsewood, Woodville, Eketahuna, Pongaroa; and wheelie bins in Akitio, Herbertville (summer only) and Weber (remainder of year).
7. Providing street refuse bins for the travelling public and local residents

Urban refuse collection and kerbside recycling services are operated in the townships. Almost all operational services are contracted out, including the ownership of the Woodville transfer station, all trucks and collection equipment, recycling bins and kerbside bins. The exception is the wheelie bin recycling service at Akitio, Herbertville (summer only) and Weber.

## Why We Provide It

We are required by legislation to ensure that waste can be safely disposed of. We are not required to provide these

services directly. The availability of disposal facilities and services such as kerbside collections, transfer stations, and landfills remain an essential part of waste management.

We adopted a Waste Management and Minimisation Plan in December 2011. This Plan outlines the activities we will undertake in terms of waste collection and disposal. This Plan also identified that we will promote waste reduction by promoting recycling.

Our role in Solid Waste is identified as:

1. We will identify, educate and promote methods for reducing waste and improving resource efficiency.
2. To facilitate local solutions to local waste management issues.
3. To ensure that waste management practices do not adversely affect human health, animal and plant health, amenity values and cultural values.

## What We Achieved

### Waste Management and Minimisation Plan

The Council has continued to work towards achieving the goals of the Waste Management and Minimisation Plan. Council reduced the costs of waste disposal by utilising the capacity available at the Eketahuna landfill. Waste from Pahiatua is now transported to the Eketahuna landfill rather than trucked to the landfill at Waipukurau. Diverting waste to Eketahuna reduces trucking and disposal costs compared to using Waipukurau.

Costs have been further reduced by using glass as cover material at the Eketahuna landfill. This reduces costs, as glass is an expensive material to transport and recycle. Other efficiency gains have been achieved by using local contractors in each town.

### Pahiatua Transfer Station and Recycling Centre

The construction of the Pahiatua transfer station and the new recycling centre was completed this year.

Unfortunately, the recycling centre facility in Pahiatua was destroyed by an arson attack in June. The loss of the Pahiatua recycling centre to fire will be more than an inconvenience for Council. The centre acts as a collection point for recycling from the surrounding rural area and Eketahuna, as well as Pahiatua township. The centre gives us an ability to bale and store recyclables and thus manage the flow through the sorting line at the Dannevirke centre. Council is working with contractors and local communities to put in place alternative arrangements.

There are no ongoing contract costs as arrangements at the centre had only been on a temporary basis while Council was negotiating a contract to begin 1 July 2014. A claim has been successfully lodged with Council insurers and the sum insured will cover total reinstatement of the building. New building plans are being drawn up and Council will look to also improve security for the new facilities.



## TV TakeBack Programme

Dannevirke was allocated another 200 units (in total for the district was 992 units) which is now all completed. Woodville, Pahiatua and Woodville are yet to fulfil their allocation.






The Council was specifically mentioned in a Dominion Post article, on 30 January, for the great effort in recycling TVs. The article centred on the poor uptake of the TV TakeBack recycling programme by Wellington City, where only 4,715 TVs had been collected to date. It noted that in

Tararua 2,272 TVs had been collected for recycling, 287% of the volume allocated by the scheme on a population basis. It demonstrates our strong commitment to promote the scheme and the willingness of residents to take up the recycling message.

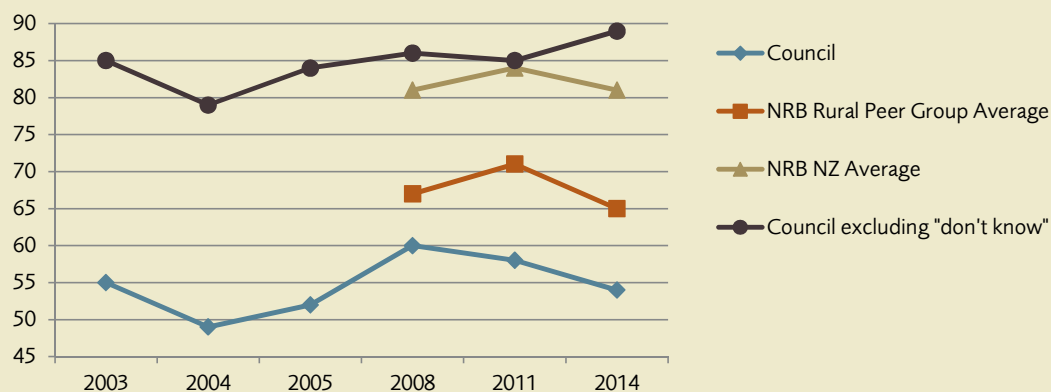
## Performance Against Objectives

			Results																				
Performance Measure and Target	Target	Achievement	2012/13	2013/14																			
<ul style="list-style-type: none"><li>Percentage of residents rating rubbish collection service as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	60%	ACHIEVED: 89%.	N/A																				
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>58</td><td>54</td></tr><tr><td>Not very satisfied</td><td>10</td><td>7</td></tr><tr><td>Don't know / Unable to say @</td><td>32</td><td>40</td></tr><tr><td>Percentage satisfied</td><td>58%</td><td>54%</td></tr><tr><td>Percentage satisfied excl @</td><td>85%</td><td>89%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	58	54	Not very satisfied	10	7	Don't know / Unable to say @	32	40	Percentage satisfied	58%	54%	Percentage satisfied excl @	85%	89%	
		Category			2011	2014																	
		Very/Fairly Satisfied			58	54																	
		Not very satisfied			10	7																	
		Don't know / Unable to say @			32	40																	
		Percentage satisfied			58%	54%																	
		Percentage satisfied excl @			85%	89%																	
		We continue to encourage the use of kerbside collection and provided Council-owned refuse bins in all towns.																					
		<ul style="list-style-type: none"><li>Percentage of residents rating recycling as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>			75%	ACHIEVED: 82%.	N/A																
<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>73</td><td>70</td></tr><tr><td>Not very satisfied</td><td>18</td><td>15</td></tr><tr><td>Don't know / Unable to say @</td><td>9</td><td>15</td></tr><tr><td>Percentage satisfied</td><td>73%</td><td>70%</td></tr><tr><td>Percentage satisfied excl @</td><td>80%</td><td>82%</td></tr></table>	Category		2011	2014		Very/Fairly Satisfied			73	70	Not very satisfied	18	15	Don't know / Unable to say @	9	15	Percentage satisfied	73%	70%	Percentage satisfied excl @	80%	82%	
Category	2011		2014																				
Very/Fairly Satisfied	73		70																				
Not very satisfied	18		15																				
Don't know / Unable to say @	9		15																				
Percentage satisfied	73%		70%																				
Percentage satisfied excl @	80%		82%																				
The increase in the percentage satisfied is the result of the provision of recycling services to all towns – including recycling centres in Dannevirke and Pahiatua – to meet the needs of the community and encourage/promote recycling.																							

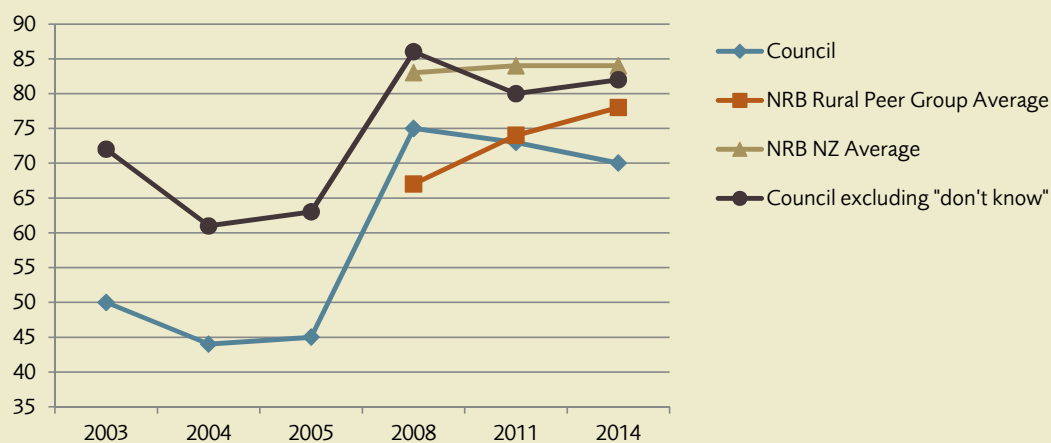


			Results																				
Performance Measure and Target	Target	Achievement	2012/13	2013/14																			
<ul style="list-style-type: none"><li>Percentage of residents rating landfills/transfer station management as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	60%	ACHIEVED: 86%.	N/A																				
		<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>47</td><td>62</td></tr><tr><td>Not very satisfied</td><td>22</td><td>10</td></tr><tr><td>Don't know / Unable to say @</td><td>32</td><td>29</td></tr><tr><td>Percentage satisfied</td><td>47%</td><td>62%</td></tr><tr><td>Percentage satisfied excl @</td><td>68%</td><td>86%</td></tr></table>			Category	2011	2014	Very/Fairly Satisfied	47	62	Not very satisfied	22	10	Don't know / Unable to say @	32	29	Percentage satisfied	47%	62%	Percentage satisfied excl @	68%	86%	
		Category			2011	2014																	
		Very/Fairly Satisfied			47	62																	
		Not very satisfied			22	10																	
		Don't know / Unable to say @			32	29																	
		Percentage satisfied			47%	62%																	
		Percentage satisfied excl @			68%	86%																	
		The Pahiatua Transfer Station was fully operational during the year and, together with the Dannevirke Transfer Station, Council's service levels met the expectation of the community. Most of the respondents who were not satisfied had commented on the cost of targeted rates for refuse and recycling.																					
<ul style="list-style-type: none"><li>Tonnage of waste sent to landfills by the district per annum.</li></ul>	< 4,500	ACHIEVED: 4,241.																					
		<table><tr><th></th><th colspan="2">Tonnes</th></tr><tr><th></th><th>2013</th><th>2014</th></tr><tr><td>Eketahuna Landfill</td><td>698</td><td>1,777</td></tr><tr><td>Pongaroa Landfill - 36.92 tonnes</td><td>45</td><td>37</td></tr><tr><td>Waipukurau Landfill</td><td>1,376</td><td>2,427</td></tr><tr><td>Total</td><td>2,119</td><td>4,241</td></tr></table>				Tonnes			2013	2014	Eketahuna Landfill	698	1,777	Pongaroa Landfill - 36.92 tonnes	45	37	Waipukurau Landfill	1,376	2,427	Total	2,119	4,241	
					Tonnes																		
					2013	2014																	
		Eketahuna Landfill			698	1,777																	
		Pongaroa Landfill - 36.92 tonnes			45	37																	
		Waipukurau Landfill			1,376	2,427																	
		Total			2,119	4,241																	
		The tonnage of waste sent to landfills doubled compared to last year, from 2,119 to 4,241 tonnes. This is mainly due to the materials/debris from the Eketahuna earthquake and increased rubbish collected and sent to Waipukurau Landfill due to the extension of rubbish collection services in other towns across the district.																					
<ul style="list-style-type: none"><li>All Horizons resource consent conditions are met.</li></ul>	100%	ACHIEVED: 100%.																					
		Landfills operating in accordance with consent conditions.																					

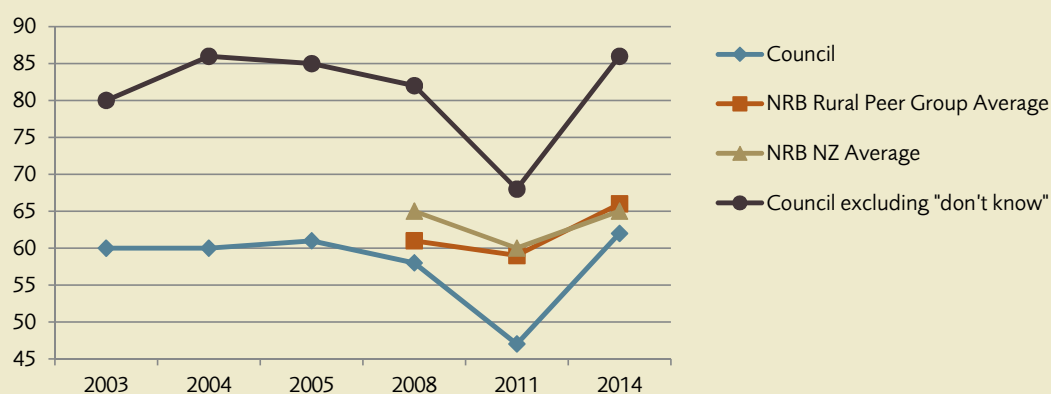
Refuse Collection – Public Satisfaction Survey Trends 2003 to 2014



Recycling – Public Satisfaction Survey Trends 2003 to 2014



Landfills and Transfer Stations – Public Satisfaction Survey Trends 2003 to 2014





## Solid Waste Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	297	254	263	497	499
Targeted rates (other than a targeted rate for water supply)	700	743	756	710	710
Grants and subsidies for operating purposes	40	53	41	40	64
Fees, charges, and targeted rates for water supply	516	454	530	534	464
Local authorities fuel tax, fines, infringement fees, and other receipts	-	14	-	16	18
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,553</b>	<b>1,518</b>	<b>1,591</b>	<b>1,797</b>	<b>1,755</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	1,267	1,404	1,346	1,515	1,339
Finance costs	58	88	59	62	180
Internal charges and overheads applied	99	70	102	104	77
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,424</b>	<b>1,562</b>	<b>1,508</b>	<b>1,681</b>	<b>1,597</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>129</b>	<b>(44)</b>	<b>83</b>	<b>116</b>	<b>159</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	98	(143)	(27)	73	(9)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>98</b>	<b>(143)</b>	<b>(27)</b>	<b>73</b>	<b>(9)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	203	(13)	-	100	118
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	24	(174)	57	89	32
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>227</b>	<b>(187)</b>	<b>57</b>	<b>189</b>	<b>150</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(129)</b>	<b>44</b>	<b>(83)</b>	<b>(116)</b>	<b>(159)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comments:

Fees and Charges in Operating funding lower than budget due to revenue from dumping fees was lower than budget.

Payments for staff and suppliers in Application of operating funding was \$176,000 lower than budget. The cost for extending refuse collection services to other town and the transportation cost was \$104,000 under budget.



Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Solid Waste Management Akitio	21	19
Solid Waste Management Dannevirke	610	538
Solid Waste Management District Wide	251	221
Solid Waste Management Eketahuna	52	46
Solid Waste Management Herbertville	7	6
Solid Waste Management Ormondville	25	22
Solid Waste Management Pahiatua	349	308
Solid Waste Management Pongaroa	47	41
Solid Waste Management Woodville	153	138
<b>Total Payments to Staff and Suppliers</b>	<b>1,515</b>	<b>1,339</b>



# Stormwater

## Activities in this Group

### Stormwater

**AIM** To provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓				✓
Related					
Partially related				✓	

## Key Issues

- Council is assessing the quality of stormwater discharges against the requirements of the Horizons One Plan. Additional treatment and resource consents may be required over the next few years.
- No significant change to Levels of Service.

## What is the Service Provided

The four main townships in Tararua (Dannevirke, Woodville, Pahiatua and Eketahuna) each have systems based around open waterways:

**Dannevirke:** Drainage to Mangapurupuru Stream and McCallum Street drain.

**Pahiatua:** Drainage to Huxley Street drain.

**Woodville & Eketahuna:** Drainage to a number of unnamed drains.

Each network provides:

- outlets for property stormwater discharge; and

- kerb and channels infrastructure for disposal of stormwater into open drainage systems.

Spraying of open waterways is carried out by a contractor twice a year.

## Why We Provide It

Stormwater is a result of rainfall events, resulting in the need to dispose of surface water. Stormwater 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.

## What We Achieved

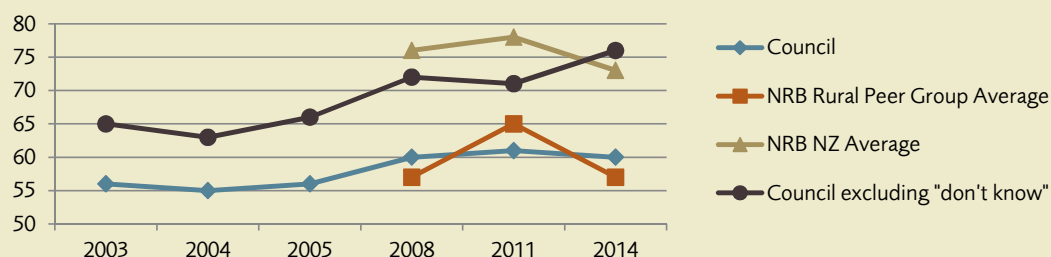
We are continuing with our affords in using the closed circuit TV camera to identify properties with stormwater directed into our wastewater system. We have completed Dannevirke and now have moved onto Pongaroa and Eketahuna.

We continue to maintain the rigour in the monthly inspections to proactively manage blockages in stormwater drains. This has resulted in an increase in the satisfaction results for the Community Survey.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
• The number of residential, industrial and business premises affected by flooding per year.	40	ACHIEVED: Only 1 property affected by flooding.	●	●																		
• Percentage of residents rating stormwater management as "fairly satisfactory " or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020.	65%	<div>ACHIEVED: 76%.<table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>61</td><td>60</td></tr><tr><td>Not very satisfied</td><td>25</td><td>19</td></tr><tr><td>Don't know / Unable to say @</td><td>14</td><td>20</td></tr><tr><td>Percentage satisfied</td><td>61%</td><td>60%</td></tr><tr><td>Percentage satisfied excl @</td><td>71%</td><td>76%</td></tr></table><p>Respondents who were not satisfied with stormwater management had issues over flooding and general maintenance.</p><p>Woodville had the most respondents who were not satisfied. This year, we completed the stormwater upgrade in the town centre.</p></div>	Category	2011	2014	Very/Fairly Satisfied	61	60	Not very satisfied	25	19	Don't know / Unable to say @	14	20	Percentage satisfied	61%	60%	Percentage satisfied excl @	71%	76%	N/A	●
Category	2011	2014																				
Very/Fairly Satisfied	61	60																				
Not very satisfied	25	19																				
Don't know / Unable to say @	14	20																				
Percentage satisfied	61%	60%																				
Percentage satisfied excl @	71%	76%																				
• Number of surface flooding incidences on urban roads that persist for longer than 2 hours.	7%	<div>ACHIEVED: 5%. 1 out of 19.<p>Total customer requests received was 19, of which only 1 had surface flooding persisting for more than 2 hours due to a blocked culvert on the street.</p></div>	N/A	●																		

Stormwater Drainage – Public Satisfaction Survey Trends 2003 to 2014





## Stormwater Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	692	-	727	-	-
Targeted rates (other than a targeted rate for water supply)	-	692	-	728	728
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	1	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	5	-	10	7
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>692</b>	<b>698</b>	<b>727</b>	<b>738</b>	<b>736</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	150	126	155	136	114
Finance costs	82	61	86	86	79
Internal charges and overheads applied	276	198	283	278	221
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>508</b>	<b>385</b>	<b>524</b>	<b>500</b>	<b>414</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>184</b>	<b>312</b>	<b>203</b>	<b>238</b>	<b>322</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	272	(93)	(91)	(81)	(15)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>272</b>	<b>(93)</b>	<b>(91)</b>	<b>(81)</b>	<b>(15)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	355	-	10	10	117
- to replace existing assets	37	145	39	38	-
Increase (decrease) in reserves	64	75	62	109	190
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>456</b>	<b>220</b>	<b>112</b>	<b>157</b>	<b>307</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(184)</b>	<b>(312)</b>	<b>(203)</b>	<b>(238)</b>	<b>(322)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is tracking against budget.

Maintenance cost in Application of operating funding was lower this year. The significant savings was in maintenance (planned and

unplanned). This was mainly due to continued use of internal staff instead of contractor and through inspections, we proactively managed blockages ensuring and reduced the need to incur extraordinary maintenance during severe weather events this year.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Drain maintenance	28	23
Maintenance	70	59
Reticulation	38	32
<b>Total Payments to Staff and Suppliers</b>	<b>136</b>	<b>114</b>



# Wastewater

## Activities in this Group

### Wastewater

**AIM** To provide the collection, treatment and disposal of urban wastewater to protect public and environmental health.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓			✓	✓
Related		✓			
Partially related					

## Key Issues

- Council is progressing a number of treatment upgrades this year as part of complying with resource consent conditions and meeting Council commitments as part of the Manawatu River Accord.
- Delivering on the projects agreed with the Ministry for the Environment as part of the \$2.075 million subsidy gained from the Freshwater Clean-Up Fund.
- No significant change to Levels of Service.

## What is the Service Provided

We provide wastewater disposal to seven communities. The wastewater system consists of wastewater pipes, pump stations, and some form of treatment and disposal. Our systems are focussed to urban areas. We maintain the wastewater disposal systems, oxidation ponds, pump stations, pipe reticulation, manholes and the wastewater treatment plants. Maintenance work is contracted out.

New connections to the sewer reticulation system have to be approved by Council. Extensions to the existing system are approved on a case by case basis depending on the vicinity of new development to the existing reticulated systems.

1. We provide reliable wastewater services that effectively dispose of wastewater.
2. We treat all discharges to comply with resource consent conditions.
3. Wastewater disposal does not create any smells, spills or health issues and causes minimal impact on the natural environment.
4. Future improved sewerage treatment is being planned for Eketahuna, Pahiatua, Dannevirke, Woodville, Pongaroa, Norsewood and Ormondville.
5. Septic tanks in the Pongaroa, Ormondville and Norsewood schemes are emptied when the need arises. This is part of their rates.

## Why We Provide It

A safe, reliable and sufficient disposal of wastewater 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 wastewater management.

## What We Achieved

### Ministry for the Environment Project

We continue to make significant progress in upgrading the quality and capacity for the treatment of wastewater in all of our urban communities.

We have completed work on the oxidation ponds in Dannevirke (Pond No. 4) and Woodville.

Work in identifying suitable land in Dannevirke for irrigation is progressing. The land irrigation consent application has been drafted and once soil information is finalised, the consent will be lodged.

Preliminary land treatment investigation in Pahiatua is completed. Design work is also considering options for the new discharge point into the larger main stem of the river. Aerators for the oxidation ponds have been ordered and delivered.

### Infiltration

Infiltration of stormwater into the sewer reticulation continues to be a major factor causing increased flows into our oxidation ponds. The damages done to the pipes in Eketahuna are evidence of this issue. Having stormwater infiltrate the wastewater network puts added pressure on our network and increases treatment costs.

The closed circuit TV camera is paying dividends as we are able to identify cracked or broken pipes and laterals, root intrusion etc. In some cases, the pipe will not require replacement as a repair to the existing pipe will be sufficient to stop groundwater getting into the system. These repairs will result in significant cost savings from reduced capital, maintenance and ongoing treatment costs.

Work in identifying properties in Dannevirke that are contributing to the infiltration issues is complete. We will now move into Pongaroa and Eketahuna.

### Use of Tephra to Remove Phosphorus

The use of Tephra seems to be the method preferred by Horizons to reduce phosphorus levels as part of improving the water quality of the Manawatu River. Reducing phosphorus levels in our urban wastewater discharges are part of the conditions that must be met in our new wastewater resource consents. Results continue to be very encouraging at all sites. The use of tephra would require initial capital investment but the benefits will be reduced ongoing operating cost and improving the water quality of the Manawatu River.

### Improving Assets Condition Data

Extensive use of the CCTV camera within the wastewater pipe network in Dannevirke has discovered several pipes that will need re-lining or replacing in the short term. This tool is proving highly effective at reducing leakages and improving the performance of the network, as well as allowing the Council staff to gain a greater understanding of the overall condition of the network for planning purposes.

### Compliance with Resource Consents

Pongaroa, Dannevirke and Ormondville wastewater schemes are currently noncompliant with our resource consents due to levels of nutrients in discharges exceeding the allowed limits. We are working through these issues and conditions currently and will continue to do so over the next three years as we upgrade our wastewater systems.

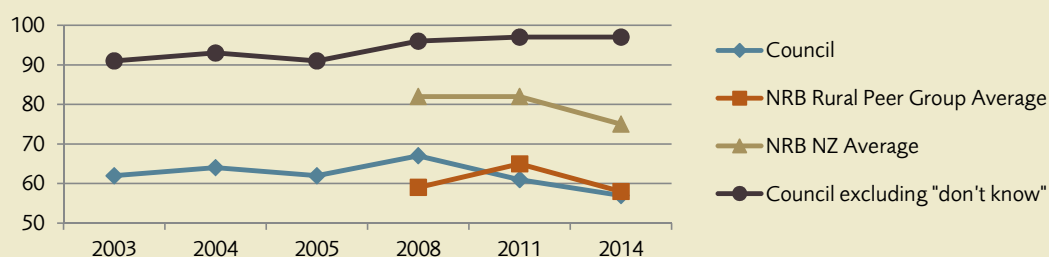
Part of the work we are doing is the upgrading of Dannevirke, Pahiatua, Woodville and Eketahuna wastewater schemes under the Ministry of Environment clean water funding. These projects have taken priority given the significance of them to the Manawatu River Accord. These schemes are compliant with our resource consent conditions.

Once these projects are completed we will commence work in Pongaroa and Ormondville. We expect all our wastewater schemes to be compliant by the financial year 2016/17.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
• The number of incidents of unplanned loss of wastewater service.	< 41	ACHIEVED: 12 incidents of unplanned loss of wastewater service – 2 for Pongaroa, 1 each for Woodville, Pahiatua and Eketahuna, and 7 for Dannevirke.	●	●																		
• Number of sewage overflows affecting properties per annum.	< 22	ACHIEVED: 5 (16 last year).  The improved results are partly due to the work done to identify and rectify infiltration of stormwater into our wastewater network.	●	●																		
• Percentage of residents rating wastewater management as "fairly satisfactory " or "very satisfactory in community surveys to be conducted in 2014, 2017, and 2020.	70%	ACHIEVED: 97%. <table><tr><th>Category</th><th>2011</th><th>2014</th></tr><tr><td>Very/Fairly Satisfied</td><td>61</td><td>57</td></tr><tr><td>Not very satisfied</td><td>2</td><td>2</td></tr><tr><td>Don't know / Unable to say @</td><td>37</td><td>41</td></tr><tr><td>Percentage satisfied</td><td>61%</td><td>57%</td></tr><tr><td>Percentage satisfied excl @</td><td>97%</td><td>97%</td></tr></table> Most of the respondents who replied "don't know/ unable to say" were rural and not connected to the service. The percentage of respondents not satisfied is below peer and national averages.	Category	2011	2014	Very/Fairly Satisfied	61	57	Not very satisfied	2	2	Don't know / Unable to say @	37	41	Percentage satisfied	61%	57%	Percentage satisfied excl @	97%	97%	N/A	●
Category	2011	2014																				
Very/Fairly Satisfied	61	57																				
Not very satisfied	2	2																				
Don't know / Unable to say @	37	41																				
Percentage satisfied	61%	57%																				
Percentage satisfied excl @	97%	97%																				
• Number of schemes meeting all resource consent conditions.	7	NOT ACHIEVED: 4 out of 7 schemes met resource consent conditions.  Upgrade to Dannevirke wastewater ponds (Pond No. 4) nearing completion will ensure that we achieve 5 schemes complying with resource consents. We will continue to work on Pongaroa and Ormondville with expected completion the following year.	●	●																		

Sewerage System – Public Satisfaction Survey Trends 2003 to 2014





## Wastewater Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	57	57	57	-	-
Targeted rates (other than a targeted rate for water supply)	1,997	1,997	2,181	2,076	2,075
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	101	113	105	110	72
Local authorities fuel tax, fines, infringement fees, and other receipts	-	35	-	52	53
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>2,155</b>	<b>2,202</b>	<b>2,343</b>	<b>2,238</b>	<b>2,200</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	825	651	857	803	635
Finance costs	238	102	318	322	288
Internal charges and overheads applied	325	206	334	283	229
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,388</b>	<b>959</b>	<b>1,509</b>	<b>1,408</b>	<b>1,152</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>767</b>	<b>1,243</b>	<b>834</b>	<b>830</b>	<b>1,048</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	705	867	969	963	229
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,929	1,201	1,654	1,824	589
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>2,634</b>	<b>2,068</b>	<b>2,623</b>	<b>2,787</b>	<b>818</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,880	2,276	2,941	3,071	1,532
- to replace existing assets	330	417	343	481	573
Increase (decrease) in reserves	192	618	173	65	(239)
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>3,402</b>	<b>3,311</b>	<b>3,457</b>	<b>3,617</b>	<b>1,866</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(767)</b>	<b>(1,243)</b>	<b>(834)</b>	<b>(830)</b>	<b>(1,048)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

In Operating funding we are under budget due to delays in completing the Ministry for the Environment funded wastewater projects. We have made progress but as milestones are not completed we are not able to seek claims for the expenditure at year end from Horizons.



In Application of operating funding we made an overall cost savings – from staff cost of \$58,000 and treatment cost of \$31,000, which is a result of the work done on infiltration, contract reticulation of \$19,000, vehicle mileage of \$6,000, external consultants of \$5,000, testing of \$5,000, extraordinary maintenance of \$5,000, insurances of \$39,000 and energy of \$55,000. These savings offset increases in Horizons monitoring fees of \$49,000 and telemetry cost of \$6,000.

Overheads allocated is lower the budget due to changes in staff numbers and changes in expenditure at an activity level due to restructure and efficiency gains. The impact has resulted in changes to internal charges and overheads applied.

The application of capital funding was lower than budget due to deferring and delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 56 to 75 of this report.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Maintenance to minimise failures and blockages, infiltration of stormwater into sewerage systems	107	85
Planning & Development renewals to ensure future capacity	149	118
Reticulation sewerage disposal for all connected properties	146	115
Telemetry system monitoring to prevent system failures	24	19
Treatment to provide effective treatment of wastewater	377	298
<b>Total Payments to Staff and Suppliers</b>	<b>803</b>	<b>635</b>

# Water Supplies

## Activities in this Group

### Water Supplies

**AIM** To provide a reliable and cost-effective supply of safe, potable water in reticulated communities.

## Contribution to Council Outcomes

	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Strongly related	✓			✓	
Related		✓	✓		✓
Partially related					

## Key Issues

- Council continues to make progress on meeting the Drinking Water Standards.
- New resource consent conditions for river water extraction means Council water supply systems must take less river water at times of low flow.
- Council has developed a new water strategy that sets appropriate water meter fees, creates sufficient storage to reduce extractions during low flow and improve security of supply, reviews rural connections to urban supplies and reduces leakages in the piped supply networks.
- No significant change to Levels of Service.



## What is the Service Provided

We provide 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, we undertake water conservation education, restrictions and rationing, and the implementation of metering at industrial sites.

We maintain the water supply intake areas, reservoirs, pipe reticulation, fire hydrant valves, property laterals and tobies in a safe and good working condition. Maintenance work is contracted out.

Monitoring activity is carried out to ensure water is healthy and complies with consent standards. This includes flow testing, analysis of customer complaint and service failure records, proactive inspection of critical assets, testing pipe material to determine condition and decay rates and water quality testing.

Objectives of this activity are:

1. Provide reliable water supplies.
2. Water provided is safe to drink.
3. Future water supply capacity is planned for.

## Why We Provide 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.

Our supplies are directed mainly to urban areas. Where these areas have New Zealand Fire Service brigades located within them, the pressure and volume of our supplies are also necessary to provide for urban fire-fighting activities.

Our water management is governed by a number of statutes as well as the District Plan and associated bylaws.

## What We Achieved

### Water Treatment Plant Upgrades

#### Dannevirke

In July 2013, Council completed the Dannevirke impounded supply (water storage). This project has dramatically improved the quality and risk management profile for the users of the Dannevirke water supply. The project received an early test, as the 2013/14 summer was very dry. The benefits of the project were proved by successfully providing continuity of supply and providing reliable quality water for commercial users over the year. This contrasts with the usual summer hosing bans in Pahiatua, Woodville, Eketahuna and Norsewood.

This major investment in a key infrastructure service will meet the water supply needs of Dannevirke for the near future.

#### Pahiatua

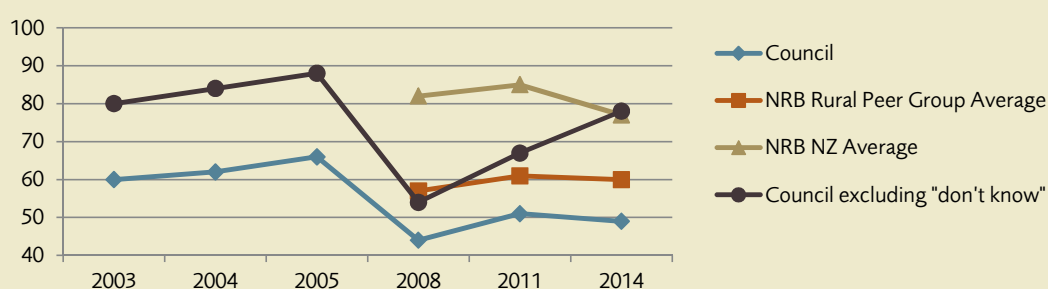
In order to improve the storage volumes of water in Pahiatua, Council plans to drill a second bore and expand the current storage capacity. This will reduce the risks in supply during dry periods, as well as reduce the risk of relying on a single bore (in dry river flow periods). This strategy will also meet the mandatory water standards.

Work on this project – Pahiatua second bore and storage facilities – was delayed last year, as Council looked to minimise the costs to ratepayers by applying for funding from the Ministry of Health. Council was successful in obtaining a \$530,000 grant for the upgrade projects that total \$1.6 million, significantly improving the project affordability. A resource consent for the second bore is underway and this project is now scheduled to start construction in the 2015/16 year.

## Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results																			
			2012/13	2013/14																		
<ul style="list-style-type: none"><li>Percentage of customers satisfied with the availability of water in the community surveys to be conducted in 2014, 2017, and 2020.</li></ul>	60%	<p>ACHIEVED: 78%.</p> <table><thead><tr><th>Category</th><th>2011</th><th>2014</th></tr></thead><tbody><tr><td>Very/Fairly Satisfied</td><td>51</td><td>49</td></tr><tr><td>Not very satisfied</td><td>25</td><td>14</td></tr><tr><td>Don't know / Unable to say @</td><td>25</td><td>38</td></tr><tr><td>Percentage satisfied</td><td>51%</td><td>49%</td></tr><tr><td>Percentage satisfied excl @</td><td>67%</td><td>78%</td></tr></tbody></table>	Category	2011	2014	Very/Fairly Satisfied	51	49	Not very satisfied	25	14	Don't know / Unable to say @	25	38	Percentage satisfied	51%	49%	Percentage satisfied excl @	67%	78%	N/A	
Category	2011	2014																				
Very/Fairly Satisfied	51	49																				
Not very satisfied	25	14																				
Don't know / Unable to say @	25	38																				
Percentage satisfied	51%	49%																				
Percentage satisfied excl @	67%	78%																				
<ul style="list-style-type: none"><li>Number of days per annum where users experience reduced flows.</li></ul>	< 32	ACHIEVED: The number of days reduced flows were encountered was 8.																				
<ul style="list-style-type: none"><li>Number of recorded issues with the taste of town water per annum.</li></ul>	< 59	<p>ACHIEVED: No issues relating to the taste of town water were recorded.</p> <p>The upgrades to the Woodville, Pahiatua, and Dannevirke water supply and treatment plants have contributed to the significant improvements noted. This is also evidenced by the results from the community survey.</p>																				
<ul style="list-style-type: none"><li>Number of recorded issues with the clarity of town water per annum.</li></ul>	< 26	<p>ACHIEVED: There were 21 recorded issues with the clarity of town water. Some of these related to the same issue, as there were only 14 separate incidents.</p> <p>Of these 14, 7 were for Woodville, 6 for Pahiatua, and 1 for Dannevirke. Compared to last year, this was a significant improvement. For example, last year 38 calls were logged for Woodville relating to 11 separate incidents.</p>																				
<ul style="list-style-type: none"><li>Number of schemes with a Public Health Management Plan in place.</li></ul>	7	ACHIEVED: 100%. All Public Health Management Plans are in place.																				
<ul style="list-style-type: none"><li>Upgrade the water schemes to comply with NZ Drinking Water Standards and Health Act 1956.</li></ul>	3	ACHIEVED: Three (3) water schemes upgraded. Schemes that comply are Woodville, Eketahuna and Norsewood. Next year Dannevirke and Pahiatua schemes are planned to comply.																				

### Availability of Water – Public Satisfaction Survey Trends 2003 to 2014





## Water Supplies Funding Impact Statement

	2012/13 Budget \$000s	2012/13 Actual \$000s	LTP Year 2 Budget \$000	2013/14 Budget \$000s	2013/14 Actual \$000s
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,436	1,436	1,564	1,532	1,530
Grants and subsidies for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	486	505	504	500	482
Local authorities fuel tax, fines, infringement fees, and other receipts	-	64	-	76	87
Internal charges and overheads recovered	-	-	-	-	-
<b>Total Operating Funding</b>	<b>1,921</b>	<b>2,005</b>	<b>2,069</b>	<b>2,108</b>	<b>2,099</b>
<b>Applications of Operating Funding</b>					
Payment to staff and suppliers	889	773	924	801	764
Finance costs	225	155	266	278	233
Internal charges and overheads applied	168	156	173	224	172
Other operating funding applications	-	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>1,282</b>	<b>1,084</b>	<b>1,363</b>	<b>1,303</b>	<b>1,169</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>640</b>	<b>921</b>	<b>706</b>	<b>805</b>	<b>930</b>
<b>Sources of Capital Funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	(56)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,997	1,850	(174)	341	(180)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>1,997</b>	<b>1,850</b>	<b>(174)</b>	<b>341</b>	<b>(236)</b>
<b>Applications of Capital Funding</b>					
Capital Expenditure:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,245	2,030	114	618	93
- to replace existing assets	419	557	348	399	194
Increase (decrease) in reserves	(28)	184	70	130	407
Increase (decrease) of investments	-	-	-	-	-
<b>Total Applications of Capital Funding</b>	<b>2,636</b>	<b>2,771</b>	<b>532</b>	<b>1,147</b>	<b>694</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(640)</b>	<b>(921)</b>	<b>(706)</b>	<b>(805)</b>	<b>(930)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comment:

Operating funding is under budget as last year we accrued for subsidies from Ministry of Health for the Eketahuna treatment plant upgrade and Pahiatua Bore. Because actual cost was lower we had to reverse \$56,000 this year.

In Application of operating funding we made an overall cost savings in payments to staff and suppliers of \$37,000. Though cost for extraordinary maintenance was higher than budget, significant cost savings were in Consultancy, reticulation and treatment costs resulting in a net saving for this activity.

The overhead allocation was lower than budget as a result of the review of allocation of Corporate Support costs due to changes in operations, staff numbers and business structures. The review resulted in changes to internal charges and overheads applied.

The application of capital funding was lower than budget due to deferring and delay in completion of capital projects. Refer to 'Capital Expenditure Report' on Pages 56 to 75 of this report.

## Additional Notes

Expenditure by Output	Budget 2013/14	Actual 2013/14
Maintenance to minimise failures	208	241
Planning & development to ensure future capacity	201	177
Reticulation water to all connected properties	96	85
Telemetry system monitoring to prevent failures	21	19
Treatment to provide safe, potable water	275	243
<b>Total Payments to Staff and Suppliers</b>	<b>801</b>	<b>764</b>





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## **Financial Statements**

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ANNUAL REPORT 2013/14

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## Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2014

	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
<b>Income</b>						
Rates*	2	18,774	19,406	19,408	18,758	
Grants and Subsidies		9,396	8,964	10,096	9,396	
Fees and Charges		3,562	2,928	4,078	27,919	
Finance Income	3	315	372	352	319	
Dividends and Subvention		206	234	310	-	
Other Revenue	4	867	630	337	765	
Forestry Sales		-	618	350	234	
Development and Financial Contribution		-	-	-	-	
<b>Total operating revenue</b>		<b>33,120</b>	<b>33,151</b>	<b>34,931</b>	<b>57,391</b>	
<b>Expenditure</b>						
Other Operating Expenses	8	16,200	14,835	16,216	27,275	
Depreciation and amortisation	18 & 19	11,828	11,300	11,935	14,088	
Personnel Costs	6	4,651	4,933	4,870	18,015	
Finance Costs	3	426	498	530	503	
<b>Total operating expenditure before asset gains/losses</b>		<b>33,105</b>	<b>31,566</b>	<b>33,553</b>	<b>59,882</b>	
<b>Operating surplus/(deficit) before asset gains/losses</b>		<b>15</b>	<b>1,585</b>	<b>1,378</b>	<b>(2,491)</b>	
Other asset gains/(losses)	5	(211)	(3,663)	-	(718)	
<b>Operating surplus/(deficit) before tax</b>		<b>(196)</b>	<b>(2,078)</b>	<b>1,378</b>	<b>(3,209)</b>	
Less Taxation Expense/Plus Refund	10	-	-	-	(771)	
<b>Surplus/(deficit) after tax</b>		<b>(196)</b>	<b>(2,078)</b>	<b>1,378</b>	<b>(2,438)</b>	
<b>Surplus/(deficit) attributable to:</b>						
Parent Interest (Taranua District Council)	24	(196)	(2,078)	1,378	(1,620)	
Non-controlling Interest	24	-	-	-	(818)	
<b>Surplus/(deficit) for the period</b>		<b>(196)</b>	<b>(2,078)</b>	<b>1,378</b>	<b>(2,438)</b>	
<b>Other Comprehensive Income</b>						
Gains/(losses) on assets revaluation	25	(5,388)	13,046	28,177	(5,131)	
Fair value through equity valuation gains	24	(9)	-	-	(9)	
Tax on Equity Items		-	-	-	(75)	
<b>Other Comprehensive Income Sub-total</b>		<b>(5,397)</b>	<b>13,046</b>	<b>28,177</b>	<b>(5,215)</b>	
<b>Total Comprehensive Income</b>		<b>(5,593)</b>	<b>10,968</b>	<b>29,555</b>	<b>(7,653)</b>	

\* Rates income excludes targeted water rates.

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 2014

	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
Balance at 1 July		875,192	869,599	907,428	890,252	
Total comprehensive income previously reported		(5,593)	10,968	29,555	(7,653)	
Dividends Paid		-	-	-	(107)	
<b>Total Balance at 30 June</b>		<b>869,599</b>	<b>880,567</b>	<b>936,984</b>	<b>882,492</b>	
<b>Total Comprehensive Income attributable to:</b>						
Tararua District Council		(5,593)	10,968	29,555	(6,983)	
Minority Interest		-	-	-	(670)	
<b>Total Comprehensive Income</b>		<b>(5,593)</b>	<b>10,968</b>	<b>29,555</b>	<b>(7,653)</b>	
<b>Detailed Changes</b>						
<b>Accumulated Funds</b>						
Balance at 1 July		361,994	357,885	361,217	369,474	
Net Surplus/(Deficit) after Tax for the Year		(196)	(2,078)	1,378	(1,620)	
Fair Value through equity		(9)	-	-	(9)	
Net transfers between Equity and Reserves		(3,904)	(5,445)	(2,271)	(4,078)	
Dividends paid		-	-	-	(107)	
<b>Balance at 30 June</b>		<b>357,885</b>	<b>350,362</b>	<b>359,619</b>	<b>363,660</b>	
<b>Asset Revaluation Reserves</b>						
Balance at 1 July		497,254	491,874	528,377	499,472	
Increase in Revaluation Reserves		(5,380)	13,020	28,177	(5,544)	
<b>Balance at 30 June</b>		<b>491,874</b>	<b>504,895</b>	<b>556,554</b>	<b>493,928</b>	
<b>Special Funded Reserves</b>						
Balance at 1 July		15,891	19,791	18,300	15,891	
Increase in Special Reserves		3,900	5,469	2,459	3,899	
<b>Balance at 30 June</b>		<b>19,791</b>	<b>25,260</b>	<b>20,759</b>	<b>19,790</b>	
<b>Trust Funds</b>						
Balance at 1 July		52	48	52	52	
Increase in Trust Funds		(4)	2	-	(4)	
<b>Balance at 30 June</b>		<b>48</b>	<b>50</b>	<b>52</b>	<b>48</b>	
Minority interest		-	-	-	5,066	
<b>Total Equity at 30 June</b>		<b>869,599</b>	<b>880,567</b>	<b>936,984</b>	<b>882,492</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 2014

	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalent	1	4,242	9,518	946	5,298	
Debtors and other receivables	11	4,927	3,848	2,864	8,418	
Other financial assets	14	3,882	3,124	6,675	3,882	
Non-current assets held for sale	15	375	360	241	375	
Inventories	13	76	93	316	1,608	
Refund of taxation due		-	-	-	15	
<b>Total Current Assets</b>		<b>13,502</b>	<b>16,941</b>	<b>11,042</b>	<b>19,596</b>	
<b>Non-Current Assets</b>						
Other financial assets	14	155	257	1,846	176	
Investment in subsidiaries	14	4,974	-	-	-	
Debtors and other receivables	11	9	27	-	9	
Investment Property	16	1,713	1,696	826	1,285	
Forestry assets	12	203	1,269	5,193	1,205	
Intangible assets	19	722	694	802	1,030	
Property, plant & equipment – operational	18	29,949	34,687	31,387	46,253	
Property, plant & equipment – infrastructure	18	828,617	836,813	896,380	828,617	
Property, plant & equipment – restricted	18	4,678	4,716	5,178	4,678	
<b>Total Non-Current Assets</b>		<b>871,019</b>	<b>880,161</b>	<b>941,612</b>	<b>883,254</b>	
<b>Total Assets</b>		<b>884,521</b>	<b>897,104</b>	<b>952,654</b>	<b>902,850</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Creditors and other payables	20	2,705	3,466	2,532	4,313	
Cash and cash equivalent (overdraft)		-	-	-	-	
Borrowings – current	23	10,000	6,000	2,000	10,000	
Employee entitlements	7	587	549	539	1,938	
Tax payable		-	-	-	-	
Provision for dividend		-	-	-	-	
Provision	22	-	-	-	60	
<b>Total Current Liabilities</b>		<b>13,292</b>	<b>10,015</b>	<b>5,071</b>	<b>16,311</b>	



	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
<b>Non-Current Liabilities</b>						
Borrowings – non-current	23	231	5,087	9,214	1,231	
Employee entitlements	7	78	73	87	501	
Tenant contributions	17	675	675	707	675	
Provision for landfill aftercare	21	648	686	591	648	
Deferred tax liability	10	-	-	-	993	
<b>Total Non-Current Liabilities</b>		<b>1,632</b>	<b>6,521</b>	<b>10,599</b>	<b>4,048</b>	
<b>Total Liabilities</b>		<b>14,924</b>	<b>16,537</b>	<b>15,670</b>	<b>20,359</b>	
<b>Equity</b>						
Accumulated Funds	24	357,885	350,362	359,619	363,660	
Asset Revaluation Reserves	25	491,874	504,895	556,554	493,928	
Special Funded Reserves	26	19,790	25,260	20,759	19,790	
Trust Funds	27	48	50	52	48	
Minority Interest		-	-	-	5,066	
<b>Total Equity</b>		<b>869,597</b>	<b>880,567</b>	<b>936,984</b>	<b>882,492</b>	
<b>Total Liabilities and Equity</b>		<b>884,521</b>	<b>897,104</b>	<b>952,654</b>	<b>902,850</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 2014

	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
<b>Cash Flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates		18,448	19,454	19,408	18,432	
Grants and subsidies		9,659	9,494	10,096	9,677	
Fees, charges and other receipts (including Donations)		3,559	3,642	4,428	28,138	
Interest received		339	385	352	343	
Dividends & subvention payment received		198	234	310	-	
Income tax refunds		-	-	-	1	
Other revenue		682	1,247	259	676	
GST refunds		-	-	-	10	
		<b>32,885</b>	<b>34,456</b>	<b>34,853</b>	<b>57,277</b>	
<b>Cash was applied to:</b>						
Suppliers		(16,515)	(14,466)	(16,218)	(40,199)	
Employee benefit costs		(5,099)	(4,976)	(4,870)	(5,099)	
Interest paid		(552)	(363)	(530)	(629)	
Income tax payments		-	-	-	-	
GST payments		-	-	-	253	
		<b>(22,166)</b>	<b>(19,805)</b>	<b>(21,617)</b>	<b>(45,674)</b>	
<b>Net cash inflow (outflow) from operating activities</b>	28	<b>10,719</b>	<b>14,653</b>	<b>13,236</b>	<b>11,602</b>	
<b>Cash Flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from sale of property, plant and equipment		59	36	-	851	
Proceeds from investment property		-	-	-	-	
Proceeds from investments realised		5,827	4,444	3,000	5,842	
		<b>5,886</b>	<b>4,480</b>	<b>3,000</b>	<b>6,693</b>	
<b>Cash was applied to:</b>						
Purchase of property, plant and equipment		(12,875)	(11,293)	(14,975)	(13,916)	
Purchase of Intangible assets		(200)	(182)	-	(200)	
Purchase of investments		(3,792)	(3,236)	(2,475)	(3,859)	
		<b>(16,867)</b>	<b>(14,711)</b>	<b>(17,450)</b>	<b>(17,975)</b>	
<b>Net cash inflow (outflow) from investing activities</b>		<b>(10,983)</b>	<b>(10,233)</b>	<b>(14,450)</b>	<b>(11,282)</b>	

	Note	2012/13 Council Actual \$000s	2013/14 Council Actual \$000s	2013/14 Council Plan \$000s	2012/13 Consolidated Actual \$000s	2013/14 Consolidated Actual \$000s
<b>Cash Flows from Financing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from borrowings		2,000	7,356	4,214	2,500	
Tenant contributions received		-	-	-	-	
		<b>2,000</b>	<b>7,356</b>	<b>4,124</b>	<b>2,500</b>	
<b>Cash was applied to:</b>						
Dividend paid		-	-	-	(107)	
Tenant contributions repaid		(38)	-	-	(38)	
Repayment of borrowings		(2,000)	(6,500)	(3,000)	(2,133)	
		<b>(2,038)</b>	<b>(6,500)</b>	<b>(3,000)</b>	<b>(2,278)</b>	
<b>Net cash inflow (outflow) from financing activities</b>		<b>(38)</b>	<b>856</b>	<b>1,214</b>	<b>222</b>	
<b>Net increase (decrease) in cash held</b>		<b>(302)</b>	<b>5,276</b>	<b>-</b>	<b>541</b>	
Total cash resources at start of the year		4,544	4,242	946	4,757	
<b>Total cash resources at end of the year</b>	<b>1</b>	<b>4,242</b>	<b>9,518</b>	<b>946</b>	<b>5,298</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'.



## Whole of Council Funding Impact Statement

	2012/13 Actual	2012/13 Budget	2013/14 Actual	2013/14 Budget
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charges, rates penalties	5,195	5,465	5,183	6,685
Targeted rates (other than a targeted rate for water supply)	13,580	13,260	14,223	12,724
Subsidies and grants for operating purposes	4,929	3,838	4,087	3,744
Fees, charges, and targeted rates for water supply	3,562	3,937	2,928	4,428
Interest and dividends from investments	522	390	604	662
Local authorities fuel tax, fines, infringement fees, and other receipts	866	177	1,249	259
<b>Total Operating Funding</b>	<b>28,653</b>	<b>27,067</b>	<b>28,274</b>	<b>28,502</b>
<b>Applications of Operating Funding</b>				
Payment to staff and suppliers	20,851	20,014	19,768	21,087
Finance costs	426	490	498	530
Other operating funding applications	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>21,277</b>	<b>20,504</b>	<b>20,266</b>	<b>21,617</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>7,376</b>	<b>6,563</b>	<b>8,008</b>	<b>6,885</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure	4,467	4,149	4,877	6,352
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(105)	4,009	856	1,214
Gross proceeds from sale of assets	59	-	36	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>4,421</b>	<b>8,158</b>	<b>5,769</b>	<b>7,566</b>
<b>Applications of Capital Funding</b>				
Capital Expenditure:				
- to meet additional demand	-	56	-	84
- to improve the level of service	5,670	6,607	3,468	7,460
- to replace existing assets	6,881	7,552	7,625	7,431
Increase (decrease) in reserves	(4,057)	2,302	(1,810)	2,475
Increase (decrease) of investments	3,303	(1,796)	4,494	(3,000)
<b>Total Applications of Capital Funding</b>	<b>11,797</b>	<b>14,721</b>	<b>13,777</b>	<b>14,450</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>(7,376)</b>	<b>(6,563)</b>	<b>(8,008)</b>	<b>(6,883)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Reconciliation Whole of Council Funding Impact Statement to Comprehensive Income

	2012/13 Actual	2012/13 Budget	2013/14 Actual	2013/14 Budget
<b>Income</b>				
<b>Prospective Statement of Comprehensive Income</b>	<b>33,120</b>	<b>31,216</b>	<b>33,151</b>	<b>34,931</b>
<b>Summary Funding Impact Statement</b>				
<b>Sources of Operating Funding</b>				
Total operating funding	28,653	27,067	28,274	28,502
Add sources of capital funding:				
- Subsidies and grants for capital expenditure	4,467	4,149	4,877	6,352
- Investment (gains/losses)	-	-	-	77
<b>Total Revenue</b>	<b>32,120</b>	<b>31,216</b>	<b>33,151</b>	<b>34,931</b>
<b>Expenditure</b>				
<b>Prospective Statement of Comprehensive Income</b>				
<b>Operating expenditure</b>	<b>33,105</b>	<b>30,802</b>	<b>31,566</b>	<b>33,553</b>
Total application of operating funding	21,277	20,504	20,266	21,617
Add depreciation and amortisation expense	11,828	10,296	11,300	11,935
Add non-cash entries	-	2	-	-
<b>Total Expenditure</b>	<b>33,105</b>	<b>30,802</b>	<b>31,566</b>	<b>33,553</b>



# Statement of Commitments and Operating Leases

As at 30 June 2014

## Council

Council was committed to the following projects at year end:

2012/13 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2013/14 Total \$000s
<b>Council Capital Commitments</b>						
21	Administration	-	-	-	-	-
-	Saddle Road upgrade	1,955	-	-	-	1,955
4,530	Wastewater projects	1,800	-	-	-	1,800
732	Pavement rehabilitation southern	-	-	-	-	-
1,622	Pavement rehabilitation northern	811	-	-	-	811
295	Reseals	-	-	-	-	-
<b>7,200</b>	<b>Total Capital Commitments</b>	<b>4,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,566</b>
<b>Council Operating Commitments</b>						
4,146	Administration	702	702	1,539	405	3,348
-	Facilities management contracts	18	-	-	-	18
180	Tararua Aquatic Community Trust	189	-	-	-	189
624	Community services maintenance	688	-	-	-	688
5,230	Infrastructural maintenance non-subsidised	235	-	-	-	235
51	Infrastructural maintenance subsidised	-	-	-	-	-
1,053	Infrastructural maintenance refuse	212	201	147	-	560
48	Sport Manawatu	-	-	-	-	-
28	Woodville Districts' Vision	36	-	-	-	36
42	Pahiatua on Track	47	-	-	-	47
30	Pahiatua Swimming Pool	15	-	-	-	15
24	Woodville Swimming Pool	12	-	-	-	12
34	Eketahuna Swimming Pool	17	-	-	-	17
<b>11,489</b>	<b>Total Operating Commitments</b>	<b>2,171</b>	<b>903</b>	<b>1,686</b>	<b>405</b>	<b>5,165</b>
<b>18,689</b>	<b>Total Commitments</b>	<b>6,737</b>	<b>903</b>	<b>1,686</b>	<b>405</b>	<b>9,731</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 2014.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2012/13 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2013/14 Total \$000s
101	Council lease commitments receivable	18	15	30	-	63
-	Consolidated lease commitments receivable	-	-	-	-	-

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:

2012/13 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2013/14 Total \$000s
<b>Consolidated Capital Commitments</b>						
-	Woodville town centre upgrade					
21	Administration					
-	Dannevirke impounded supply					
4,530	Wastewater projects					
295	Reseals					
<b>4,846</b>	<b>Total Capital Commitments</b>					
<b>Consolidated Operating Commitments</b>						
4,146	Administration					
65	Facilities management contracts					
180	Tararua Aquatic Community Trust					
410	Community services maintenance					
51	Infrastructural maintenance non-subsidised					
822	Infrastructural maintenance subsidised					
1,053	Infrastructural maintenance refuse					
48	Sport Manawatu					
28	Woodville Districts' Vision					
42	Pahiatua on Track					
30	Pahiatua Swimming Pool					
24	Woodville Swimming Pool					
33	Eketahuna Swimming Pool					
<b>6,931</b>	<b>Total Operating Commitments</b>					

# Statement of Accounting Policies

For the year ended 30 June 2014

## Reporting Entity

Taranaki 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 Taranaki District Council, its subsidiaries. They are domiciled and incorporated in New Zealand.

Their ownership and objective are:

- Infracon Limited (in Liquidation), a 66% owned subsidiary – profit orientated entity.
- Manawatu-Wanganui LASS Limited, a 14% owned associate – public benefit entity.
- Taranaki Aquatic Community Trust, a 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 2014. The financial statements were authorised for issue by Council on 29 October 2014.

## Basis of Preparation

### Statement of Compliance

Infracon Limited (the Company) was placed into liquidation effective Monday 25 August 2014 by the Company's Shareholders, Taranaki District Council and Central Hawkes Bay District Council. The Shareholders also resolved to appoint PricewaterhouseCoopers as liquidators of the Company.

At the time of the Company going into liquidation, the audit for the 2013/14 financial year was not complete.

Council has resolved not to consolidate the financial statements of the Company as they are unaudited.

As a result of this, the Council's consolidated financial statements are not compliant with the requirements of the Local Government Act 2002: Part 6, Section 98 and part 3 of Schedule 10, and New Zealand Generally Accepted Accounting Practice (NZ GAAP).

However, Council's financial statements (the parents) 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).

## 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.

Otherwise, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## 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 for reporting periods beginning on or after 1 July 2014. This means the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The implications of the new Accounting Standards Framework is expected to be limited to changes in disclosure statements.

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.

For the year ended 30 June 2014, Council has not consolidated the financial statements of Infracon Limited (in Liquidation), as the company had not prepared audited financial statements.

Council's investment in its subsidiaries are carried at cost, less any impairment, in the Council's own "parent entity" financial statements.

For the year ended 30 June 2014, Council has fully impaired its investment in Infracon Limited (in Liquidation).

## 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.

### 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)

Nondiscretionary 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%)
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%)
Fibre Optic Network	20 to 30 years	(3%-5%)
<b>Infrastructural Assets</b>		
Roading Network		
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%)



Asset	Useful life	Depn Rate
Signs	8 years	(12.5%)
Streetlights	12 to 30 years	(3.3% to 8.3%)
Bridges	50 to 100 years	(1% to 2%)
Sewerage network		
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%)
Stormwater network		
Pipes	80 years	(1.3%)
Manholes	100 years	(1%)
Water network		
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%)
Water storage	40 to 200 years	(0.5%-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 on a three yearly cycle.

## Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

Are revalued at fair value determined on an optimised depreciated replacement cost basis and reviewed by an independent valuer. 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)

### 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%
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## 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.

Compensating emissions units relating to pre-1990 forest land are recorded at a nil cost. Possible deforestation penalties relating to pre-1990 forest are not recognised.

Refer to Note 33 for details.

## 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, effective as at 30 June.

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, when material, 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 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 on the following cost drivers: expenditure, floor area, employees and assets.

## 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 rounding 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 21 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 2014:

### 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 18 & 19.



# Consolidated Notes to Financial Statements

For the year ended 30 June 2014

## 1. Cash and Cash Equivalents

The average interest rate received on the Bank Deposit for the 2013/14 year was 3.6%. In 2012/13 this was 3.5%.

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Cash at bank and in hand	4,242	5,473	5,298	
Term deposits maturing 3 months or less from date of acquisition	-	4,045	-	
<b>Total Cash and Cash Equivalents</b>	<b>4,242</b>	<b>9,518</b>	<b>5,298</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 \$50,000 (2013: \$48,000).

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Cash and cash equivalent current asset	4,242	5,473	5,298	
Short term deposits maturing 3 months or less from date of acquisition	-	4,045	-	
Cash and cash equivalent current liability – bank overdraft	-	-	-	
<b>Total Cash Resources</b>	<b>4,242</b>	<b>9,518</b>	<b>5,298</b>	

## 2. Rates Revenue

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>General Rates</b>				
Uniform Annual General Charge	3,390	3,610	3,385	
General Land Rates	1,707	1,574	1,705	
<b>Targeted Rates Attributable to Group of Activities</b>				
Community and Recreation Facilities	1,326	1,324	1,326	
District Promotion and Economic Development	356	274	356	
Regulatory Services	295	247	293	
Roading and Footpaths	7,069	7,438	7,069	
Solid Waste Management	536	710	530	
Stormwater	692	728	691	
Wastewater	1,968	1,970	1,968	
Water Supplies	1,436	1,531	1,436	
<b>Rates Revenue before Discount (as per Comprehensive Income)</b>	<b>18,774</b>	<b>19,406</b>	<b>18,758</b>	
Less 3% discount for full payment at time of first instalment	(83)	(84)	(83)	
<b>Rates Revenue after Discount</b>	<b>18,691</b>	<b>19,322</b>	<b>18,676</b>	
Less Rates Remissions (in Other Operating Expenses)	(398)	(421)	(398)	
Plus Miscellaneous Revenue: Net Rates Penalties	219	291	203	
<b>Total revenue from rates</b>	<b>18,511</b>	<b>19,192</b>	<b>18,481</b>	

### Rates Remissions

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Rates Remissions</b>				
Footpath Development Loans (Dannevirke Town Centre)	8	8	8	
Sewerage – Educational establishments	98	96	98	
General Rates	259	277	259	
General Rates – Not for profit sports & cultural	33	40	33	
	<b>398</b>	<b>421</b>	<b>398</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.

Council had 10,713 rateable assessments as at 30 June 2013. The total capital and land value of these assessments was \$4,527,156,056 and \$2,884,044,560 respectively.

The total amount of rates received from targeted rates for metered water supply for the financial year 2013/14 was \$474,000 (\$502,000 in 2012/13).

### 3. Finance Income and Finance Costs

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Finance Income</b>				
Interest on operating funds	206	272	210	
Interest on special funds	109	100	109	
<b>Total Finance Income</b>	<b>315</b>	<b>372</b>	<b>319</b>	
<b>Finance Costs</b>				
Interest on Bank Overdraft	-	-	2	
Landfill interest expense	46	63	46	
Fair value movement of derivative	(165)	(145)	(165)	
Interest on standby facility	-	-	-	
Interest on secured loans	545	579	620	
<b>Total Finance Costs</b>	<b>426</b>	<b>498</b>	<b>503</b>	
<b>Net Finance (Costs)/Gain</b>	<b>(111)</b>	<b>(127)</b>	<b>(185)</b>	

### 4. Other Revenue

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Revenue from the various domain boards	121	130	121	
Other	746	500	644	
<b>Total Miscellaneous Revenue</b>	<b>867</b>	<b>630</b>	<b>765</b>	

### 5. Other Gains & Losses

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Gain on disposal of property, plant & equipment	(276)	(710)	(941)	
Gain (loss) on non-current assets held for sale	134	(15)	134	
Loss on impairment of assets/investments	-	(3,609)	-	
Gain (Loss) on Investment properties	(69)	(17)	(69)	
Gain (Loss) on change in forestry value	-	(172)	157	
Gain (Loss) on transfer of shares from subsidiary	-	860	-	
<b>Total Gains/(Losses)</b>	<b>(211)</b>	<b>(3,664)</b>	<b>(718)</b>	

## 6. Personnel Costs

Salaries and wages includes movements in employee benefit liabilities.

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Salaries & Wages	4,274	4,636	17,517	
Defined contribution plan employer contributions	67	104	221	
Termination benefits	-	-	11	
Other benefits	-	-	138	
Training costs	271	238	271	
Increase/(decrease) in employee entitlements/liabilities	39	(45)	(143)	
<b>Total Employee Benefit Costs</b>	<b>4,651</b>	<b>4,933</b>	<b>18,016</b>	

Employer contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributors Scheme.

## 7. Employee Entitlements

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Accrued Pay	231	213	415	
Annual Leave	357	337	1,440	
Long Service Leave	-	3	160	
Retirement Leave	78	67	352	
Sick Leave	-	-	71	
<b>Total Employee Provisions</b>	<b>665</b>	<b>620</b>	<b>2,440</b>	
<b>Made up of:</b>				
Current Portion of Employee Provisions	587	549	1,939	
Term Portion of Employee Provisions	78	73	501	
<b>Total Employee Provisions</b>	<b>665</b>	<b>620</b>	<b>2,440</b>	

### Employee Provisions – Movements

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Opening Balance</b>	<b>626</b>	<b>665</b>	<b>2,651</b>	
Additional provision	344	358	94	
Amount used	(305)	(403)	(305)	
<b>Net Movement for the Year</b>	<b>39</b>	<b>(45)</b>	<b>(211)</b>	
<b>Closing Balance</b>	<b>665</b>	<b>620</b>	<b>2,440</b>	

## 8. Other Operating Expenses

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Audit fees for financial statement audit – current year	104	108	181	
Audit fees for financial statement audit – prior year	-	8	-	
Audit fees for Long Term Plan	-	-	-	
Impairment of receivables movement (see note 11)	(32)	19	(22)	
Impairment of property plant & equipment	-	-	256	
Donations	-	-	-	
Directors fees	-	-	138	
Rental and operating lease expenses	-	-	427	
Other operating expenses	16,128	14,701	26,296	
<b>Total Other Operating Expenses</b>	<b>16,200</b>	<b>14,835</b>	<b>27,275</b>	

## 9. Depreciation & Amortisation Expense by Group of Activities

	2012/13 Council \$000s	2013/14 Council \$000s
Building Communities and Leadership	4	4
Community and Recreation Facilities	1,915	1,904
District Promotion and Economic Development	6	5
Regulatory Services	89	89
Roading and Footpaths	7,812	7,257
Solid Waste Management	81	82
Stormwater	226	216
Wastewater	747	740
Water Supplies	949	1,003
<b>Total</b>	<b>11,828</b>	<b>11,300</b>

This note is disclosed to be compliant with Schedule 10 of the Local Government Act 2010.

## 10. Taxation

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Income Tax Expense</b>				
<b>Components of Tax Expense</b>				
Current tax expense	-	-	-	
Adjustments to current tax in prior years	-	-	-	
Deferred liability	-	-	(771)	
<b>Total Income Tax Expense</b>	-	-	<b>(771)</b>	
<b>Relationship between Tax and Accounting Profit</b>				
Operating surplus/(deficit) before income tax	(196)	(2,078)	(3,209)	
Prima facie tax @ 28%	(55)	(582)	(899)	
Timing difference	-	-	-	
Tax effect of permanent differences:				
Non-deductible expenditure	55	582	128	
Group loss offset	-	-	-	
Deferred tax adjustment	-	-	-	
Recognition of tax effect of losses: Net additional/or (use) of losses	-	-	-	
Imputation credits attached to dividends received	-	-	-	
Income tax over provided in prior year	-	-	-	
<b>Total Income Tax Expense</b>	-	-	<b>(771)</b>	

### Consolidated Deferred Tax Assets/(Liabilities)

	Forestry Assets	Tax Losses	Property, Plant & Equipment	Intan- gibles	Employee Benefits	Retentions	Provisions	Other Provisions	Total
Balance 30 June 2012	(125)	207	(2,206)	-	509	(167)	17	78	(1,688)
Charged to profit & loss	(30)	275	532	-	(51)	69	-	(25)	770
Charged to equity	-	-	(75)	-	-	-	-	-	(75)
<b>Balance 30 June 2013</b>	<b>(155)</b>	<b>483</b>	<b>(1,749)</b>	<b>-</b>	<b>458</b>	<b>(99)</b>	<b>17</b>	<b>53</b>	<b>(993)</b>
Charged to profit & loss									
Charged to equity									
<b>Balance 30 June 2014</b>									

Council and its subsidiaries qualify as a group of companies for tax purposes and transfer of losses:

	2012/13 \$000s Losses	2013/14 \$000s Losses	2012/13 \$000s Tax Effect	2013/14 \$000s Tax Effect
Subvention Payment (subsidiaries pay Council: taxable revenue in Council; expense in subsidiaries)	-		-	
Loss Offset (Losses transferred to subsidiaries from Council)	-		-	
	-		-	

Council has not recognised a deferred tax asset in relation to tax losses of \$956,826 in 2012/13.

### Imputation Credit Account

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Closing Balance End of Year	-	-	1,961	

## 11. Debtors and Other Receivables

(Amounts include GST)	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Rates receivables	1,556	1,651	1,556	
Related party receivables	39	-	-	
Community loans	-	-	-	
Sundry debtors	1,253	594	3,727	
Sundry debtors - NZ Transport Agency: Roding Subsidies	1,666	1,137	1,666	
Interest accrued	34	47	34	
Prepayments	137	125	261	
Loans to related parties	-	-	-	
Contract work in progress	-	-	980	
Other receivables	381	450	381	
	<b>5,066</b>	<b>4,005</b>	<b>8,605</b>	
Less provision for impairment of receivables	(139)	(158)	(187)	
<b>Current Portion</b>	<b>4,927</b>	<b>3,847</b>	<b>8,418</b>	
<b>Non-Current Portion</b>				
Loans to related parties	-	-	-	
Prepayments	9	27	9	
Community loans	-	-	-	
<b>Non-Current Portion</b>	<b>9</b>	<b>27</b>	<b>9</b>	
<b>Total Trade And Other Receivables</b>	<b>4,936</b>	<b>3,875</b>	<b>8,427</b>	



The rates receivable are as follows for assessed impairment, net collectable and debtor aging:

(Amounts include GST)	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Total rates receivable	1,556	1,651	1,556	
Less assessed impairment	(86)	(86)	(86)	
<b>Net assessed as collectible after rating sales &amp; expected collection</b>	<b>1,470</b>	<b>1,565</b>	<b>1,470</b>	
<b>Collectible split for rating years as:</b>				
>12 months	594	674	594	
<12 months	876	891	876	
<b>Carrying amount</b>	<b>1,470</b>	<b>1,565</b>	<b>1,470</b>	

The trade and receivables excluding rates receivable are as follows for assessed impairment, net collectable and debtor aging:

(Amounts include GST)	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Current	1,603	1,755	4,820	
1 Month	1,731	442	1,849	
2 Months	112	-	221	
Over 2 Months	20	23	67	
	<b>3,466</b>	<b>2,310</b>	<b>6,957</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 if receivables that are past due, but not impaired, whose terms have been renegotiated is \$NIL (2013: \$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 (2013: \$86,000).

The status of receivables as at 30 June 2014 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 Rooding. 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 (2013: \$NIL).
- The carrying value of trade and other receivables (excluding loans to related parties) approximates their fair value. As of 30 June 2014, 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

In 2013, Infracon Limited (in Liquidation) had outstanding trade receivables of \$3,302,059 aged less than 90 days. Those 90 days and over were \$75,676. Those aged 90 days and over were impaired by \$48,519. Total impairment for 2013 was \$48,519).

Those specific debtors that are insolvent are fully provided for. As at 30 June 2013, Infracon Limited (in Liquidation) had identified two debtors that were insolvent, totalling \$10,990.

Movements in the provision for impairment of receivables for Council and Group are as follows:

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
At 1 July	171	139	210	
Additional/(Reduction in) provisions made during the year	(32)	19	(22)	
Less Receivables written off during period	-	-	(1)	
<b>At 30 June</b>	<b>139</b>	<b>158</b>	<b>187</b>	

## 12. Forestry Assets

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Balance at 1 July	-	203	951	
Increases due to purchases	203	-	-	
Transfer of forest to Council	-	1,237	-	
Gains/Losses arising from changes in fair value - less estimated sale costs	-	(171)	157	
Decreases due to sales	-	-	-	
Decrease due to harvest	-	-	(97)	
<b>Balance at 30 June</b>	<b>203</b>	<b>1,269</b>	<b>1,205</b>	

### Council

Council owns 374.5 hectares of pinus radiata forest and 6 hectares of cypress/native (380.5 hectares of forest) at year end (2013: 412.6 hectares – Council and Taranaki Forests Limited). The trees are at varying stages of maturity ranging from 0–30 years.

During the 2013/14 year, Council harvested 36.7 hectares of forest at Birch North.

Registered valuer, P F Olsen, has valued forestry assets as at 30 June 2014. A post-tax discount rate of 7% was used to discount the present value of expected cash flows.

### Financial Risk Management Strategies

Council is exposed to financial risks arising from changes in timber prices. Council 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.

## 13. Inventory and Livestock

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Held for distribution inventory</b>				
Rural fire consumables	4	30	4	
Fuel & Oil	-	-	247	
Paper Stock	28	27	28	
i-SITE stock	4	3	4	
<b>Commercial inventory</b>				
Livestock	4	4	4	
Material Stocks	35	28	1,320	
<b>Total Inventory and Livestock</b>	<b>76</b>	<b>93</b>	<b>1,608</b>	

No inventories were pledged as security for liabilities nor are any inventories subject to retention of title clause.

## 14. Other Financial Assets

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Current Portion</b>				
Short term deposits greater than 3 months but less than 12 months	3,882	3,124	3,882	
<b>Total Current Portion</b>	<b>3,882</b>	<b>3,124</b>	<b>3,882</b>	
<b>Non-current Portion</b>				
Term deposits greater than 12 months	-	-	-	
Local Government Funding Agency borrower notes	-	112	-	
Shares - subsidiaries	4,974	-	-	
Tararua Aquatic Community Trust settled by Council (Initial \$500 capital)	1	1	-	
Loan to Bush Multisport Trust	35	26	35	
New Zealand Local Government Insurance Corporation Limited	118	118	118	
MW LASS shares	1	1	1	
<b>Total Non-Current Portion</b>	<b>5,128</b>	<b>257</b>	<b>154</b>	
<b>Total Investments</b>	<b>9,010</b>	<b>3,381</b>	<b>4,035</b>	

### Term Deposits

The carrying amount of term deposits approximates their fair value.

### Tararua Forests Limited

Tararua Forests Limited was liquidated as at 1 July 2013 by way of a special resolution by Council. All functions and operations of Tararua Forests Limited have been transferred to, and are carried out, by Council. All assets and liabilities of Tararua Forests Limited have been transferred to Council at their carrying book value.



## Infracon Limited (in Liquidation)

Infracon Limited was placed into liquidation on 25 August 2014.

Council's investment in Infracon Limited (in Liquidation) has been fully impaired as at 30 June 2014.

## Loan to Bush Multisport Trust

This is a loan to Bush Multisport Trust, from April 2011, with an interest rate of 6%. Fair value of the loan equals the face value.

## Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

## 15. 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 property, as it will provide no future use to the Council. The completion date of the sale was extended to 2013/14, however, conditional offer did not proceed due to conditions of sale not being met. Council is still marketing this with its real estate agent.

Non-current assets held for sale	2012/13	2013/14
Buildings	293	278
Land	82	82
<b>Total Non-Current Assets Held for Sale</b>	<b>375</b>	<b>360</b>

## 16. Investment Property

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Balance at 1 July	1,782	1,713	1,351	
Additions from reclassification	-	-	-	
Disposals	-	-	-	
Fair value gains/(losses) on valuation	(69)	(18)	(69)	
<b>Balance at 30 June</b>	<b>1,713</b>	<b>1,696</b>	<b>1,285</b>	
Rental Income	101	103	26	
Direct Operating Expenses	(32)	(28)	(22)	
<b>Surplus/(Deficit)</b>	<b>73</b>	<b>75</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 Simon O'Brien of Aon New Zealand.

Some of these properties are leased to Infracon Limited (in Liquidation) and are treated as Property, Plant & Equipment Operational on consolidation.

## 17. 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 2014 the loans repayable to tenants totalled \$675,075 (2013: \$675,075).

## 18. 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 Valuer, Ian Henderson at Aon New Zealand, using optimised depreciated replacement cost. The valuation is effective as at 30 June 2014.

The total fair value valued by Council and reviewed by Aon New Zealand was \$830,956,306. 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, Simon O'Brien of Aon New Zealand. The valuation is effective as at 30 June 2014.

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 Aon New Zealand was \$9,271,800.

##### 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 Aon New Zealand was \$25,576,620.



## Disposal

The net loss on disposal of property, plant and equipment of \$710,000 has been recognised in the statement of comprehensive income in the line item "Other asset gains/losses" and disclosed in Note 5.

## Additions

Additions for the year totalled \$15,357,000. These consisted of \$14,495,000 of constructed assets and \$862,100 of transferred assets from the liquidation of Tararua Forests Limited.

## Infracon Limited (in Liquidation) Valuations

### Revaluation of Land and Buildings

The most recent valuation by Infracon Limited (in Liquidation) 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 \$2,087,200 and this was effective at 30 June 2013.

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 (in Liquidation) 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 \$10,966,108. The effective date of the revaluation was 30 June 2013.

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 2014

	Cost or Valuation Opening Bal 1 July 2013 \$000s	Accumulated Depreciation Opening Bal 1 July 2013 \$000s	Carrying Amount Opening Bal 1 July 2013 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Operational Assets</b>					
<b>At Valuation</b>					
Buildings	16,631	(1,213)	15,418	697	-
Land	8,728		8,728	755	(33)
Heritage	2,232	(123)	2,109	-	-
<b>At Cost</b>					
Computer Equipment	1,604	(1,295)	308	101	-
Fibre Cabling & Conduits	1,051	(175)	876	-	-
Furniture and Fittings	648	(576)	72	54	-
Library Collections	1,287	(1,011)	277	92	-
Motor Vehicles	1,476	(618)	858	241	(17)
Plant and Machinery	1,937	(1,029)	908	233	-
Swimming Pools	458	(152)	306	15	-
Work in Progress	90	-	90	84	-
<b>Total Operational Assets</b>	<b>36,141</b>	<b>(6,192)</b>	<b>29,949</b>	<b>2,272</b>	<b>(50)</b>



Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales	Revaluation Movements	Adjustments* (Allocate WIP) (Re-Class Assets)	Cost or Valuation 30 June 2014	Accum. Depn & Impairment Closing Bal 30 June 2014	Carrying Amount Closing Bal 30 June 2014
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
-	(1,237)	-	4,885	-	19,763	-	19,763
-	-	-	(175)	-	9,274	-	9,274
-	(153)	-	(139)	-	1,817	-	1,817
-	(156)	-	-	-	1,705	(1,452)	253
-	(36)	-	-	-	1,051	(211)	840
-	(11)	-	-	-	702	(587)	115
-	(79)	-	-	-	1,379	(1,089)	290
-	(163)	17	-	-	1,700	(764)	936
-	(184)	-	-	-	2,170	(1,213)	957
-	(18)	-	-	-	473	(170)	303
-	-	-	-	(35)	139	-	139
-	<b>(2,038)</b>	<b>17</b>	<b>4,571</b>	<b>(35)</b>	<b>40,174</b>	<b>(5,487)</b>	<b>34,687</b>



	Cost or Valuation Opening Bal 1 July 2013 \$000s	Accumulated Depreciation Opening Bal 1 July 2013 \$000s	Carrying Amount Opening Bal 1 July 2013 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Infrastructure Assets</b>					
<b>At Valuation</b>					
Roading Network	666,236	-	666,236	5,063	-
Roading Bridges and Culverts	56,112	-	56,112	206	-
Roading Land	24,156	-	24,156	-	-
Forestry Roads	-	-	-	252	-
Wastewater Treatment Plants and Facilities	8,315	-	8,315	73	(262)
Wastewater Network & Other Assets	15,758	-	15,758	246	(27)
Stormwater Systems	11,444	-	11,444	-	-
Street-lighting	1,034	-	1,034	16	-
Waste Management	1,088	(875)	212	-	-
Water Supply Treatment Plants and Facilities	6,200	-	6,200	3,227	(333)
Water Supply Network & Other Assets	32,981	-	32,981	435	(24)
<b>At Cost</b>					
Work in Progress	6,170	-	6,170	3,567	-
<b>Total Infrastructure Assets</b>	<b>829,494</b>	<b>(875)</b>	<b>828,617</b>	<b>13,085</b>	<b>(646)</b>
<b>Restricted Assets</b>					
<b>At Valuation</b>					
Cemetery Reserves	1,466	-	1,466	-	-
Parks and Reserves	1,919	-	1,919	-	-
Roading Reserves	597	-	597	-	-
Sundry Reserves	403	-	403	-	-
War Memorials	293	-	293	-	-
<b>Total Restricted Assets</b>	<b>4,678</b>	<b>-</b>	<b>4,678</b>	<b>-</b>	<b>-</b>
<b>Total Council Assets</b>	<b>870,312</b>	<b>(7,068)</b>	<b>863,244</b>	<b>15,357</b>	<b>(696)</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.





Current Year Impairment Changes \$000s	Current Year Depreciation \$000s	Reverse Accum. Depn on Sales \$000s	Revaluation Movements \$000s	Adjustments* (Allocate WIP) (Re-Class Assets) \$000s	Cost or Valuation 30 June 2014 \$000s	Accum. Depn & Impairment Closing Bal 30 June 2014 \$000s	Carrying Amount Closing Bal 30 June 2014 \$000s
-	(5,639)	-	4,822	-	670,482	-	670,482
-	(1,430)	-	1,662	-	56,550	-	56,550
-	-	-	-	239	24,395	-	24,395
-	-	-	-	-	252	-	252
-	(308)	-	388	-	8,206	-	8,206
-	(411)	-	(847)	-	14,719	-	14,719
-	(220)	-	344	-	11,568	-	11,568
-	(62)	-	73	-	1,061	-	1,061
-	(33)	-	-	-	1,088	(909)	178
-	(286)	-	1,193	-	10,001	-	10,001
-	(707)	-	566	-	33,251	-	33,251
-	-	-	-	(3,587)	6,150	-	6,150
-	<b>(9,096)</b>	-	<b>8,201</b>	<b>(3,348)</b>	<b>837,723</b>	<b>(909)</b>	<b>836,813</b>
-	-	-	85	-	1,551	-	1,551
-	-	-	54	-	1,973	-	1,973
-	-	-	48	-	646	-	646
-	-	-	(38)	-	365	-	365
-	-	-	(112)	-	181	-	181
-	-	-	<b>37</b>	-	<b>4,715</b>	-	<b>4,715</b>
-	<b>(11,134)</b>	<b>17</b>	<b>12,809</b>	<b>(3,383)</b>	<b>882,611</b>	<b>(6,396)</b>	<b>876,215</b>
	(166)						
	<b>(11,300)</b>						



## Insurance of Assets

Asset Type	Note	Total Book Value of Council Assets	Total Gross Replacement Value of Council Assets	Total Value of Assets Covered by Insurance Contracts	Total Value of Assets Covered by Financial Risk Sharing Arrangements	Total Value of Assets Self-Insured	Reserve Fund Total
Motor Vehicles	3	936,000	1,700,428	1,242,000	-	-	458,428
Buildings and Other Operational Assets		25,412,200	25,412,200	59,299,700	-	-	-
Road and Footpath Assets	1	728,093,000	901,042,000	-	742,153,910	174,085,485	2,094,000
Wastewater Network	2	22,925,000	49,980,925	18,099,477	29,988,555	1,845,911	46,982
Stormwater Network	2	11,568,000	18,144,126	6,940,154	10,886,476	304,192	13,304
Water Supply Network	2	43,252,000	76,081,923	22,500,726	45,649,154	7,876,329	55,714
<b>Total</b>		<b>832,186,200</b>	<b>1,072,361,602</b>	<b>108,082,058</b>	<b>828,678,095</b>	<b>184,111,917</b>	<b>2,668,428</b>

Council has disclosed the gross replacement cost above for infrastructure assets as this is the maximum loss that could occur in a disaster.

1. Council received 81% subsidy from NZ Transport Agency for flood damage work and average 61% for operational and renewal expenditure in 2013-14. These percentages have been used for calculating the financial risk sharing portion. Council also maintains a special fund for the sole purpose of funding emergency roading works from a natural disaster.
2. Council fully insured its utility assets. As at 30 June 2014 some assets were underinsured due to a change in valuation and due to above-ground infrastructure assets not included in the material damage schedule. This has since been rectified.
3. The gross replacement cost of motor vehicles is the total cost of new vehicles. Insurance will only cover the market value of our current motor vehicle fleet. In the event of total loss, Council will fund the difference from depreciation reserves.

## Consolidated 2014

	Cost or Valuation Opening Bal 1 July 2013 \$000s	Accumulated Depreciation Opening Bal 1 July 2013 \$000s	Carrying Amount Opening Bal 1 July 2013 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Operational Assets</b>					
<b>At Valuation</b>					
Buildings	17,920	(1,213)	16,707		
Heritage	2,250	(153)	2,097		
Land	10,576	-	10,576		
Motor Vehicles	4,004	-	4,004		
Plant and Machinery	6,962	-	6,962		
<b>At Cost</b>					
Buildings	1,536	(413)	1,123		
Computer Equipment	2,438	(2,100)	338		
Fibre Cabling & Conduits	1,051	(175)	876		
Furniture and Fittings	759	(653)	107		
Library Collections	1,287	(1,011)	277		
Motor Vehicles	1,476	(618)	858		



Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluations	Revaluation Movements	Adjustments <sup>#</sup> (Allocate WIP (Re-Class Assets)	Cost or Valuation 30 June 2014	Accum. Depn & Impairment Closing Bal 30 June 2014	Carrying Amount Closing Bal 30 June 2014
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s



	Cost or Valuation Opening Bal 1 July 2013 \$000s	Accumulated Depreciation Opening Bal 1 July 2013 \$000s	Carrying Amount Opening Bal 1 July 2013 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
Plant and Machinery	5,146	(3,212)	1,934		
Swimming Pools	458	(152)	306		
Work in Progress	90	-	90		
<b>Total Operational Assets</b>	<b>55,952</b>	<b>(9,699)</b>	<b>46,253</b>		
<b>Total Restricted Assets</b>	<b>4,678</b>	<b>-</b>	<b>4,678</b>		
<b>Total Infrastructural Assets</b>	<b>829,494</b>	<b>(875)</b>	<b>828,617</b>		
<b>Total Consolidated Assets</b>	<b>890,123</b>	<b>(10,574)</b>	<b>879,548</b>		
Plus Intangible Amortisation					
<b>Total Consolidated Depreciation and Amortisation</b>					

## Council 2013

	Cost or Valuation Opening Bal 1 July 2012 \$000s	Accumulated Depreciation Opening Bal 1 July 2012 \$000s	Carrying Amount Opening Bal 1 July 2012 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Operational Assets</b>					
<b>At Valuation</b>					
Buildings	16,765	-	16,765	269	-
Land	8,701	-	8,701	35	(8)
Heritage	2,223	-	2,223	12	-
<b>At Cost</b>					
Computer Equipment	1,503	(1,149)	354	102	-
Fibre Cabling & Conduits	1,051	(136)	915	-	-
Furniture and Fittings	641	(565)	76	7	-
Library Collections <sup>†</sup>	1,200	(900)	300	87	-
Motor Vehicles	1,410	(569)	841	226	(160)
Plant and Machinery	1,744	(863)	881	194	(1)
Swimming Pools	418	(135)	283	40	-
Work in Progress	107	-	107	87	-
<b>Total Operational Assets</b>	<b>35,762</b>	<b>(4,316)</b>	<b>31,445</b>	<b>1,058</b>	<b>(169)</b>



	Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluation	Revaluation Movements	Adjustments* (Allocate WIP (Re-Class Assets)	Cost or Valuation 30 June 2013	Accum. Depn & Impairment Closing Bal 30 June 2013	Carrying Amount Closing Bal 30 June 2013
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	(403)	(1,276)	63	-	-	16,631	(1,213)	15,418
	-	-	-	-	-	8,728		8,728
	-	(153)	-	27	-	2,232	(123)	2,109
	-	(147)	-	-	-	1,604	(1,295)	308
	-	(38)	-	-	-	1,051	(175)	876
	-	(11)	-	-	-	648	(576)	72
	-	(111)	-	-	-	1,287	(1,011)	277
	-	(165)	116	-	-	1,476	(618)	858
	-	(167)	1	-	-	1,937	(1,029)	908
	-	(17)	-	-	-	458	(152)	306
	-	-	-	-	(104)	90	-	90
	(403)	(2,086)	180	27	(104)	36,141	(6,192)	29,949

	Cost or Valuation Opening Bal 1 July 2012 \$000s	Accumulated Depreciation Opening Bal 1 July 2012 \$000s	Carrying Amount Opening Bal 1 July 2012 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Infrastructure Assets</b>					
<b>At Valuation</b>					
Roading Network	672,064	-	672,064	6,413	-
Roading Bridges and Culverts	56,725	-	56,725	215	-
Roading Land	24,156	-	24,156	-	-
Wastewater Treatment Plants and Facilities	8,717	-	8,717	21	(3)
Wastewater Network and Other Assets	15,195	-	15,195	303	(21)
Stormwater Systems	11,664	-	11,664	440	(105)
Street-lighting	1,058	-	1,058	9	-
Waste Management	1,088	(842)	246	-	-
Water Supply Treatment Plants and Facilities	33,687	-	33,687	342	(145)
Water Supply Network and Other Assets	4,750	-	4,750	1,423	(3)
<b>At Cost</b>					
Work in Progress	3,899	-	3,899	4,237	-
<b>Total Infrastructure Assets</b>	<b>833,002</b>	<b>(842)</b>	<b>832,160</b>	<b>13,403</b>	<b>(278)</b>
<b>Restricted Assets</b>					
<b>At Valuation</b>					
Cemetery Reserves	1,466	-	1,466	-	-
Parks and Reserves	1,919	-	1,919	-	-
Roading Reserves	597	-	597	-	-
Sundry Reserves	403	-	403	-	-
War Memorials	293	-	293	-	-
<b>Total Restricted Assets</b>	<b>4,678</b>	<b>-</b>	<b>4,678</b>	<b>-</b>	<b>-</b>
<b>Total Council Assets</b>	<b>873,442</b>	<b>(5,158)</b>	<b>868,283</b>	<b>14,461</b>	<b>(447)</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 Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluation	Revaluation Movements	Adjustments* (Allocate WIP) (Re-Class Assets)	Cost or Valuation 30 June 2013	Accum. Depn & Impairment Closing Bal 30 June 2013	Carrying Amount Closing Bal 30 June 2013
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
-	(6,190)	-	(6,051)	-	666,236	-	666,236
-	(1,433)	-	605	-	56,112	-	56,112
-	-	-	-	-	24,156	-	24,156
-	(335)	1	(86)	-	8,315	-	8,315
-	(394)	-	675	-	15,758	-	15,758
-	(226)	3	(329)	-	11,444	-	11,444
-	(62)	-	29	-	1,034	-	1,034
-	(33)	-	-	-	1,088	(875)	212
-	(722)	5	(181)	-	32,981	-	32,981
-	(218)	-	246	-	6,200	-	6,200
-	-	-	-	(1,966)	6,170	-	6,170
-	<b>(9,612)</b>	<b>9</b>	<b>(5,088)</b>	<b>(1,966)</b>	<b>829,494</b>	<b>(875)</b>	<b>828,617</b>
-	-	-	-	-	1,466	-	1,466
-	-	-	-	-	1,919	-	1,919
-	-	-	-	-	597	-	597
-	-	-	-	-	403	-	403
-	-	-	-	-	293	-	293
-	-	-	-	-	<b>4,678</b>	-	<b>4,678</b>
<b>(403)</b>	<b>(11,700)</b>	<b>189</b>	<b>(5,061)</b>	<b>(2,070)</b>	<b>870,312</b>	<b>(7,068)</b>	<b>863,244</b>
	(128)						
	<b>(11,828)</b>						



## Consolidated 2013

	Cost or Valuation Opening Bal 1 July 2012 \$000s	Accumulated Depreciation Opening Bal 1 July 2012 \$000s	Carrying Amount Opening Bal 1 July 2012 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
<b>Operational Assets</b>					
<b>At Valuation</b>					
Buildings	18,045	(43)	18,002	269	-
Heritage	2,223	-	2,223	-	-
Land	10,602	-	10,602	35	(8)
Motor Vehicles	5,296	(1,028)	4,268	274	(289)
Plant and Machinery	10,152	(1,040)	9,112	282	(1,141)
<b>At Cost</b>					
Buildings	1,500	(373)	1,126	24	-
Computer Equipment	2,311	(1,927)	384	126	-
Fibre Cabling & Conduits	1,051	(136)	915	-	-
Furniture and Fittings	737	(631)	106	22	-
Library Collections	1,200	(900)	300	87	-
Motor Vehicles	1,410	(569)	841	226	(160)
Plant and Machinery	4,643	(2,719)	1,924	529	(26)
Swimming Pools	418	(135)	283	40	-
Work in Progress	107	-	107	87	-
<b>Total Operational Assets</b>	<b>59,694</b>	<b>(9,501)</b>	<b>50,193</b>	<b>2,001</b>	<b>(1,625)</b>
<b>Total Restricted Assets</b>	<b>4,678</b>	<b>(1)</b>	<b>4,678</b>	<b>-</b>	<b>-</b>
<b>Total Infrastructural Assets</b>	<b>833,002</b>	<b>(842)</b>	<b>832,160</b>	<b>13,403</b>	<b>(278)</b>
<b>Total Consolidated Assets</b>	<b>897,374</b>	<b>(10,344)</b>	<b>887,030</b>	<b>15,404</b>	<b>(1,903)</b>
Plus Intangible Amortisation					
<b>Total Consolidated Depreciation and Amortisation</b>					





Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluations	Revaluation Movements	Adjustments <sup>#</sup> (Allocate WIP) (Re-Class Assets)	Cost or Valuation 30 June 2013	Accum. Depn & Impairment Closing Bal 30 June 2013	Carrying Amount Closing Bal 30 June 2013
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
(403)	(1,319)	149	96	-	17,920	(1,213)	16,707
-	(153)	-	27	-	2,250	(153)	2,097
-	-	-	(53)	-	10,576	-	10,576
-	(739)	1,767	490	-	4,004	-	4,004
-	(1,013)	2,052	(279)	-	6,962	-	6,962
-	(39)	-	-	12	1,536	(413)	1,123
-	(173)	-	-	-	2,438	(2,100)	338
-	(38)	-	-	-	1,051	(175)	876
-	(22)	-	-	-	759	(653)	107
-	(111)	-	-	-	1,287	(1,011)	277
-	(165)	116	-	-	1,476	(618)	858
(40)	(454)	1	-	-	5,146	(3,212)	1,934
-	(17)	-	-	-	458	(152)	306
-	-	-	-	(104)	90	-	90
<b>(443)</b>	<b>(4,243)</b>	<b>4,086</b>	<b>281</b>	<b>(92)</b>	<b>55,952</b>	<b>(9,699)</b>	<b>46,253</b>
-	-	-	-	-	<b>4,678</b>	-	<b>4,678</b>
<b>0</b>	<b>(9,612)</b>	<b>9</b>	<b>(5,088)</b>	<b>(1,966)</b>	<b>829,494</b>	<b>(875)</b>	<b>828,617</b>
<b>(443)</b>	<b>(14,087)</b>	<b>4,095</b>	<b>(4,807)</b>	<b>(2,058)</b>	<b>890,123</b>	<b>(10,574)</b>	<b>879,548</b>
	(231)						
	<b>(14,088)</b>						



## 19. Intangible Assets

### Intangibles on Easements

	Cost \$000	Accumulated amortisation impairment expense \$000	Opening carrying amount \$000	Additions \$000	Disposals/ transfers \$000	Amortisation impairment expense \$000	Closing balance \$000
<b>Council</b>							
<b>2013/14</b>							
Computer software	1,431	(781)	649	176	-	(166)	659
Library e-books	-	-	-	7	-	-	7
Intangible WIP	69	-	69	14	(67)	-	16
Easement rights	4	-	4	8	-	-	12
<b>Total</b>	<b>1,504</b>	<b>(781)</b>	<b>722</b>	<b>205</b>	<b>(67)</b>	<b>(166)</b>	<b>694</b>
<b>2012/13</b>							
Computer software	1,219	(653)	566	212	-	(128)	649
Intangible WIP	84	-	84	2	(17)	-	69
Easement rights	-	-	-	4	-	-	4
<b>Total</b>	<b>1,303</b>	<b>(653)</b>	<b>650</b>	<b>218</b>	<b>(17)</b>	<b>(128)</b>	<b>722</b>
<b>Consolidated</b>							
<b>2013/14</b>							
Computer software	2,070	(1,415)	655	-	-	-	-
Intangible WIP	86	(17)	69	-	-	-	-
Resource Consent / Easements	743	(437)	307	-	-	-	-
<b>Total</b>	<b>2,899</b>	<b>(1,869)</b>	<b>1,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2012/13</b>							
Computer software	1,869	(1,016)	839	215	-	(399)	655
Intangible WIP	84	-	84	2	-	(17)	69
Resource consent / easements	659	(389)	270	84	-	(48)	307
<b>Total</b>	<b>2,607</b>	<b>(1,415)</b>	<b>1,193</b>	<b>302</b>	<b>-</b>	<b>(464)</b>	<b>1,030</b>

Easements have not been valued as the total estimated value (number of easements 20 @ \$1000) of \$20,000 is not material.

## 20. Creditors and Other Payables

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Trade payables	908	1,795	3,745	
Amounts payable to related parties including their retentions (note 29)	1,246	1,306	-	
Revenue in advance from customers	249	144	266	
Interest Accrued	6	33	6	
Amounts payable to contractors as retentions	296	189	296	
Other payables	-	-	-	
<b>Total Trade and Other Payables</b>	<b>2,705</b>	<b>3,466</b>	<b>4,313</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.

## 21. 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 5.51% (2013: 5.58%).

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Non-Current</b>				
<b>Landfill Aftercare Provision</b>				
Opening balance	645	648	645	
Additional provisions during the year	-	78	-	
Amounts used during the year	(43)	(25)	(43)	
Unused amounts reversed during the year	-	-	-	
Discount unwinding	46	(15)	46	
<b>Closing Balance</b>	<b>648</b>	<b>686</b>	<b>648</b>	

	Opening Date	Closure Date	After Care Until	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Woodville Landfill	1960	1997	2027	38	43	38	
Pahiatua Landfill	1973	2012	2042	122	193	122	
Ormondville Landfill	1963	2000	2030	45	50	45	
Eketahuna Landfill	1971	2018	2048	197	172	197	
Pongaroa Landfill	1973	2021	2051	178	158	178	
Dannevirke Landfill	1973	2012	2042	68	71	68	
<b>Total Landfill Liability</b>				<b>648</b>	<b>686</b>	<b>648</b>	

	2012/13 Council \$000s	Discount Unwinding \$000s	Change in Provisions \$000s	Amount Used \$000s	2013/14 Balance \$000s
Woodville Landfill	38	(2)	10	(3)	43
Pahiatua Landfill	122	(7)	81	(3)	193
Ormondville Landfill	45	(2)	11	(3)	50
Eketahuna Landfill	198	-	(22)	(4)	172
Pongaroa Landfill	178	-	(15)	(7)	158
Dannevirke Landfill	67	(4)	13	(5)	71
<b>Total Landfill Liability</b>	<b>648</b>	<b>(15)</b>	<b>78</b>	<b>(24)</b>	<b>686</b>

## 22. Provision – Site Restoration

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Balance at 1 July	-	-	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>	

## 23. Borrowings

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Current</b>				
Bank Overdraft	-	-	-	-
Secured Loans	10,000	6,000	10,000	-
<b>Total Current Borrowings</b>	<b>10,000</b>	<b>6,000</b>	<b>10,000</b>	
<b>Non-Current</b>				
Derivative Financial Instruments	231	87	231	-
Secured Loans	-	5,000	1,000	-
<b>Total Non-Current Borrowings</b>	<b>231</b>	<b>5,087</b>	<b>1,231</b>	
<b>Total Borrowings</b>	<b>10,231</b>	<b>11,087</b>	<b>11,231</b>	

### Fixed-Rate Borrowings

	Maturity Date	Interest Rate 2012/13	Interest Rate 2013/14	Actual 2012/13	Actual 2013/14
<b>Current</b>					
Capped Ranged Rate Term Loan	16 July 2012	-	-	-	-
Capped Ranged Rate Term Loan	31 March 2014	5.84%	-	5,000	-
Multi-Option Credit Facility	31 July 2014	3.79%	4.58%	5,000	4,000
LGFA Bond Issue	15 April 2015	-	3.85%	-	2,000
<b>Total Current Borrowings</b>				<b>10,000</b>	<b>6,000</b>
<b>Non-Current</b>					
LGFA Bond Issue	15 December 2017	-	4.27%	-	2,000
LGFA Bond Issue	15 March 2019	-	4.50%	-	1,000
LGFA Bond Issue	15 May 2021	-	4.40%	-	2,000
<b>Total Non-Current Borrowings</b>				<b>-</b>	<b>5,000</b>
<b>Total Borrowings</b>				<b>10,000</b>	<b>11,000</b>

### Secured Loans

The Council's secured debt of \$11 million (2013: \$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 (2013: \$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. As at year end, the amount drawn down was \$NIL (2013: \$NIL)

Council term loans are secured by special rates over the rateable land value of the Taranaki district.

	2012/13 \$000s	2013/14 \$000s
<b>Other borrowing facilities and amount drawn down as at 30 June 2014</b>		
Committed cash advance facility – standby disaster relief facility		
- Limit	5,000	-
- Drawn down	-	-
Multi-Option Credit Line Facility		
- Limit	5,000	5,000
- Drawn down	-	4,000
Overdraft facility (\$500,000 approved but only \$200,000 limited loaded)		
- Limit	300	500
- Drawn down	-	-
BNZ Business Visa		
- Limit	50	50
- Drawn down	29	7
<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 Treasury and Risk Management Policy, which includes the Liability Management Policy adopted as part of Council's Long Term Plan.

## Infracon Limited (in Liquidation)

### 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-Mangahao Road Pahiatua and Master Instrument by Way of Security over the specific assets listed on the Credit Plus Facility Asset Schedule.

### Bank Overdraft

The interest rate on the bank overdraft, as at 2013, is 11.2% per annum.

The bank overdraft facility drawn down, as at 2013, was \$NIL.

### Credit Plus Facility

The Credit Plus Facility is a revolving credit facility. The available limit, as at 30 June 2013, was \$1,731,177. The Credit Plus Facility was not drawn on, as at 30 June 2013.



### Assets Pledged as Security

The 2013 carrying amounts of assets pledged as security for current and non-current liabilities are:

	\$
Land	1,039,000
Buildings	1,048,200
Property Plant & Equipment	11,903,068

The carrying amount of borrowings repayable within one year approximate their fair value.

### 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 Council	Secured Loans	Consolidated
<b>Expense Interest Rates 2014</b>			
Less than one year	-	6,000	
weighted average effective interest rate	-	4.34%	
Later than one year but not more than five years	-	5,000	
weighted average effective interest rate	-	4.37%	
Later than five years	-	-	
weighted average effective interest rate	-	-	
<b>Expense Interest Rates 2013</b>			
Less than one year	-	10,000	10,000
weighted average effective interest rate	-	4.81%	4.81%
Later than one year but not more than five years	-	-	1,000
weighted average effective interest rate	-	-	5.86%
Later than five years	-	-	-
weighted average effective interest rate	-	-	-



## Internal Borrowing

Group of Activities	Opening balance 1-Jul-2013	Adjustments*	New loans	Interest	Repayments including interest	Closing balance 30-Jun-2014
Community and Recreation Facilities	596	55	268	35	(122)	832
District	792	(1)	195	40	(88)	938
District Promotion	6	(6)	2	-	-	2
Regulatory Services	91	3	27	5	(12)	114
Roading	2,813	261	2	138	(392)	2,822
Solid Waste	2,533	3	114	117	(241)	2,526
Stormwater	1,711	(5)	117	79	(211)	1,691
Wastewater	5,106	755	1,072	288	(771)	6,451
Water Supplies	5,466	(349)	105	233	(519)	4,937
	<b>19,113</b>	<b>717</b>	<b>1,903</b>	<b>935</b>	<b>(2,355)</b>	<b>20,313</b>

\* The opening balance has been adjusted due to the following reasons:

1. The interest rate applied was previously a flat rate over the term of the loan, this has been corrected to reflect the actual interest rate for each individual year.
2. The loans were previously calculated as table mortgage loans. They are now calculated on a PMT basis.
3. Where a project has received a subsidy, the subsidy has been applied to the project and therefore its loan balance was decreased.



## 24. Equity

Summary of Equity Movements – a supplementary explanation to the Statement of Movements in Equity.

	Council Accum Funds 000s	Council Asset Rev. Res 000s	Council Special Funded Reserves 000s	Council Trusts 000s	Council Total Equity 000s	Consoli- dated Total Equity 000s
<b>2014</b>						
<b>Balance at 1 July</b>	<b>357,885</b>	<b>491,874</b>	<b>19,790</b>	<b>48</b>	<b>869,597</b>	
Net surplus/(deficit) for the year	(2,078)	-	-	-	(2,078)	
Less dividend declared	-	-	-	-	-	
Fair value through equity, valuation gains	-	-	-	-	-	
Increases/(decreases) from revaluation	-	13,046	-	-	13,046	
Tax on equity items	-	-	-	-	-	
<b>Change in Equity for the year before transfers of equity reserves</b>	<b>(2,078)</b>	<b>13,046</b>	<b>-</b>	<b>-</b>	<b>10,968</b>	
<b>Transfers between equity reserves:</b>						
Net Appropriation from Accum. Funds to Special Funds	(5,469)	-	5,469	-	-	
Net Appropriation to Accum. Funds from Trust Funds	(2)	-	-	2	-	
Net Transfers from Revaluation Reserves to Accum. Funds	27	(27)	-	-	-	
<b>Total Change in Equity for the Period</b>	<b>(7,523)</b>	<b>13,019</b>	<b>5,469</b>	<b>2</b>	<b>10,968</b>	
<b>Closing Equity at 30 June 2014</b>						
Parent Financial Interest	350,362	504,895	25,260	50	880,568	
Minority Interest	-	-	-	-	-	
<b>Balance at 30 June</b>	<b>350,362</b>	<b>504,895</b>	<b>25,260</b>	<b>50</b>	<b>880,568</b>	
<b>2013</b>						
<b>Balance at 1 July</b>	<b>361,994</b>	<b>497,255</b>	<b>15,891</b>	<b>52</b>	<b>875,192</b>	<b>890,252</b>
Net surplus/(deficit) for the year	(196)	-	-	-	(196)	(2,438)
Less dividend declared	-	-	-	-	-	(107)
Fair value through equity, valuation gains	(9)	-	-	-	(9)	(9)
Increases/(decreases) from revaluation	-	(5,388)	-	-	(5,388)	(5,131)
Tax on equity items	-	-	-	-	-	(75)
<b>Change in Equity for the year before transfers of equity reserves</b>	<b>(205)</b>	<b>(5,388)</b>	<b>-</b>	<b>-</b>	<b>(5,593)</b>	<b>(7,760)</b>
<b>Transfers between equity reserves:</b>						
Net Appropriation from Accum. Funds to Special Funds	(3,900)	-	3,900	-	-	-
Net Appropriation to Accum. Funds from Trust Funds	4	-	-	(4)	-	-
Net Transfers from Revaluation Reserves to Accum. Funds	(8)	8	-	-	-	-
<b>Total Change in Equity for the Period</b>	<b>(4,109)</b>	<b>(5,380)</b>	<b>3,899</b>	<b>(4)</b>	<b>(5,593)</b>	<b>(7,760)</b>
<b>Closing Equity at 30 June 2013</b>						
Parent Financial Interest	357,885	491,874	19,790	48	869,597	877,426
Minority Interest	-	-	-	-	-	5,066
<b>Balance at 30 June</b>	<b>357,885</b>	<b>491,874</b>	<b>19,790</b>	<b>48</b>	<b>869,597</b>	<b>882,492</b>

## 25. Revaluation Reserves

	Balance 1-Jul-13	Revaluation Deferred Tax	Revaluation Assets Changes	Disposals/ Value Adjust.	Balance 30-Jun-14
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Council Revaluation Reserves</b>					
<b>Fixed Assets Revaluation Reserves</b>					
Operational: Land	6,452	-	(176)	(27)	6,247
Operational: Buildings	10,632	-	4,855	-	15,484
Heritage Assets	219	-	(139)	-	80
Reserves: Cemetery	1,074	-	85	-	1,158
Reserves: Parks and Reserves	1,472	-	54	-	1,525
Reserves: Roothing	476	-	48	-	524
Reserves: Sundry	332	-	(38)	-	294
Reserves: War Memorials	227	-	(112)	-	115
Roothing Network	379,955	-	4,895	-	384,851
Roothing Land	4,288	-	239	-	4,527
Bridges and Culverts	30,959	-	1,692	-	32,651
Stormwater	8,178	-	345	-	8,522
Water Network	32,866	-	1,759	-	34,625
Sewerage	14,745	-	(459)	-	14,287
<b>Total Fixed Assets Revaluation Reserves</b>	<b>491,876</b>	<b>-</b>	<b>13,046</b>	<b>(27)</b>	<b>504,895</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>491,876</b>	<b>-</b>	<b>13,046</b>	<b>(27)</b>	<b>504,895</b>
<b>Consolidated Revaluation Reserves</b>					
<b>Fixed Assets Revaluation Reserves</b>					
Council	491,876	-	-	-	-
Other Entities	2,052	-	-	-	-
<b>Total Revaluation Reserves - Consolidated (Per Statements)</b>	<b>493,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Minority Interests	1,194	-	-	-	-
<b>Revaluation Reserves including Minority Interests</b>	<b>495,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 26. Special Funded Reserves

	Balance 1-Jul-13 \$000s	Transfers In \$000s	Transfers Out \$000s	Transfer Interest In \$000s	Balance 30-Jun-14 \$000s
Taranaki General Purpose	714	12	-	13	739
Taranaki Land Sub-division and Development	-	-	-	-	-
Council Depreciation	13,732	7,641	(3,594)	487	18,266
Taranaki Emergency Roading	2,024	-	-	70	2,094
Taranaki Gratuity	217	-	-	-	217
Infrastructure Protection Reserve	55	58	-	-	113
Taranaki Housing	734	33	(39)	49	777
Dannevirke Airport Authority	4	-	-	-	4
District Cemeteries	20	-	-	1	21
Makuri Water Scheme	12	-	-	-	12
Recreation Grant	63	20	-	2	85
Tenant Contribution	687	-	-	-	687
Pongaroa Water Supply Depreciation	172	10	-	6	188
Heritage Reserve	36	10	(2)	1	45
Consultancy Depreciation	237	-	(51)	8	194
Consultancy General	233	-	-	8	241
Biodiversity Protection	(2)	10	(11)	-	(3)
Election	9	20	(49)	-	(20)
Water Development	48	-	-	2	50
Waste Management	127	64	(36)	4	159
TACT Wai Splash Depreciation	109	40	(16)	4	137
Sewerage Op Surplus Reserve	77	-	-	3	80
Forestry Reserve	-	669	-	-	669
Bush Multisport Depreciation	108	-	-	4	112
Domain Boards Bank Balances	375	164	(145)	-	394
<b>Total Council</b>	<b>19,790</b>	<b>8,751</b>	<b>(3,943)</b>	<b>661</b>	<b>25,260</b>

### Summary of Special Fund Movements

	Balance 1-Jul-13 \$000s	Net transfer (to)/from Accumulated Funds \$000s	Balance 30-Jun-14 \$000s
<b>Total Council</b>	<b>19,790</b>	<b>5,469</b>	<b>25,260</b>

### Reserves

The Council has an obligation 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; and to act in the best interest of its ratepayer.

The management of reserves forms an integral component of meeting these obligations. Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest.

Council has 25 reserves of which 24 are Council created discretionary reserves which the council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the council's treasury management.

These reserves are disaggregated into the following categories:

### Depreciation Reserves

These reserves are used to fund renewal capital works and used to fund internal borrowing.

The Council's assets are depreciated as they are consumed. As such, the cost of this depreciation is passed on to the consumer through either rates or fees and charges. There will normally be a timing difference between the collection of this depreciation charge and the utilisation of it to fund renewal capital works

Description	Purpose of Fund
Council Depreciation	To receive depreciation funded each financial year, less any outgoings to pay for capital renewal of assets or debt prepayment for amount borrowed to fund capital development.  This is the only reserve that can be used to fund internal borrowing.
Makuri Water Scheme	To establish a depreciation reserve to fund the renewal of assets for this scheme.
Pongaroa Water Supply Depreciation	To establish a depreciation reserve to fund the renewal of assets for this scheme.
Tararua Aquatic Community Trust Wai Splash Depreciation	To establish a depreciation reserve to fund the renewal of major assets.
Bush Multisport Depreciation	To establish a depreciation reserve to fund the renewal of major assets.
Engineering Services (Consultancy) Depreciation	Depreciation fund to receive depreciation funded each financial year for the Engineering Services activity, less any outgoings to pay for capital renewal of assets or debt prepayment for amount borrowed to fund capital development.

### Special Reserves

The value of these reserves funds is that they allow projects to precede without distortion in the revenue patterns particularly rates. The reserve also provide a useful source of funds for an unforeseen requirement.

Council authorises the establishment of special funds and process for accumulating and utilising special funds. Approvals of specific uses are set out in the Long Term Plan, or in Council decisions.

Description	Purpose of Fund
Tararua General Purpose	Created for financing specific projects which shall be determined at Council's discretion.  This reserve is also to receive: <ul style="list-style-type: none"> <li>• Proceeds from sale or disposal of assets where a particular function is discontinued, and for property sales.</li> <li>• Insurance monies received when buildings or property are damaged and not reinstated.</li> <li>• Proceeds from forestry not otherwise required for the funding of continued operations and maintenance of the forest.</li> <li>• Residual of all existing reserves which have outlived their original purpose and could therefore be usefully merged as a general purpose fund and so classified.</li> </ul>
Tararua Emergency Roading	To provide funds to re-establish the district's infrastructural assets following a disaster, together with funds received from Central Government. There is no plan to use this reserve other than if a disaster occurs.



Description	Purpose of Fund
Tararua Gratuity	This reserve is for staff who have qualified or qualify for gratuities.
Tararua Housing	To account for any surplus from the housing activity and proceeds from sales/disposal of housing assets. These reserves will be used solely for the Housing activity.
Dannevirke Airport Authority	To account for any surplus from Dannevirke Aerodrome and proceeds from sales/disposal of Dannevirke Aerodrome assets. This reserve will be used solely for operation and capital expenditure for Dannevirke Aerodrome.
District Wide Cemetery	To accumulate funds from the purchase of cemeteries plots in the District.  This reserve will be used solely for operation and capital expenditure for the Cemeteries activity.
Recreation Grant	To accumulate funds to support recreational projects in the district.
Tenant Contribution (Debt Repayment)	To account for and refund tenant contributions for leasing of Council's housing properties.
Heritage Reserve	To accumulate funds to be used to further the District land use outcomes. The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 2: Schedule of Heritage Resources.
Engineering Services (Consultancy) General	To account for surplus or deficit for Engineering Service's operations and consultancy work. Balance of this reserve may be used to assist in funding this activity's operations cost, if required.
Biodiversity Protection	To support: <ul style="list-style-type: none"> <li>• Sustainable management of the district's natural and physical environment</li> <li>• Protection and enhancement of the community's environment values</li> </ul> The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 3: Schedule of Natural Features (significant trees, vegetation and habitats landscapes).
Election	To account for elections funds rate funded each year to spread out election cost in each election year.
LAPP Disaster Fund	This reserve is created to accumulate funds to pay for Council's share of the mutual insurance liability under LAPP in the event of a major event experienced by LAPP member councils.
Waste Management Fund	To account for the waste management levies received. This reserve will be solely used to fund specific projects for this activity.
Domain Boards Bank Balances	To account for the bank balances of the Domain Board in trust.
Forestry Reserve	To account for any surpluses from the forestry activity.

## 27. Trust Accounts

These special reserves are set up to receive bequest from communities in the district for specific purpose. These funds are held in Trust for these specific purposes.

	Balance 1-Jul-13	Funds Received	Expenses Paid	Interest Earned	Balance 30-Jun-14
	\$000s	\$000s	\$000s	\$000s	\$000s
Dannevirke Fairbrother	20	-	-	-	20
Dannevirke Urban Campsite	1	-	-	-	1
Ormondville Play Group	1	-	-	-	1
Pahiatua Heritage	19	-	-	1	20
Arts Council of NZ	(2)	17	(16)	-	(1)
Mayoral Storm Relief Fund	9	-	-	-	9
<b>Total Council</b>	<b>48</b>	<b>17</b>	<b>(16)</b>	<b>1</b>	<b>50</b>

### Summary of Trust Fund Movements

	Balance 1-Jul-13	Net transfer to/(from) Accumulated Funds	Balance 30-Jun-14
	\$000s	\$000s	\$000s
<b>Total Council and Consolidated</b>	<b>48</b>	<b>2</b>	<b>50</b>



## 28. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Reported Surplus/(Deficit) from Statement of Comprehensive Income</b>	<b>(196)</b>	<b>(2,078)</b>	<b>(3,060)</b>	
<b>Add (Less) Non-Cash Items</b>				
Depreciation & amortisation	11,828	11,300	14,088	
Impairment losses/(recoveries)	-	3,609	-	
(Increase)/decrease deferred taxation	-	-	746	
Movement in employee entitlement	-	-	(54)	
Changes in fair value	(165)	(145)	(165)	
Other (gains)/losses & revaluation (increases)/decreases	211	(117)	562	
Bad debts written off or bad debt provision	32	(19)	42	
<b>Total Non-Cash Items</b>	<b>11,906</b>	<b>14,628</b>	<b>15,219</b>	
<b>Add/(Less) Movements in Working Capital Items</b>				
(Increase)/decrease in inventory and livestock	(1)	(17)	280	
(Increase)/decrease in accounts receivable & prepayments	(373)	1,222	(10)	
Increase/(decrease) in accounts payable & accruals	(865)	911	(621)	
Increase/(decrease) in employee provisions	39	(43)	(212)	
(Increase)/decrease in net GST	6	30	6	
<b>Total Movements in Working Capital</b>	<b>(1,192)</b>	<b>2,103</b>	<b>(557)</b>	
Add/(less) items classified as investing activities	203	-	-	
<b>Total Items Classified as Investing Activities</b>	<b>203</b>	<b>-</b>	<b>-</b>	
<b>Net Cash Surplus from Operating Activities</b>	<b>10,719</b>	<b>14,653</b>	<b>11,602</b>	



## 29. Related Party Transactions

	2012/13 \$000s	2013/14 \$000s
<b>Related party transactions with subsidiaries</b>		
<b>Infracon Limited (in Liquidation)</b>		
Services received by Council during the period (GST exc)	10,664	9,690
Services provided by Council during the period (GST exc)	127	112
Amounts receivable by Council at year end (GST inc)	8	-
Dividend payment received by Council (GST exc)	207	-
Amounts payable by Council at year end as contract retentions (GST inc)	286	176
Amounts payable by Council at year end provision for ex employee retirement (GST exc)	35	31
Amounts payable by Council at year end -provision for ex employee sick leave (GST exc)	11	9
Amounts payable by Council at year end (GST inc)	960	1,131
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)	13	-
Amount payable to Council at year end (GST inc)	23	-
Purchase of forestry assets by Council	203	-
Subvention paid to Council during the year	-	234
Disestablishment cost paid by Council	-	33
<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)	195	201
Payments for Services received by the Council (GST exc)	-	-
Amounts receivable by Council at year end (GST inc)	-	18
Services provided by Council during the period (GST exc)	-	-
<b>Manawatu Wanganui LASS</b>		
Services charged to Council from MW LASS	82	79
<b>Related party transactions involving elected members and key management personnel</b>		
Chris Southgate, Southgate Valuations & Consultancy Dannevirke - valuation services to Council	1	-
Ernie Christison - contracting services to Council		
- Contracting services to Council	-	42
- Contracting services payable by Council at year end	-	3
David Roberts, legal services		
- Tararua District Council	-	2
- Infracon Limited (in Liquidation)	6	6
Tracey Collis - Hukanui Domain Board land lease	-	1



	2012/13 \$000s	2013/14 \$000s
Raj Suppiah - cleaning services provided to Council by partner	4	3
Colin Veale		
- Earthquake strengthening by Morris & Bailey (son)	-	650
- Consulting services provided by son (Wai Waste Ltd)	-	28
- Consulting services provided by son (Wai Waste Ltd) payable by Council at year end	-	1
<b>Related party transactions involving directors and trustees</b>		
Infracon Limited (in Liquidation) contracted with members of its Board of Directors.		
These transactions involved providing contracting services to directors or entering into a subcontractor relationship whereby a director provided services to Infracon Limited (in Liquidation). All transactions were at normal commercial rates.		
Contracting services provided by Infracon Limited (in Liquidation):		
P Burne (Morris & Bailey Limited)	45	
A T & P J Brownell Contractors Limited	-	
A Brownell	2	
D Gough	1	
H Snijders	1	
S Hardgrave	-	
B Davey	5	
H Street	-	
D Hewitt	3	
Contracting services provided to Infracon Limited (in Liquidation):		
P Burne (Morris & Bailey Limited)	168	
A T & P J Brownell Contractors Limited	-	
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.	-	

During the year, Councillors and key management, as part of normal customer relationships, have transacted with Council, such as payment of rates.

## 30. Financial Instruments

### Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Financial Assets</b>				
Fair value through the surplus or deficit - held for trading	-	-	-	
<b>Loans and Receivables</b>				
Cash and cash equivalents	4,242	9,518	5,298	
Debtors and other receivables	4,935	3,875	8,427	
Other financial assets				
- term deposits	3,882	3,124	3,882	
- community loans	35	26	35	
- loans to related parties	-	-	-	
<b>Total Loans and Receivables</b>	<b>13,094</b>	<b>16,543</b>	<b>17,642</b>	
<b>Fair Value Through Other Comprehensive Income</b>				
Other financial assets				
- Local Government Funding Agency borrower notes	-	112		
- local authority and government stock	118	118	118	
<b>Total Fair Value Through Other Comprehensive Income</b>	<b>118</b>	<b>230</b>	<b>118</b>	
<b>Total Financial Assets</b>	<b>13,212</b>	<b>16,773</b>	<b>17,760</b>	
<b>Financial Liabilities</b>				
<b>Fair Value Through the Surplus or Deficit - Held for Trading</b>				
Interest rate swaps	231	87	231	
<b>Financial Liabilities at Amortised Cost</b>				
Creditors and other payables	2,704	3,466	4,313	
Borrowings				
- bank overdraft	-	-	-	
- secured loans	10,000	11,000	11,000	
- debentures	-	-	-	
<b>Total Financial Liabilities at Amortised Cost</b>	<b>12,935</b>	<b>14,553</b>	<b>12,689</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 market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>Council and Group - 30 June 2014</b>				
<b>Financial Assets</b>				
Unlisted shares				
- New Zealand Local Government Insurance Corporation Limited	118	-	-	118
- Unlisted shares (MW LASS)	1	-	-	1
- Local Government Funding Agency borrower notes	112	-	-	112
<b>Financial Liabilities</b>				
Derivative financial instruments	87	-	87	-
<b>Council and Group - 30 June 2013</b>				
<b>Financial Assets</b>				
Unlisted shares				
- New Zealand Local Government Insurance Corporation Limited	118	-	-	118
- Unlisted shares (MW LASS)	1	-	-	1
<b>Financial Liabilities</b>				
Derivative financial instruments	231	-	231	-

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	
	2012/13 \$000	2013/14 \$000	2012/13 \$000	2013/14 \$000
<b>Balance at 1 July</b>	<b>127</b>	<b>118</b>	<b>127</b>	
Gain and losses recognised in the surplus or deficit	-	-	-	
Gain and losses recognised in other comprehensive income	(9)	-	(9)	
Purchases	-	112	-	
<b>Balance at 30 June</b>	<b>118</b>	<b>230</b>	<b>118</b>	

## 31. 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.

### 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.

### 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 two trading banks.

Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.



## Maximum Exposure to Credit Risks

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Cash at bank and term deposits	8,124	12,642	9,155	
Debtors and other receivables	4,935	3,875	8,393	
Community and related party loans	35	26	35	
Local Government Funding Agency borrower notes	-	112	-	
Local authority and government stock	118	118	118	
<b>Total credit risk</b>	<b>13,212</b>	<b>16,773</b>	<b>17,701</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:

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
<b>Counterparties with Credit Ratings</b>				
<b>Cash at Bank and Term Deposits</b>				
AA-	8,124	12,642	9,155	
<b>Total cash at bank and term deposits</b>	<b>8,124</b>	<b>12,642</b>	<b>9,155</b>	
<b>Counterparties without Credit Ratings</b>				
<b>Community and related party loans:</b>				
Existing counterparty with no defaults in the past	35	26	35	
Existing counterparty with defaults in the past	-	-	-	
<b>Total community and related party loans</b>	<b>35</b>	<b>26</b>	<b>35</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.

Council manages its borrowings in accordance with its funding and financial policies, which includes Liability Management Policy. These policies have been adopted as part of the Council's Long Term Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2013: \$500,000). There are no restrictions on the use of this facility. Council has a pre-approved multi-option facility of another \$5,000,000 to be used in the event of a natural disaster.

## 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 Amount \$000s	Contractual Cash \$000s	Less than 1 Year \$000s	1–2 Years \$000s	2–5 Years \$000s	More than 5 Years \$000s
<b>Council 2013/14</b>						
Creditors and other payables	3,466	3,466	3,466	-	-	-
Net settled derivative liabilities	87	87	87	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	11,000	12,220	6,311	218	3,515	2,176
<b>Total</b>	<b>14,553</b>	<b>15,773</b>	<b>9,864</b>	<b>218</b>	<b>3,515</b>	<b>2,176</b>
<b>Group 2013/14</b>						
Creditors and other payables						
Net settled derivative liabilities						
Bank overdraft						
Secured Loans						
<b>Total</b>						
<b>Council 2012/13</b>						
Creditors and other payables	2,704	2,704	2,704	-	-	-
Net settled derivative liabilities	231	231	231	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	10,000	10,545	10,545	-	-	-
<b>Total</b>	<b>12,937</b>	<b>13,480</b>	<b>13,480</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Group 2012/13</b>						
Creditors and other payables	4,313	4,313	4,313	-	-	-
Net settled derivative liabilities	231	231	231	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	11,000	11,622	10,622	1,000	-	-
<b>Total</b>	<b>15,544</b>	<b>16,166</b>	<b>15,166</b>	<b>1,000</b>	<b>-</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 Amount \$000s	Contractual Cash \$000s	Less than 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	More than 5 Years \$000s
<b>Council 2013/14</b>						
Cash and Cash Equivalents	9,518	9,563	9,563	-	-	-
Debtors and other receivables	3,875	3,875	3,847	27	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	3,124	3,189	3,189	-	-	-
- community and related party loans	26	26	26	-	-	-
- Local Government Funding Agency borrower notes	112	112	-	-	-	112
- local authority and government stock	118	118	-	-	-	118
<b>Total</b>	<b>16,773</b>	<b>16,883</b>	<b>16,625</b>	<b>27</b>	<b>-</b>	<b>230</b>
<b>Group 2013/14</b>						
Cash and Cash Equivalents						
Debtors and other receivables						
Net settled derivative assets						
Other financial assets:						
- term deposits						
- community and related party loans						
- local authority and government stock						
<b>Total</b>						
<b>Council 2012/13</b>						
Cash and Cash Equivalents	4,242	4,242	4,242	-	-	-
Debtors and other receivables	4,935	4,935	4,926	9	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	3,882	4,032	4,032	-	-	-
- community and related party loans	35	35	35	-	-	-
- local authority and government stock	118	118	118	-	-	-
<b>Total</b>	<b>13,212</b>	<b>13,362</b>	<b>13,362</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Group 2012/13</b>						
Cash and Cash Equivalents	5,298	5,298	5,298	-	-	-
Debtors and other receivables	8,427	8,427	8,418	9	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	3,882	3,882	3,882	-	-	-
- community and related party loans	35	35	35	-	-	-
- local authority and government stock	118	118	118	-	-	-
<b>Total</b>	<b>17,760</b>	<b>17,860</b>	<b>17,851</b>	<b>9</b>	<b>-</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.

	Note	2013/14 (000s)				2012/13 (000s)			
		-100bps	-100bps	+100bps	+100bps	-100bps	-100bps	+100bps	+100bps
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Interest Rate Risk									
Financial Assets									
Cash and Cash Equivalents	1	(95)	-	95	-	(42)	-	(42)	-
Financial Liabilities									
Nett settled derivatives	2	(433)	-	239	-	(482)	-	4	-
Borrowings:									
- bank overdraft		-	-	-	-	-	-	-	-
- multi-option credit facility	3	(20)	-	20	-	-	-	-	-
Total sensitivity to interest rate risk		(549)	-	355	-	(563)	-	(85)	-

### Explanation of Sensitivity Analysis – Council

1 Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$9,518,000 (2013: \$4,242,000).

A movement in interest rates of plus or minus 1% has an effect on interest income of \$95,180 (2013: \$42,420).

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 The value of loans hedged total \$9,000,000 (2013: \$6,500,000).

Council has unhedged borrowing of \$2,000,000 held as part of a multi-option credit facility.

The loan in multi-option credit facility is fixed at 4.58% and reviewed quarterly.

## 32. 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.

### 33. Contingent Liabilities

Council is aware of the following contingent liabilities existing at year end.

	2012/13 Council \$000s	2013/14 Council \$000s	2012/13 Consolidated \$000s	2013/14 Consolidated \$000s
Performance bonds held by the bank, by way of guarantees	-	-	-	-
Risk Pool call	-	-	-	-
Weathertight claim	130	100	130	-
<b>Total Contingent Liabilities</b>	<b>130</b>	<b>100</b>	<b>130</b>	<b>-</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 2013/14, Riskpool made no call. Risk pool has also advised that additional funds are not required and therefore no call will be made for the 2015 and 2016 years. We have not recognised any contingent liability this year.

##### 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.

Council had one claim for a potential cost of \$100,000. This claim is being defended by Council's lawyer and the outcome will not be known until next year. As Council is not able to reliably quantify the potential liability given the complexity of the claims, a contingent liability has been recognised for the value of \$100,000.

##### Emissions Trading Scheme

On liquidation of Tararua Forests Limited (TFL), all assets were transferred to Council. Council now owns approximately 320ha of forest on its property that is pre-1990 forest land under the emissions trading scheme. Should this land be deforested, a deforestation penalty would be incurred. As it is intended to replant this land in forest, with no current intention of deforesting, no liability is provided.



## 34. Post Balance Date Events

Infracon Limited (the Company) was, by resolution of its shareholders placed into liquidation on Monday, 25 August 2014, with PricewaterhouseCoopers appointed as liquidators.

Council has not been able to prepare consolidated financial statements as at 30 June 2014 since the Company is unable to produce audited financial statements. Details of the unaudited results of the Company can be found on pages 279 to 281 of this report.

As a result of the Company's liquidation, Council has written down its investment of \$3.609 million in the company to nil.



## 35. Remuneration

During the year to 30 June 2013, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, Councillors, the Chief Executive, and senior managers of the Council were as follows:

	2012/13 \$000s	2013/14 \$000s
<b>Mayor</b>		
Roly Ellis	76	78
<b>Councillors</b>		
Tracey Collis	-	20
James Crispin	-	17
Warren Davidson	27	25
Brenda Dodunski	25	2
Keith Fenemor	20	24
Shirley Hull	25	26
Carole Isaacson	-	17
Bill Keltie	32	32
Peter Johns	24	6
David Roberts	20	25
Chris Southgate	23	6
<b>Total Mayor &amp; Councillors</b>	<b>272</b>	<b>279</b>
<b>Community Boards</b>		
Ernie Christison	-	3
Charlie Death	7	7
Timothy Delaney	-	3
Katrina Dimock	6	2
Robert Dresser	4	7
Diana Eagle	4	3
Elizabeth Fraser-Davies	-	1
Trudi Hull	-	2
Carole Isaacson	4	1
Ross Macdonald	4	4
Sharon Shannon	-	2
Ray Teahan	7	2
<b>Total Community Boards</b>	<b>40</b>	<b>37</b>
<b>Chief Executive</b>		
Blair King, employee benefit costs	189	195
Blair King, motor vehicle	15	15
<b>Total Chief Executive</b>	<b>204</b>	<b>210</b>
<b>Key Management Personnel (includes mayor, councillors, chief executive, and senior managers)</b>		
Employee benefit costs	1,001	989
Post employee benefit costs (including Superannuation)	-	26
Other long term benefits	-	-
Termination benefits	-	-
<b>Total Key Management Personnel</b>	<b>1,001</b>	<b>1,015</b>
<b>Severance Payments</b>		
All employees (nil for both years)	-	-

## Total Employee Annual Remuneration by Band

Remuneration Band	2013/14	Remuneration Band	2012/13
less than \$60,000	59	less than \$60,000	56
\$60,000 - \$79,999	17	\$60,000 - \$79,999	22
\$80,000-\$219,999	6	\$80,000-\$219,999	5
<b>Total</b>	<b>82</b>	<b>Total</b>	<b>83</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 55 (2013: 54) full-time employees, with balance of staff representing 15 (2013: 18) full-time equivalent employees. At balance date, Council employed nine casual staff.

A full-time equivalent (FTE) employee is determined on the basis of a 40-hour working week.

## 36. Major Budget Variations

This note explains the major budget variances from the Council's budget figures in the 2013/14 Annual Plan. Detail variances at an activity level are included in the Activity Funding Impact Statements in the Activity Reports.

### Statement of Comprehensive Income – Revenue

#### Grants and Subsidies

Grants and subsidies were lower than budget by \$1.13 million. We received an overall roading subsidy lower by \$400,000 compared to budget for the following reasons:

- Overall capital subsidies for Roothing were under budget by \$697,000 due to focus on the flood damage and earthquake repairs, and contractors poor performance.
- We did not receive \$1.6 million of subsidy for the Saddle Road due to delays in completing the scheduled work.
- Operating subsidies were lower by \$390,000 due to the earthquake and flood damage repairs, and contractors' poor performances.
- However, we received \$1.37 million of additional subsidies for the flood damage and Eketahuna earthquake repair works. Total cost was \$1.7 million for which we received an overall subsidy of 81%.
- We also received further emergency work subsidies of \$400,000 from NZ Transport Agency for the slip on Route 52 at Wimbledon.

There were delays in the Ministry for the Environment subsidised Wastewater projects. We were not able to claim \$730,000 of subsidy as budgeted.

#### Fees & Charges

Fees & Charges are lower than budget by \$1.15 million due to adjustment of \$1.27 million of internal charges incorrectly budgeted as external revenue, lower building consent fees (\$45,000), lower infringement fees (\$47,000), and lower transfer station fees (\$73,000) due to increase in volume of recycling.

#### Other Revenue Sources

Revenue from dividends and subvention payments from subsidiaries, interest from term deposits, forestry and other revenue was higher than budget by \$505,000 due to:

- Though we did not receive dividends from Infracon Limited (in Liquidation) this year, we received subvention payments of \$234,000 from Tararua Forests Limited on liquidation of the company this year.
- Higher revenue from external roading non-subsidised work resulting for the flood and earthquake damage.
- Revenue from the forestry activity was higher than budget by \$268,000 due to higher log prices and better quality of logs harvested.
- Interest income was slightly higher than budget as we had higher cash balances to invest in term deposits due to delay/deferring of capital renewal projects.



## Statement of Comprehensive Income – Expenses

### Operating Expenses

Our overall operating expenditure was \$1.38 million under budget. Cost overruns were only in four activities:

- **Roading** - incurred significant additional cost of \$610,000 due to flood damage and Eketahuna earthquake, which caused significant damage to our district's local and state highway roads.
- **Representation** – overall expenditure was \$91,000 higher than budget. \$26,000 relates to the additional expenses for the election, which we have recovered from the other agencies. The remaining cost overrun is due to increases in training and slight increases in Councillors' remuneration.
- **Parks and Reserves** – over increase of \$40,000 was mainly due to Council taking over the management of the Dannevirke camping ground while changes were made, increases in contract cost for maintaining and removal of hazards.
- **Footpaths** – an increase of \$33,000 was a result of increased maintenance and repair of the district's footpaths.

Cost savings made in other activities continue to help offset the cost increases, namely in these groups of activities: Regulatory \$238,000, Solid Waste \$168,000, Wastewater \$160,000, Community and Recreation Facilities \$134,000. Internal charges of \$1.27 million, budgeted incorrectly as external revenue, has offset expenditure. These resulted in the overall operating expenditure being under budget by \$1.38 million.

### Depreciation and Amortisation

Depreciation and amortisation was under budget by \$635,000 due to the decrease in valuation in the 2012/13 financial year where asset values decreased \$5.39 million.

### Finance Costs

Finance costs were lower than budget by \$32,000. The finance cost of \$498,000 comprises of unrealised gain from the fair value movement of interest rate swaps of \$145,000, interest cost from term debt of \$579,000 and the unwinding of landfill interest expense of \$63,000. Interest cost on term debt is \$47,000 higher than budget due to higher than budgeted market interest rates.

## Statement of Financial Position

### Transposition Error of Annual Plan Budget

- **Other Financial Assets (Non-Current)** – \$1,846 should have read \$219.
- **Investment In Subsidiaries** – \$0 should have read \$4,974
- **Investment Property** – \$826 should have read \$1,846
- **Forestry Assets** – \$5,193 should have read \$826

These transposition errors add to the same total as what should have been reported.

### Cash and Cash Equivalent and Other Financial Assets

Cash and cash equivalent, including other financial assets (current), is higher than budget due to delay and/or deferring of capital renewal projects.

### Investment in Subsidiaries

Investment in subsidiaries are lower than budget due to the liquidation of Infracon Limited. Council's investment of \$3.609 million is written down to nil due to the company's ability to pay all its liabilities arising from the liquidation.

### Debtors and Other Receivables

Debtors and other receivables are higher than budget by \$1 million mainly due to higher NZ Transport Agency subsidies accruals and higher rate debtors at year end.

## Creditors and Other Payables

Creditors and other payables are \$934,000 higher than budget due to higher than expected contract payments at year end. The increase in payables is mainly due to delay in completing both capital and operational projects in the last two months prior to year end arising from the focus on significant repair work due to flood and earthquake damages.

## Property, Plant and Equipment

Property, plant & equipment was \$13 million higher than last year and \$57 million lower than 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 property, plant and equipment due to the significant revaluation changes in 2012/13.
- Asset additions were lower than budget by \$9.2 million due to delay in the completion and capitalisation of capital projects
- Revaluation of assets this year saw an increase in asset value of \$13 million compared to a budget of \$28 million increase. This is due to not completing the capital programme for the year, and lower than expected inflation adjustments for unit cost.

## Borrowings (Current and Non-Current)

Total borrowings were lower than budget by \$127,000 due to delay and/or deferring of capital renewal projects. But the classification of current and non-current is different to budget due to maturity of the term debt. Non-current term debt is \$4 million higher than budget due to reclassification of debt maturing less than one year to current liabilities.

## Accumulated Funds

Accumulated funds are \$9.3 million lower than budget. This is mainly due to:

- Write down of investment in Infracon Limited due to the liquidation of the company.
- Opening accumulated funds being lower than forecast for the budget by \$3.3 million.
- Transfer from accumulated funds to special Reserves higher due to delay/deferring in renewal expenditure.

## Asset Revaluation Reserves

The asset revaluation reserve is lower than budget due to an increase in revaluation of \$13 million instead of a forecasted increase in asset valuation of \$28 million, and 36.5 million variance in opening balance.

## Special Funded Reserves

Special Funds are \$4.5 million above budget at year end. This is due to the actual opening balance for special funds being higher than the budget by \$1.5 million, and transfers to special funds of \$5.5 million was higher than budget by \$3 million due to delays in completing the capital renewal programme.

## Statement of Cash Flows

Overall net increase in cash balances held were higher than budget by \$5.4 million.

Significant variances are:

### Operating Activities

- Overall cash flow was \$1.4 million higher than budget due to higher than budgeted revenue from forestry activity and unsubsidised roading work.

### Investing Activities

- Overall cash flow is \$4.2 million under budget.
- This was mainly due to the delay/deferring of capital expenditure and the age of cash investment for internal borrowing.

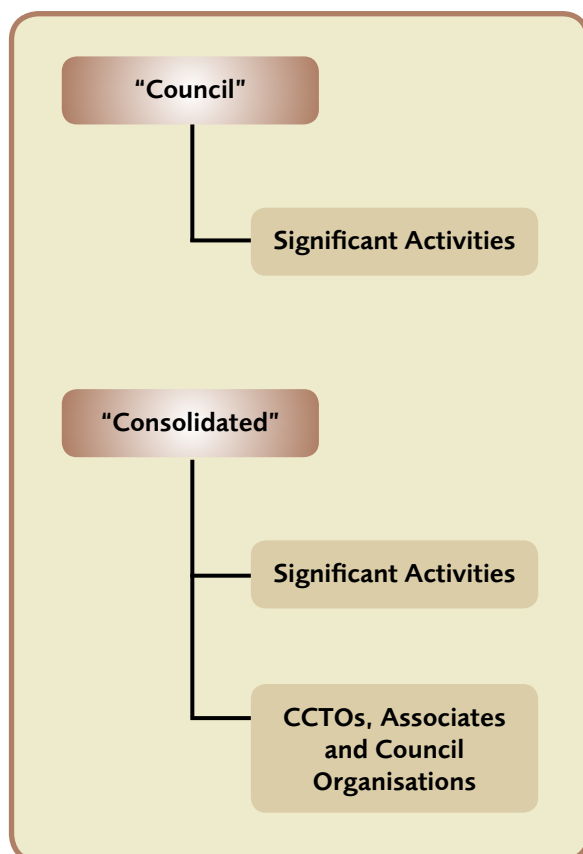
### Financing Activity

- Overall cash flow was under budget by \$358,000.
- This was mainly due to lower net borrowing, as capital expenditures were delayed or deferred to next year.



# 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):

- Infracon Limited (in Liquidation) – 66% owned, with 34% owned by Central Hawkes Bay District Council.

## 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.

## Infracon Limited (in Liquidation)

### The Company

Infracon Limited (in Liquidation) is a Council Controlled Trading Organisation (CCTO) which is 66% owned by Council. 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 Roothing 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

The primary activity of Infracon Limited (in Liquidation) is the management and execution of infrastructure maintenance particularly in the areas of Local Authority Roothing 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

#### Infracon Limited (the Company) – Historical Financial Performance

In the four years prior to being liquidated as well as the year ended 30 June 2014, the Company incurred the following operating losses:

Year	Annual Operating Loss*
2009/2010	-\$1,193,450
2010/2011	-\$104,796
2011/2012	-\$1,275,917
2012/2013	-\$2,404,886
2013/2014 (unaudited)	-\$2,709,206
<b>Total Losses</b>	<b>-\$7,688,255</b>

\*Operating Losses before Other Comprehensive Income.

The Interim Board of Directors were advised by the Chief Executive of the Company in August 2014, that the



Company had budgeted trading losses for the next two financial years

### Issues Prior to Placing on Liquidation

During 2013/14 all Board members resigned their positions as Directors and in June 2014, a new Interim Board was appointed. This consisted of Elected Member representatives of each shareholding Council and one independent Director, who was re-appointed from the previous Board. The Elected Member appointments were to be short-term roles until new external Board Members could be appointed.

During 2013/14, the Company breached its borrowing covenant and were advised by its bankers on 7 August 2014 that it had withdrawn its overdraft facility and Creditplus line-of-credit facility and that it could not consider the establishment of any new performance bonds.

The Interim Board of Directors assessed that \$5,000,000 of new capital would be required for the restructure to make the Company solvent. The Company was forecast to fail the Solvency test and would not comply with Section 4(1)(a) of the Companies Act 1993 by September 2014:

*"the company is" ... (NOT)... "able to pay its debts as they become due in the normal course of business".*

### Options

The Interim Directors of Company considered a number of alternatives and funding options to meet short and medium term funding requirements.

These Options included:

1. Secure/re-establish bank funding
2. Shareholders re-capitalise the Company or advance funds
3. Formal or informal compromise with creditors
4. Realise non-liquid assets (land, buildings, plant, equipment, stock, or quarries) through sale
5. Sale of the Company
6. Liquidation, Receivership or Administration

### Assessment of Options

The Interim Board Directors considered each option within the available time in respect of solvency, and exhausted each option other than liquidation. Consequently, the Board

recommended to Shareholders that they liquidate the Company.

In respect of the options to provide additional capital, recapitalise or advance funds to the Company or sell the Company, each would be a matter of significance requiring the special consultative procedure under the Local Government Act 2002 to be triggered. This consultation was not feasible as there was insufficient time to undertake such consultation after the directors had advised the Shareholders that the Company was insolvent.

There was no ability to publicly consult under the Local Government Act 2002 where a company is insolvent. This is because the Shareholder and Directors are required to act in order to meet the requirements of the Companies Act 1993.

### Write-off and Returns

The write-off of the investment in the Company was based on the carrying (book) value at 30 June 2014, prior to its impairment:

	Council's Investment	Infracon's Equity (Unaudited) (Council's 66% share)
Tararua District Council	\$3,609,000	\$8,048,624

The Council's investment of \$3,609,000 was fully impaired (written off) and expensed to the Statement of Financial Performance at 30 June 2014.

The returns on Council's investments from the Company exceeded the investment of \$3.6 million in the Company. The following table summarises the returns paid directly to Tararua District Council or indirectly paid to Council through TDC Holdings Limited over all the years of the investment.

Infracon Limited (including Tararua Roding) 1990/1991 to 2013/2014 Returns	
Dividend	\$4,555,687
Subvention Fees	\$1,729,903
Management Fees	\$172,000
<b>Total Paid to Council</b>	<b>\$6,457,590</b>

**Note:** the numbers stated in the above table are not audited.

### Performance Targets

	2013/14 Actual	2013/14 Target
Ratio of shareholder funds to total assets	79%*	> 55%
Net pre-tax profit to shareholder funds	-18%*	3%

\* These performance measures are based on Infracon Limited's (in Liquidation) unaudited financial statements, which were prepared on a going concern basis, not on a liquidation basis.

## Infracon Limited (in Liquidation) Financial Statements

	2012/13 \$000s	2013/14 \$000s
<b>Statement of Comprehensive Income</b>		
<b>Revenue</b>		
Revenue from operations	35,032	
Interest revenue	2	
<b>Total Revenue</b>	<b>35,034</b>	
<b>Expenses</b>		
Operating Expenditure	37,695	
<b>Total Expenses</b>	<b>37,695</b>	
Plus Revaluation Increment/(Decrement) & Losses/(Gains) on Sale	(664)	
<b>Net surplus before taxation</b>	<b>(3,325)</b>	
Taxation expense/(refund)	(921)	
<b>Net surplus/(deficit) after taxation</b>	<b>(2,405)</b>	
<b>Other Comprehensive Income</b>		
Revaluations	609	
Tax on equity items	(174)	
<b>Total other comprehensive income</b>	<b>435</b>	
<b>Total comprehensive income attributable to shareholders</b>	<b>(1,969)</b>	
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current Assets	6,983	
Non-Current Assets	14,363	
<b>Total Assets</b>	<b>21,346</b>	
<b>Liabilities</b>		
Current Liabilities	4,059	
Non-Current Liabilities	2,383	
<b>Total liabilities</b>	<b>6,442</b>	
<b>Equity</b>		
Shareholder funds	9,972	
Revaluation Reserve	4,932	
<b>Total equity</b>	<b>14,904</b>	
<b>Total Equity &amp; Liabilities</b>	<b>21,346</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 loss of \$33,531 (2013: \$26,533 loss). 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 October 2014.

## Tararua Aquatic Community Trust Financial Statements

	2012/13 \$000s	2013/14 \$000s
<b>Statement of Comprehensive Income</b>		
<b>Revenue</b>		
Council grant	189	201
Operating revenue	4	4
Interest revenue	2	2
Other asset gains/(losses)	-	-
<b>Total Revenue</b>	<b>195</b>	<b>207</b>
<b>Expenses</b>		
Operating expenditure	222	241
<b>Total Expenses</b>	<b>222</b>	<b>241</b>
<b>Net Surplus/(Deficit) for Year</b>	<b>(27)</b>	<b>(34)</b>
Other Comprehensive Income	-	-
<b>Total comprehensive income</b>	<b>(27)</b>	<b>(34)</b>
<b>Total comprehensive income attributable to Tararua District Council</b>	<b>(27)</b>	<b>(34)</b>
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current Assets	73	88
Non-Current Assets	936	900
<b>Total Assets</b>	<b>1,010</b>	<b>988</b>
<b>Liabilities</b>		
Current Liabilities	11	23
Non-Current Liabilities	-	-
<b>Equity</b>		
Public Equity	999	965
<b>Total Equity &amp; Liabilities</b>	<b>1,010</b>	<b>988</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

	2012/13 \$000s	2013/14 \$000s
<b>Statement of Financial Performance</b>		
<b>Revenue</b>		
In-house professional services for Transit New Zealand financially assisted roading	746	1,181
Other engineering fees and revenue	-	4
<b>Total Revenue</b>	<b>746</b>	<b>1,185</b>
<b>Expenses</b>		
Total costs of operating roading programme	1,084	1,170
<b>Total Expenses</b>	<b>1,084</b>	<b>1,170</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>(338)</b>	<b>15</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.

# 5 General Information

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ANNUAL REPORT 2013/14

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# Council

## His Worship the Mayor



**R A (Roly) Ellis**

PO Box 115  
Dannevirke  
06 374 4080  
[info@tararua.govt.nz](mailto:info@tararua.govt.nz)



## North Ward Councillors



**Cr J E (Jim) Crispin**

8 Stairs Street  
Dannevirke  
06 374 6768  
027 717 8862  
jim.crispin@tararua.govt.nz



**Cr K R (Keith) Fenemor**

92A Adelaide Road  
Dannevirke  
06 374 5450  
027 374 2011  
keith.fenemor@tararua.govt.nz



**Cr C J (Carole) Isaacson**

63 Umutaoroa Road  
RD 8  
Dannevirke  
06 374 5577  
027 307 5013  
carole.isaacson@tararua.govt.nz



**Cr D A (David) Roberts**

PO Box 69  
Dannevirke  
06 374 6405  
027 644 9459  
david.roberts@tararua.govt.nz

## South Ward Councillors



**Cr T H (Tracey) Collis**

674 Kakariki Road  
RD 6  
Eketahuna  
06 376 6756  
027 630 4057  
tracey.collis@tararua.govt.nz



**Cr W H (Warren) Davidson**

RD 3  
Eketahuna  
06 375 8364  
warren.davidson@tararua.govt.nz



**Cr S (Shirley) Hull**

Mangahao Road  
RD 3  
Pahiatua  
06 376 7283  
shirley.hull@tararua.govt.nz



**Deputy Mayor  
Cr W H (Bill) Keltie**

RD 1  
Pahiatua  
06 376 8996  
bill.keltie@tararua.govt.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 A (Bob) Dresser  
22 Ries Street, Dannevirke 4930  
06 374 6270  
dresser234@msn.com
- **Deputy Chairperson**  
Mr W R (Ross) MacDonald  
91 Piri Piri Road, RD 7, Dannevirke 4977  
06 374 7996  
gloriarossmacdonald@gmail.com
- Mr E (Ernie) Christison  
677 Laws Road, Dannevirke 4978  
027 442 8099  
ernie.contracting@xtra.co.nz
- Mr T (Tim) Delaney  
41 Riverdale Road, Dannevirke 4930  
06 374 5200  
woollybuttskennel@gmail.com
- **Councillor**  
Mrs C (Carole) Isaacson  
RD 8, Umutaoroa, Dannevirke 4978  
06 374 5577  
carole.isaacson@tararua.govt.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**  
Mrs D F (Diana) Eagle  
1775 Mangaone Valley Road, RD 4,  
Eketahuna 4993  
06 376 8256 or 027 323 3570  
eagleeketahuna@xtra.co.nz
- Ms T (Trudi) Hull  
120 Priest Road, RD 2, Eketahuna 4994  
06 375 8220  
chris.trud@xtra.co.nz
- Ms S (Sharon) Shannon  
125 Larsens Road, Eketahuna  
06 375 8130  
bevansharon@hotmail.com
- **Councillor**  
Mr W H (Warren) Davidson  
RD 3, Eketahuna 4994  
06 375 8364  
warren.davidson@tararua.govt.nz

### Community Committees

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 (Roly) Ellis (Chairperson)

Cr S A (Shirley) Hull

Deputy Mayor, Mr W H (Bill) Keltie

Cr D A Roberts

### Tribunal and Hearings Committee

Cr W H Davidson (Chairperson)

His Worship the Mayor, Mr R A (Roly) Ellis

Cr T H (Tracey) Collis

Cr S A (Shirley) Hull

### Council Controlled Trading Organisation Committee

His Worship the Mayor – Mr R A (Roly) Ellis (Chairperson)

Deputy Mayor, Mr W H (Bill) Keltie (Deputy Chairperson)

Cr J E (Jim) Crispin

Cr D A (David) Roberts

### Forestry Committee

His Worship the Mayor, Mr R A (Roly) Ellis (Chairperson)

Cr K R (Keith) Fenemor

Deputy Mayor, Mr W H (Bill) Keltie

### Tararua District Licensing Committee

Mr David Lea (Chairperson)

Mr Nick Perry

Mrs Maureen Reynolds

Mr Kerry Sutherland



# Management Team & Directory

## Management Team

### Executive Staff

Blair King ME (Civil) MIPENZ  
Chief Executive

Peter Wimsett CA, BBS  
Manager Strategy & District Development

Raj Suppiah CA  
Chief Financial Officer

Kathy Dever-Tod  
Manager Assets Group

Ray Cannon  
Manager Engineering Services

## Directory

### Main Office and Council Chambers

PO Box 115 Dannevirke 4942	26 Gordon Street 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

<b>Dannevirke</b> 26 Gordon Street, Dannevirke (06) 374 4080	<b>Pahiatua</b> 136 Main Street, Pahiatua (06) 376 0110
<b>Woodville</b> 42 Vogel Street, Woodville (06) 376 0200	<b>Eketahuna</b> 31 Main Street, Eketahuna (06) 376 0219

### Bankers

Westpac New Zealand Limited  
Dannevirke

Bank of New Zealand  
Dannevirke

### Auditors

Audit New Zealand  
PO Box 149  
Palmerston North  
On behalf of the Auditor-General

### Solicitors

Cooper Rapley  
Palmerston North

### Insurance Brokers

Aon New Zealand Ltd  
Wellington

# Tararua District Council Statistics

## General

Description	Total
Population (as at the 2011 Census)	16,854
Rateable Assessments	10,713
Non-Rateable Assessments	660
Area (ha)	427,000
Net Capital Value (\$m)	4,527
Rateable Land Value (\$m)	2,884
Rural-Metal Roads (km)	773
Rural-Sealed Roads (km)	1,099
Urban-Metal Roads (km)	0.5
Urban-Sealed Roads (km)	84
<b>Total Roads (km)</b>	<b>1,956.5</b>

## Resource Management

Description	Total
Resource consents issued*	49
Landuse consents	17
Subdivision consents	32
Building consents issued	393
Registered dogs as at 30 June 2014	6,628
Licensed food premises as at 30 June 2014	108

\* issued from 1 July 2013 to 30 June 2014.

## 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	9
Stormwater/Drainage Systems	4

## Vehicles

Description	Total
Cars	11
Utilities	13
Fire Appliances	4



# 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** The creation of new assets or the addition of new components to existing assets that extend any asset's service potential.

**Capital Renewal** 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.