

2011/12



SUMMARY

OF THE **ANNUAL REPORT**
2011/12

FROM THE MAYOR AND CHIEF EXECUTIVE

Improved delivery of core services was Council's goal this year. This was achieved within a year of continual change – the Gorge closure, weather events, legislation changes, flow-on effects for insurances from the Christchurch earthquakes and funding pressures.

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

The closure of the Manawatu Gorge in August 2011, meant the Saddle Road was the preferred alternative state highway route. NZ Transport Agency have pledged a further \$4.5 million for upgrading the alternative routes (Saddle Road and Pahiatua Track), as well as funding the repair of damages on these and other local roads significantly impacted by the Gorge closure. More funding is being sought by Council.

Council kept the overall rates increase to 4.24% compared to 4.56% last year and 6.48% as set out in the 2009-19 Community Plan. As you will see throughout this report, we have performed well against our targets and responded well to the challenges. Our significant achievements have been:

- **2012-22 Long Term Plan**

Completing the Long Term Plan and getting resounding acknowledgement from Audit New Zealand that our document is one which other councils could model against has been a significant achievement for Council this year.

- **Freshwater Clean-up Fund**

Council was successful in securing the funding subsidies from Horizons (from the Government Freshwater Clean-up Fund). This funding will assist to subsidise the significant cost (\$6.45 million) for capital projects to upgrade our wastewater systems. Council acknowledges the support and good working relationship it has with Horizons Regional Council who helped us secure the funding for these projects.

- **Changes to Council Group Structure**

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

- **The GO! Project**

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

The success of this project will go a long way to help bring wealth – by way of businesses and people – into the district. The GO! Project offers the Tararua District community increased opportunities for job creation, biodiversity, sustainable farming systems and increased family business incomes.

- **Promoting Research & Development and Business Capability**

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

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

- **Local Government Proposed Reforms**

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

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

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

- **Investments in Infrastructure**

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

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

- **Service Performance**

This year Council achieved 72% of service performance measures compared to 70% in the previous year and 77% in 2009/10. Council has implemented procedures to improve the process around managing service requests and budgeted for capital

projects in our Long Term Plan to improve the service levels and meet service level targets.

- **Rates Review**

Council introduced a uniform targeted rate for roading this year. Continuing with its rates review, Council, in the Long Term Plan, introduced new rating mechanisms, namely capital value targeted rate as a basis for the industrial commercial, targeted differential uniform rate for Solid Waste recycling costs and refuse disposal costs and remission policy for property leases, subdivisions and uneconomical lots. This completes the major rates review commenced in 2008.

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

- **Financial Performance**

Council made an operating surplus excluding non cash movements of \$11 million tracking well against budget. Overall financial result taking into account depreciation, gains and losses, and fair value movements of assets was an operating net deficit of \$1.46 million. (Further details in Tabel 1 on page 14).

Overall revenue was over budget by \$1.52 million mainly due to a higher NZ Transport Agency subsidy and the receipt of water upgrade subsidies from Ministry of Health. Overall expenditure was over budget by \$3.24 million due to higher depreciation and operating expenses for the Roading and Solid Waste activities.

Debt levels were as budgeted and interest rates for our term debt were at an average of 5% for the year compared to 6.1% last year.

Looking Ahead

Delivering on Long Term Plan

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

Forming Strategic Partnership with Stakeholder Groups

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

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

Shared Services Initiatives

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

Our Continued Relationship with Customers

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

We will continue to build on this.

Acknowledgement

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

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

The 2011/12 Annual Report reflects the diversity of work carried out over those 12 months and the efforts of many people to support and improve the quality of life experienced in Tararua.



Roly Ellis
Mayor



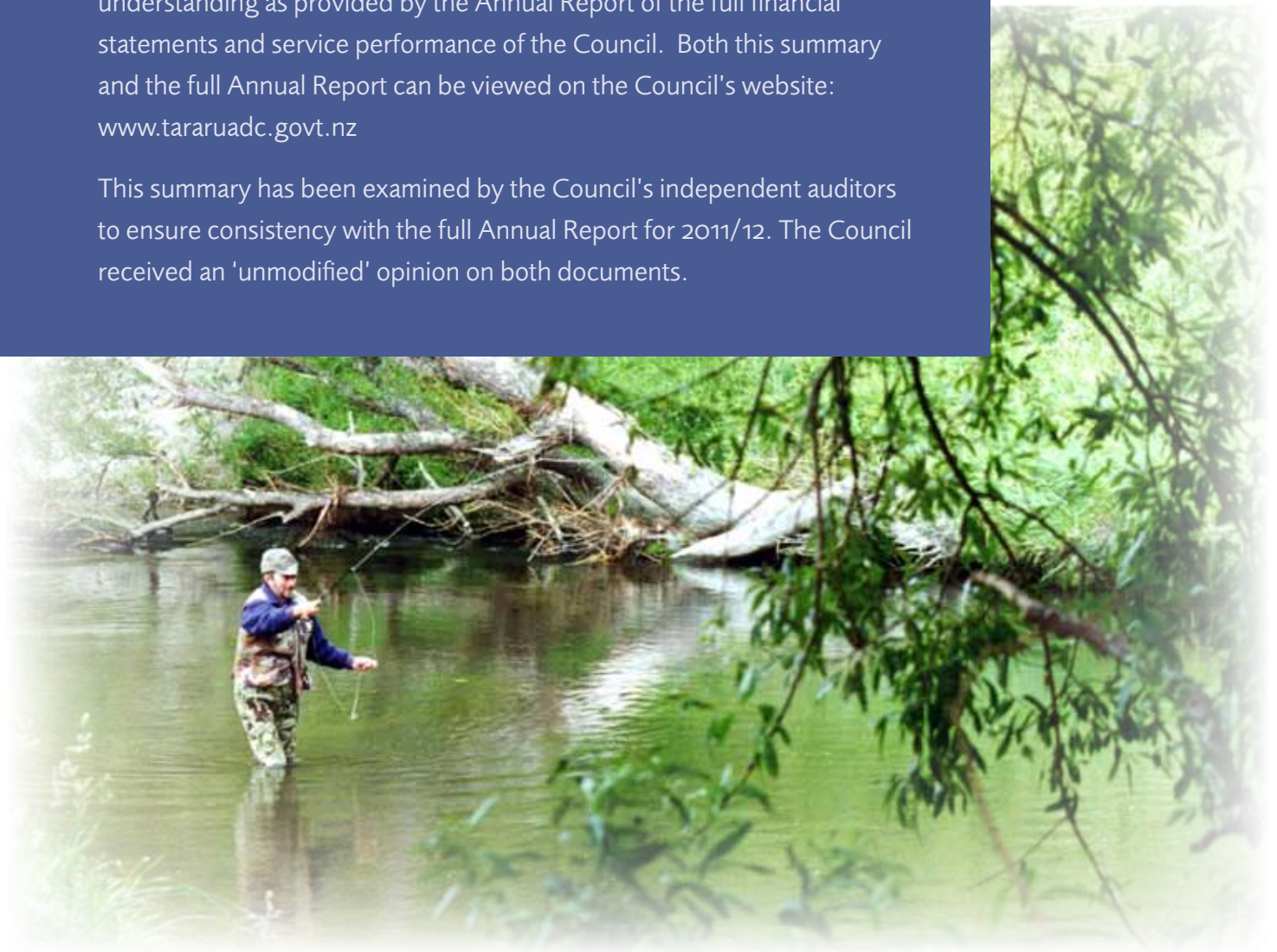
Blair King
Chief Executive

About this Annual Report Summary

This Annual Report Summary is the year end snapshot of the Council's activities and the group's finances for the financial year ended 30 June 2012. The information it contains is taken from the Annual Report 2011/12 itself, which was finalised on 31 October 2012. The Annual Report 2011/12 provides detailed information on the Council's service and financial performance at year end.

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

This summary has been examined by the Council's independent auditors to ensure consistency with the full Annual Report for 2011/12. The Council received an 'unmodified' opinion on both documents.



HIGHLIGHTS OF THE YEAR

COUNCIL

2012-22 Long Term Plan

The Long Term Plan cements Council's Vision, the strategies and the outcomes it wants to achieve for the district in the next ten years. Audit New Zealand commented that the Long Term Plan was of a very high quality, that it adequately addressed the right debate and that the financial strategy was well presented.

The key strategies in the Long Term Plan – focus on core network infrastructure, financial prudence, and economic development and promotion to bring people, businesses and wealth into the district – are critical to the future prosperity of our district.

Changes to Council Group Structure

Council simplified the reporting lines from Tararua Forests Limited and Infracon Limited to Council by approving the liquidation of TDC Holdings through a special resolution following the resignation of the Board of Directors. All assets of TDC Holdings will be transferred to Council.

A new committee was formed to represent Council's interests as Shareholders, with Mayor Roly Ellis, Deputy Mayor Bill Keltie and Councillor Chris Southgate being appointed. Further consideration is being given to the future of Tararua Forests and a decision is expected in the 2012/13 financial year.

Shared Services Initiatives

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

Initiatives we are working on include Regional Archive, bulk procurement, shared Building Accreditation Authority, standardised contracting procedures and documents, and shared services arrangements for Environmental Health and Liquor Licensing

Insurance for Infrastructure and Underground Reticulation Assets

Council insures its infrastructure and underground reticulation assets against significant natural events and/or disasters with Civic Assurance in the form of the Local Authority Protection Programme (LAPP) fund.

In the wake of the Canterbury earthquakes, Council's total insurance cost had increased by 120%, rising from \$181,000 in 2010/11 to \$399,000 in 2011/12. Total insurance represents 2% of rates, so it is a significant increase.

For 2012/13, LAPP had introduced the mutual insurance scheme. In this scheme member councils will have collective exposure to meet claims for significant events.

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

Council does not consider that mutual liability is the best option given the risk factors in comparison to that of other councils and has informed Civic Assurance of its intention to withdraw from the LAPP fund by giving 12 months notice as required.

Council will explore other options for the insurance of underground reticulation and infrastructure assets. A decision on the insurance option will be made by 30 June 2013.

Restructuring at Council

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

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

Highlights of the Year – Council

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

Service Performance

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

Summary of the results are shown in Chart 1.

Council has introduced procedures to improve the process around managing service requests. The aim is to ensure the timely action and closure of customer service requests, as well as improving the reporting procedures in our systems, including capital projects in our Long Term Plan.

Main reasons for not achieving service performance targets are:

- Not updating service requests promptly when completed. Council had to report several measures as "not achieved" due to service requests in the system not updated as "closed" when remedial actions were promptly taken to address the issue.
- Severe weather events – Council had significant weather events that caused an increase in service requests, major

slips that affected the quality of our water and increased the occurrence of flooding.

- Funding for capital development expenditure – some projects were delayed due to lack of central government funding (funding for sewerage and water upgrades) which had an impact on levels of service and performance measures.

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

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

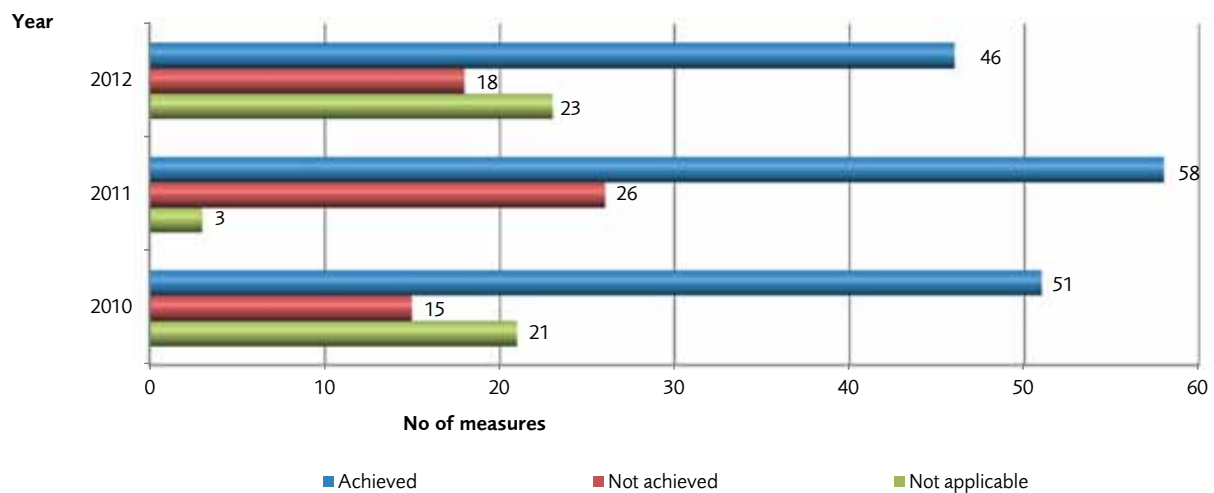


Chart 1 – Service Performance Measures Summary of Results

HIGHLIGHTS OF THE YEAR

RESULTS BY ACTIVITIES

Animal Control

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

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.

Highlights

This year, schools in the district did not take up the opportunity to have an Animal Control Officer visit and talk to the children about dog control and behaviour around dogs. However, a youth group and a meter reading company took up the opportunity and this was well received.

The number of dog related complaints increased from 530 last year to 618 this year. This was mainly due to the 40% (64 complaints) increase in barking dog complaints and 15% (29 complaints) increase in roaming dog complaints. Council did not identify any particular reason for the increase in recorded barking complaints.

Cemeteries

To provide burial facilities that are safe and attractive memorial areas.

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

Highlights

All performance measures targets were met.

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

Commercial Properties

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

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

These properties were acquired at the time of amalgamation when Tararua District Council was first formed and are leased to organisations for which a financial return or investment is received.

Highlights

All commercial properties were fully rented and the rental income was used to offset the general rate requirement. Operating surplus before offsetting rate requirement was \$12,000.

Community Buildings

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

Council has inherited a range of community buildings from previous local authorities including town halls, community centres and sports centres. There are 12 buildings throughout the main centres and one in Pongaroa. These facilities are used for social and sporting events and, to a lesser extent, meetings.

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

Highlights

Occupancy rates in community buildings was 34% higher than budget (2,849 hours compared to target of 2,122). Despite a slight drop in usage (6%) compared to last year the overall trend shows an increase.

Community Support

Supporting communities to support themselves.

Council recognises that a strong community infrastructure is essential to supporting communities to help each other. Community support covers a diverse range of activity, not all necessarily represented by financial commitments from Council.

Youth advocacy, Mayor's taskforce, Sports and Recreation, Community Board and Committees, local Mainstreet committees and the Tararua community receives grants and/or administrative support from Council.

Highlights

Council completed its investment in the Pukaha Mount Bruce new facilities with a final \$25,000 capital grant.

Support for Community Committees was given with Eketahuna increasing crime prevention cameras and with Dannevirke committing \$20,000 towards a crime prevention camera system. Pahiatua On Track completed stage one of the Harvard Park upgrade, with \$100,000 of funding coming from Council.

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

District Promotion and Development

To promote the district as a great place to live, visit, work, play and invest.

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

Council fosters relations and alliances with neighbouring and comparable regions, and local and independent agencies and businesses, to identify potential opportunities for working cooperatively on initiatives.

Highlights

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

Key Projects

The GO! Project

The Tararua District Council had brilliant foresight in 2000 when it launched and funded the GO! Project. Council has spent eight years researching soil, climate and potential crops to encourage diversification in the district. Council has now developed links to market, access to industry advisers, and research and development funding.

The aim of the project is to provide meaningful information for people wanting to diversify their cropping and broaden their potential revenue base. The information is intended for smallholders, lifestyle block owners and farmers looking for alternatives to traditional crop options.

The GO! Project offers the Tararua district community increased opportunities for job creation, biodiversity, sustainable farming systems and increased family business incomes. Council presented cropping packages at various events, received good responses, and now has 40 landowners registered with the programme.

Wind Energy and Education Centre

Council is engaging with the Wind Energy Industry on an initiative to build a Wind Energy Education Centre. This provides an opportunity for the Tararua community to engage in a positive way with wind – given the importance of wind and wind energy to the profile of the country and the Tararua region.

Council is pleased that Meridian Energy and other energy companies expressed interest in the Wind Energy and Education Centre concept. The centre could provide opportunities to train, inform and educate people about wind energy, renewable energy generation, sustainability and energy use.

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

This project is in its early stages and the decision to proceed will be made once the detailed feasibility study is completed including consideration of extent of project and funding options.

Emergency Management

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

The Civil Defence organisation within the Tararua district relies heavily on volunteer participation to ensure that the response to an

emergency is beneficial to the residents within the district. Along with the volunteers, the Council operates an Emergency Operations Centre at 26 Gordon Street, Dannevirke with a backup Centre at 42 Denmark Street, Dannevirke. In conjunction with this, we provide a 24-hour, 365 day emergency management duty officer service to respond to any incidents.

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

Highlights

A Ministry of Civil Defence and Emergency Management survey sample carried out on Civil Defence preparedness confirms that within the Manawatu Wanganui Civil Defence Group area, which includes Tararua District, 42% (36% last year) of homes are fully prepared with 82% having some survival items.

Training will be done by Council staff for all rural fire volunteers to ensure competency targets are met. Training records will be kept of assessments for competency standards.

Key Project

Building Resilience

Council continued to build resilience for emergency response for residents and businesses within the district. Council replaced the Herbertville Rural Fire Depot with a new Herbertville Rural Fire and Civil Defence Centre. A rural fire water carrier was purchased to enable effective rural fire fighting and to be used for civil defence emergency water supply.

Footpaths

To provide safe access for pedestrians.

The Council manages approximately 114.83km of footpaths. The replacement value is in the order of \$4.31 million. The type of surface used is dependent on life cycle cost considerations, pedestrian volumes and the amenity value of the location (i.e. shopping precincts).

Highlights

Council manages 114.8km of footpaths of which 95% were maintained in good condition meeting the target.

Council received 55 service requests (23 in prior year), of which five service requests were not closed in our service request system within seven days. All service requests have been responded to, however, not all relevant data has been fully signed off.

Key Projects

Woodville Town Centre Upgrade

The upgrade of the Woodville Town Centre started in March 2012 and is expected to be completed by October 2012. The upgrade work was extended to include Ormond Street.

This project signals Council's aim to continue with the main street upgrade projects, with Eketahuna and Pahiatua already programmed in the Long Term Plan.

Council and residents are pleased with the progress and performance of the contract. Work has been carried out with interruptions to business kept to a minimum where possible. Council organised promotions to encourage people to shop at Woodville through a radio programme and is looking to have a "Shop & Win Lucky Draw Contest" in the next financial year.

Health and Safety

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

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

Highlights

A total of 396 building consents were received with 22 applications not processed within the statutory timeframe achieving a result of 94.4% compared to a target of 100%. 19 of those consents that exceeded the statutory timeframe were processed within an additional five days.

There were 52 licensed premises in the district of which 35 were visited during the year achieving 67% compared to a target of 100%. Those not visited were small volume traders or clubs that were only open at weekends or in the evenings. These clubs have a good record of sound management practices. 100% of registered premises complied with food hygiene regulations within three months of annual inspection.

Housing

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

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

Highlights

All performance measures were met and occupancy had increased from 92% last year to 95% this year.

Libraries

To provide reading and related resources to meet the communities' recreational and informational needs.

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

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

Highlights

The library organised 57 programmes that were attended by 1,588 children, an increase from last year. With the removal of the Annual Card Fee last year, the number of new borrowers continued to rise. This year there was a 19% increase in the number of new borrowers.

Key Projects

e-Books

An e-Book collection was launched in April 2012. In a New Zealand first, Tararua District Library partnered with Wairoa and Horowhenua Libraries and Wheelers Book Suppliers to form a New Zealand e-Book consortia. This collection is in its infancy but if it follows world trends, use will rise at a rapid rate.

Parks & Reserves

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

The primary purpose of the Parks and Reserves activity is to provide land and facilities for recreational purposes. The Council manages reserves, sports grounds, gardens, green areas, playgrounds not needed, and wildlife areas for both active and passive recreation.

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

Highlights

All performance measures were met. All sports field met standards set by New Zealand Sports Turf Institute, monthly safety inspections were completed and contractors performed well with no complaints.

Key Project

Upgrading of Playground and Sports Fields

The Harvard Park playground project was completed this year. It was team effort between community group Pahiatua On Track and Council. This new playground will benefit the community, provide a point of difference to other towns, and encourage more visitors to stop on their way through the town.

Council also completed the new drainage at the Bush Multisport Complex playing fields to alleviate the flooding of the sports fields. With extra sump holes installed the water drains more easily and the fields are now available for use by the community.

Public Conveniences

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

Council provides a clean, safe, accessible service for local people and travellers. Our community has high expectations around protecting the environment. Public conveniences help to do this while offering comfort to visitors and residents.

Highlights

Due to increased level of vandalism, the cost in maintaining public conveniences was higher than budgeted. Council has taken steps

to act promptly on maintenance and cleanliness issues due to vandalism. This was evident in the increased number of inspections carried out and the 80% pass mark on random audits.

Representation

To enable democratic local decision making.

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

Our governance work includes running local elections, holding meetings, keeping residents informed about the district and our work, and involving the community in decision-making through consultations.

Highlights

Council continued its collaborative efforts with Horizons Regional Council fulfilling its commitment to the objectives of the Manawatu River Leaders' Accord Action Plan, and with key stakeholders and business as part of developing the Long Term Plan.

The adoption of the Long Term Plan, Earthquake Prone Policy, Waste Management and Minimisation Plan and the Annual Report, and the electoral system, rates and group governance structures reviews were significant results for Council.

Resource Management

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

The Council has a wide range of functions under the Resource Management Act – achieving the integrated management of the effects of land use and the associated natural and physical resources of the district, controlling any actual or potential effects of land use, controlling noise and controlling actual or potential effects of activities on the surface of water in rivers or lakes.

Highlights

At 30 June 2012, the District Plan was in the final stages of being adopted by Council, to be effective from 1 September 2012. Resource Consent application numbers showed a 42% increase on last year. Out of 52 Resource Consents applications received, five exceeded the processing statutory timeframe.

Key Projects

Wind Farms

Genesis Energy sought consent for the Castle Hill Wind Farm, situated in the south eastern part of Tararua and the northern part of Masterton District.

The application was considered by Commissioners who consented and imposed a series of conditions to mitigate adverse effects of the proposal. The applicant has 10 years in which to start work on the project and construction work is required to be completed within 10 years of construction commencing. The applicant and two submitters have appealed the decision to the Environment Court, which will finally determine the outcome.

Mighty River Power also sought consent to build the Puketoi Wind Farm. This application was considered by Commissioners who granted the proposal, subject to a number of conditions. Two of the submitters to the application have appealed the decision to the Environment Court, which will now be responsible for determining the outcome.

Roading

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

Highlights

Council achieved a greater square metre of reseals and pavement rehabilitation compared to budget. Council had approved additional expenditure to align with the remaining NZ Transport Agency 2009–12 approved Roothing programme to make maximum use of the NZ Transport Agency subsidy level of 60%, which ended 30 June 2012 (reducing to 59% from 1 July 2012).

Two fatal accidents occurred on local roads and one on State Highway network but none were linked to road factors.

Council received 60 urban surface faults and 152 rural faults. This compares to 21 urban and 42 rural requests in the previous reporting period. The increase in number of service requests was due to the significant weather events in August 2011 and March 2012. A large number of requests were for grading and potholes as a result of these events. Area Roothing Managers are monitoring respective areas.

Service Centres

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

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

Highlights

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

Key Projects

Amalgamation of Service Centres

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

Following consultation, the service centres in Pahiatua, Eketahuna and Dannevirke will remain, with only Woodville library and service centre amalgamated.

Sewerage

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

Council provides a safe, reliable and sufficient disposal of sewerage that 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.

Highlights

One non-compliance with resource consents was noted and this related to elevated levels of nutrients in the Manawatu River due to seepage from the Dannevirke sewerage pond. Council, in its 2012-22 Long Term Plan, has included projects totalling \$6.45 million over the first three years of the plan to upgrade its wastewater systems to meet the resource consents requirements.

Key Projects

Freshwater Clean-up Fund

In 2011, Horizons and Council identified pond leakage at the Dannevirke sewage treatment plant. Council and Horizons have been working together to identify options to stop this leakage,

to upgrade other schemes in the district to protect river water quality, and to comply with current consent conditions in regards to discharge of effluent.

Council was successful in obtaining funding from the Ministry for the Environment (MfE), through Horizons Regional Council, to upgrade the sewage systems.

The funding that Council will receive from Horizons, will contribute \$2.075 million towards these projects. Council is currently working with Horizons to agree on a project plan for implementation of these projects.

Solid Waste Management

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

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

Highlights

Council adopted the Waste Management and Minimisation Plan in December 2011 and signalled changes to the way Council will manage waste in the future.

The completion of the Dannevirke Transfer Station meant all privately owned mobile recycling centres were replaced with council owned facilities designed to meet the needs of each community.

Key Projects

Dannevirke Transfer Station

The Dannevirke Transfer Station was officially opened on 30 April 2012. The opening of the Transfer Station means that council can now process most of the recyclables within the district which will lead to considerable ongoing savings when compared to the old “Red Bin” collection scheme.

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

The new Transfer Station has a weighbridge that will enable Council to charge users for the actual amount of refuse they create thereby encouraging them to reduce and recycle.

Council will, in the next year, look to consolidate waste disposal services in the district. This includes extending and promoting

kerbside collection as a preferred method of refuse disposal compared to transfer stations and landfills.

The number of days transfer stations and landfills are open will be reduced accordingly.

Stormwater Drainage

To provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

Stormwater water systems safeguard people and properties from flooding and the effects of flooding that can lead to public health and safety issues, including avoiding dangerous road conditions.

Highlights

Council has stepped up the rigour in the monthly inspections to proactively manage blockages. This has resulted in the number of service requests decreasing by 57%.

Swimming Pools

Funding support for community pools to promote community wellbeing.

The provision and/or funding of swimming pools is mainly historical, aimed at maintaining and improving the general well-being of people including the Kiwi culture that children should "learn to swim".

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

Highlights

All performance measures were met. All pools were maintained to required standards to enable swimming over the summer period. The Dannevirke indoor pool operated all year round.

Water Supplies

To provide a reliable and cost-effective supply of safe, potable water in reticulated communities.

A safe, reliable and sufficient supply of water is a critical resource for any community to support human, animal and plant life, and to supply industrial and economic needs.

Council provides water supplies to eight communities. An additional three communities have water schemes managed by private water scheme activities.

Highlights

Response times to service requests were not promptly updated in the system which meant Council was not able to meet its service standards.

Measures towards improving current gradings of public supplies are well under way. Pahiatua bore was commissioned last year and Woodville treatment plant upgrade was completed in 2011/12. Council has started upgrading Eketahuna treatment plant and has received funding of \$381,000 towards it. This project is expected to be completed by December this year.

Council only tested 7.74% (target 10%) of hydrants for compliance with the Code of Practice requirements. All hydrants tested passed the requirements.

Key Projects

Water Treatment Plant Upgrades

Woodville

Council reached a milestone when it commissioned the new water treatment plant in Woodville. The quality of Woodville's water has long been a source of frustration in the town. This new treatment plant, together with the impounded water supply, will address the water quality and supply issues for residents of Woodville.

Eketahuna

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

Impounded Water Supply

The design changed midway through – this project changed from an impounded supply to a "large dam". This required seeking a Building Consent and "Certificate of Compliance" under the Building Act. Council obtained the required Building Consent in March 2012 and was issued the Certificate of Compliance.

The importance of the dam and having it operational as soon as possible was highlighted during the year by the Alliance Plant ending their stock kill prematurely. This was due to excessive turbidity in the water supplied, after two days of heavy rain.

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

FINANCIAL OVERVIEW

Overall Results

Council made an operating surplus excluding non cash movements of \$11 million tracking well against budget. (Refer to Table 1 below). Overall financial result taking into account depreciation, gains and losses, and fair value movements of assets was an accounting net deficit of \$1.46 million. Overall revenue exceeded budget by \$1.52 million mainly due to increased roading expenditure, hence higher NZ Transport Agency subsidy, and the receipt of water upgrade subsidies from Ministry of Health. Overall expenditure was over budget by \$3.24 million mainly due to higher depreciation and operating expenses for the Roothing and Solid Waste activities.

Comprehensive Income

See Table 2 – Summary Statement of Comprehensive Income.

Explaining the Significant Variances

Council received \$1.6 million higher grant and subsidies than budgeted mainly due to:

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

- Water development subsidy of \$553,000 from Ministry of Health for upgrading Eketahuna and Pahiatua water treatment systems.

Depreciation and amortisation was over budget by \$1.19 million due to valuation increases in 2010/11. Significant increases are in roading (\$7.45 million against a budget of \$6.68 million) and solid waste depreciation (\$280,000 over budget due to the Dannevirke Transfer Station). These increases were offset slightly by lower footpath depreciation of \$112,000 due to a delay in starting the Woodville town centre upgrade project.

Finance costs are lower than budget by \$162,000. The finance cost of \$891,000 comprises of unrealised loss from the fair value movement of interest rate swaps of \$343,000, interest cost from term debt of \$605,000 and the unwinding of landfill interest cost of \$57,000. Fair value movements in interest rate swaps and interest cost were not included in the budget. Interest cost on term debt is \$457,000 lower than budget due to uncompleted capital works (meant to be funded from debt), lower interest rates and interest rate strategies implemented by Council.

Operating expenses were higher due to increased maintenance work on roads of \$1.14 million, as Council wanted to take advantage of the higher subsidy this year.

Solid waste activity also had higher costs and lower revenue resulting in a net cost overrun of \$1.32 million. Budget was based on Dannevirke Transfer Station opening sooner and "red bins" contract terminating earlier. The delay in completing the transfer station meant additional cost (not budgeted) for contractors to provide waste collection and disposal services was incurred.

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

Table 1 – Summary of Financial Results

	2010/11 Council Actual \$000's	2011/12 Council Actual \$000's	2011/12 Council Plan \$000's	2010/11 Consolidated Actual \$000's	2011/12 Consolidated Actual \$000's
Operating Revenue					
Rates	17,293	18,045	17,998	17,277	18,030
Grants and subsidies	7,596	9,772	8,165	7,596	9,771
Interest and dividends	735	479	647	596	490
Other Income	3,382	3,107	3,073	35,133	31,506
Total operating revenue	29,006	31,403	29,883	60,602	59,797
Expenditure					
Other operating expenses	14,110	15,614	13,373	28,560	28,218
Depreciation and amortisation	10,991	11,882	10,688	13,083	14,407
Employee benefit costs	4,008	4,248	4,284	18,873	19,250
Interest	768	891	1,053	909	948
Total operating expenditure	29,877	32,635	29,398	61,425	62,823
Other asset gains/(losses)	(236)	(229)	-	(164)	(627)
Surplus/(deficit) before tax	(1,107)	(1,461)	485	(987)	(3,654)
Taxation expense	-	-	-	87	(671)
Net surplus/(deficit)	(1,107)	(1,461)	485	(1,073)	(2,983)
Parent interest	(1,107)	(1,461)	485	(1,037)	(2,549)
Surplus/(deficit) attributable to minority interests	-	-	-	(36)	(434)
Other Comprehensive Income					
Gains on Infrastructure assets revaluation	44,073	31,860	29,273	45,970	32,339
Fair value through equity	-	(55)	-	-	(55)
Tax on Equity Items	-	-	-	(583)	-
Total Comprehensive Income	42,966	30,344	29,758	44,314	29,302
Attributable to Tararua District Council	42,966	30,344	29,758	44,350	29,736
Non-controlling interests	-	-	-	(36)	(434)

Table 2 – Summary Statement of Comprehensive Income

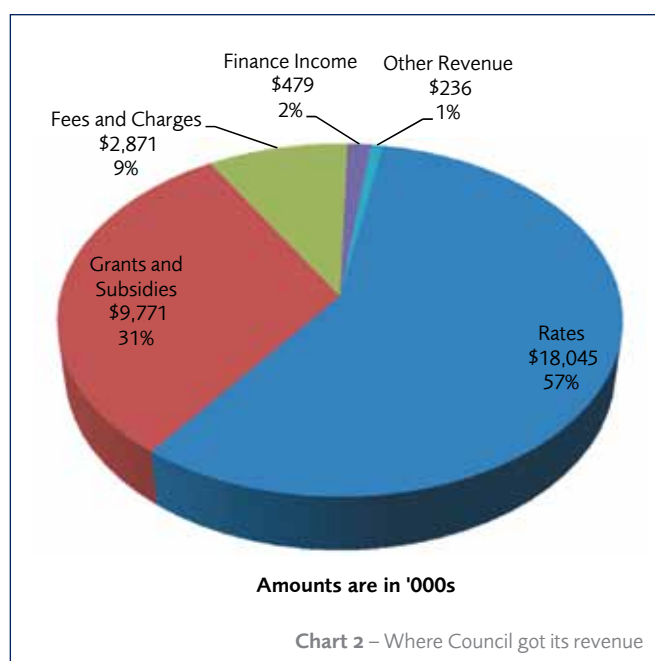
Revenue Sources

Council received \$31.4 million from a variety of sources. Chart 2 and Chart 3 (see next page) highlight some of the key financial areas where Council received revenue from.

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

Over the last few years Council has tried to keep rates increases affordable while still meeting requirements to invest in capital works. Council has also used revenue from other sources in an attempt to reduce the proportion of revenue sourced from rates.

Council kept the overall rates increase to 4.24% compared to 4.56% last year and 6.48% as set out in the 2009-19 Community Plan. Council's proportion of rates to total revenue has reduced from 60% in 2010/11 to 58% in 2011/12. This is mainly due higher grants and subsidies received from NZ Transport Agency and Ministry of Health.



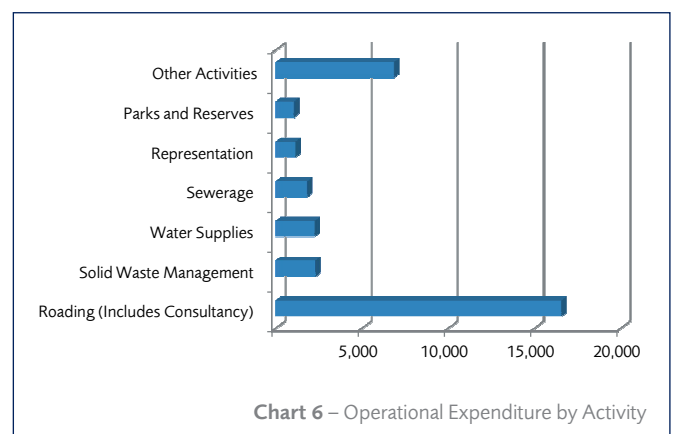
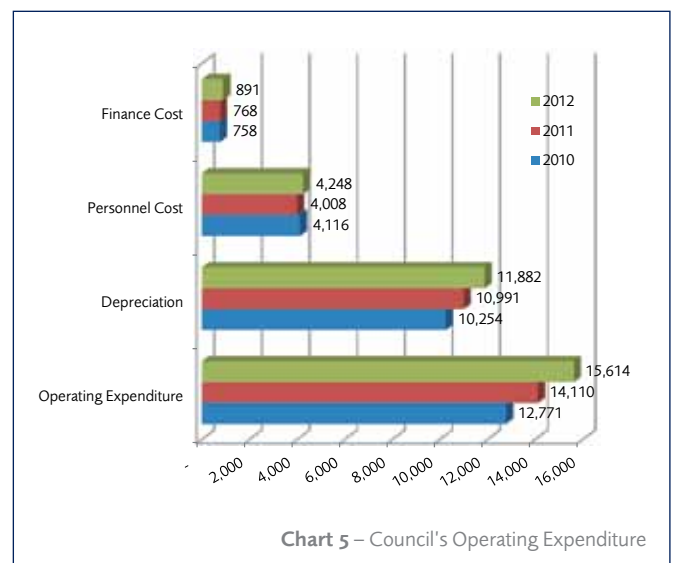
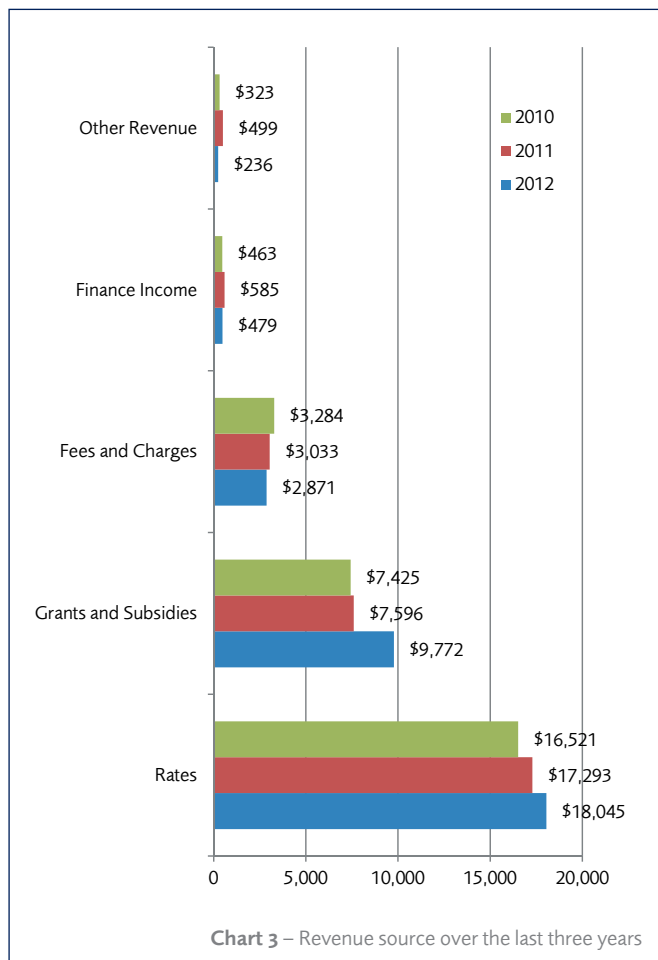
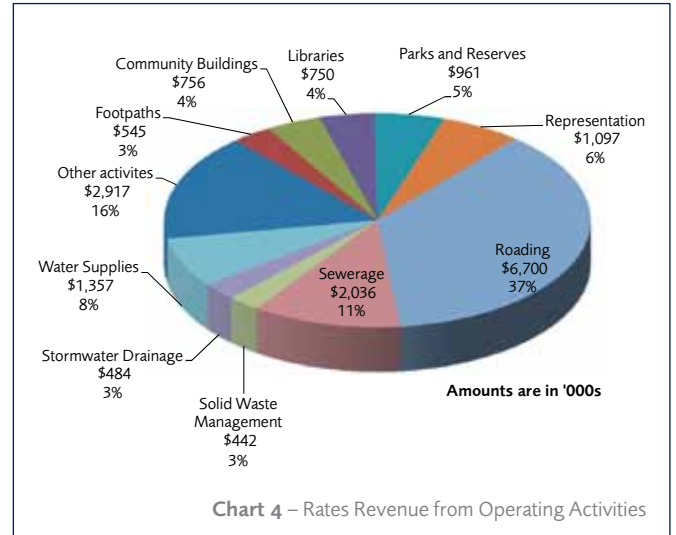
Financial Overview

Council received \$18.05 million of income from rates. Chart 4 shows Council's sources of rates revenue from operating activities.

Expenditure

Council's total expenditure during the year was \$32.64 million. Chart 5 shows where the money was spent and in comparison to the previous two years.

Chart 6 shows the operational expenditure for the key activities.



Financial Position

See Table 3 – Summary Statement of Financial Position.

Council's Assets

Council's major assets include:

- Property Plant and Equipment of \$868.93 million, including intangible assets
- Cash and Cash Investments of \$10.32 million
- Investments in Subsidiary of \$5 million
- Other assets of \$6.86 million

Property, Plant & Equipment was \$5.6 million below 2011/12 budget at year end. This is due variances between the actual opening balances, actual capital expenditure incurred, actual depreciation expense, reclassification of investment property from operational assets, and asset revaluation compared to budget.

Debtors and other receivables are higher than budget by \$1.69 million mainly due to higher subsidies receivable at year end.

Investment properties has increased \$1.37 million due to reclassification of the Dannevirke Aerodrome from operational assets to investment properties.

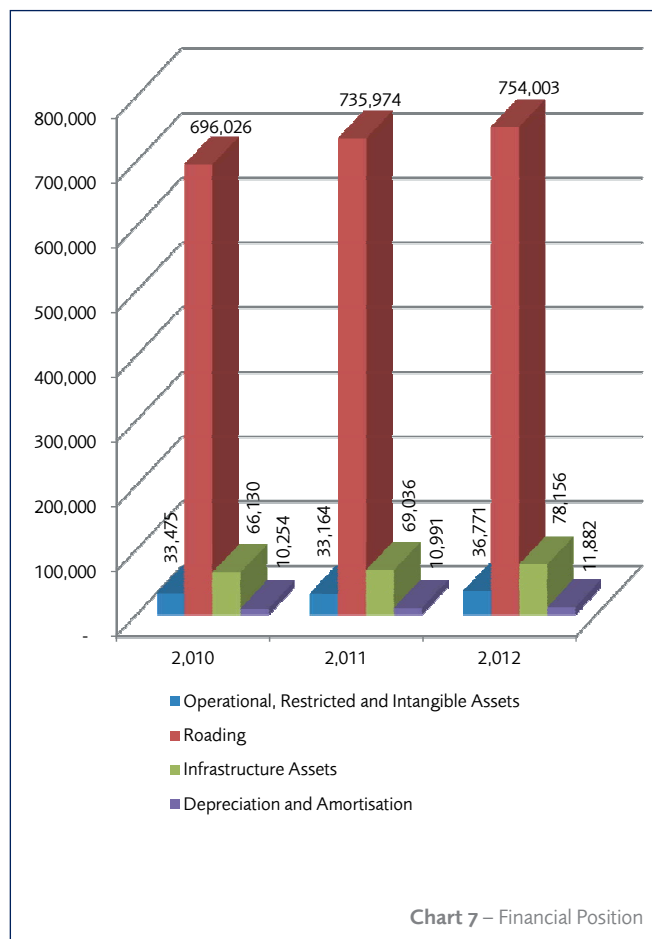


Chart 7 – Financial Position

	2010/11 Council Actual \$000's	2011/12 Council Actual \$000's	2011/12 Council Plan \$000's	2010/11 Consolidated Actual \$000's	2011/12 Consolidated Actual \$000's
Current assets	15,666	15,187	13,161	26,067	21,160
Non-current assets	843,796	875,917	879,522	859,545	890,713
Total assets	859,462	891,104	892,683	885,612	911,873
Current liabilities	8,135	9,071	5,576	15,567	12,345
Non-current liabilities	6,479	6,841	9,075	9,095	9,276
Total liabilities	14,614	15,912	14,651	24,662	21,621
Equity	844,848	875,192	878,032	855,190	884,890
Equity attributable to minority interest	-	-	-	5,760	5,362
Total equity	844,848	875,192	878,032	860,950	890,252
Total liabilities and equity	859,462	891,104	892,683	885,612	911,873

Table 3 – Summary Statement of Financial Position

Investing in the Assets

Council continued to invest in the district, spending \$12.3 million across a wide range of capital projects.

A total of \$5.01 million was spent on capital developments compared to a budget of \$11.28 million and \$7.29 million was spent on renewals compared to a budget of \$9.53 million.

The total book value of all Council's operational and infrastructure is \$868.9 million (including intangible assets) compared to \$838.2 million last year.

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

Council's Liabilities

Council's major components of liabilities include:

- Borrowings of \$10.4 million.
- Trade and other payables of \$3.53 million.
- Other liabilities of \$1.98 million.

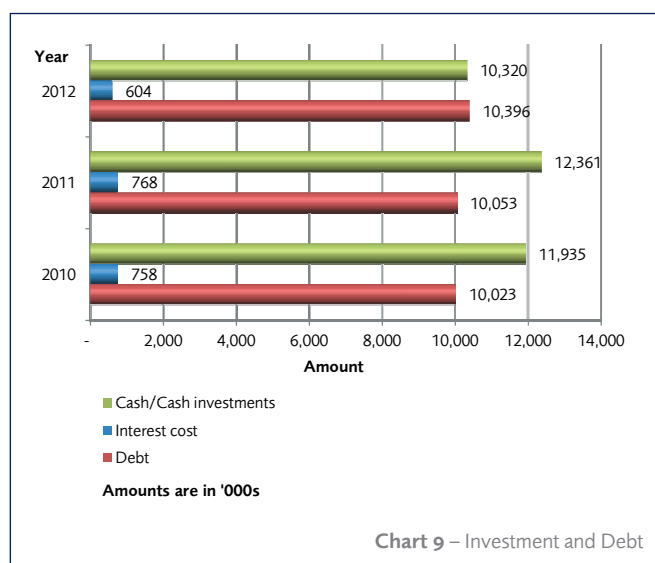
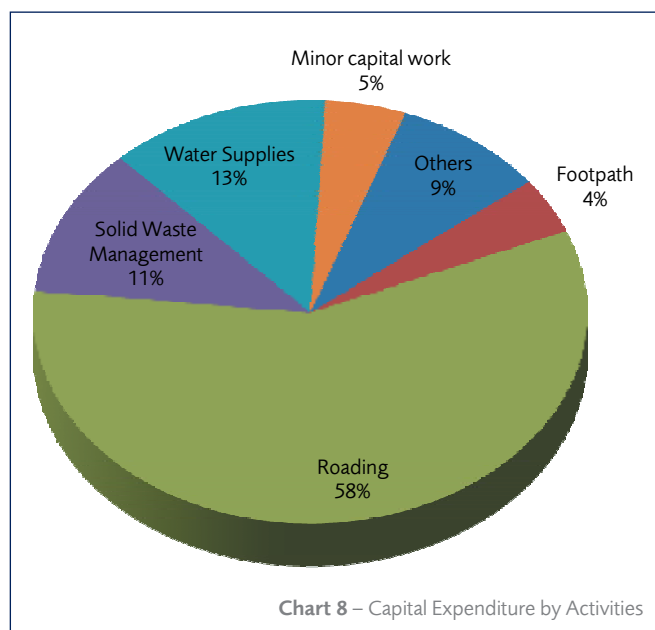
Total liabilities is higher due to increase is payable to creditors at year end. This is mainly due to the increase in roading activity work in the last quarter of the year. There are also variances to budget between current and non-current liabilities due to timing differences between when budgeted expenditure and borrowing was to occur and when it actually occurred.

Chart 9 shows Council's cash/cash investments, debt levels and finance cost for the last three years.

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

Council has managed its debt and investment well by meeting all core policy requirements in Council's Investment and Liability Management Policy, except for investment spread requirements.

Debt was managed within the following limits in Council's Liability Management Policy (Table 4):



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

Table 4

Equity

See Table 5 – Summary Statement of Changes in Equity.

Equity is represented by Council's total assets and total liabilities. Council's equity as at 30 June 2012 was \$3 million below budget at \$875.1 million. This is due to variances in opening balances between actual and budget, higher increases in asset revaluation reserves, and lower than budgeted increases in special funds.

Cashflows

See Table 6 – Summary Statement of cashflows.

Significant variances to budget in the Statement of Cash Flows included: \$1.3 million decrease in cash flows from operations. The decrease is a mainly due to additional payments to suppliers as a result of additional roading expenditure and landfill costs, refer to operating expenses variance explanation for further details.

\$3.8 million decrease in cash flows from investing. The decrease is due to: higher investments in property, plant and equipment and intangibles of \$2.6 million than budgeted, refer to property, plant and equipment variance explanation for further details.

Net movements in term deposits of \$1.3 million resulting in a decrease in cash and cash equivalents and increase in other financial assets.

	2010/11 Council Actual \$000's	2011/12 Council Actual \$000's	2011/12 Council Plan \$000's	2010/11 Consolidated Actual \$000's	2011/12 Consolidated Actual \$000's
Balance at 1 July	801,883	844,848	848,274	816,636	860,950
Total comprehensive income previously reported	42,966	30,344	29,758	44,314	29,302
Dividends to non-controlling interest	-	-	-	-	-
Total Balance at 30 June	844,848	875,192	878,032	860,950	890,252
Comprising of:					
Accumulated Funds	364,077	361,994	374,588	372,615	369,476
Asset Revaluation Reserves	466,713	497,255	19,329	468,517	499,472
Special Funded Reserves	14,028	15,891	484,082	14,028	15,890
Trust Funds	30	52	33	30	52
Minority Interest	-	-	-	5,760	5,362
Total Equity	844,848	875,192	878,032	860,950	890,252
Total comprehensive income attributable to:					
Tararua District Council	42,966	30,344	29,758	44,350	29,736
Non-controlling interests	-	-	-	(36)	(434)
Total comprehensive income	42,966	30,344	29,758	44,314	29,302

Table 5 – Summary Statement of Changes in Equity

	2010/11 Council Actual \$000's	2011/12 Council Actual \$000's	2011/12 Council Plan \$000's	2010/11 Consolidated Actual \$000's	2011/12 Consolidated Actual \$000's
Net cash flow from operating activities	9,732	9,886	11,173	10,526	11,578
Net cash flow from investing activities	(3,752)	(13,698)	(9,850)	(3,992)	(15,063)
Net cash flow from financing activities	23	120	(85)	(984)	(259)
Net increase/(decrease) in cash held	6,003	(3,693)	1,238	5,550	(3,744)
Opening balance	2,233	8,236	9,048	2,951	8,501
Total cash resources at 30 June 2010	8,236	4,544	10,286	8,501	4,757

Table 6 – Summary Statement of Cashflows

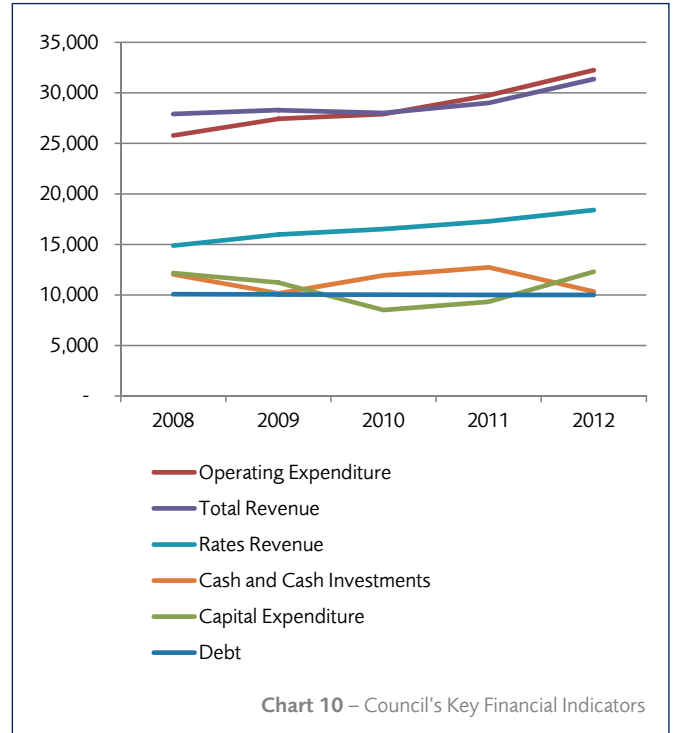
Key financial indicators

Chart 10 summarises Council's key financial indicators:

- Operating expenditure and total revenue.
- Capital expenditure and debt.
- Rates Revenue and Cash and Cash investments.

These activities track consistently over the five years and show a trend of increasing cost and the need to match this cost with a gradual increase in revenue primarily rates revenue.

Capital expenditure has increased but core debt has remained constant. This is due to Council using internal borrowing to fund this expenditure.



Summary of Financials per Resident

Table 7 shows what each resident owns, owes and spent for the last three years.

	2010	2011	2012
Number of residents*	17,634	17,634	17,634
Assets	\$46,255	\$48,742	\$50,533
Liabilities	\$781	\$829	\$902
Equity	\$45,474	\$47,912	\$49,631
Debt	\$568	\$567	\$590
Operating Cost	\$1,582	\$1,694	\$1,851
Capital Expenditure	\$483	\$530	\$697
Interest cost	\$41	\$36	\$34
Cash Investments	\$677	\$723	\$585

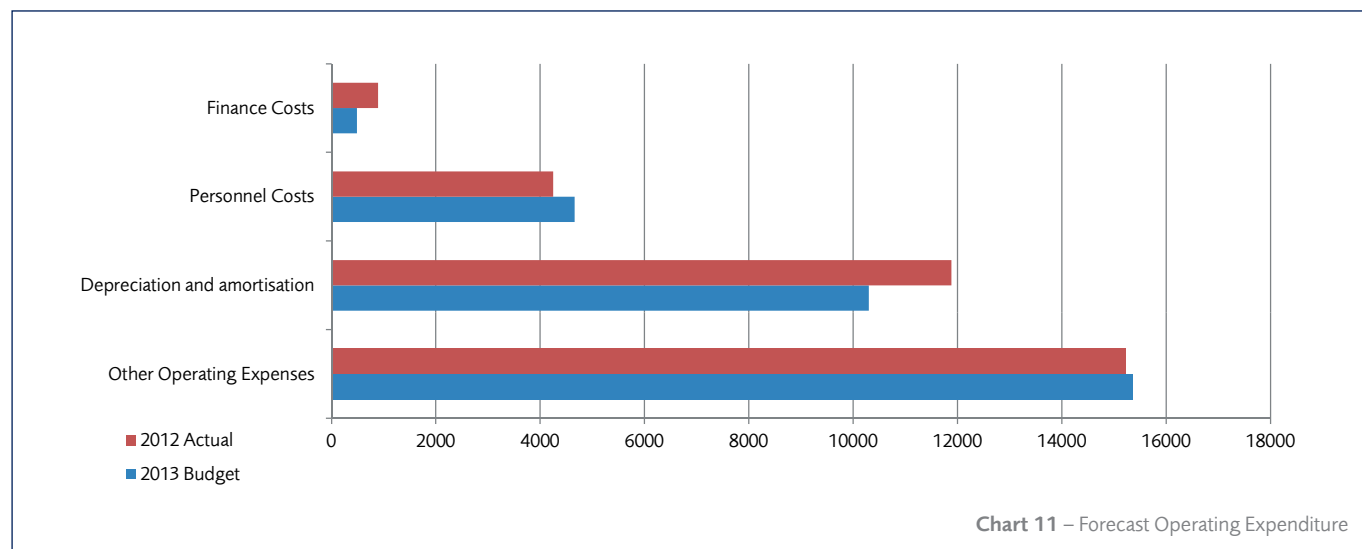
* Based on Statistics NZ 2006 census

Table 7 – Summary of Financials per Resident

Looking Forward

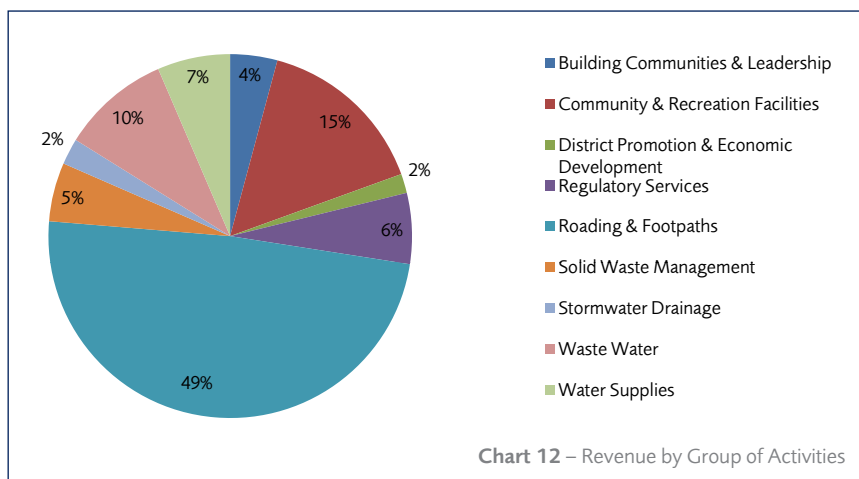
The results for the year ended 30 June 2012 reflect the provision of quality, cost effective services to Tararua residents and businesses.

The 2012/13 Long Term Plan sets out the Council's planned operating expenditure programmes for 2012/13. The following graphs highlight the Council's revenue and spending plans for the 2012/13 financial year. Refer Chart 11 – Forecast Operating Expenditure.



Rates revenue is 60% of operating revenue with subsidy and fees and charges being 25% and 12% respectively. Refer Chart 12 – Revenue by Group of Activities.

The Roding group of activities contributes 49% of the revenue with Community and Recreation Facilities group contributing 15% and the Wastewater group 10%.



ACCOUNTING DISCLOSURES

These summary financial statements are a summary of the 2011/12 Annual Report and cover the period from 1 July 2011 to 30 June 2012. The Summary Financial Reports were authorised for issue on 31 October 2012 by Council. These summary financial statements do not provide as complete an understanding as provided by the full 2011/12 Annual Report. A full copy is available on the Council website at www.tararua.govt.nz. The information included in this report has been prepared in accordance with FRS43; Summary Financial Statements.

Reporting Entity

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

The Tararua District Council and group consists of Tararua District Council and its subsidiaries. They are domiciled and incorporated in New Zealand.

The subsidiaries are:

- TDC Holdings Limited (100% owned subsidiary) – Profit Orientated Entity.
- Tararua Forest Limited (100% owned subsidiary) – Profit Orientated Entity.
- Infracon Limited (66% owned subsidiary) – Profit Orientated Entity.
- Tararua AquaticCommunity Trust (Council organisation established in New Zealand by Council as settlor) – public benefit entity.

The financial statements of Tararua District Council are for the year ended 30 June 2012. The financial statements received an unmodified audit opinion and were authorised for issue by Council on 31 October 2012.

Basis of Preparation

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The primary objective of Tararua District Council is to provide goods or services for the community or social benefit rather than making a

financial return. Accordingly, Tararua District Council has designated itself and the group as public benefit entities. The accounting policies set out in the 2011/12 Annual Report have been applied consistently to all periods presented in these financial statements.

TDC Holdings Limited (the Company) was placed on voluntary liquidation as at 1 July 2012 by way of a special resolution by Council (the ultimate shareholder). Accordingly it is not appropriate for the financial statements of the Company to be measured on a going concern basis. Instead the financial statements have been prepared on a disestablishment basis. The measurement basis for assets and liabilities is net realisable value.

All functions and operations of the Company will transfer to and be carried out by Council. The assets and liabilities of the Company will transfer to Council as at 1 July 2012 at their carrying book value upon conclusion of the liquidation. The assets and liabilities of the Company are expected to be relevant for Council. For that reason, while the financial statements have been prepared on a disestablishment basis, no adjustments have been made to the valuation or classification of assets and liabilities recognised in the financial statements because of disestablishment.

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

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

Commitments

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

	2011 Council \$000's	2011 Group \$000's	2012 Council \$000's	2012 Group \$000's
Operational Commitments	13,620	5,104	8,919	8,884
Capital Commitments	21	21	3,606	2,583
Operating Leases	222	252	110	55

Contingent Liabilities

Council had \$41,000 contingent liabilities for June 2012 (2011: \$761,000), however, the group totalled \$2.39 million (2011: \$3.46 million).

Council has the following significant contingent liabilities:

- Council has a contingent liability for potential claims relating to Weathertightness. Council is not able to reliably quantify and measure the amount of these claims and any potential liability. There has been no claims submitted for 2011/12 (nil 2010/11).

Emissions Trading Scheme

Tararua Forest Limited (TFL) owns approximately 320ha of forest on its property that are pre-1990 forest land under the emissions trading scheme. Should this land be deforested, a deforestation penalty would be incurred. At the balance sheet date, this liability is nil as the credits have not yet been received.

Related Party Disclosure

Council has entered into related party transactions during the year. The most significant of these are shown below but full details of this can be found in Note 28 of the full Annual Report.

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

	2011 Council \$000's	2012 Council \$000's
Services received by Council from Infracon Limited during the period (GST exc)	9,618	10,006
Amounts payable to Infracon Limited by Council at year end as contract retentions (GST inc)	248	195
Amounts payable to Infracon Limited by Council at year end (GST inc)	1,245	1,114

Related party transactions involving directors and trustees

P Burne (Morris & Bailey Limited, provided services to Infracon Limited)	77	-
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The related party transactions shown above are eliminated on consolidation.

Events After Balance Date

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

OUR DISTRICT

Resident population (2006)	17,634
Number of rateable properties	11,258
Area (ha)	427,000
Net capital value (\$m)	\$5,351
Total roading network (km)	1,956
Elected representatives (Council & Community Boards)	17



26 Gordon Street, Dannevirke
Phone 06 374 4080

www.tararudc.govt.nz

INDEPENDENT AUDITOR'S REPORT

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

We have audited the summary of the annual report (the summary) as set out on pages 7 to 19 and 22 to 23, which was derived from the audited statements in the annual report of the Tararua District Council (the District Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 31 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's statements of service performance and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: 'Summary Financial Statements' and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

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

Without modifying our opinion, we note that our audit report on the 2009-2019 LTCCP, dated 24 June 2009, contained a qualified opinion because there was inadequate information to support the forecast expenditure and levels of service for water and waste infrastructure.

Since then, the District Council's subsequent initiatives have demonstrated that the forecasts and levels of service in the LTCCP were reasonable. As a result, the forecasts and the levels of service contained in the LTCCP provide an appropriate basis for the

meaningful assessment of the District Council's performance for water and waste.

Basis of Opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

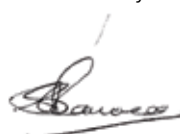
The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 31 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: 'Summary Financial Statements'. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: 'Engagements to Report on Summary Financial Statements'.

Other than in our capacity as auditor, which includes obligations to carry out the audit of the annual report and the audit of the long term plan, we have no relationship with, or interests in, the District Council or any of its subsidiaries.



Clint Ramoo, Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
20 November 2012

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

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

The audit report refers only to the financial statements, statements of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statements of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statements of service performance and the other requirements as well as the related audit report dated 20 November 2012 to confirm the information included in the audited financial statements, statements of service performance and the other requirements presented on this website.

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