

① ARARUA DISTRICT COUNCIL

ANNUAL REPORT

1 JULY 2012 – 30 JUNE 2013

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.

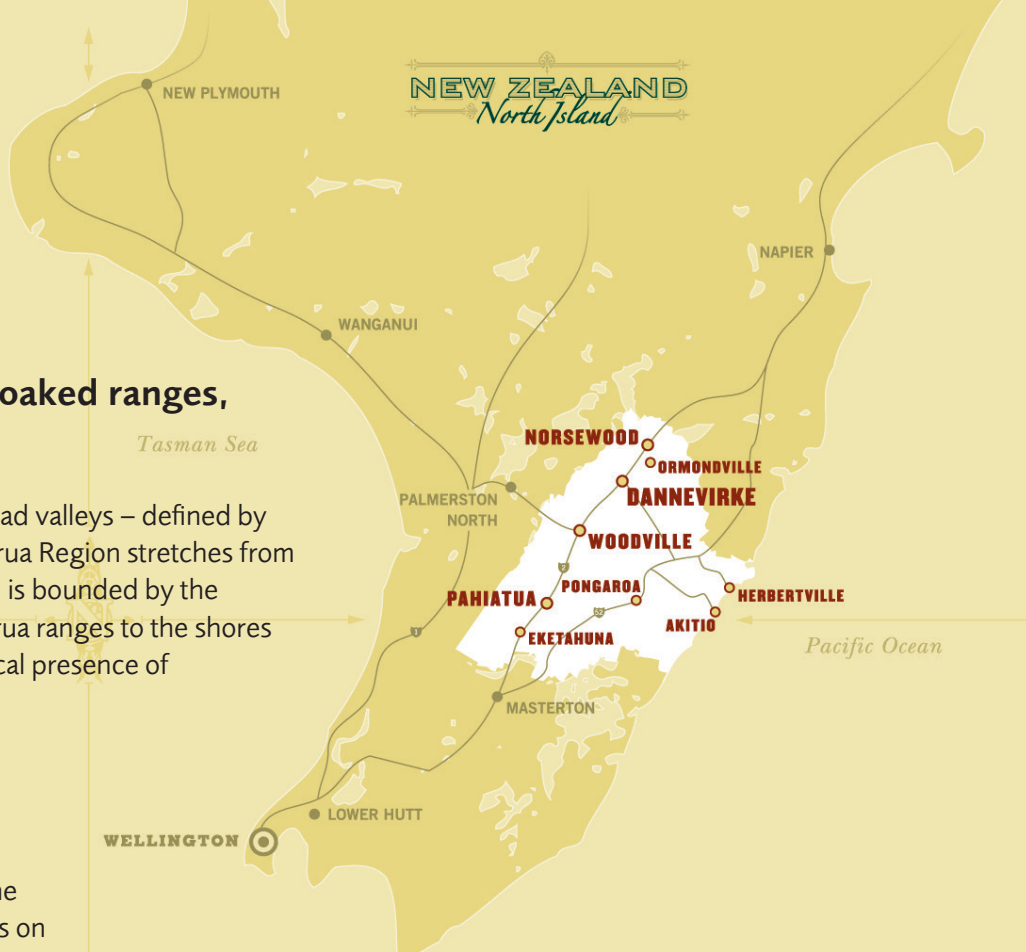
European settlement within the District started in 1854 when the first sheep were driven up the coast from Wellington to establish coastal stations, but access to this area remained almost entirely by sea until well into last century.

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.



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Introduction

ANNUAL REPORT 2012/13

From Your Mayor and Chief Executive

The 2012/13 has been a very positive year for delivering the projects and changes sought by our districts ratepayers and residents.

In balancing the requests to continue with our capital improvements programme in roading, water and wastewater, a prudent rate increase of 4% was required (compared to the 4.2% forecast). These improvements were set out in our Long Term Plan to increase resilience and levels of service for core services, along with meeting increased government standards and compliance costs.

We continue to address the issue of affordability as rates were further trimmed in our 2013/14 Annual Plan from a forecast increase of 4.52% to an increase of 3.65%. This again was achieved without compromising on our investments in our infrastructure and service levels.

Our relationships with Horizons, New Zealand Transport Agency, local Iwi and other Councils through our shared services arrangements have further improved. These relationships have resulted in lower costs to our residents and have delivered better outcomes.

An example is securing funding of \$2 million from the Ministry of Environment's 'Fresh Start for Fresh Water Clean-up Fund' for wastewater treatment upgrades. A major factor in this success was our involvement in the Manawatu River Accord, alongside an on-going collaborative relationship with Horizons Regional Council. We have made significant progress in delivering these projects and continue to work closely with Horizons.

We have positive relationships with Rangitane O Tamaki Nui A Rua and Ngati Kahungunu and have worked on a number of partnership projects over the last year. These projects were predominantly focused on protecting the district's environment, rivers and natural habitat.

The reopening of the Manawatu Gorge in November 2012, following a record 15 months of closure, allowed us to begin repairs to local roads – especially the Saddle Road – that had been badly affected by increased traffic volumes. As at the date of this report, the NZ Transport Agency agreed to transfer the management of the improvement work on the Saddle Road to Council. This upgrade project has an estimated value of \$4.5 million over two years and is 100% funded by NZ Transport Agency.

The Manawatu-Wanganui Local Authority Shared Services Company (MW LASS) continues to develop other cost saving measures through the Councils jointly sharing projects or bulk buying, whilst still supporting local businesses where feasible. We are now asking what changes are needed for the Councils in the Region and the NZ Transport Agency to collaborate on various projects/services associated with local and state highway roads. Further discussion will be undertaken in the next financial year. If successful, this will be another "feather in the cap" for our Engineering Services team as they lead the way in road management services, rather than the higher cost option of out-sourcing to consultants.

However, it has not always been plain sailing for us. We had to cope with several bad storms. The September 2012 "weather bomb" caused significant damage to our district's local and state highway roads. The total flood damage repairs for the year amounted to \$2.5 million, for which we are pleased to note that we received 80% subsidy from the NZ Transport Agency. Our contribution amounted to \$500,000, which amounts to a 2.7% increase in rates. However, we were able to use our depreciation reserves to fund these additional costs.

The drought had a significant impact on the community, especially farmers. Being able to continue delivering quality drinking water during future droughts was one of the outcomes from the Dannevirke Impounded Supply and the Pahiatua second bore and storage projects. Focus will now move to improving the security of supply in our other towns. We will be working with Horizons and the affected communities in regards to consents, and with farmers and urban residents on ways to secure and have access to water supplies.

Changes to regulation and legislation prompted by Central Government continue to impose significant cost on us. The Earthquake Prone Building policy and Sale and Supply of Alcohol Act 2012 are examples where the cost to implement these policies now rest with the ratepayer. We are unimpressed that the Government believes that this is the optimum use of ratepayer funding, relative to other risks – be it providing safer roads, better drinking water, or removing the impact of urban wastewater discharges into our rivers. We will continue to work with the Local Government sector and Central Government to represent the best interest of ratepayers.



We are innovative and proactive in addressing the issues we face. Water management is now a focus by Central Government and we are "ahead of the game". Our Water Management Strategy has been partially implemented with the completion of the Dannevirke Impounded Supply. The following projects will be carried out next year, or are currently underway:

- Commence the Pahiatua second bore and additional storage now that a significant subsidy has been obtained;
- further high-tech leak detection to reduce losses;
- ensuring large users have contingency plans in place to cater for periods where our intakes need to be cut back to preserve stream environments and other users water takes;
- update historical easements on farm connections at Eketahuna and Woodville that balance needs against supply constraints.

Wastewater treatment operations have also been improved with the use of Tephra to remove phosphorus from our wastewater. Community support for cutting costs through training and equipping a Council staff member to operate a closed circuit TV camera for pipes (rather than hiring external consultants), has enabled preventative maintenance through prioritised pipe repair and replacement. Costs have been reduced through the ability to combine work with roading projects. For example, identifying cracked and broken pipes reduces infiltration into our wastewater thereby reducing treatment and disposal costs.

Our group structure was simplified by transferring Tararua Forests Limited's forestry assets back into Council. The voluntary liquidation of Tararua Forests Limited was resolved by Council on 1 July 2013. This will further improve our control and governance over our investments. We were pleased to note that Tararua Forests Limited reported a \$426,000 net profit this year.

Our financial performance against budget was satisfactory, as our total revenue was slightly above total expenditure – compared to a budgeted profit of \$414,000. This was mainly driven by the September 2012 "weather bomb" and increased depreciation expenses resulting from a higher than expected asset valuation increase last year.

Our debt levels were below forecast, mainly due to prioritising of some capital programmes, use of internal borrowing, and implementing flexible debt borrowing arrangements. Our infrastructure investments remained consistent with last year with a total spend of \$12.6 million. The large majority of this investment was on our core infrastructure of footpaths and roads. As well as upgrading our water and wastewater, systems with a total spend of \$11.4 million.

We made significant improvements in our service performance measures compared to last year. However, we acknowledge that there is room for improvement in some activities. Audits of building warrant of fitness; inspection of

swimming pools and spas; inspection of licensed premises and clarity of town water are the significant targets not achieved this year. We will look to further improve our overall performance next year. The treatment plant upgrades in Woodville and Eketahuna completed this year and the planned treatment plant upgrades in Dannevirke, Pahiatua and Akitio are projects planned to improve the water clarity issues.

Looking ahead, our primary focus will continue to be affordability. We will look for further efficiencies and savings to cater for the increased compliance and regulatory cost resulting from changes to legislation.

We will continue to invest in our core infrastructure, working towards our 10-year vision in our Long Term Plan.

We will invest modestly in economic development activities as we see these attracting industries, businesses and people into our district, which ensures that we will continue to grow and prosper.

We would like to thank the Community Boards and Community Committees, Councillors and staff for their tireless efforts towards delivering on our vision and strategic objectives in our Long Term Plan.

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 2012 to 30 June 2013 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:

- 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.
- 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.

Relationship to Other Key Documents

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

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

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

- Revenue and Financing Policy (sections 102 and 103).
- Liability Management Policy (sections 102 and 104).
- Investment Policy (sections 102, 105 and 106).
- Development Contributions or Financial Contributions Policy (sections 102 and 106).
- Partnerships with the Private Sector Policy (sections 102 and 107).
- Remission and Postponement of Rates on Maori Freehold Land Policy (sections 102 and 108).
- Rates Remission Policy (sections 102 and 109).
- Rates Postponement Policy (sections 102 and 110).
- Significance Policy (section 90).



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.

Our Vision

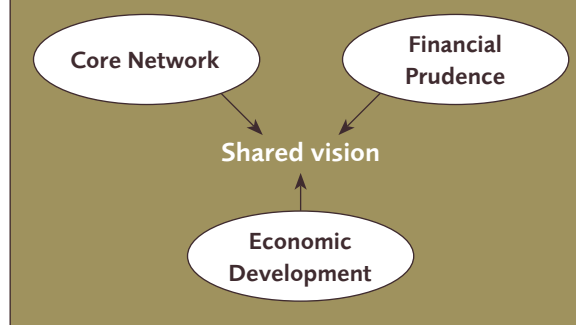
"A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure."

What We Said We Will Do

● Achieved ● Almost achieved ● Not achieved

- **Trim forecasted rates increases**
- **Continued investment in roading infrastructure**
- **Complete the capital expenditure programme for the year**
- **Improve water supply and quality issues**
- **Delivery on service level performance targets**
We did not achieve 15 (24%) of our service level measures.
- **Reduce environmental impact from our waste management practices**
- **Debt managed within Long Term Plan forecast**
- **Operating cost does not exceed budget**
Operating expenses for roading and solid waste management exceeded budget due to flood damage repairs and increase in service levels respectively. We were able to recover 80% of flood damage costs from NZ Transport Agency subsidies.
- **Branding of each town and promoting Taranua**
- **Promote economic development**
- **Improve relationships and collaboration with other organisations to benefit ratepayers and residents**

Our Strategic Focus



Service Performance

Achievements

- 13 of our 22 activities met all of their service performance measures. The number of measures not achieved was 15, compared to 18 last year.
- We completed 96% of requests to fix road surface faults within the timeframe specified in contracts, compared to a target of 85%.
- The results of the Roughness and Sealed Condition Rating surveys were very positive. 95% of our sealed roads passed the required standards.
- 99% of our 115.2km of footpaths were maintained in good condition.
- The number of incidences of unplanned loss and overflows of our wastewater systems were well below our targets.
- We have significantly reduced the issues regarding taste of town water at Eketahuna and Woodville and continue to further improve this measure through the upgrade of treatment plants at other towns.
- All of our wastewater schemes met resource consent conditions.

- We facilitated 5 applications for the Ministry of Science and Innovation Subsidy from businesses in the district.
- We adopted our District Plan and an external review concluded that the District Plan policies are robust.
- We achieved a result of 100% for completing building inspections and processing liquor licencing applications.
- Use of our community buildings and swimming pools increased from last year.

Areas for Improvements

- We did not achieve 60% of our measures in the Health and Safety activity. Most of the measures not achieved were new measures. Audits of building warrant of fitness, inspection of swimming pools and spas, and inspection of licensed premises were the targets not achieved this year. We have since reviewed and implemented new business processes, improved work allocations and prioritised our work to ensure we rectify this issue and delivery of our service performance going forward.
- We had 46 recorded issues for clarity of town water, compared to a target of less than 29. Most of these relate to issues in Woodville and Pahiatua. In Pahiatua it was due to the change from the bore to river supply due to the breakdown of the pump. In Woodville, it was due to an occurrence of algae in the reservoir caused by low levels and a major slip during the September 2012 "weather bomb". The commissioning of the treatment plant in Woodville and the second bore for Pahiatua will help reduce water clarity issues in the future.
- Total library issues and pedestrian foot traffic were down by 6% and 4% respectively. We will continue with the marketing promotions and running events to improve these numbers.
- For Footpaths, Health and Safety, and Resource Management, service requests were not responded to within the agreed timeframes. We will continue to work with our contractors to ensure timely resolution of service requests.

Financial Overview

Overall Operating Result	\$399,000 UNFAVOURABLE	●
Operating Revenue	\$1.9 million FAVOURABLE	●
Operating cost	\$2.3 million UNFAVOURABLE	●
Total External Debt	\$4 million FAVOURABLE	●
Capital Expenditure	\$5.8 million UNFAVOURABLE	●
Net Debt	\$7.3 million FAVOURABLE	●
Net Interest	\$120,000 FAVOURABLE	●

Financial Performance

Operating Revenue

Revenue was higher than budget due to higher NZ Transport Agency subsidies due to additional flood damage repairs works of \$2.4 million for which we received 80% subsidy (compared to 69% planned), shared services revenue from Central Hawke's Bay District Council, and higher interest income for cash investments.

Operating Cost

Our overall operating expenditure was \$2.3 million over budget mainly due to overruns Roding, and Solid Waste, and higher depreciation expense. Roding activity incurred significant cost due to the September 2012 "weather bomb" that caused significant flood damage to our district's local and state highway roads. In Solid Waste, we extended our refuse collection by providing refuse and recycling bins for other towns. The additional cost for providing these services together with increase transportation cost resulted in cost overruns.

Cost savings were made in other activities in maintenance and consulting costs that helped offset the increases in Roding, and Solid Waste.

External Core Debt

Our debt level at year-end was \$10 million, which was lower than budget by \$4 million. This is mainly due to prioritising of some capital programmes, use of internal borrowing, and implementing flexible debt borrowing arrangements.

Infrastructure Investments

Investments in our core infrastructure remain consistent with last year. We continued with our capital programme on footpaths and roads, and upgrading our water and wastewater systems with a total spend of \$11.4 million. Total capital expenditure for the year was \$12.6 million.

Big-Ticket Items

Roding and Footpath – total \$6 million

- Woodville town upgrade – \$500,000
- Road reseal – \$2.4 million
- Pavement rehabilitation – \$1.7 million
- Minor safety improvements – \$500,000

Water – total \$2.7 million

- Dannevirke impounded water – \$1.6 million
- Woodville treatment plant upgrade – \$100,000 (most of the expenditure was in the prior year)
- Eketahuna treatment plant upgrade – \$400,000

Wastewater – total \$2.7 million

- Dannevirke oxidation pond remedial work – \$1.9 million
- Woodville treatment plant upgrade and oxidation pond remedial work – \$300,000

Highlights of the Year

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

Relationships and Shared Services

Shared Vision with Horizons

Horizons and ourselves have a shared vision of improving the state of our environment. We have been working collaboratively on a number of fronts to achieve this vision.

"This is a reflection of the level of maturity of the relationship between the two organisations."

The successful joint funding application to the Ministry of Environment's 'Fresh Start for Fresh Water Clean-up Fund' is an example. As part of this funding, we are working with Horizons to improve the oxidation ponds and reduce the extent of discharges into the river in low flow conditions and options for land-based disposal.

The two councils are also working closely on relining the wastewater oxidation ponds and treatment plant upgrade components of these projects whilst also maintaining the relationship of applicant/consenting authority for discharge consents under the provisions of the Resource Management Act. This is a reflection of the level of maturity of the relationship between the two organisations.

Other significant projects we are working together with Horizons are:

- Woodville stock truck effluent dump – this project will lessen the impact of the stock truck effluent on our roads and waterways.

- Woodville water intake – this project is to meet the needs of the community for drinking water, whilst also minimising the impacts on the water source.
- Oil and gas exploration – to work collaboratively with Horizons on consenting and managing oil and gas exploration in the district.

Working with Local Iwi

We have a positive relationship with Rangitane O Tamaki Nui A Rua and Ngati Kahungunu. Both organisations agree on having a process and dialogue as a way of moving forward when differences occur.

We have worked on a number of partnership projects over the last year and these projects generally had focused on protecting the district's environment, rivers and natural habitat. All of these projects will have long-term impacts on the district and are likely to continue over the next few years. The projects include:

- Manawatu River Leaders' Accord and the upgrades to urban wastewater and water systems.
- Managing and monitoring the resource consenting process to avoid, remedy or mitigate any adverse effects of petroleum exploration and production in the district.
- Introducing flax along rivers and catchment areas as a natural way to reduce river pollution and create business opportunities under our GO! Project. We have also worked with Horizons Regional Council on this project.
- Working in partnership with Rangitane iwi to collate information on waahi tapu sites and such archaeological areas in the district.



MW LASS Project

We continue to actively participate in the projects under the Manawatu Wanganui Local Authority Shared Services company (MW LASS). Key projects for the year included:

- **Regional Archives**

The bulk of our archive records were transferred during the year to the MW LASS Archives Central building in Fielding.

- **Rating and Valuation Services**

The rating valuation service contract with Quotable Values continued during the year.

- **Insurance Services**

The AON contract delivered further savings in insurance costs to our ratepayers and us. We decided to use commercial insurance for our underground reticulation infrastructure instead of self-insurance, given the low premium and 100% cover.

Longer term initiatives are being developed in respect of information technology services and debt collection.

"Both councils are benefiting from the realised cost savings and the sharing of best practise."

Shared Services

We have a shared services arrangement with Central Hawkes Bay District Council (Central Hawkes Bay) providing some regulatory and financial services to them. The arrangement has been running for more than six months. As this is the first of such arrangements, Council staff are learning to balance the work requirements and deliverables for us, and at the same time deliver on the agreed deliverables under the shared services arrangements with Central Hawkes Bay.

Both Central Hawkes Bay and ourselves are learning and benefiting from these arrangements. Both councils are benefiting from the realised cost savings and the sharing of best practise.

Infrastructure Investments

Roading

Upgrade of Local Roads

The opening of the Manawatu Gorge in November 2012, following a record 15 months of closure, allowed us to begin

repairs to local roads which had been badly affected by increased traffic volumes. These roads included the Ballance Valley Road, Gorge Road, Oxford Road, Hope Road, Valley Road, Conduit Road and Nikau Road. A total of \$536,000 was spent repairing pavement surfaces on these roads.

"The total flood damage repairs for the year amounted to \$2.5 million, for which we received a \$2 million subsidy from the NZ Transport Agency."

With the pavement repairs to the Saddle Road and Pahiatua Track, New Zealand Transport Agency contracted this work to Council at a 100% subsidy. This involved repairing the roads to the state prior to the Gorge closure. Dig-outs were undertaken, as well as repairs to drainage. The total value of work done to the end of the year was \$562,000, with the remaining dig-out sections on both the Saddle Road and Pahiatua Track to be claimed in the next financial year.

Saddle Road Upgrade

We are in negotiation with the NZ Transport Agency to transfer the improvement work on the Saddle Road to Council for an estimated value of \$4.5 million over two years. Improvement work will involve pavement strengthening, as well as looking at selected areas for passing lanes and widening of corners. It is hoped that plans for any upgrades will be announced early in the new financial year.

Significant Events

The September 2012 "weather bomb" caused significant damage to our district's local and state highway roads. The total flood damage repairs for the year amounted to \$2.5 million, for which we received 80% subsidy from the NZ Transport Agency. The cost to us was close to \$500,000, which would have been another 2.7% rates increase. This volume of work was funded from our Depreciation Reserves.

Horizons Rooding Collaboration Initiative

The Manawatu Wanganui LASS (MW LASS) is currently looking at opportunities where local authorities and the NZ Transport Agency may be able to work in collaboration for various projects/services associated with local and state highway roads. Further discussion will be undertaken in the next financial year. If successful, this will be another "feather in the cap" for our Engineering Services team as they lead the way in road management services. This initiative is consistent with the drive by Central Government to increase collaboration and improve efficiency in road maintenance funding.

Woodville Town Centre Upgrade

The Woodville town centre upgrade was a positive success. The facelift for Woodville has been well received by both local residents and visitors to the town.

The inclusion of a Community Advisor to the project team saw positive results. At the same time, we also undertook water and stormwater upgrades to reduce further disruption to business.

The project had a total budget of \$944,000, and the final actual expenditure was \$953,000. The additional cost was due to some additional water and stormwater work, funded from the district wide renewals budget.

Wastewater

Ministry of Environment Project

In our 2012-22 Long Term Plan, we had included projects totalling \$6.45 million over the first three years of the plan to upgrade our urban wastewater systems. Our involvement in the Manawatu River Accord and on-going good relationships with Horizons Regional Council resulted in a joint funding request to the Ministry of Environment's 'Fresh Start for Fresh Water Clean-up Fund'. We were granted funding

The facelift for Woodville has been well received by both local residents and visitors to the town.

totalling \$2.075 million, via Horizons, from this fund for a number of projects. Receiving the funding was significant, as it means reduced interest costs and loan repayment in future years to urban ratepayers.

One of the funded projects was for us to explore the possibility of using land-based disposal as an option for wastewater management. In this regard, we completed the land-based treatment feasibility study for Pahiatua and will discuss the next steps of this project with Horizons.

For Dannevirke, we are working alongside Horizons to find a suitable property for land irrigation. This has been a huge challenge in itself, for Horizons and ourselves, as we have been in discussions with several landowners with little success to-date.

We have also spent a significant amount of time with Horizons and Massey University working through soil types, size of properties, "cut and carry" (harvesting) operations, and grazing. Further work and discussions are progressing with Horizons and potential owners of land that are suitable for land-based discharge.

The lining of ponds is underway and will be staged over three years. In preparation of desludging, microbiological bacteria were seeded into the ponds, and these have had

significant impact on reducing the amount of sludge having to be moved.

Infiltration

Infiltration of stormwater into the sewer reticulation is a major factor in increased flows into our oxidation ponds that occur during wet weather. Having stormwater infiltrate the wastewater network puts added pressure on our network and increases treatment costs. For example, a square metre

"These repairs will result in significant cost savings from reduced capital, maintenance and on-going treatment costs."

of roof x 1mm of rain equates to one litre of water in runoff. A 200 square metre roof area (a typical house) with 5mm of rainfall equates to 1,000 additional litres into our wastewater system if the stormwater pipes are connected into the sewer network. Individual property owners are required to rectify issues identified on their property.

Council staff have inspected individual properties in Dannevirke and found 100 houses discharging stormwater into the sewer pipe system. Groundwater seeping into our underground pipes will also be adding to this flow.

We have purchased a closed circuit TV camera to not only identify pipe condition, but also identify leakages into the system from cracked or broken pipes and laterals, root intrusion etc. In some cases the entire pipe will not require replacement, as a repair to a section of pipe will be sufficient to stop groundwater getting into the system. These repairs will result in significant cost savings from reduced capital, maintenance and on-going treatment costs.

"The use of tephra reduces on-going operating costs and improves the water quality."

Infiltration and closed circuit TV camera inspections in Eketahuna, Woodville, Pahiatua, Pongaroa and Ormondville are due to follow once the Dannevirke inspections are completed.

Tephra (Volcanic Ash) Experiment to Remove Phosphorus

Each wastewater plant has been treated with a pilot scheme using tephra to remove phosphorus. Tephra is a naturally occurring mineral from the Central Volcanic Plateau, to which phosphates chemically bind. Phosphorus levels are currently a key issue that need to be reduced 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 have been very encouraging at all sites. We are working through the sustainability of using tephra for the long-term before a final decision on implementing this process occurs.

The use of tephra would require initial capital investment but the benefits will be reduced on-going operating costs and improving the water quality of the Manawatu River.

"We are investing heavily in improving the service levels in the urban water supply."

Improving Assets Condition Data

With the purchase of an underground closed circuit TV camera, we are concentrating on gathering good data on pipe conditions to prioritise pipe renewals and repairs. The aim is to better identify minor problems before they become more expensive major problems that disrupt services. To date, we have identified a lot of debris and infiltration of groundwater in the pipes. Infiltration into wastewater is a key concern, so the detection of any pipes or joints with high flows is critical. In addition, Engineering Services and Parks and Reserves have used the camera to ascertain problems in culverts and drains.

Water

Response to the Drought

Our district was severely impacted by the drought this year and our urban water supplies were very low. We had to impose water restrictions throughout the district and, on several occasions, total bans on hosing to conserve water.

We are investing heavily in improving the service levels in the urban water supply. The Dannevirke Impounded Supply was completed in July 2013 and will be operational during 2013. This is a significant milestone for us and will greatly lessen the adverse impact from future drought on the Dannevirke community. We also have several other projects in the coming year, including:

- Pahiatua second bore, treatment and additional storage.
- Eketahuna water storage.
- Dannevirke treatment plant.
- Leak detection work.
- Managing large users as part of a water management strategy.

We will also be working with Horizons, in regards to consents, and with farmers and urban residents on ways to secure and have access to water.

Supply and Treatment Plant Upgrades

Pahiatua

We completed the bore sustainability study (to analyse the water flows and sustainability of the first bore over a twelve month period) to determine the feasibility of drilling for another bore in the area and relinquishing any water take from the river.

The study confirmed that a second bore is sustainable and the project can now proceed. A funding application for the second bore to the Ministry of Health was submitted in May this year and the project will commence early in the next financial year.

Eketahuna

The Eketahuna water treatment plant upgrade was completed and fully operational in April 2013. A new treatment shed has been built onsite, with macrolite filters and UV treatment processes installed. This plant has had a telemetry upgrade and will be fully automated. This facilitates the ease of monitoring.

Woodville

The Woodville water treatment plant upgrade was completed and fully operational in May 2013. The existing treatment plant has been utilised with the addition of a new Lamella Clarifier, filters, Ultraviolet and Powdered Activated Carbon (PAC) dosing for any taste and odour problems

"...thus extend the number of days towns can be supplied from their schemes."

as part of the treatment process. PAC is often added to drinking water supplies to remove pesticides (such as Metaldehyde), and improve odour and taste to meet the legislation requirements. This plant has had a telemetry upgrade and will be fully automated.

Dannevirke

The construction of the impounded supply has been completed. The budget for the project was revised upwards by \$720,000 to \$3.02 million in October 2012. Total cost to complete this project was \$3.10 million.

The Christchurch earthquake lead to a change in location, to reduce earthquake risk, that resulted in a change in cost and design.

It was a complex project with financial impacts from site works over three construction seasons, absence of any contingency sum to cater for changes in the schedules

under the conditions of contract, additional safety provisions imposed as part of a building consent, and longer duration of construction on privately owned land.

The completion of this milestone project is a significant part of our strategy to address the water supply and quality issues facing the residents and businesses in Dannevirke.

Leak Detection Work

We carried out a leak detection survey in Dannevirke and Eketahuna as part of our water management strategy. In Dannevirke, the urban area reticulation has been completed except for the intake line pipe. We identified 30 leaks as being after the toby/meter and 12 residential leaks.

By rectifying these leaks, we will be able to reduce water usage and treatment costs, and thus extend the number of days towns can be supplied from their schemes.

Earthquake Prone Buildings

We carried out the initial Earthquake Prone Building assessments for buildings we own. External structural engineers were engaged to carry out seismic assessments of these buildings. Refer to the table below for a summary of the findings from the initial and detailed assessments.

The Ministry of Business Innovation and Employment is currently developing national policies for dealing with earthquake prone buildings. This will determine the minimum standards and how organisations will set standards and timeframes to identify and deal with earthquake prone buildings. These new policies are expected to be released later in 2013.

As part of the 2013/14 Annual Plan process, we increased the 2013/14 budget for earthquake prone building strengthening improvement work from \$250,000 to \$300,000.

Building	Results* >33%	Status	Action
Dannevirke Old Bandroom	●	Building has been demolished & removed	No further action required.
Dannevirke Carnegie building (and back building)	●	Initial assessment Failed: < 33%	Detailed Assessment is required to establish the extent and estimated cost for strengthening this building.
Dannevirke Domain Grandstand	●	Detailed assessment completed Failed: < 33%	Further testing and detail work is required to determine the extent and estimated cost for strengthening the structures. Provisions have been made in our 2013/14 Annual Plan to carry out these improvements.
Dannevirke Town Hall	●	Passed: > 33%	No further action required.
Eketahuna Library and Service Centre	●	Initial assessment Passed: >33%	No further action required.
Pahiatua Library building and Town Hall	●	Initial assessment Failed: <33%	Detailed Assessment is required to establish the extent and estimated cost for strengthening this building.
Pahiatua Service Centre	●	Detailed assessment completed Failed: < 33%	The cost for strengthening the building has been estimated at \$278,000. Provisions have been made in our 2013/14 Annual Plan to carry out these improvements.
Woodville i-SITE Service Centre and Library	●	Initial assessment Passed: >33%	Further assessment work will be undertaken for clarification.
Woodville Infracon Taranaki building	●	Initial assessment Passed: >33%	Further assessment work will be undertaken for clarification.

* ● is for a score greater than 33%.

Table - Earthquake Prone Buildings: Summary of Findings from Assessments



The detailed assessment reports will assist us with making decisions about the future requirements of these buildings and understanding the options available to us to manage the other buildings in the district.

"The new facility will provide a much more user-friendly site with lower operating costs."

Solid Waste

Increase in Level of Service

We extended the kerbside collection and recycling to Ormondville and Norsewood. With the removal of privately owned mobile recycling centres, we introduced Council bins to Eketahuna and Woodville.

Pahiatua Transfer Station

We have entered the design phase for a new transfer station at Pahiatua. This will replace the current "hole in the ground" operation put in place when the landfill closed. This was only a short-term solution, which is untidy and costly to service.

The new facility will provide a much more user-friendly site with lower operating costs. The facility will also enable the recovery of recyclable products from mixed loads at the point of dumping and will be more environmentally sustainable. This facility will be operational early in the next financial year.

TV Takeback Programme

In response to TV broadcast going digital, we have been granted \$40,000 for setting up the infrastructure for the TV Takeback Programme at our existing waste management facilities.

We have also been approved a quota of 792 TV's in the TV Takeback Programme and this amount is allocated based on proportion of ratepayers across the various towns.

Business and Economic Investments

Wind Farm Resource Consents

All appeals received on the Mighty River Power Puketo Wind Farm and the Genesis Energy Castle Hill Wind Farm decisions have been settled by mediation. Consent orders have been approved by the Environment Court. It is unlikely that these projects will commence construction in the next three years.

The Meridian Energy application for resource consents to construct the Mount Munro Wind Farm is currently "on hold" pending further information.

Oil Exploration

Along with Horizons Regional Council, we granted consents to TAG Oil to drill and test two petroleum exploration wells near Dannevirke.

Oil and gas exploration has been encouraged by Central Government, who grant exploration permits to investigate defined areas for potential oil and gas development. Exploration permit holders must also apply for any necessary resource consents under the Resource Management Act 1991, make access arrangements with land holders, and meet health and safety requirements. Regional Council and our Council have control over the resource consent process as the relevant local authority as well as influence as community leaders.

The TAG Oil exploration programme involves three potential phases. Resource consents have been granted for Phase 1, which involves the drilling, completing and testing of an exploration well. If testing is successful, TAG Oil may seek additional resource consents to drill, complete and test further wells as part of Phases 2 and 3. The consents currently issued are only for exploration and no fracking has occurred in the district, nor has Horizons Regional Council granted any consents for this purpose.

"...our District Plan policies and rules are robust"

Our District Plan applies only to those components of the oil companies applications for consent relating to above ground works. Anything below the ground is dealt with by the Horizons Regional Council as the consenting authority for such applications, including managing risks relating to water, air and soil.

We engaged an external consultant to review our District Plan's capability of managing the foreseeable environmental effects of oil and gas exploration and production in the district. The consultant concluded that, on the whole, our District Plan policies and rules are robust and if appropriately implemented, the adverse effects of petroleum exploration and production can be avoided, remedied or mitigated.

We are working with the local community, Iwi and Regional Council in managing and monitoring the resource consenting process for petroleum exploration and production.

Economic Development

Economic development is one of the key strategies to achieve the Council Outcomes set out in the 2012-22 Long Term Plan. All Council activities have some impact on economic development, from roads to create a transport

network for trade, to water to enable businesses and the community to operate. However, there is also a strong need for targeted work to provide leadership, advocacy, and to enable and encourage growth. For this reason, there is a modest budget that covers district branding, business support and economic development projects.

Effective District Promotion and Development leads to an increase in employment and business activity, and a heightened district profile with positive financial flow-on effects. The benefits from effective marketing and district development are not only to the individuals who gain employment, retailers, tourist operators, motels and other businesses, but also to the whole district from increased economic activity.

Gorge Promotion

There are many benefits of trails and walkways – they make our communities more liveable; improve the economy through tourism; enhance community identity; preserve and restore open space; and provide opportunities for physical activity to improve fitness and mental health.

We are part of the Manawatu Gorge Biodiversity Group and also a part of The Gorge Strategy Group. This 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 Gorge Strategy Group would like to grow the visitor numbers from 28,000 per year to 50,000 per year by 2016.

The Manawatu Gorge Biodiversity Project has grown and has evolved into multiple projects. There is wider interest coming from outside parties (e.g. Destination Manawatu, Manawatu District Council, Palmerston North Airport, Sports Manawatu, and private and commercial enterprise) that have not been involved previously.

"Effective District Promotion and Development leads to an increase in employment and business activity"

We have been working on strategies for marketing 'The Gorge' including signage, website, and promotional material (for example, a permanent display at Palmerston North Airport to target the approximately half a million people who pass through the airport annually).

Woodville Districts' Vision Inc also are working on a concept for a walkway/cycleway from Woodville township to the Gorge and Balance areas. Council is assisting with advice on this project.

GO! Project

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

This project has been very successful with public workshops for the first two crops – hazelnuts and feijoas – 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.

Our first crop workshop - the Hazelnut Grower Led Workshop - attracted 50 landowners and we are now part of the North Island Action Group. Our first working group workshop-Pruning Hazelnuts for Best Results- will be in July and we are now investigating funding opportunities to continue developing grower competencies and intellectual property.

"The Gorge Strategy Group would like to grow visitor numbers from 28,000 per year to 50,000 per year, by 2016."

Regional Business Partners programme

We are continuing to work with Vision Manawatu who are our Regional Development Agency. They manage the Regional Business Partners programme, which helps local businesses with capability development and the encouragement of research and development.

This programme includes a range of support to help potential new entrepreneurs to research and develop a viable business idea, as well as obtain access to the appropriate skills and resources. Such actions encourage and support the creation of new businesses to add value to existing products, to meet changing consumer demands, or to capture sales which might otherwise go to other communities or regions.

Events

Events are one of the fastest growing forms of tourism. They are a means to revitalise local economies. We had about 22,000 visitors come to our district for the following major events:

- The Honda International Motocross Grand Prix at Woodville (with approximately 6,000 visitors) was a real draw card this year assisted by the good weather.
- Tui Breweries held the "Mangatainoka Motors" classic car event (with approximately 2,500 visitors), the biggest event to date at the brewery.



- The Dannevirke A & P Show, and "Wheels with Attitude" held the following day, attracted approximately 2,000 visitors. The "Wheels with Attitude" event is growing every year.

"...help potential new entrepreneurs to research and develop a viable business idea"

- The Super Rugby pre-season game at Mangatainoka (with 11,670 visitors) was a successful event and a great opportunity to fly the flag for Tararua Country.
- Scandinavian Festival is celebrated every two years. This event draws visitors locally, nationally and internationally. The Scandinavian Festival is a fantastic opportunity to highlight our town and our businesses. With extra visitors to the district, it is an occasion to highlight our heritage. This in many ways determines who we are and how proud we can be of the achievements of the early pioneer settlers in New Zealand.

District Branding

We have been supporting Woodville Districts' Vision with their new branding initiatives.

The momentum has grown this year and signage is now appearing around businesses and in strategic locations entering Woodville. We have also been working with Dannevirke Development and Promotions Group to build on the current branding in Dannevirke.

The bonus was securing an opportunity for Steve Hale, of New Zealand Today, to visit and profile our district. Steve stayed in a motor home at Carnival Park and local operators took the opportunity to show him around. Steve wrote a brilliant 10-page article in New Zealand Today and all pages on Woodville had the new branding concept. Thanks to Tararua and all involved as this was a great opportunity to again put Tararua on the map.

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

"By 30 June 2013, tree sales made a net return to Council of \$127,351."

The Prime Minister visited Dannevirke in May 2013. The event was hosted by the Dannevirke Chamber of Commerce and Chamber members were very pleased with the

opportunity. The Prime Minister visited several businesses on this day, with the emphasis on the export industry.

We will work with Pahiatua on Track to develop branding concepts when we are closer to completion of the town centre upgrade project. For Eketahuna, we have presented some concepts to the Eketahuna Community Board and will revisit this closer to the Eketahuna town upgrade.

Website

The online world is moving at a rapid pace and does not show any signs of slowing. For business a web presence has become a fundamental part of success. We have now redesigned and redeveloped our website to include a business section and an economical development section. The high quality, easy to read website provides an online face for Council and allows any person to access information quickly.

The Council website will be operational in August 2013. Our next online focus will be to improve the Tararua Country website.

Investments in Subsidiaries

Group Structure

Our group structure is being simplified to reduce cost and improve communication between parties. The first stage – to voluntary liquidate TDC Holdings Limited – has been completed during the year with the distribution of shares in Tararua Forests Limited and Infracon Limited to Council.

The second stage has been to place Tararua Forests Limited into voluntary liquidation on 1 July 2013 as a means to return direct control of the assets and operations of the forestry activity to Council. This will reduce on-going costs, particularly now that the majority of the forest assets are expected to be harvested over the coming few years.

Harvest of Birch North Forest

Harvest of Birch North Forest recommenced in April 2013 after a lull of over two years. By 30 June 2013, tree sales made a net return to Council of 127,351.

To facilitate the on-going harvest operation while Tararua Forests Limited is liquidated, a 16.26 hectare area of forest was sold to Council with an independent valuation of \$203,240.

Other Investments

Closed Circuit TV

The Dannevirke Promotions and Development Society Incorporated has agreed to proceed to install a 32 camera closed circuit TV system for Dannevirke following a trial of a low cost system.



A number of sites across the Dannevirke central business district and Upper Domain have been identified as suitable for cameras. These sites have been priced for installation costs. Application for funding will be made during August 2013.

Formal agreements have been signed by almost all occupiers for access and power, and owners for installation.

Pahiatua On Track has provided seed funding for a closed circuit TV system in Pahiatua. It is intended that this will link directly to the Palmerston North Police Station, utilising our inter-town fibre optic cable.

Youth Services Project

We received funding approval of \$35,000 to provide youth leadership training in the Tararua from the Ministry of Youth Affairs. This training is being provided by Tararua Youth Services. Plans are well underway to involve over a hundred youths in various levels of leadership programmes and for some to achieve Level 3 NCEA credits. This project is expected to be completed by the end of February 2014.



Financial Overview

This section of the report provides an overview of our financial performance for the year ended 30 June 2013. This overview provides an explanation to our financial statements and notes on pages 178 to 256.

Overall Results

For the financial year Council's revenue had a surplus of \$15,000 compared to our budget of \$414,000 in surplus. Overall revenue was higher than budget by \$1.9 million with overall expenditure being over budget by \$2.3 million.

	2011/12 Actual 000s	2012/13 Actual 000s	2012/13 Budget 000s	Variance to Budget 000s
Total revenue	31,403	33,120	31,216	1,904
Operating expenditure	(15,614)	(16,200)	(15,359)	(841)
Personnel Cost	(4,248)	(4,651)	(4,657)	6
Finance cost	(605)	(545)	(490)	(55)
Operating surplus excluding non cash movements	10,936	11,724	10,710	1,014
Non-cash movements				
Depreciation	(11,882)	(11,828)	(10,296)	(1,532)
Other gains and losses	(213)	(142)	-	(142)
Unwinding of landfill provision	57	(46)	-	(46)
Fair value movements				
Interest rate SWAPs	(343)	165	-	165
Investment properties	(16)	(69)	-	(69)
Operating surplus/(deficit)	(1,461)	(196)	414	(610)

See Chart 1 for summary of significant variances.

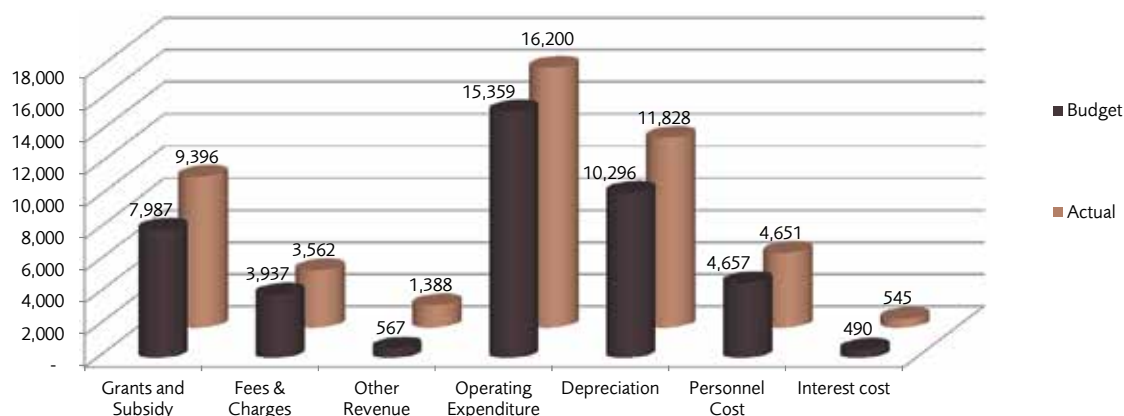


Chart 1 – Summary of Significant Variances

Explanation

- Grants and subsidies were higher than budget by \$1.4 million. \$1.2 million is from NZ Transport Agency for damages to our roads from the severe weather events and from the closure of the Manawatu Gorge. The other subsidies are mainly from the Ministry for the Environment (MfE) for the wastewater projects where projects were brought forward and completed this year. As a result, we received funding (MfE portion) of \$162,000 which was budgeted for next year.
- Fees & Charges are lower than budget by \$375,000 due to fewer buildings consents applications resulting in lower consent fees, lower hireage fees from community facilities as a few facilities were closed for a period of time for upgrades and lower transfer station fees due to increase in volume of recycling.
- Other revenue comprises of Dividends and subvention from subsidiaries, interest from term deposits and miscellaneous revenue. Interest income was higher than budget as we had higher cash balances to invest in term deposits due to delay/deferring of capital renewal projects. We received dividends from Infracon Limited this year but did not receive the subvention payment of \$50,000 mainly due to the economic downturn affecting profitability of Infracon Limited.
- Depreciation and amortisation was over budget by \$1.53 million due to the increase in unbudgeted valuation increases in the 2011/12 financial year where asset values increased \$31.86 million.
- Finance costs was lower than budget by \$64,000. The finance cost of \$426,000 comprises of unrealised gain from the fair value movement of interest rate swaps

of \$165,000, interest cost from term debt of \$545,000 and the unwinding of landfill interest cost of \$46,000. Interest cost on term debt is \$55,000 higher than budget due higher than budgeted market interest rates.

- Our overall operating expenditure was \$841,000 over budget mainly due to cost overruns in two activities (Roothing and Solid Waste). Roothing activity incurred significant additional cost of \$2 million due to the September 2012 "weather bomb" that caused significant flood damage to our district's local and state highway roads. In Solid Waste, we extended our refuse collection by providing refuse and recycling bins for other towns. The additional cost for providing these services together with increase transportation cost resulted in \$126,000 cost overruns.

Cost savings made in other activities across various areas (for example in maintenance and consulting costs) that helped offset the increases in Roothing and Solid Waste.



Revenue Sources

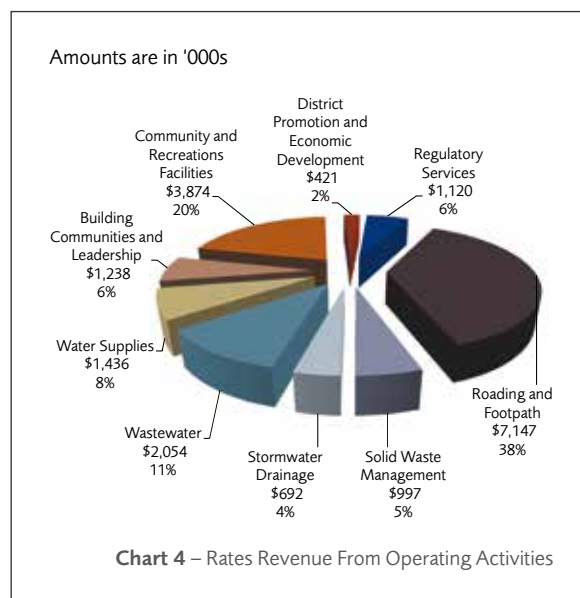
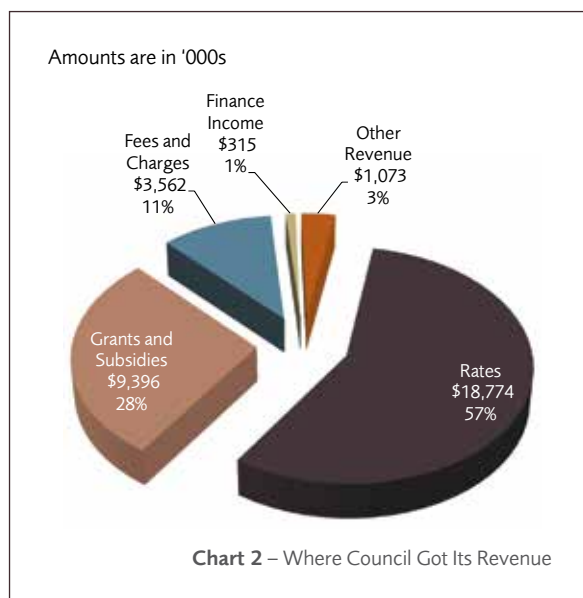
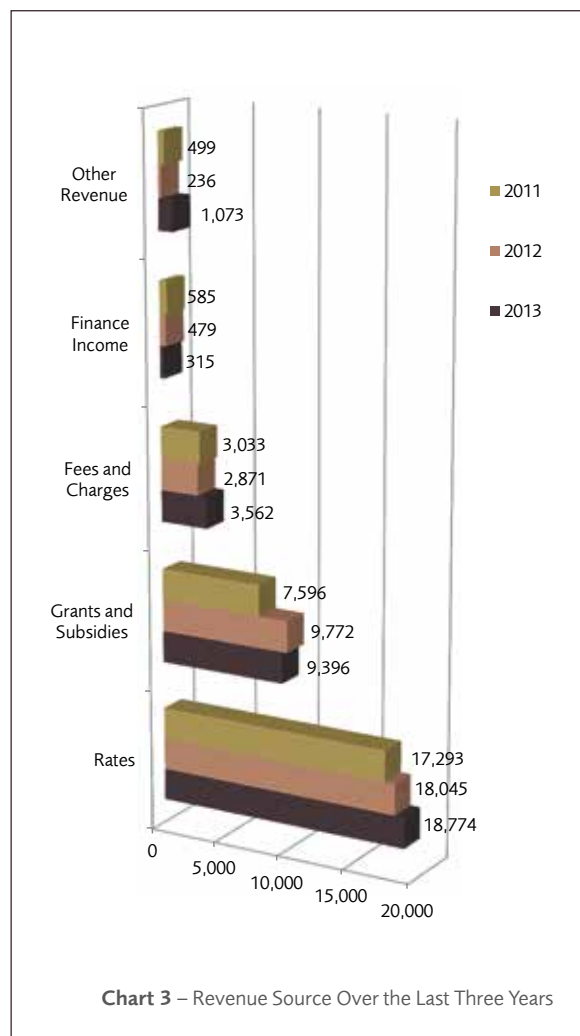
We received \$33 million in revenue from a variety of sources. Charts 2, 3 and 4 highlight some of the key financial areas where we received revenue from and how it was spent.

Our primary revenue source is rates, which accounts for about 57% 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 the LGCI due to increase cost of compliance with standards, resource consent requirements (Sewerage and water upgrades), and increases in service levels.

However, rates increase over the last 3 years has shown a steady decline from 5.26% in 2009/10 to 4.04% this year. Rates increase for next year show a further decline to 3.65%. This is Council's 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 with this year with the additional NZ Transport Agency subsidy for roading, Ministry for the Environment funding for wastewater, and Ministry of Health funding for water. We have also sought to gain cost savings through shared services initiatives through MW LASS and Central Hawke's Bay, and from efficiencies in operations.



Investing in the Assets

Our investment in our core infrastructure remain consistent with last year. We continued with our capital programme on roads and upgrading our water and wastewater systems with a total spend on \$12.7 million.

The total book value of all our operational and infrastructure assets is \$864 million (including intangible assets) compared to \$869 million last year. The decrease in book value is mainly made up of the depreciation of \$11.8 million, reduction of work in progress of \$2 million, disposal and impairment of \$700,000, and a revaluation decrease of \$5 million. These decreases were offset by additions of \$14.7 million resulting in a net decrease in the book value by \$5 million.

Level of Service Capital Work

Our total investment to maintain and in some activities increase the service levels was \$5.2 million, which was 61% of the budget of \$8.6 million. The table below details the projects with significant variances.

Project description	Budget (\$000)	Actual (\$000)	Budget (\$000)
Dannevirke Pond Leakage Investigation (MfE funded project)	1,000	1,912	This is a three year project and some contract work and purchase of liners were brought forward to Year 1. However, we have received MfE funding of \$780,000 towards this project.
Woodville Treatment Plant and pond upgrade	850	288	Project was due to be completed in 2013/14 and was delayed due to commitments to other projects of higher priority. We have received MfE funding of \$87,000 towards this project.
Eketahuna Treatment Plant (MfE funded project)	833	-	We are in discussions with Horizons to delay this project due to commitments to other projects of higher priority.
Pahiatua New Bore and Treatment	950	8	Sustainability study has been completed and application for subsidy has been submitted. Waiting on approval of subsidy.
Dannevirke Treatment Plant upgrade	500	-	Due to delay in completion of the Dannevirke Impounded supply this project was carried forward to next year as part of the 2013/14 Annual Plan process.
Total	4,133	2,208	

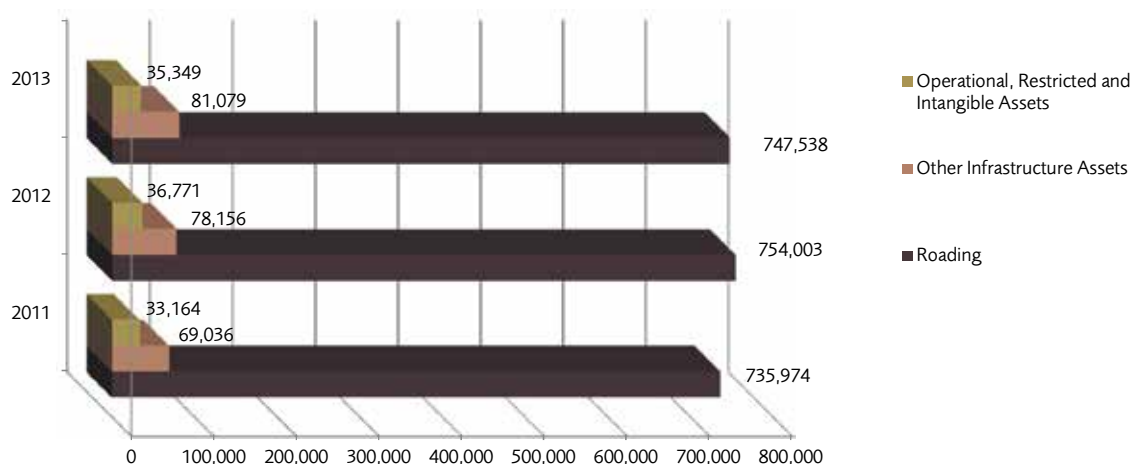


Chart 5 – Infrastructure and Operational Assets



Renewal Capital Work

Our investment in renewing our assets was consistent with last year at \$7.4 million. When compared to a budget of \$9.7 million we achieved a 76% completion. The main expenditure variances to budget include:

- Total spend on Roothing activity was \$5.4 million, compared to a budget of \$5.8 million.
 - 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.
 - For pavement rehabilitation, 9.2km of work was completed at a cost of \$1.7 million, compared to a target of 10km budgeted at \$1.6 million. The overspend is due to increased safety awareness of individual pavement rehabilitation sites as noted by the NZ Transport Agency Technical Audit Team. The overspend was recovered from underspend on unsealed road metalling and Drainage renewals.
- With the purchase of the closed circuit TV camera, significant renewals (\$450,000) for wastewater was deferred until we have completed the inspection work to determine the priorities for pipe renewals.

Treasury Management

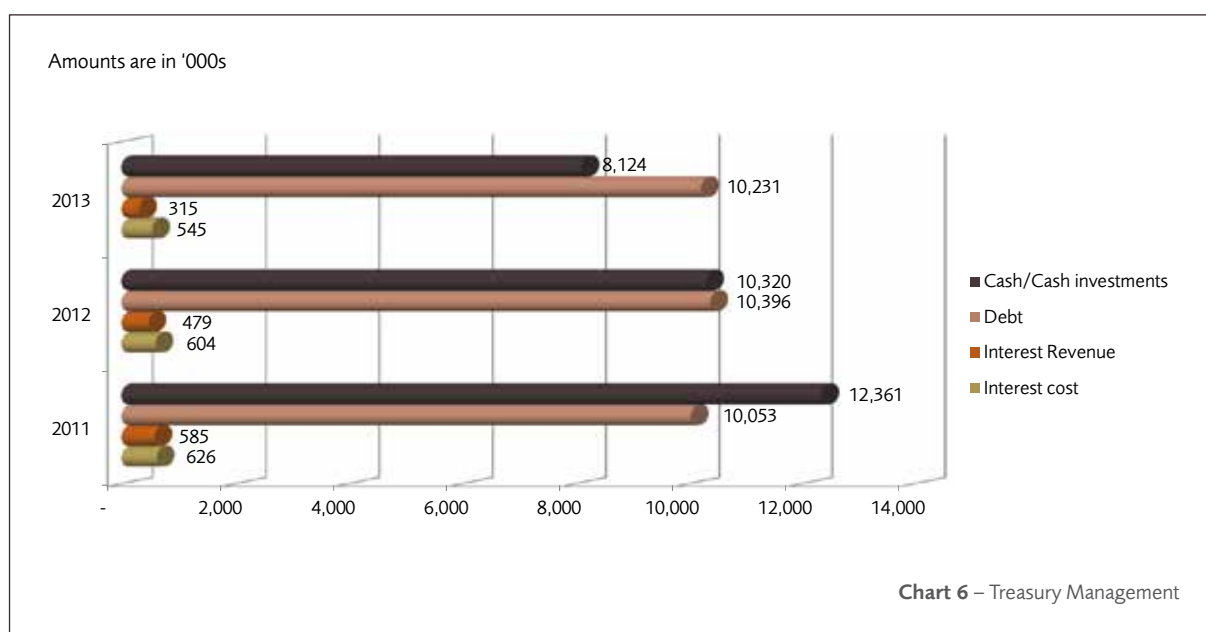
We manage our investments and debt, and the associated cost and revenue through our Treasury and Risk management policy.

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

As part of our Long Term Plan, we implemented the Treasury and Risk Management Policy. In this policy, we removed the previous limits placed on us for investments and borrowings. The previous had investments and borrowing spreads that placed maximum limits for investments and also borrowing that we can have with any one bank. We found these limits, though appropriate at that time, inhibiting, not enabling us to take advantage of the competitive investing and lending market and was not strategically focused.

Following the implementation of the Long Term Plan, we structured our banking arrangements and set up flexible lending and investment facilities with banks. Through these changes we are now in a advantageous position to benefit from the competitive rates among the banks. This has also helped us better manage our cash flow requirements.

Our debt levels have remained constant over the years as we borrowed internally to fund capital projects where possible and have debt instrument 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 \$8.13 million was 3.5% (3.81% last year).

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

	000s
Opening cash/cash investment balance	
Operating Activities	
Cash received	32,885
Payments to suppliers and staff	(22,166)
Investing Activities	
Cash proceeds from investments, and property, plant and equipment realised	5,886
Purchase of investments, and property, plant and equipment*	(16,867)
Financing Activities	
Proceeds from borrowings and tenant contribution	2,000
Repayment of borrowings and tenant contribution	(2,038)
Net increase/(decrease) in cash held	(302)

* Includes intangible assets.

As at 30 June 2013, we had swaps in place to manage future interest rate risk out to 2019 and 2020 on \$6.5 million 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 2012	Fair Value as at 30 June 2013
\$6,500,000	(\$396,000)	(\$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%
\$6,500,000	\$4,458	(\$482,385)

The average cost of debt for Council was 5.45% (5.01% in last year) on \$10 million of external debt as at 30 June 2013.

Compliance with Policy

The liability management policy (a policy within the Treasury and Risk Management Policy) provides limits on 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%	6.4%
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%	101.5%*

* We have a \$5 million term debt expiring March 2014, which we will renew under the Local Government Funding Agency for a term between three to five years.

Summary of Service Performance and Significant Results

This section of the report summarises our service performance results for the year ended 30 June 2013.

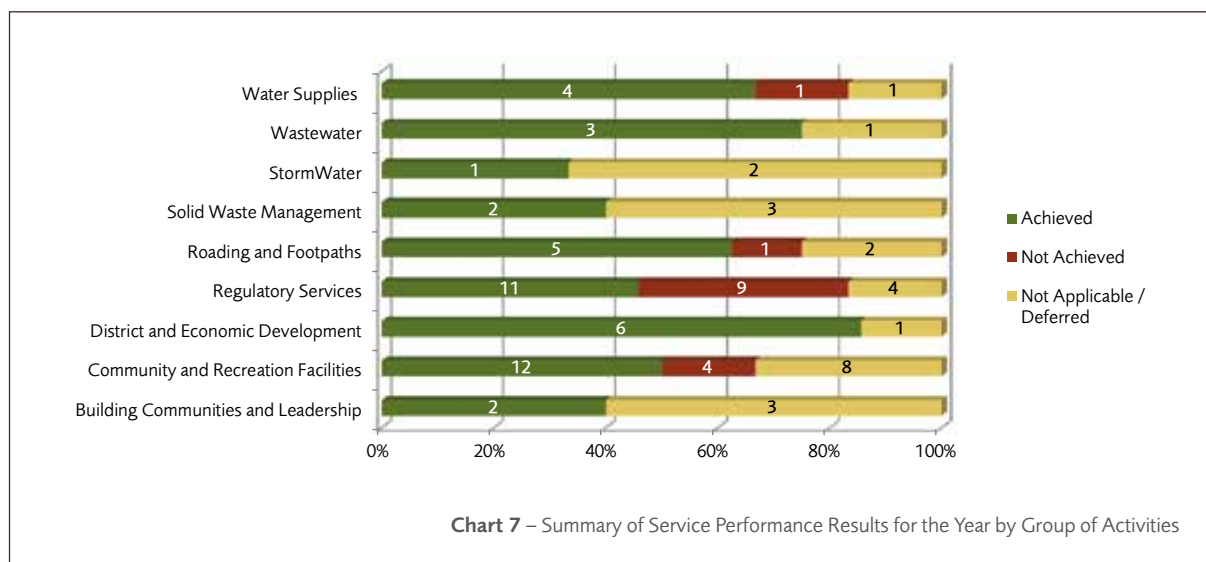
Overall Results

We use a range of service performance measures to monitor the service levels we deliver to our customers. As part of the Long Term Plan, we reviewed our service performance measures and made significant changes. We wanted the measures to reflect customers' expectation of the service they want to receive for the rates that they pay. As a result, 44 new measures were introduced this year with 45 previous measures either changed to better reflect the outcomes we want to achieve or replaced with the new measures.

This year we achieved 74% of service performance measures, compared to 72% in prior year and 70% in 2010/11 (excluding not applicable/deferred measures). Refer to the table below.

It should be noted that 25 measures were not applicable this year and not included in the percentage achieved calculation above. Of these, 19 measures related to the community survey, which is done once three yearly. The next survey will be in the next financial year.

	2010/11	2011/12	2012/13
Total number of measures			
Achieved	58	46	46
Not achieved	26	18	15
Not applicable / deferred	3	23	25
Total	87	87	86



Highlights for the Year

■ Achieved
 ■ Not achieved
 ■ Not applicable

Community and Recreation Facilities

Community Buildings



- Total number of hours community buildings were used was 3,089 hours, which was 8% higher than last year but lower than our target for the year of 3,100 hours. The targets were revised and increased in the Long Term Plan from 2,618 hours to reflect our intention to increase usage.

Despite not meeting the target the usage shows a gradual increase compared to prior years. We will continue to monitor and evaluate the usage of these facilities.

Libraries



- Total library issues decreased this year by 6%. Library issues at all branches were down. Pahiatua had the smallest decrease, compared to last year when it had the highest decrease. Eketahuna library had a 17% decrease (the highest decrease).
- Pedestrian foot traffic was down 4%, however, use of the Aotearoa People's Network Kaharoa (APNK network) rose by 9%. Some of this increase will have been due to the introduction of 24/7 available wifi. The statistics for wifi use is encouraging – Dannevirke had 2,699 sessions (last year's was 2,385), Pahiatua had 1,342 sessions, Woodville had 2,068 sessions and Eketahuna 180 sessions (3 southern branches had wifi introduced this year and Dannevirke piloted it last year).
- To encourage library usage, we will run membership promotions to encourage more residents to join the library and actively borrow items.

Parks and Reserves



- We achieved all service performance measures. The pieces of equipment that did not meet the Australia/New Zealand playground safety standards are being progressively upgraded/repairs/replaced as part of our yearly capital and maintenance programme.

Service Centres



- Of the customers surveyed, 88% were satisfied with the service they received – this includes responses via our citizens panel. This just below the target of 90%.

- 85% of customers who called us had their call answered within 20 seconds, compared to a target of 95%. However, only 3% of the calls were abandoned by the customer.

Swimming Pools



- We achieved all service performance measures. The visitors number for the pools were encouraging. Usage of the outdoor pools increased by 14% to 5,715 visitors this year, compared to 4,973 last year.

District and Economic Development

Commercial Properties



- 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 \$19,000.

District Promotion



- We facilitated five business applications to the Ministry of Science and Innovation Subsidy scheme. Approximately 22,000 visitors attended seven events held in the district.
- We supported Woodville Districts' Vision with their new branding initiatives ("Wood You") and are working with the Dannevirke Development and Promotions Group to build on the current branding for Dannevirke.

Regulatory Services

Animal Control



- Total number of dog attacks recorded were 39, compared to 30 attacks recorded last year. All customer calls related to dog attacks was attended to within two hours exceeding our target of 99%. For all other complaints, we responded to 98% of them within one day, compared to a target of 95%.
- The number of dog related complaints increased from 618 last year to 745 this year. Most of the complaint related to barking dogs (31%) and roaming dogs (47%).
- The number of known dogs registered was on target. A total of 6,630 dogs were registered, compared to 6,677 known dogs in the district achieving the target of 99%.



Emergency Management



- 79% of household surveyed had maintained a "preparedness kit" and 80% of staff (compared to a target of 45%) received Emergency Management Information System training.
- We managed to get 80% of our volunteer rural fire forces to meet the required competency standards, compared to a target of 85%. The reason for not achieving the target is the inclusion of the Tiraumea Volunteer Rural Fire Force (due to change of the Forest and Rural Fires Act). The previous training this volunteer fire force received did not comply with the National Rural Fire Authority minimum standards.
- We continue to invest in new equipment and upgrade existing equipment to ensure we are able to respond more efficiently and effectively to emergencies.
- A generator was installed for the Dannevirke administration and emergency management buildings.

Health and Safety



- We did not achieve several measures in this activity.
- We have a shared services arrangement providing environmental health and licencing services to Central Hawke's Bay District Council (Central Hawke's Bay). The arrangement has been running for more than six months. As this is the first of such arrangements, we are learning to balance the work requirements and deliverables for us and at the same time deliver on the agreed deliverables under the shared services arrangement with Central Hawke's Bay.
- The shared services arrangement coupled with new measures at a higher level of service affected our delivery against the service performance measures.
- Audits of building warrant of fitness, inspection of swimming pools and spas, and inspection of licensed premises were the targets not achieved this year.
- We have since reviewed and implemented new business processes, improved work allocations and prioritised our work to ensure we rectify this issue and delivery on our service performance going forward.
- A total of 358 building consents were received and all applications were processed within the statutory timeframe of 20 days. This is a significant improvement from two prior years where we did not achieve the 100% target.
- We also achieved a result of 100% for completing building inspections within 2 working days, compared to a target of 70% and processing liquor licencing applications within 10 days. Total building inspections and licence applications for the year were 1,013 and 177 respectively.

Resource Management



- Resource consent application numbers showed a 20% decrease on last year. Out of 41 resource consent applications received, only two exceeded the processing statutory timeframe (one by four days and the other by one day) achieving a result of 95% (91% last year), compared to a target of 100%.
- We adopted the District Plan this year. We also had an external review on the effectiveness of our District Plan with regards to managing the foreseeable environmental effects of oil and gas exploration and production in the district. The review concluded that, on the whole, our District Plan policies and rules are robust.

Roading and Footpaths

Footpaths



- We manage 115.2km of footpaths of which 99% were maintained in good condition, compared to a target of 95%. This is a significant improvement from the 95% achieved last year.
- 45 service requests (55 in prior year) were received, of which only two (five last year) service requests were not closed in our service request system within seven days.

Roading



- 1 fatal accident occurred on local road but was not linked to road factors.
- We received 268 service request (75% rural roads), compared to 212 request last year. The higher rural road surface faults/defects are due mainly to the significant weather events encountered during the year.
- The results of the Roughness and Sealed Condition Rating surveys were very positive – 2,238 kilometres of sealed road were surveyed with 2,137 kilometres being acceptable or above the required standard.
- The target level for maintenance chipseal was 90km/495,000m² 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

2

3

- We completed the construction of the Dannevirke Transfer Station. This meant removal of all privately owned mobile recycling centres (red Cairns bins), and replacement with council owned facilities designed to meet the needs of each community.
- We extended our refuse collection by providing refuse and recycling bins to other towns, e.g. Norsewood and Pongaroa.
- In response to TV broadcast going digital, we were granted \$40,000 for setting up the infrastructure at our existing waste management facilities and also allocated a quota of 792 TV's for the TV Takeback Programme.

Stormwater

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2

- Council continues to maintain the rigour in the monthly inspections to proactively manage blockages.
- We received 15 customers request for flooding on urban road and only one request was not resolved within 2 hours.

Wastewater

2

1

1

- 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.
- We had 18 incidences of unplanned loss of wastewater service and they related to blockages of wastewater mains and blow out of pumps. We have identified the reasons and the likely properties, and have started to educated the users to refrain from flushing newspaper, rags etc down the wastewater system. We are also gradually addressing the infiltration issue and installed overload switches in our pump stations.
- We are progressing well with the wastewater projects with Horizons. The oxidation ponds in Woodville and Dannevirke are close to being emptied.
- Work and discussions are progressing well with Horizons and potential owners of land suitable for land based discharge. We have spend a significant amount of time

with Horizons and Massey University working through soil types, size of properties, cut and carry operations and grazing.

- We inspected individual properties in Dannevirke and found 100 houses discharging storm water into the sewer. Infiltration of storm water into the sewer reticulation increases our treatment and disposal cost for wastewater management.
- With the purchase of the closed circuit TV camera, we not only identify pipe condition to prioritise pipe renewals or repairs, but also identify leakages into the system from cracked or broken pipes and laterals, root intrusion etc.

Water Supplies

4

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1

- We had 46 recorded issues (customer request) for clarify of town water, compared to a target of less than 29. Most of these related to issues in Woodville and Pahiatua.
- In Pahiatua it was due to the change from the bore to river supply due o the breakdown of the pump and in Woodville, it was due to an occurrence of algae in the Reservoir caused by low levels and to the major slip during the September 2012 "weather bomb". The commissioning of the treatment plant in Woodville and the second bore for Pahiatua will help to reduce this issues in the future.
- All other service performance measures were met. 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
District Promotion and Economic Development	2%	\$47

Significant projects: District branding and promotion; GO! Project; Events attracting more than 22,000 visitors; Achieved a 14% net return on commercial properties.

Group of Activities	Percentage	Spent
Community and Recreation Facilities	21%	\$429



Significant projects: Upgraded facilities; Woodville combined library and service centre; Grant to Pahiatua Harvard Playgound; Pahiatua grandstand upgrade.

Group of Activities	Percentage	Spent
Regulatory Services	6%	\$124



Significant projects: Earthquake prone assessments; Upgrade rural fire equipment and fire response; Windfarm, oil and gas exploration, monitoring and consenting; Building consents; Liquor licensing.

Group of Activities	Percentage	Spent
Roading and Footpaths	38%	\$791





Significant projects: Saddle Road, Pahiatua Track, flood damage repairs across the district, reseals and culverts across the district.





The symbols indicate the location of significant projects.





Group of Activities	Percentage	Spent
Building Communities and Leadership	7%	\$137
 <p>Significant projects: Community grants; CCTV for main streets; Governance, advocate for One Plan, amalgamation, and legislative changes.</p>		

Group of Activities	Percentage	Spent
Solid Waste Management	5%	\$110
 <p>Significant projects: Extending refuse and recycling, and kerbside collection to other towns across the district ; Operation of transfer station and landfills.</p>		

Group of Activities	Percentage	Spent
Stormwater Drainage	4%	\$77
 <p>Significant projects: District wide renewals; Pahiatua George Street renewals; Woodville main street stormwater upgrade.</p>		

Group of Activities	Percentage	Spent
Wastewater	11%	\$227
 <p>Significant projects: Dannevirke and Woodville oxidation ponds; District wide renewals; Stock truck waste disposal.</p>		

Group of Activities	Percentage	Spent
Water Supplies	8%	\$159
 <p>Significant projects: Dannevirke impounded supply; Eketahuna and Woodville treatment plant upgrades; District wide renewals.</p>		

Group of Activities	Percentage	Spent
Treasury	(1%)	(\$23)
 <p>Significant projects: Achieved higher income; Debt levels and interest cost were well within budget.</p>		



Council Five-Year Summary

Our Five-Year Summary

	Unit	2008/09	2009/10	2010/11	2011/12	2012/13
Financial						
Operating surplus/(deficit)*	\$000s	856	117.	(871)	(1,233)	15
Equity	\$000s	768,164	801,883.	844,848	875,192	869,597
Working capital	\$000s	5,672	8,582.	7,530	6,115	210
Cash and cash investments	\$000s	9,135	11,939	12,749	10,320	8,124
Borrowing	\$000s	10,045	10,023.	10,053	10,396	10,231
Debt to equity	%	1.3%	1.2%	1.2%	1.2%	1.1%
Net debt per ratepayer	\$	570	568	570	590.	580
Net debt †	\$000s	910	(1,916)	(2,696)	76	2,107
Infrastructure assets	\$000s	729,800.	762,156.	805,010.	832,159	828,617
Operational assets (including restricted assets)	\$000s	34,175	33,197	32,698	36,121	34,627
Operational						
Roading dig-outs & stabilisation	m ² 000s	7	6.	5	25	7.5
Resealing	km	77	101.	103	98	93
Maintenance aggregate	m ³ 000s	40	32.	28	24	25
Water tabling	km	313	204.	170	247	108
Building consents issued		611	505.	404	397	397
Resource consents issued		81	45	38	52	52
Registered dogs		6,713	6,698.	6,729	6,656	6,656
Library usage	Issues	159,551	154,206.	158,484	158,112	148,381

* 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.

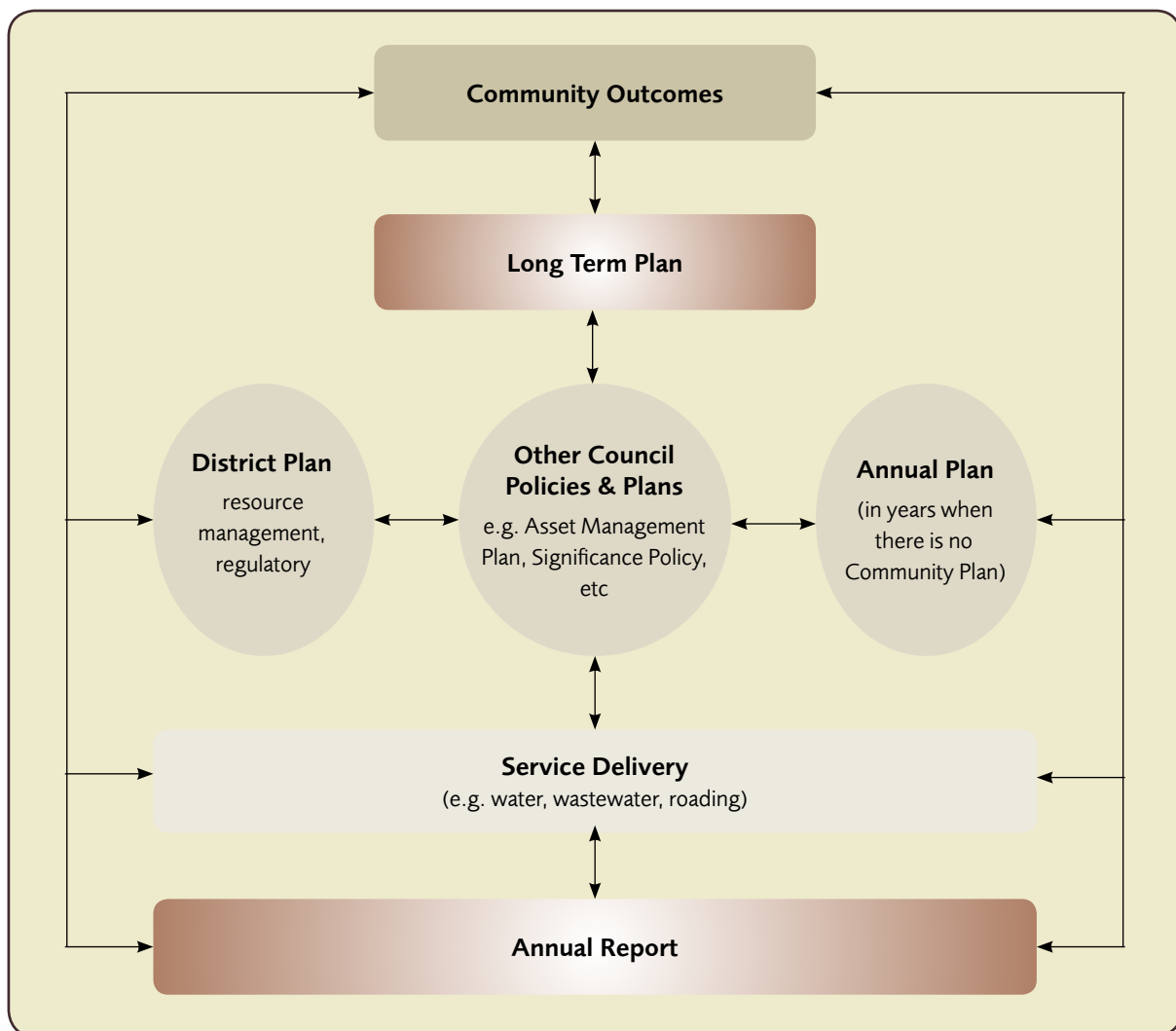
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Reports

ANNUAL REPORT 2012/13

Linkage Between Council Policies and Plans

This Annual Report gives outcomes for the 2012/13 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 2013.

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 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
GROWTH					
Community and Recreation Facilities					
Cemeteries					
Mangatera New Area	-	44,000	-	44,000	-
Mangatera New Berms	-	3,000	-	3,000	4,000
Eketahuna new berm	6,000	-	-	6,000	-
Pahiatua New Berms	-	3,000	-	3,000	3,000
	6,000	50,000	-	56,000	7,000
Total Growth	6,000	50,000	-	56,000	7,000
LEVEL OF SERVICE					
Community and Recreation Facilities					
Cemeteries					
Memorial restoration	3,000	-	-	3,000	1,000
Managatera Stilborn Area	-	5,000	-	5,000	-
Weber Memorial	-	10,000	-	10,000	8,000
Pahiatua Stillborn area	-	15,000	-	15,000	-
	3,000	30,000	-	33,000	9,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
44,000		Rates	Carried forward to next year as part of the 2013/14 Annual Plan process.
(1,000)	-	Rates	Completed.
6,000	6,000	Rates	Project is with contractor and will be completed next year due to priorities.
-	-	Pahiatua Cemetery Reserve	Completed..
49,000	6,000		
49,000	6,000		
2,000	2,000	Rates	To carry forward, work will be undertaken next year.
5,000	5,000	Rates	To carry forward, work will be undertaken next year.
2,000	-	Rates	Completed.
15,000	15,000	Rates	To carry forward. Work will be undertaken next year.
24,000	22,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Community Buildings					
Carnegie Centre earthquake assessment	-	13,000	-	13,000	10,000
Eketahuna Service Centre earthquake assessment	-	5,000	-	5,000	2,000
Pahiatua Service Centre earthquake assessment	-	5,000	-	5,000	6,000
Pongaroa accessible toilets	-	13,000	-	13,000	2,000
Woodville Service Centre earthquake assessment	-	5,000	-	5,000	-
Woodville Library/i-SITE development	30,000	-	-	30,000	-
	30,000	41,000	-	71,000	20,000
Housing					
George Street new units	-	50,000	-	50,000	1,000
Mobility garaging	-	12,000	-	12,000	-
Kowhai Place land purchase	-	-	61,000	61,000	44,000
	-	62,000	61,000	123,000	45,000
Parks and Reserves					
District drainage	-	5,000	-	5,000	-
Norsewood Waterwheel Park	-	5,000	-	5,000	-
Reserve Management Plans	23,000	48,000	-	71,000	-
Walkway development	-	10,000	-	10,000	5,000
Pahiatua saleyards purchase	-	-	-	-	2,000
Camping grounds accessible toilet	15,000	30,000	-	45,000	13,000
Akitio foreshore erosion works	2,000	1,000	-	3,000	-
	40,000	99,000	-	139,000	20,000
Swimming Pools					
Eketahuna outdoor pool	3,000	3,000	-	6,000	-
	3,000	3,000	-	6,000	-
District Promotion and Economic Development					
Commercial Property					
Sale of Thyra Street					1,000
					1,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
3,000	3,000	Rates	Waiting on final report.
3,000	3,000	Rates	Will be completed next year given the availability of contractor to perform the work.
(1,000)	-	Rates	Completed.
11,000	11,000	Rates	Project commenced and will be completed next year.
5,000	5,000	Rates	Will be completed next year given the availability of contractor to perform the work.
30,000	30,000	Rates	With the amalgamation of Woodville service centre and library completed, this project will commence in the new year.
51,000	52,000		
49,000	49,000	Housing Reserves/Loan	Waiting on Geotech testing to confirm if land is suitable. To carry forward to next year.
12,000	12,000	Housing Reserves/Loan	To carry forward. Work will be undertaken next year.
17,000	-	Reserves	Completed.
78,000	61,000		
5,000	5,000	Rates	Will be completed next year given the availability of contractor to perform the work.
5,000	5,000	Rates	Will be completed next year following assessment of playgrounds in the district.
71,000	71,000	Rates	Work has commenced and will be completed over the next two years.
5,000	5,000	General Purposes Reserve	In progress. Will be completed next year.
(2,000)	(2,000)	Reserves	Sale is still being negotiated.
32,000	32,000	Rates	In progress. Will be completed next year.
3,000	-	Rates	Budget not required.
119,000	116,000		
6,000	6,000	Loan	To carry forward. Work will be undertaken next year.
6,000	6,000		
(1,000)	(1,000)	Sales proceeds	Sale of property still in negotiation.
(1,000)	(1,000)		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Economic Development or District Promotion				-	
District Wide Fibre Project	-	10,000	-	10,000	6,000
i-SITE Computer Upgrades	-	15,000	-	15,000	-
	-	25,000	-	25,000	6,000
Regulatory Services					
Emergency Management				-	
Rural Fire Weber Development	-	8,000	-	8,000	18,000
Rural Fire District Development	-	-	-	-	3,000
Akitio Fire Appliance	-	-	-	-	2,000
Siren for Akitio and Herbitville	25,000	25,000	-	50,000	18,000
Purchase of Radios	-	33,000	-	33,000	-
	25,000	66,000	-	91,000	41,000
Roading and Footpaths					
Footpaths					
District Wide Footpath Development	59,000	27,000	-	86,000	-
Woodville Main Street Upgrade	209,000	315,000	-	524,000	434,000
	268,000	342,000	-	610,000	434,000
Roading					
Associated Improvements	111,000	80,000	-	191,000	83,000
Manawatu/Hawkes Bay Alternate Route	-	25,000	-	25,000	-
	111,000	105,000	-	216,000	83,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
4,000	4,000	Rates	Project is on going.
15,000	15,000	Rates	Waiting on completion of Woodville Library and Service Centre amalgamation. To be carried forward and completed next year.
19,000	19,000		
(10,000)	-	Rates	Completed. We received \$11,500 subsidy from the National Rural Fire Authority for this project.
(3,000)	-	Rates	Completed. Cost was from the Siren for Akitio and Herberville budget.
(2,000)	-	Rates	Project is budgeted for next financial year. To carry forward cost to next year
32,000	-	Loan	Completed. We received subsidy from the Ministry of Civil Defence and Emergency Management of \$18,222 towards this project.
33,000	-	Rates	Completed. Purchase was instead classified as renewals as they were replacements.
50,000	-		
86,000	86,000	Loan	Not utilised as this budget was a backstop for any cost escalation and/or change in project scope for the Woodville Town Centre Upgrade project. Carry forward to next year.
90,000	-	Loan	Project completed. Balance budget was used as part of footpath renewals budget as project had components of renewal and new (levels of service improvements) assets .
176,000	86,000		
108,000	-	Subsidy/Rates	Budget not required.
25,000	25,000	Subsidy/Rates	Waiting on NZ Transport Agency to make a decision on this project. To be carried forward to next year.
133,000	25,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Solid Waste Management					
Pahiatua Capping	-	60,000	-	60,000	-
Pahiatua Transfer Station	-	100,000	-	100,000	(15,000)
District Wide Recycling - Bulk Bin setup	-	43,000	-	43,000	1,000
Waste Disposal Management	6,000	-	-	6,000	-
	6,000	203,000	-	209,000	(14,000)
Stormwater Drainage					
Treatment to Outlets Report	-	5,000	-	5,000	-
Woodville Capex	(60,000)	350,000	-	290,000	-
	(60,000)	355,000	-	295,000	-
Wastewater					
Dannevirke Disposal to Land	-	120,000	-	120,000	-
Dannevirke Pond Leakage Investigation		1,000,000	-	1,000,000	1,912,000
Manhole Rehabilitation	-	6,000	-	6,000	-
Pahiatua Disposal to Land	-	25,000	-	25,000	1,000
Woodville Disposal to Land	-	25,000	-	25,000	-
Eketahuna Treatment Plant	74,000	759,000	-	833,000	-
Pongaroa Treatment Plant	95,000	95,000	-	190,000	-
Woodville Treatment Plant and pond upgrade	-	850,000	-	850,000	288,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
60,000	60,000	Loan	In progress. Will be completed next year once the new transfer station is completed.
115,000	115,000	Loan	The Weighbridge that was bought previously was sold and net proceeds from sales is applied to this project. Project is progressing. To carry forward to be completed next year.
42,000	42,000	Loan	Project delayed due to work required to explore the most effective option to deliver the intended outcome. To carry forward to next year.
6,000	6,000	Reserves	To be carried forward to next year as we are in the process to identify a suitable project to apply this funding.
223,000	223,000		
5,000	5,000	Loan	Delayed due to focus on infiltration investigation. To be carried forward to next year.
290,000	290,000	Loan	Waiting for Woodville Town Centre Upgrade project to be completed. Work relates mostly to stormwater network behind Woodville's Vogel street. To be carried forward to next year.
295,000	295,000		
120,000		Loan\MFE Funding	Project was carried forward to next year as part of the 2013/14 Annual Plan process.
(912,000)	(912,000)	Loan\MFE Funding	Three year project and some contract work and purchase of liner for all ponds were brought forward to year one. Budget overspend to be carried forward to offset against budget next year. We have received Ministry for the Environment funding of \$780,000 towards this project.
6,000	6,000	Rates	Waiting on results of CCTV to prioritise work. To be carried forward to next year.
24,000	24,000	Loan\MFE Funding	In discussion with Horizons Regional Council to identify suitable land for this project. Carry forward to next year.
25,000	25,000	Rates\MFE Funding	In discussion with Horizons Regional Council to identify suitable land for this project. Carry forward to next year.
833,000	833,000	Loan\MFE Funding	In discussions with Horizons to delay this project due to commitments to other projects. Carry forward to next year.
190,000	-	Loan\MFE Funding	Project was carried forward to next year as part of the 2013/14 Annual Plan process.
562,000	562,000	Loan\MFE Funding	To be carried forward to next year. Project is due to be completed in 2013/14 as in project milestone. We have received Ministry for the Environment funding of \$87,000 towards this project.



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Wastewater (continued)					
District Telemetry Capex	-		-		5,000
CCTV Drain Camera	-		-	-	70,000
	169,000	2,880,000	-	3,049,000	2,276,000
Water Supplies					
Demand Management & Zone Metering		10,000		10,000	-
Dannevirke Impounded Supply Consent	-	25,000	-	25,000	21,000
Dannevirke Soda Ash Conversion	-	30,000	-	30,000	-
Dannevirke Storage Cover		700,000	100,000	800,000	800,000
Dannevirke Treatment Plant	-	500,000	-	500,000	-
Large Users, Metering and Management	-	5,000	-	5,000	-
Leak Detection	-	25,000	-	25,000	22,000
Pahiatua New Bore and Treatment	-	950,000	-	950,000	8,000
Dannevirke Water Storage	140,000	-	620,000	760,000	808,000
District Wide Telemetry	13,000	-	-	13,000	6,000
Norsewood Treatment Plant Upgrade	11,000	-	-	11,000	-
Water and Sanitary Services Team	194,000	-	-	194,000	-
Eketahuna Treatment Plant Upgrade and filtration	148,000	-	-	148,000	364,000
Pahiatua Treatment Plant Upgrade	-	-	-	-	1,000
Woodville Treatment Plant Upgrade	-	-	-	-	86,000
	506,000	2,245,000	720,000	3,471,000	2,116,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
(5,000)	(5,000)	Rates	This project was planned for next year but due to priorities, it was started this year. Budget overspend to be carried forward to offset against the budget next year.
(70,000)	(25,000)	Loan	This project was planned for and budgeted under the Water and Sanitary Services Team budget in the Water Supplies activity. Balance of \$525,000 has been carried forward to offset against the budget next year.
773,000	508,000		
10,000	10,000	Rates	Waiting on results of leak detection report. To be carried forward to next year.
4,000	4,000	Rates	Nearing completion as final documents for CCC are being compiled for submission. Project will be completed early next year.
30,000	30,000	Rates	Part of Dannevirke treatment plant upgrade. To be carried forward to next year.
-	-	Loan	Completed.
500,000	-	Loan	Project was carried forward to next year as part of the 2013/14 Annual Plan process.
5,000	5,000	Rates	In the process of identifying all large users. To be carried forward to next year.
3,000	3,000	Rates	In progress. To be carried forward to next year.
942,000	942,000	Loan/Subsidies	Waiting on approval of subsidy. Project is carried forward and will commence next year.
(48,000)	-	Loan	Completed. Cost overrun is due to additional earthwork required on owner's property and drainage of the old reservoir.
7,000	7,000	Loan	In progress and will be carried forward and completed next year.
11,000	11,000	Loan	Carried forward to next year due to reprioritisation of projects.
194,000	120,000	Loan	Part of the budget (\$55,000) was used fro the CCTV project. To carry forward \$120,000 to next year for purchase of jet blaster, mobile generator and push pole for camera. Remaining budget is not required.
(216,000)	-	Loan\MoH Funding	Completed. We have obtained Ministry of Health funding for total project cost.
(1,000)	(1,000)		This project was planned for next year but due to priorities, it was started this year. Budget overspend to be carried forward to offset against the budget next year.
(86,000)	(86,000)		This project was planned for next year but due to priorities, it was started this year. Budget overspend to be carried forward to offset against the budget next year.
1,355,000	1,045,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Support					
Admin Buildings Dannevirke Developments	-	-	-	-	28,000
Dannevirke Library Developments	-	-	-	-	3,000
Information Services Developments	225,000	117,000	-	342,000	111,000
	225,000	117,000	-	342,000	142,000
Total Levels of Service	1,326,000	6,573,000	781,000	8,680,000	5,178,000
RENEWALS					
Communities and Recreational Facilities					
Cemeteries					
Pahiatua Sealing	-	10,000	-	10,000	-
	-	10,000	-	10,000	-
Community Buildings					
Dannevirke Town Hall	-	10,000	-	10,000	12,000
Eketahuna Medical Centre	-	15,000	-	15,000	-
Woodville Sports Hall	-	15,000	-	15,000	-
Dannevirke Sports Centre	5,000	-	-	5,000	5,000
District Renewals	3,000	-	-	3,000	13,000
District Wide Maintenance	4,000	-	-	4,000	-
Woodville Community Centre		6,000	-	6,000	-
	12,000	46,000	-	58,000	30,000
Housing					
District Wide Window Replacement	-	12,000		12,000	-
Eketahuna	3,000	-	-	3,000	-
Pahiatua	13,000	-	-	13,000	-
Dannevirke	7,000	-	-	7,000	11,000
Woodville	9,000	2,000	-	11,000	-
	32,000	14,000	-	46,000	11,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
(28,000)	-	Loan	Refurbishment work at Woodville office. Budget is from Dannevirke Admin Buildings Renewal as components of work has both renewals and development aspects to it. Will be completed next year.
(3,000)	-	Loan	Cost overrun is from Dannevirke Admin Buildings Renewal budget as this was the where it was originally included. But work related to development rather than renewals.
231,000	100,000	Loan	To carry forward only a portion of the budget for new software development.
200,000	100,000		
3,502,000	2,535,000		

10,000	10,000	Depreciation Reserve	Project is with contractor and will be completed next year due to priorities.
10,000	10,000		

(2,000)	-	Depreciation Reserve	Completed.
15,000	15,000	Depreciation Reserve	Project is with contractor and will be completed next year due to priorities.
15,000	15,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
-	-	Depreciation Reserve	Completed.
(10,000)	-	Depreciation Reserve	Completed. Part of the cost overrun was funded from the District Wide Maintenance budget.
4,000	-	Depreciation Reserve	Completed. Budget used as part of district Renewal works.
6,000	6,000	Depreciation Reserve	Waiting on relocation refuse/recycling bin. To be carried forward to next year.
28,000	36,000		

12,000	12,000	Depreciation Reserve Housing	Carried forward to next year due to reprioritisation of projects.
3,000	3,000	Depreciation Reserve Housing	Carried forward to next year due to reprioritisation of projects.
13,000	13,000	Depreciation Reserve Housing	Carried forward to next year due to reprioritisation of projects.
(4,000)	-	Depreciation Reserve Housing	Completed.
11,000	11,000	Depreciation Reserve Housing	Carried forward to next year due to reprioritisation of projects.
35,000	39,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Library					
Books	15,000	100,000	-	115,000	87,000
Furniture & Fittings	30,000	10,000	-	40,000	-
	45,000	110,000	-	155,000	87,000
Parks and Reserves					
Domain Grandstand Earthquake Prone Work		5,000	-	5,000	7,000
Dannevirke Camping Ground	7,000	21,000	-	28,000	-
Dannevirke Domain	57,000	-	-	57,000	-
Reserve Management Plan	21,000	-	-	21,000	-
Domain Store Shed	-	2,000	-	2,000	-
Pahiatua Grandstand	-	6,000	-	6,000	14,000
Dannevirke Waterline Renewal	-	-	-	-	11,000
Eketahuna Camping Ground	-	5,000	-	5,000	3,000
	85,000	39,000	-	124,000	35,000
Public conveniences					
Dannevirke Exeloos	-	16,000	-	16,000	-
Pahiatua Main Toilets	-	8,000	-	8,000	-
Woodville Public Toilets	-	5,000	-	5,000	-
Replace Hand Dryers	2,000	4,000	-	6,000	3,000
Resurface Toilet Floors	13,000	16,000	-	29,000	-
	15,000	49,000	-	64,000	3,000
Swimming Pools					
Eketahuna Filtration Replacement	-	20,000	-	20,000	22,000
Pahiatua Filtration Replacement	-	5,000	-	5,000	4,000
Eketahuna Outdoor Pool Renewal	8,000	-	-	8,000	8,000
Pahiatua Outdoor Pool Renewal	13,000	2,000	-	15,000	10,000
Woodville Outdoor Pool Renewal	4,000	3,000	-	7,000	-
	25,000	30,000	-	55,000	44,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
28,000	13,000	Depreciation Reserve	Carry forward portion of the budget to be completed next year.
40,000	40,000	Depreciation Reserve	Waiting on completion of the Woodville library and service centre amalgamation. Project to be carried forward and completed next year.
68,000	53,000		
(2,000)	(2,000)	Depreciation Reserve	Waiting on final report. Project will be completed next year.
28,000	28,000	Depreciation Reserve	To be carried forward to next year. Project is for Kitchen and shower upgrades.
57,000	46,000	Depreciation Reserve	Waiting on Earthquake prone assessments to be completed. To be carried forward to next year.
21,000	21,000	Depreciation Reserve	Work has commenced and will be completed over the next two years.
2,000	2,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects. There is no specific NZ Transport Agency funding for bridge renewals so need to prioritise which bridges to renew.
(8,000)	-	Depreciation Reserve	Completed.
(11,000)	-	Depreciation Reserve	Completed. Budget was from Dannevirke Domain project.
2,000	2,000	Depreciation Reserve	In progress. To be carried forward to next year.
89,000	97,000		
16,000	16,000	Depreciation Reserve	Will be completed next year given the availability of contractor to perform the work.
8,000	8,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
5,000	5,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
3,000	3,000	Depreciation Reserve	In progress. To be carried forward to next year.
29,000	29,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
61,000	61,000		
(2,000)	-	Depreciation Reserve	Completed.
1,000	-	Depreciation Reserve	Completed.
-	-	Depreciation Reserve	Completed.
5,000	5,000	Depreciation Reserve	In progress. To be carried forward to next year.
7,000	7,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
11,000	12,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
District Promotion and Economic Development					
Commercial Property					
New Entranceway Infracon Depot	11,000	-	-	11,000	-
	11,000	-	-	11,000	-
Regulatory Services					
Emergency Management					
Civil Defence - Radio Replacement	36,000	6,000	-	42,000	38,000
Rural Fire - Akitio	3,000	30,000	-	33,000	27,000
Rural Fire - Radio Renewal		12,000	-	12,000	-
Vehicle Renewals	2,000	-	-	2,000	-
Rural Fire - Renewals	-	-	-	-	22,000
	41,000	48,000	-	89,000	87,000
Roading and Footpaths					
Footpaths					
District Wide Footpath Renewal	8,000	50,000	-	58,000	113,000
	8,000	50,000	-	58,000	113,000
Roading					
Bridge Renewals	250,000	100,000		350,000	-
Drainage Renewals	-	490,000	-	490,000	429,000
Minor Safety Improvements	-	496,000	-	496,000	497,000
Pavement Rehabilitation	-	1,560,000	-	1,560,000	1,714,000
Sealed Road Resurfacing	-	2,150,000	-	2,150,000	2,146,000
Structures Component Replacement	-	95,000	-	95,000	88,000
Traffic Services Renewal	-	90,000	-	90,000	80,000
Unsealed Road Metalling	-	600,000	-	600,000	439,000
	250,000	5,581,000	-	5,831,000	5,393,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
11,000	11,000	Depreciation Reserve	Waiting for road realignment, project to carry forward.
11,000	11,000		
4,000	-	Depreciation Reserve	Completed.
6,000	-	Depreciation Reserve	Completed.
12,000	12,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects.
2,000	-	Depreciation Reserve	Budget not required.
(22,000)	-	Depreciation Reserve	Completed. Budget was from development but purchase were for replacements.
2,000	12,000		
(55,000)	-	Depreciation Reserve	Completed. Cost overrun recovered from the Woodville Main Street Upgrade capital development budget.
(55,000)	-		
350,000	350,000	Depreciation Reserve	Carried forward to next year due to reprioritisation of projects. There is no specific NZ Transport Agency funding for bridge renewals so need to prioritise which bridges to renew.
61,000	-	Depreciation Reserve	Completed. Underspend is offset by overspend in in Pavement Rehabilitation and overspend in Maintenance activities (Unsealed Pavement Maintenance, Routine Drainage Maintenance and Environmental Maintenance) to keep overall cost within NZ Transport Agency subsidies.
(1,000)	-	Depreciation Reserve	Completed.
(154,000)	-	Depreciation Reserve	Completed. Overspend is due to increased safety awareness of individual Pavement Rehabilitation sites as noted by NZ Transport Agency Technical Audit Team. Budget is recovered from underspend in unsealed Road Metalling and Drainage renewals.
4,000	-	Depreciation Reserve	Completed.
7,000	-	Depreciation Reserve	Completed.
10,000	-	Depreciation Reserve	Completed.
161,000	-	Depreciation Reserve	Completed. Underspend is offset by overspend in in Pavement Rehabilitation and overspend in Maintenance activities (Unsealed Pavement Maintenance, Routine Drainage Maintenance and Environmental Maintenance) to keep overall cost within NZ Transport Agency subsidies.
438,000	350,000		



Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Stormwater Drainage					
District Wide Mains Replacement	-	37,000	-	37,000	57,000
Dannevirke	56,000	-	-	56,000	-
Pahiatua George Street Renewals	-	-	87,000	87,000	87,000
	-	37,000	87,000	124,000	144,000
Wastewater					
District Wide Consent Upgrades	-	30,000	-	30,000	3,000
District Wide Preventative Maintenance	-	50,000	-	50,000	-
Infiltration Renewals	45,000	-	-	45,000	24,000
District Wide Mains Replacements	584,000	242,000	-	826,000	385,000
District Wide Manhole Replacements	5,000	6,000	-	11,000	-
District Wide Pump Replacements	-	2,000	-	2,000	5,000
	634,000	330,000	-	964,000	417,000
Water Supplies					
District Wide Mains Replacement	340,000	277,000	-	617,000	463,000
Preventative Renewals	-	50,000	-	50,000	-
District Wide Treatment Plant Upgrades	-	64,000	-	64,000	-
Chlorinator Replacement	-	12,000	-	12,000	-
Chlorine Analyser Replacement	-	10,000	-	10,000	-
Water Pump Replacement	-	6,000	-	6,000	2,000
Norsewood Treatment Plant Upgrade	11,000	-	-	11,000	-
Dannevirke	195,000	-	-	195,000	92,000
Woodville Mains Replacement	36,000	-	-	36,000	1,000
Pongaroa Renewals	-	-	-	-	17,000
	582,000	419,000	-	1,001,000	575,000



Total Remaining Budget Under/ (Over)	Remaining Carry Forward	Funding Source	Variance Explanation
(20,000)	-	Depreciation Reserve	Completed. Cost overrun recovered from Dannevirke Stormwater project.
56,000	36,000	Depreciation Reserve	Part of the budget was used to offset cost for district wide mains replacement. Balance to be carried forward to next year.
-	-	Depreciation Reserve	Completed.
36,000	36,000		
27,000	27,000	Depreciation Reserve	In progress. To be carried forward to next year.
50,000	50,000	Depreciation Reserve	To be carried forward to next year. Included in Asset Management Plan as a yearly accumulating budget if not spent.
21,000	21,000	Depreciation Reserve	In progress. To be carried forward to next year.
441,000	441,000	Depreciation Reserve	Waiting on results of CCTV to prioritise work. To be carried forward to next year.
11,000	11,000	Depreciation Reserve	Waiting on results of CCTV to prioritise work. To be carried forward to next year.
(3,000)			Completed.
547,000	550,000		
154,000	154,000	Depreciation Reserve	In progress. To be carried forward to next year.
50,000	50,000	Depreciation Reserve	To be carried forward to next year. Included in Asset Management Plan as a yearly accumulating budget if not spent.
64,000	64,000	Depreciation Reserve	Further work is required to secure water supply for Woodville eg Stilling basins. To be carried forward to next year.
12,000	12,000	Depreciation Reserve	Project part of Dannevirke treatment plant upgrade which was pushed forward to 2013/14. To be carried forward to next year.
10,000	10,000	Depreciation Reserve	Project part of Dannevirke treatment plant upgrade which was pushed forward to 2013/14. To be carried forward to next year.
4,000	4,000	Depreciation Reserve	In progress. To be carried forward to next year.
11,000	11,000	Depreciation Reserve	In progress. To be carried forward to next year.
103,000	103,000	Depreciation Reserve	In progress. To be carried forward to next year.
35,000	35,000	Depreciation Reserve	To be carried forward to next year. Budget is required to complete further work for the Woodville Town Centre upgrade project.
(17,000)	-	Depreciation Reserve	Completed.
426,000	443,000		

Activity & Capital Works Project	Carry forward Budget to June 2012	Budget 2012/13	Authorised Revision	Total Budget	Year to June 2013
Support					
Dannevirke Town Hall Renewal	-	10,000	-	10,000	-
Woodville Library Renewal	-	8,000	-	8,000	-
Dannevirke Library Renewal	-	10,000	-	10,000	9,000
Pahiatua Service Centre Renewal	-	1,000	-	1,000	-
Woodville Service Centre Renewal	-	20,000	-	20,000	26,000
Vehicle Renewals	-	145,000	-	145,000	133,000
Information Services Renewals	153,000	324,000	-	477,000	193,000
Photocopier Replacement	-	15,000	-	15,000	-
Telephone Replacement	-	10,000	-	10,000	-
District Administration Equipment Renewals	111,000	-	-	111,000	1,000
Dannevirke Admin Buildings Renewal	167,000	-	-	167,000	7,000
Furniture Replacement		5,000	-	5,000	-
Business Continuity - Generator and UPS		80,000	-	80,000	74,000
	431,000	628,000	-	1,059,000	443,000
Minor Renewals					
Community Buildings	3,000	-	-	3,000	-
Public Conveniences	6,000	-	-	6,000	-
Commercial Buildings	1,000	-	-	1,000	-
	10,000	-	-	10,000	-
Total Renewals	2,181,000	7,391,000	87,000	9,659,000	7,382,000
Total Capital	3,513,000	14,014,000	868,000	18,395,000	12,567,000

* 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
-	10,000	Depreciation Reserve	Waiting on Earthquake prone assessments to be completed. To be carried forward to next year.
8,000	8,000	Depreciation Reserve	Waiting on completion of the Woodville library and service centre amalgamation. Project to be carried forward and completed next year.
1,000	-	Depreciation Reserve	Completed.
1,000	-	Depreciation Reserve	Budget not required.
(6,000)	-	Depreciation Reserve	Completed.
12,000	12,000	Depreciation Reserve	In progress. Delay due to review of vehicle replacements programme. To be carried forward to next year.
284,000	110,000	Depreciation Reserve	In progress. To carry forward only a portion of the budget remaining.
15,000	15,000	Depreciation Reserve	In progress as we are determining the best options regards equipment type and quantity. To be carried forward to next year.
10,000	10,000	Depreciation Reserve	To carry forward.
110,000	107,000	Depreciation Reserve	In progress. Delay due to prioritisation of projects.
160,000	160,000	Depreciation Reserve	Budget is used to offset Woodville Service Centre Development work. Balance is carried forward to next year. Other projects expected to start were delayed due to reprioritisation of projects.
5,000	-	Depreciation Reserve	Budget not required.
6,000	6,000	Depreciation Reserve	Completed.
606,000	428,000		
3,000	3,000	Depreciation Reserve	To be carried forward to next year.
6,000	6,000	Depreciation Reserve	To be carried forward to next year.
1,000	1,000	Depreciation Reserve	To be carried forward to next year.
10,000	10,000		
2,323,000	2,148,000		
5,874,000	4,689,000		



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 2013

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 financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2013 on pages 180 to 181;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 178 to 179 and pages 182 to 183;
 - the funding impact statement of the District Council on page 184;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 38 to 57; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 189 to 256;
- the statement of service provision (referred to as activities and service performance) of the District Council on pages 67 to 175 and the funding impact

statements in relation to each group of activities of the District Council on pages 67 to 175.

In addition, the Auditor General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 233;
 - council controlled organisations on pages 257 to 264;
 - reserve funds on pages 236 to 238;
 - each group of activities carried out by the District Council on pages 67 to 175;
 - remuneration paid to the elected members and certain employees of the District Council on page 253;
 - employee staffing levels and remuneration on page 254; and
- 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 page 58 to 59; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 63.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 178 to 256:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2013; 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 184, 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 38 to 57, fairly reflects 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 67 to 175:
 - 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 2013, 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 67 to 175, fairly reflects 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.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, 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 30 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and 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 activities and service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the 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 activities and service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy 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 opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and activities and service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that 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;
- funding impact statements in relation to each group of activities that fairly reflects 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;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects 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; and

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

Statement of Compliance and Responsibility

Compliance

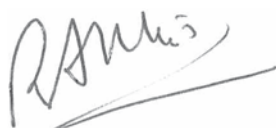
The Council and management of the Tararua District Council confirm that all the statutory requirements in relation with the Annual Report have been complied with in accordance with the Local Government Act 2002.

Responsibility

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

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

In the opinion of the Council and management of Tararua District Council, the annual Consolidated Financial Statements for the year ended 30 June 2013 fairly reflect the financial position and operations of Tararua District Council and Group.



Mayor



Chief Executive

3

Activities and Service Performance

ANNUAL REPORT 2012/13

Introduction

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	71
Community and Recreation Facilities	82
District Promotion and Economic Development	116
Regulatory Services	126
Roading and Footpaths	146
Solid Waste Management	159
Stormwater	165
Wastewater	169
Water Supplies	174



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 Taranaki district in the present and for the future.

Contribution to Council Outcomes

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

Key Issues

- Increasing community input in an effective and efficient manner.
- Incorporating technology into the delivery of council services, operating good governance and consultation processes.
- The future structure and function of local government.
- Balancing the level of community support against a decreasing pool of volunteers, changing societal trends and technology.
- The continuing decline in community grants funding from central government and other sources.
- Providing local information centres, our service centres, and/or libraries efficiently and affordably.



Group Level Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	1,384	1,384	805	1,238
Targeted rates (other than a targeted rate for water supply)	-	-	433	-
Grants and subsidies for operating purposes	-	-	-	14
Fees, charges, and targeted rates for water supply	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	48	-	21
Internal charges and overheads recovered	24	24	-	-
Total Operating Funding	1,407	1,455	1,238	1,273
Applications of Operating Funding				
Payment to staff and suppliers	665	648	780	893
Finance costs	-	-	-	-
Internal charges and overheads applied	564	752	453	401
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	1,229	1,400	1,234	1,294
Surplus/(Deficit) of Operating Funding	178	55	4	(21)
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	178	55	4	(21)
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	178	55	4	(21)
Surplus/(Deficit) of Capital Funding	(178)	(55)	(4)	21
Funding Balance	-	-	-	-

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

Grants to Community Groups

A number of community groups and individuals benefited from annual funding or one-off grants for particular events.

Council commenced providing a \$10,000 operational grant to Pukaha Mount Bruce. This recognises that there are many on-going costs to keep the National Wildlife Reserve. This is a shift of focus from Council's previous support for large development projects.

Sport Tararua

Sport Tararua continued to support many sports codes across the Tararua. The annual celebration of sports success, the Tararua Sportsman of the Year Awards, was held in June 2013.

Closed Circuit TV

The Dannevirke Promotions and Development Society Incorporated has agreed to proceed to install a 32 camera closed circuit TV system for Dannevirke following a trial of a low cost system.

A number of sites across the Dannevirke central business district and Upper Domain have been identified as suitable for cameras. These sites have been priced for installation costs. Application for funding will be made during August.

Formal agreements have been signed by almost all occupiers for access and power, and owners for installation.

Pahiatua On Track has provided seed funding for a closed circuit TV system in Pahiatua. It is intended that this will link



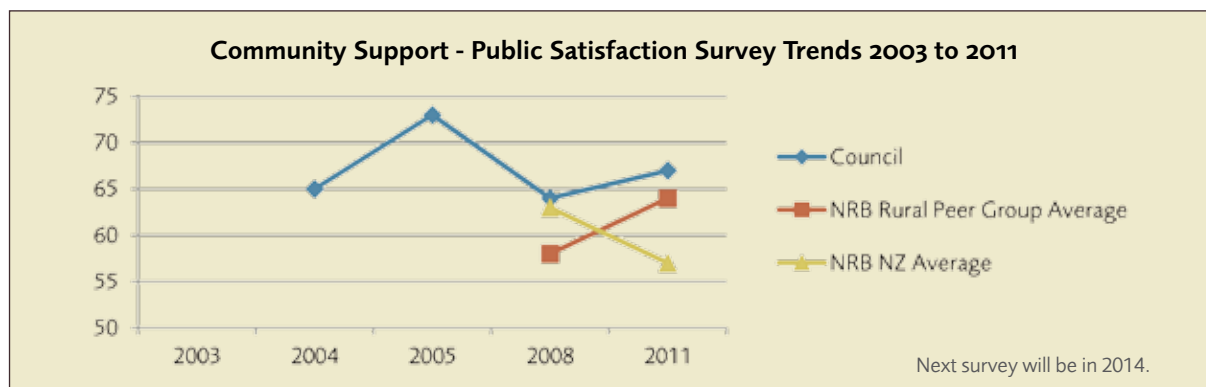
directly to the Palmerston North Police Station, utilising the Council inter-town fibre optic cable.

Youth Services Project

We received funding approval from the Ministry of Youth Affairs of \$35,000 to provide youth leadership training in the Tararua. This training is being provided by Tararua Youth Services. Plans are well underway to involve over a hundred youth in various levels of leadership programmes and for some to achieve Level 3 NCEA credits. This project is expected to be completed by the end of February 2014.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> 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. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 the financial year. In the 2011 survey, we achieved 67% compared to a target of 70%.</p> <p>In the 2011 survey, only 4% had responded "not satisfied" with the remaining 29% not responding to the survey. If we had excluded those who did not respond, we would have achieved a satisfaction rating of 94%.</p> <p>We continue to support the community and community groups, and the budget provisions in our Annual Plan remain consistent with prior years.</p>	N/A	N/A
<ul style="list-style-type: none"> All organisations receiving grants meet accountability requirements of Council. 	100%	ACHIEVED: All grants made met our accountability requirements.	New measure	●



Community Support Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	287	287	183	281
Targeted rates (other than a targeted rate for water supply)	-	-	98	-
Grants and subsidies for operating purposes	-	-	-	14
Fees, charges, and targeted rates for water supply	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	47	-	21
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	289	337	281	317
Applications of Operating Funding				
Payment to staff and suppliers	256	232	249	280
Finance costs	-	-	-	-
Internal charges and overheads applied	50	54	28	47
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	306	286	277	327
Surplus/(Deficit) of Operating Funding	(17)	50	4	(10)
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(17)	50	4	(10)
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	(17)	50	4	(10)
Surplus/(Deficit) of Capital Funding	17	(50)	(4)	10
Funding Balance	-	-	-	-

Comment:

Targeted rate is correctly classified as general rate.

Operating funding is higher mainly due to \$40,000 received from the Ministry of Education for the Youth Project.

Application of operating funding is higher due to accruing of main street funding underspend in previous years and inflation adjustments to the main street funding totalling \$24,000 and increase in grants to communities by \$7,000 due to increase in funding request.



Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Closed Circuit TV	6	4
Community Boards & Committees Discretionary	61	53
Community Grants	17	38
Eketahuna Money Exchange	3	2
Information Centres	68	61
Main Street Committees	28	52
Main Street Lighting Non-subsidised	15	21
Sports & Recreation	52	45
Youth Service	-	4
Total Payments to Staff and Suppliers	249	280

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

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

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

The following was completed and achieved:

- Commence the review of the management of reserve land vested in us through the development of a discussion report outlining a draft recreation and reserves strategy.
- Working collaboratively with the Horizons Regional Council, and advocating in the interests of the district and our rural community concerning the potential



economic impact of the One Plan provisions relating to the nutrient management rules.

- Advocacy for the district through making submissions to the following:
 - Ministry of Building and Housing proposals on earthquake-prone buildings
 - The review of the law of "Joint and Several Liability"
 - The NZ Post proposal to reduce the mail delivery service from six to three days weekly
 - The review of the NZ Fire Service funding and functions
 - The New Zealand Transport Agency Financial Assistance Rates Review
 - Resource Management reforms
- Maintaining an awareness of the local government reforms; including the Local Government Efficiency Taskforce, the Productivity Commission towards better local regulation and the Local Government Infrastructure Efficiency Expert Advisory Group.
- Consider the requirements of the amendments to the Local Government Act enacted to focus the role of local authorities, provide stronger governance, improved efficiency and responsible fiscal management.
- Undertake community engagement through a Citizens Panel survey in conjunction with the Draft Annual Plan.
- Adopt the 2011/2012 Annual Report.
- Adopt the 2013/2014 Annual Plan.
- Disestablish the governance structure of TDC Holdings Limited and Tararua Forests Limited.
- Initiate a District Plan change to introduce controls to regulate multiple derelict vehicles on properties causing an unsightly appearance to the environment.
- Review the Class 4 Gambling and Racing Board Venue Policy.
- Consider the requirements of the Sale and Supply of Alcohol Act 2012, including the formation of the District Licensing Committee and the development of a Local Alcohol Policy.

- Maintaining an awareness and consideration 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.
- Listen to community concerns on oil exploration in the Tararua district.

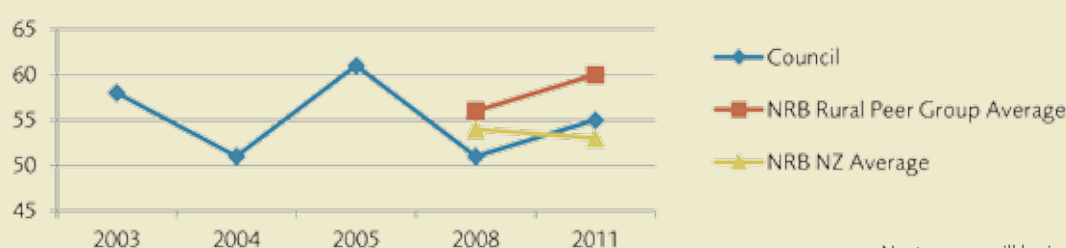
The most significant effects and measures that contribute to this activity include:

- Advocacy with relevant agencies in the interests of the district, e.g. WINZ, Tararua Community Youth Service, Tararua Safer Community Council, Police, Public Health Organisation, MidCentral Health.
- Repairs to the Pahiatua Track and Saddle Road for the restoration of these roads used as alternative routes during the period of the Manawatu Gorge closure.
- Working with the our contractor on the delivery of a high standard of infrastructure and monitoring their performance through the Road Maintenance Contract Board.
- 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.
- Working constructively with Iwi through regular meetings being 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 and the Biodiversity Reserve.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> 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. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 the financial year. In the 2011 survey, we achieved 55%, compared to a target of 75%. It was an improvement from 51% in the 2008 survey.</p> <p>We are continuing to work with our major stakeholder (ratepayers) and focusing on:</p> <ol style="list-style-type: none"> Working collaboratively with other agencies e.g. Horizons Regional Council, Central Government, NZ Transport Agency, MW LASS, Central Hawkes Bay District Council. Communication and community engagement e.g. development projects, branding and Annual Plan. 	N/A	N/A
<ul style="list-style-type: none"> 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. 	-	NOT APPLICABLE: As above.	N/A	N/A
<ul style="list-style-type: none"> Percentage of Council committee meetings that meet the requirements the Local Government Official Information and Meetings Act. 	100%	ACHIEVED: Meetings were publicly notified by newspaper, generally through the Bush Telegraph.	New measure	●

Representation Performance – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.



Representation Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	1,097	1,097	622	956
Targeted rates (other than a targeted rate for water supply)	-	-	335	-
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Internal charges and overheads recovered	21	21	-	-
Total Operating Funding	1,118	1,118	956	956
Applications of Operating Funding				
Payment to staff and suppliers	409	403	531	536
Finance costs	-	-	-	-
Internal charges and overheads applied	514	697	425	349
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	923	1,099	956	885
Surplus/(Deficit) of Operating Funding	195	19	-	71
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	195	19	-	71
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	195	19	-	71
Surplus/(Deficit) of Capital Funding	(195)	(19)	-	(71)
Funding Balance	-	-	-	-

Comment:

Targeted rate is correctly classified as general rate.

The overhead allocation was lower than budget as a result of the review of the allocation of Corporate Support costs due to changes in operations, staff numbers and business structures. The impact has resulted in changes to internal charges and overheads applied.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Community Board Dannevirke	9	3
Community Board Eketahuna	13	68
Community Committee Pahiatua	135	34
Community Committee Woodville	112	53
Council	128	345
Elections	134	33
Total Payments to Staff and Suppliers	531	536



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

- Providing facilities that cater for an ageing population.
- Complying with Earthquake Prone Building standards across the Group activities.
- The affordability of providing facilities in communities with declining populations.
- Securing funding to bring our older person housing units up to current standards.
- Public expectations are rising in terms of technology and libraries are faced with meeting this challenge. It is no longer just about the physical collections. The public expect easy access to other information resources.
- Vandalism of community assets.
- Declining numbers of volunteers will increase costs of maintaining assets and delivering services – e.g. the summer swimming pools.
- Preparing reserve management plans to comply with the Reserves Act 1977.
- Combining the service centre and library in Woodville. Efficiently delivering services from multiple buildings in Pahiatua, Dannevirke and Eketahuna.
- Generating sufficient Community fundraising to help fund the replacement of swimming pools in Eketahuna and Pahiatua.

Contribution to Council Outcomes

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

Group Level Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	3,644	3,644	2968	2,592
Targeted rates (other than a targeted rate for water supply)	-	-	907	1,283
Grants and subsidies for operating purposes	5	5	6	14
Fees, charges, and targeted rates for water supply	492	490	489	468
Local authorities fuel tax, fines, infringement fees, and other receipts	172	148	162	268
Internal charges and overheads recovered	52	52	-	-
Total Operating Funding	4,365	4,339	4531	4,625
Applications of Operating Funding				
Payment to staff and suppliers	2,806	2,639	3012	2,763
Finance costs	161	33	37	21
Internal charges and overheads applied	478	773	815	841
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	3,445	3,444	3864	3,625
Surplus/(Deficit) of Operating Funding	920	895	668	1,000
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	29	(165)	200	57
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	29	(165)	200	57
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	56	-
- to improve the level of service	110	199	268	88
- to replace existing assets	327	199	448	221
Increase (decrease) in reserves	512	333	97	749
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	949	731	868	1,057
Surplus/(Deficit) of Capital Funding	(920)	(895)	(668)	(1,000)
Funding Balance	-	-	-	-



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 Mangatera and Mangatainoka Cemeteries.

New fences have been erected around the Eketahuna and Mangatainoka RSA cemetery areas.

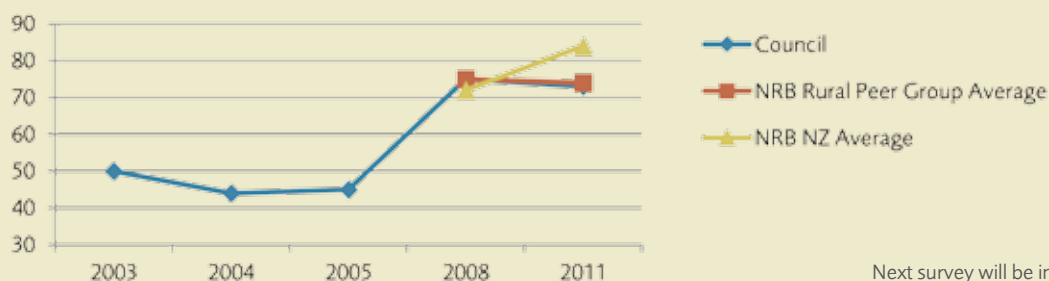
A new cairn has been erected at Weber on the roadside adjacent to the cemetery. The cairn lists all the known people buried in the Weber cemetery.

A natural burial area has been developed at the Mangaoronga cemetery in Eketahuna.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating cemeteries as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 77%, compared to a target of 70%.</p> <p>Our capital work programme remains consistent with prior years and service levels have remain unchanged since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data. 	100%	ACHIEVED: 100%.	●	●

Cemeteries – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.



Cemeteries Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	228	228	151	232
Targeted rates (other than a targeted rate for water supply)	-	-	81	-
Grants and subsidies for operating purposes	5	5	6	5
Fees, charges, and targeted rates for water supply	65	67	68	59
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	2
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	300	303	306	299
Applications of Operating Funding				
Payment to staff and suppliers	219	182	236	220
Finance costs	2	1	4	1
Internal charges and overheads applied	48	58	13	29
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	269	241	253	250
Surplus/(Deficit) of Operating Funding	31	62	53	48
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(6)	(12)	49	11
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(6)	(12)	49	11
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	56	-
- to improve the level of service	-	40	33	12
- to replace existing assets	-	-	10	3
Increase (decrease) in reserves	25	10	4	44
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	25	50	103	59
Surplus/(Deficit) of Capital Funding	(31)	(62)	(53)	(48)
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking close to budget. Targeted rates are correctly classified as general rates.

In Application of Operating funding, we achieved savings of \$20,000 from ground maintenance by rationalising the work and deferring some work (moving and cleaning) without impacting service levels and reduced incidence of damage.



The overhead allocation was higher than budget as a result of the review of the allocation of Corporate Support costs due to changes in operations, staff numbers and business structures. 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 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Dannevirke Rural	41	37
Dannevirke Urban	78	77
Eketahuna	36	37
Pahiatua	47	43
Woodville	34	27
Total Payments to Staff and Suppliers	236	220



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.

needs minor repairs to meet the required building code standard.

The old band room beside the Carnegie Centre, Dannevirke, was an earthquake risk and has been demolished.

The detailed seismic assessment for Pahiatua Service Centre was completed. A decision on the necessary actions will be made once detailed assessments of all our other buildings identified as earthquake risks has been completed.

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

The Dannevirke Sports Centre Stadium building has been painted internally. The kitchen and foyer have been lined. Better lighting has been installed in the hallway and toilets.

Netball courts 1 and 2 at the Dannevirke Sports Centre have been plexipaved in an all-weather surface.

The Akitio War Memorial hall at Pongaroa has had an accessible toilet installed and the roof above the toilets replaced.

Dannevirke Town Hall has had new lighting and cabling installed. It has been assessed for earthquake risk and only

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating community buildings as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 93%, compared to a target of 90%.</p> <p>Our capital work programme remains consistent with prior years and service levels have remain unchanged since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> The total number of hours per annum facilities are booked through Council. 	> 3,100	<p>NOT ACHIEVED: 3,089 hours.</p> <p>Total number of hours community buildings were used was 3,089, which was 8% higher than last year but lower than our target for the year of 3,100 hours. The targets were revised and increased in the Long Term Plan from 2,618 hours to reflect Council's intention to increase usage.</p>	●	●



Community Buildings Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	756	756	484	744
Targeted rates (other than a targeted rate for water supply)	-	-	260	-
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	35	43	38	28
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	45
Internal charges and overheads recovered	3	3	-	-
Total Operating Funding	795	803	782	817
Applications of Operating Funding				
Payment to staff and suppliers	367	258	341	273
Finance costs	18	15	12	5
Internal charges and overheads applied	84	108	138	63
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	469	381	491	340
Surplus/(Deficit) of Operating Funding	326	422	291	477
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(26)	(52)	25	5
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(26)	(52)	25	5
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	71	19
- to replace existing assets	17	27	54	30
Increase (decrease) in reserves	283	343	191	433
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	300	370	316	482
Surplus/(Deficit) of Capital Funding	(325)	(422)	(291)	(477)
Funding Balance	-	-	-	-

Comment:

Targeted rates are correctly classified as general rates. Hall hireage was lower than budget due to some facilities being closed for renovation and upgrades during the year.

In Application of Operating funding, we achieved savings of \$65,000 from maintenance, cleaning, insurance and energy (lower hireage).



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.

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 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Facility Management	341	239
Facility Repainting	-	34
Total Payments to Staff and Suppliers	341	273



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.

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

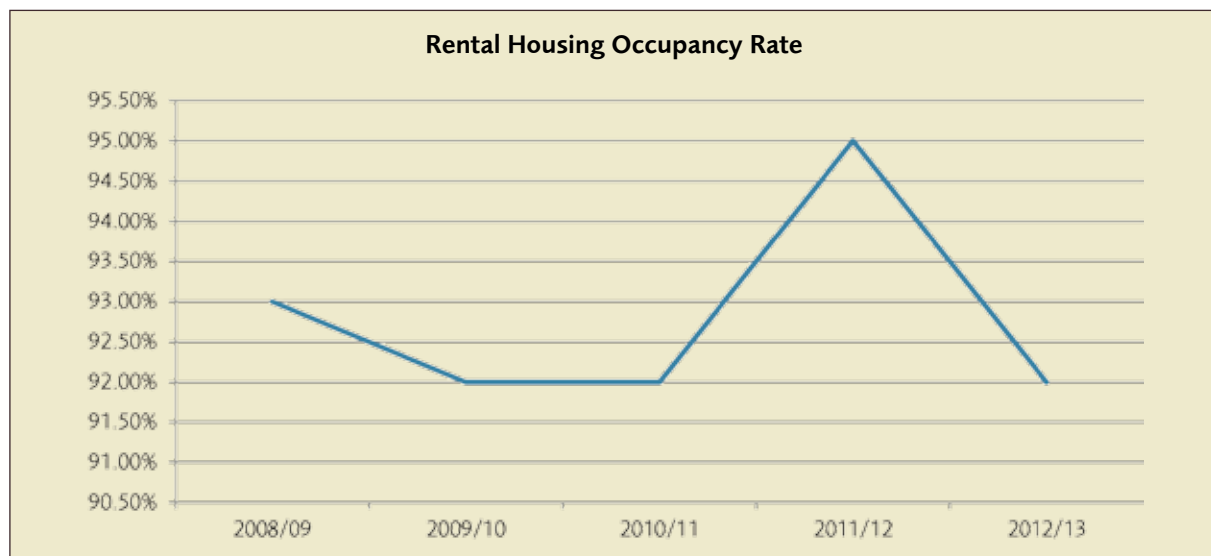
Sealing has been completed around the Kowhai flats at Pahiatua.

A new security fence has been erected at the Centennial flats in Woodville.

We have commenced work on the pensioner housing project – building 10 new purpose built pensioner housing units at the Gorge street Reserve. The Gorge Street Reserve area has been surveyed and geotechnical testing has been completed. We are waiting for the laboratory results to determine how we should proceed with this project.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of housing units which achieve a performance grading 3 stars or higher (NAMS property grading). 	75%	DEFERRED: The condition assessment rating done last year showed that all flats (100%) were maintained in good condition. We are continuing with our current maintenance programme (no change to levels of service) as planned in the Long Term Plan. Hence, the condition assessment has been deferred to the next financial year.	New measure	Deferred
<ul style="list-style-type: none"> Tenants' satisfaction with the landlord service received from Council. 	90%	ACHIEVED: 100% of tenants surveyed indicated that they were satisfied with the service levels received.	New measure	●





Housing Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
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	346	331	336	338
Local authorities fuel tax, fines, infringement fees, and other receipts	-	22	-	48
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	349	356	336	386
Applications of Operating Funding				
Payment to staff and suppliers	271	230	295	264
Finance costs	-	-	-	1
Internal charges and overheads applied	59	61	5	33
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	330	292	300	297
Surplus/(Deficit) of Operating Funding	19	64	37	89
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	25	36
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	25	36
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	62	36
- to replace existing assets	10	(50)	46	19
Increase (decrease) in reserves	9	114	(46)	69
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	19	64	62	(125)
Surplus/(Deficit) of Capital Funding	(19)	(64)	(37)	(89)
Funding Balance	-	-	-	-

Comment:

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

Application of operating funding we achieved savings of \$31,000. These savings were from staff related expenses of \$6,000 due to restructure and \$25,000 from insurance due to lower premium.

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.

Application of capital funding was under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' in Pages 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Maintenance - to appropriate standard	295	264
Total Payments to Staff and Suppliers	295	264



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

We ran a successful Summer Reading programme and Winter Warmers Reading programme at each branch (Dannevirke – 343 children, Pahiatua – 104, Eketahuna – 48, Woodville – 68), funded by the Eastern and Central Community Trust. Of the 563 children who enrolled, 487 completed the programmes.

We ran holiday programmes at all four branches every school holidays – 1,456 children attended these.

Wairarapa REAP's Math is Fun programme was run at Pahiatua Library (24 attendees) and Eketahuna Library (22 attendees).

Tararua REAP collaborated with us to provide a number of Introduction to Computers classes for adults at the Woodville Library in July to October.

Pahiatua Library worked together with Pahiatua School and Ballance School with the Ministry of Education "Reading Together" programme.

We began the digitisation of the Dannevirke News, Births Deaths and Marriage Index that was in handwritten form only.

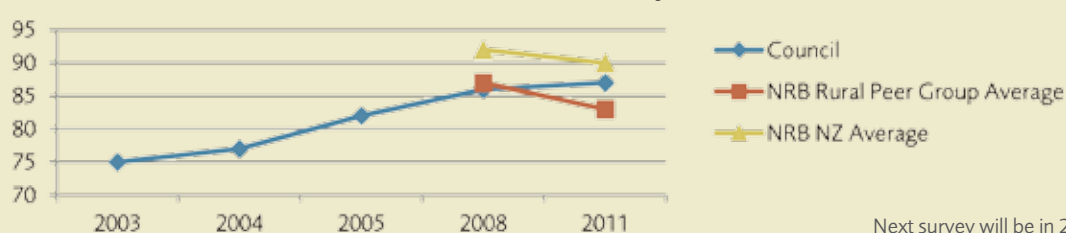
Collaborated with the Pahiatua/Woodville Genealogy Group to provide several workshop evenings at the Woodville Library throughout the year.

Due to a problem with the Library Management System (Liberty) an accurate account of book issues for the year is unavailable. Pedestrian foot traffic was down 4%, however, use of the APNK network rose by 9%. Some of this increase will have been due to the introduction of 24/7 available wifi.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating libraries as "fairly satisfactory" or "very satisfactory": in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 87%, compared to a target of 90%.</p> <p>A significant portion (12%) of respondents to the 2011 survey indicated that they were unable to comment. These respondents were mainly rural residents who did not use the library services. If these respondents were excluded, then 98% of those who responded commented that they were satisfied with the service received.</p> <p>We continue to provide the current programmes and have not reduced the level of service.</p> <p>This year, we did a customer survey run by library staff. From a scale of 1 to 5 (1 being not satisfied and 5 being completely satisfied) we received a result of 98% satisfaction from a total of 352 respondents.</p>	N/A	N/A
<ul style="list-style-type: none"> Percentage of residents that are active* members of the library (*used library in last 3 years). 	34%	<p>NOT ACHIEVED: 5,759 borrowers had been active in the past 3 years, compared to a population of 17,634 we achieved 33%.</p> <p>Although active user numbers have dropped, the total users of library services increased by 9% from last year. We will continue with promoting the use of the library.</p>	New measure	●
<ul style="list-style-type: none"> 250 new items added per 1,000 residents to the collection yearly. <p>*LIANZA standard based on population.</p>	4,425	<p>ACHIEVED: 250 new items were added per 1,000 residents, which was 4,546 items for the year.</p>	New measure	●
<ul style="list-style-type: none"> Percentage of customers satisfied with staff service (biennial survey). 	80%	<p>ACHIEVED: From a scale of 1 to 5 (1 being not satisfied and 5 being completely satisfied) we received a result of 97% satisfaction from a total of 350 respondents.</p>	New measure	●
<ul style="list-style-type: none"> Percentage of customers satisfied with children's programmes (biennial survey). 	90%	<p>ACHIEVED: From a scale of 1 to 5 (1 being not satisfied and 5 being completely satisfied) we received a result of 96% satisfaction from a total of 199 respondents.</p>	New measure	●

Public Libraries – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.



Library Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	750	-	905	-
Targeted rates (other than a targeted rate for water supply)	-	750	-	905
Grants and subsidies for operating purposes	-	-	-	5
Fees, charges, and targeted rates for water supply	43	40	40	35
Local authorities fuel tax, fines, infringement fees, and other receipts	2	3	1	9
Internal charges and overheads recovered	-	32	-	-
Total Operating Funding	795	825	946	954
Applications of Operating Funding				
Payment to staff and suppliers	529	548	521	523
Finance costs	-	-	-	-
Internal charges and overheads applied	119	197	328	402
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	648	745	850	925
Surplus/(Deficit) of Operating Funding	147	80	96	29
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(5)	(28)	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(5)	(28)	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	110	98	110	87
Increase (decrease) in reserves	31	(47)	(14)	(58)
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	141	52	96	29
Surplus/(Deficit) of Capital Funding	(146)	(80)	(96)	(29)
Funding Balance	-	-	-	-

Comment:

General rates are correctly classified as targeted rates.

Operating funding is tracking against budget.

In Application of operating funding, 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.

In Applications of Capital Funding, budget for renewal of library books was underspent. Balance of \$23,000 will be carried forward to be spent next year.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Dannevirke Library	266	281
Eketahuna Library/Service Centre	80	75
Pahiatua Library	103	98
Woodville Library	72	69
Total Payments to Staff and Suppliers	521	523



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.

A new carpark has been installed at the end of No.1 rugby field at the Eketahuna Domain.

An all-weather walking track has been installed in Pahiatua. This track is part of the existing walkway from Victory Park to Tararua Street.

Forty metres of the open drain on the northeast side of the park at Pahiatua's Bush Multisport complex has been piped. The committee has installed an all-weather running track around the edge of the park.

The old pavilion at Woodville's Hockey Park has been demolished. More of the area has been developed to incorporate more soccer fields.

The lawsoniana hedge at the Dannevirke Upper Domain has been removed.

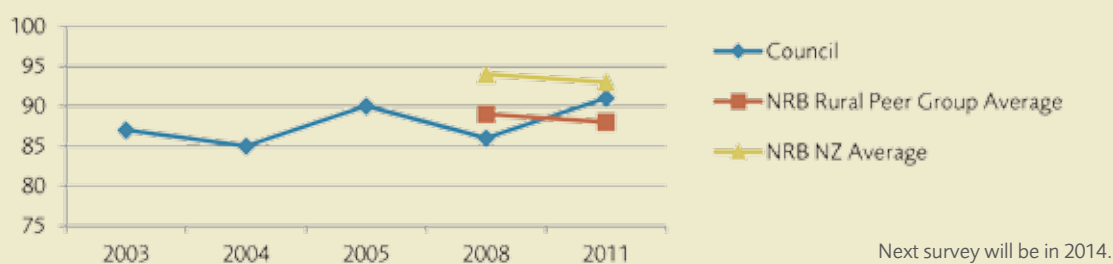
The road around the boating lake at the Lower Domain, Dannevirke has been re-levelled and tar sealed.

The Eketahuna camping ground has had a new accessible toilet and shower installed.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating parks and reserves as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 91%, compared to a target of 90%.</p> <p>Our capital work programme remains consistent with prior years, and service levels for maintenance have remain unchanged since the last year.</p>	N/A	N/A
<ul style="list-style-type: none"> Number of reported incidences of sports facilities not being suitable for their intended use. 	< 5	<p>ACHIEVED: Nil.</p> <p>Our sports facilities were well utilised. We have not received any reported incidents and/or customer requests regarding sports facilities not being suitable for their intended use.</p>	New measure	●
<ul style="list-style-type: none"> Percentage of playgrounds in the district with all equipment meeting the Australia/New Zealand playground safety standards. 	75%	<p>ACHIEVED: 76%.</p> <p>The pieces of equipment that did not meet the Australia/New Zealand playground safety standards are being progressively upgraded/repaired/replaced as part of our yearly capital and maintenance programme.</p>	New measure	●

Parks and Reserves – Public Satisfaction Survey Trends 2003 to 2011





Parks and Reserves Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	961	961	548	843
Targeted rates (other than a targeted rate for water supply)	-	-	295	-
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	5	8	6	8
Local authorities fuel tax, fines, infringement fees, and other receipts	171	117	161	154
Internal charges and overheads recovered	5	5	-	-
Total Operating Funding	1,142	1,091	1,009	1,005
Applications of Operating Funding				
Payment to staff and suppliers	722	678	813	709
Finance costs	12	9	15	8
Internal charges and overheads applied	131	161	53	35
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	865	848	880	752
Surplus/(Deficit) of Operating Funding	277	243	129	253
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	80	(37)	105	12
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	80	(37)	105	12
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	100	152	100	20
- to replace existing assets	140	92	124	34
Increase (decrease) in reserves	117	(37)	10	211
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	357	206	234	265
Surplus/(Deficit) of Capital Funding	(277)	(243)	(129)	(253)
Funding Balance	-	-	-	-

Comment:

Operating funding is slightly lower than budgeted, which mainly relates to a non-cash entry for Domain Boards for completion of their GST returns and the classification of Aerodrome to Commercial Building activity. Targeted rates are correctly classified as general rates.

In Application of operating funding, the higher cost relates to the other side of the non-cash Domain Board entry to bring in the relevant expenditure for the GST return and savings of \$54,000 from lower contract maintenance cost.

Sources, and Applications of Capital Funding were under budget mainly due to deferring/delay in completion of capital projects. Refer to 'Capital Expenditure Report' on pages 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Camping Grounds Dannevirke	11	25
Camping Grounds Eketahuna	20	12
Camping Grounds Pahiatua	3	25
Camping Grounds Woodville	39	9
Coronation Park	27	23
Dannevirke Domain	134	142
Dannevirke Rural	47	41
Dannevirke Urban	49	43
Dannevirke Wildlife	22	19
District Wide Tree Planting	5	-
Domain Boards	188	131
Eketahuna Rural	26	15
Eketahuna Urban	21	16
Pahiatua Recreation	71	71
Pahiatua Rural	13	3
Pahiatua Town Square	66	62
Pahiatua Urban	18	13
Woodville Rural	12	9
Woodville Urban	41	50
Total Payments to Staff and Suppliers	813	709



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

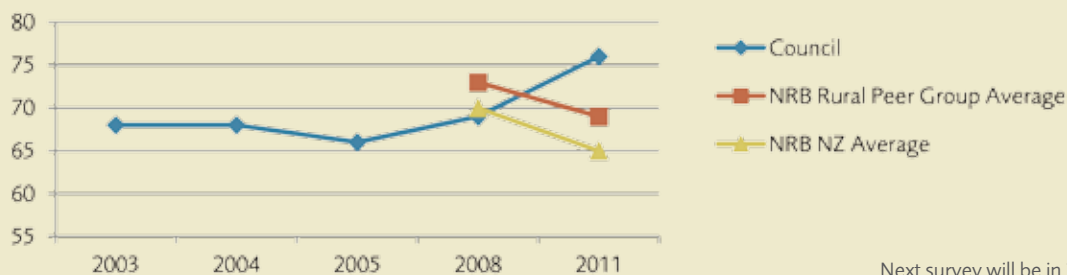
The Barraud Street and Coronation Park toilets in Dannevirke have been repainted inside and out.

A new motorhome dump station has been installed at Pongaroa.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating public conveniences as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 76%, compared to a target of 80%. The reason was due to an increase in vandalism.</p>	N/A	N/A
<ul style="list-style-type: none"> The number of complaints received per annum about the condition of public toilets. 	51	<p>ACHIEVED: The number of customer requests received for public toilets has increased over the years. This year we received 44 requests, compared to 40 for 2011/12 and 24 for 2010/11. We continue to see vandalism and also higher usage due to a greater number of tourists.</p> <p>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.</p>	New measure	●

Public Toilets – Public Satisfaction Survey Trends 2003 to 2011





Public Conveniences Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	197	197	150	231
Targeted rates (other than a targeted rate for water supply)	-	-	81	-
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
Internal charges and overheads recovered	1	1	-	-
Total Operating Funding	198	198	231	234
Applications of Operating Funding				
Payment to staff and suppliers	128	149	175	151
Finance costs	8	6	5	5
Internal charges and overheads applied	30	31	20	19
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	166	187	200	175
Surplus/(Deficit) of Operating Funding	32	11	31	59
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(10)	(21)	(5)	(6)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(10)	(21)	(5)	(6)
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	13	5	49	3
Increase (decrease) in reserves	8	(15)	(23)	50
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	21	(9)	26	53
Surplus/(Deficit) of Capital Funding	(31)	(11)	(31)	(59)
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking against budget. Targeted rates are correctly classified as general rates.

Application of operating funding was under budget due to savings from staff cost of \$3,600 from restructure and savings in cleaning and maintenance of \$12,000 due to decrease in vandalism.



In Application of capital funding, renewals of assets were under budget mainly due to deferring/delay in completion of capital renewal projects. The budgets for these projects will be carried forward to be completed next year. Refer to 'Capital Expenditure Report' on pages 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Building Maintenance	41	36
Provision of Clean Safe Facilities	134	115
Total Payments to Staff and Suppliers	175	151



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

Following consultation, we have moved to a single delivery centre in Woodville where the service centre in Woodville and library operate from one building. The service centres, library and information centres in Pahiatua, Eketahuna and Dannevirke remained status quo.

By combining the Library and Service Centre in Woodville we are providing a "one-stop-shop". Establishing one location to source information and access modern library services has resulted in more library hours for the community and a reduced duplication of Council resources.

Our Customer Service Centres handled over 33,000 calls, with callers waiting only an average of just over 14 seconds to have their call answered, and a total of 3,691 customer requests were entered into our system.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of customers who lodge faults/requests are satisfied with service provided. 	90% (out of 120 randomly selected customers)	<p>NOT ACHIEVED: 81%.</p> <p>We surveyed our email panel, via Public Voice, and had 212 responses. Of those who responded, 75 had contacted Council to log a service request.</p> <p>14 respondents (19%) commented that they were not satisfied with how their issues were resolved.</p> <p>Council will revert to contacting customers who logged a service request to obtain specific feedback on their satisfaction with the customer service received.</p>	New measure	
<ul style="list-style-type: none"> Percentage of customers who lodge faults/request are satisfied with after hours service received. 	75%	<p>ACHIEVED: 99.8%.</p> <p>Of the 3,682 calls answered by the Afterhours call centre, only 5 customers were not satisfied with the service received.</p>	New measure	
<ul style="list-style-type: none"> Percentage of calls answered where the average wait time is equal to or less than 20 seconds. 	95%	<p>NOT ACHIEVED: 87%.</p> <p>Of the 35,059 calls 15% of the calls were not answered within 20 seconds. This is largely due to the increase in abandoned calls. This is a result of our afterhours call centre using recorded messages to inform customers of known problems, prompting the callers to terminate the call. However, the average time taken to answer calls was 14.25 seconds.</p>	New measure	
<ul style="list-style-type: none"> Percentage of calls received by the afterhours call centre on a 24/7 basis are answered. 	80%	<p>ACHIEVED: 89%.</p> <p>Of the 4,115 calls offered to the afterhours call centre, 11% of the calls were not answered/abandoned.</p>	New measure	



Service Centres Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	390	390	352	541
Targeted rates (other than a targeted rate for water supply)	-	-	189	-
Grants and subsidies for operating purposes	-	-	-	4
Fees, charges, and targeted rates for water supply	1	-	1	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	-	1
Internal charges and overheads recovered	3	3	-	-
Total Operating Funding	393	395	542	547
Applications of Operating Funding				
Payment to staff and suppliers	300	301	356	348
Finance costs	-	-	-	-
Internal charges and overheads applied	65	93	186	227
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	365	394	542	575
Surplus/(Deficit) of Operating Funding	28	1	-	(28)
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	(7)	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	(7)	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	28	(6)	-	(28)
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	28	(6)	-	(28)
Surplus/(Deficit) of Capital Funding	(28)	(1)	-	28
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking against budget. Targeted rates are correctly classified as general rates.

In Application of operating funding, 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 2012/13	Actual 2012/13
Dannevirke Service Centre	223	215
Eketahuna Service Centre	48	43
Pahiatua Service Centre	42	47
Woodville Service Centre	42	43
Total Payments to Staff and Suppliers	356	348



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 a affordable travelling distance.

What We Achieved

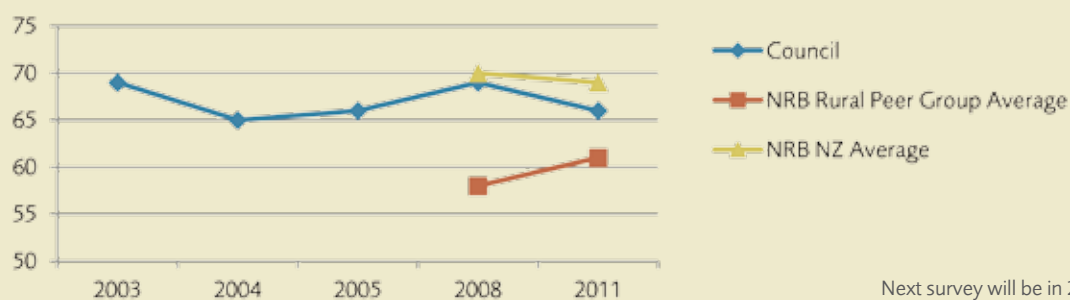
The Eketahuna, Pahiatua and Woodville pools were maintained to the required standard to enable swimming over the summer period.

Usage of the outdoors pools have increased by 14% from last year to 5,715 visitors this year, compared to 4,973 last year.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rating swimming pools as "fairly satisfactory" or "very satisfactory" in the community surveys conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 77%, compared to a target of 70%.</p> <p>Our capital work programme remains consistent with prior years and service levels have remain unchanged since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> The number of weeks each year Wai Splash is open for public use. 	52 weeks	<p>ACHIEVED: Wai Splash has remained open for all weeks during the year.</p>	New measure	●
<ul style="list-style-type: none"> The number of weeks each year outdoor pools are open for public use. 	> 10 weeks	<p>ACHIEVED: The number of weeks each outdoor pool was open was:</p> <p>Eketahuna – 14 weeks Pahiatua – 15 weeks Woodville – 13 weeks</p> <p>The number of people that used the pools was 5,715, compared to 4,973 last year.</p>	New measure	●
<ul style="list-style-type: none"> Percentage of rates spent funding public swimming pools (base – average household rate). 	Use 2012/13 results as baseline	<p>NOT APPLICABLE: 1.99%</p> <p>2% of rates was spent funding this activity. This will used as baseline for future years.</p>	New measure	N/A

Public Swimming Pools – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.



Swimming Pools Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	364	-	378	-
Targeted rates (other than a targeted rate for water supply)	-	364	-	378
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	-	1	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	-	4
Internal charges and overheads recovered	2	3	-	-
Total Operating Funding	366	369	378	382
Applications of Operating Funding				
Payment to staff and suppliers	270	292	275	274
Finance costs	2	2	2	1
Internal charges and overheads applied	61	63	72	33
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	333	357	348	308
Surplus/(Deficit) of Operating Funding	33	12	30	73
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(4)	(8)	1	(2)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(4)	(8)	1	(2)
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	10	7	3	-
- to replace existing assets	38	27	54	45
Increase (decrease) in reserves	(20)	(30)	(26)	27
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	28	4	31	71
Surplus/(Deficit) of Capital Funding	(32)	(12)	(30)	(73)
Funding Balance	-	-	-	-

Comment:

General rate is correctly classified as targeted rates.

Operating funding is tracking against budget.

In Application of operating funding, 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.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Dannevirke Indoor Pool	194	191
Eketahuna Pool	23	22
Pahiatua Pool	29	32
Woodville Pool	28	30
Total Payments to Staff and Suppliers	275	274



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.

Contribution to Council Outcomes

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

Key Issues

- Retaining business sector support for economic development and promotion activities.
- Impacts from economic and population trends outside the control of the Council.
- Increases in marketing activities and business advice may fail to attract new businesses and residents.
- We significantly reduced funding for economic development in 2009/10 and kept it low in 2010/11 due to the tight economic conditions. In our Long Term Plan, we resolved to increase funding gradually over the next five years.
- Potential lack of market demand to sell remaining commercial properties.
- World food commodity markets are likely to have a significant effect on the district's largest earner, agriculture.

Group Level Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	328	328	107	82
Targeted rates (other than a targeted rate for water supply)	-	-	314	339
Grants and subsidies for operating purposes	-	-	-	5
Fees, charges, and targeted rates for water supply	131	144	90	142
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	1	15
Internal charges and overheads recovered	3	3	-	-
Total Operating Funding	465	475	512	583
Applications of Operating Funding				
Payment to staff and suppliers	368	321	411	395
Finance costs	-	-	-	-
Internal charges and overheads applied	80	96	85	87
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	448	418	496	482
Surplus/(Deficit) of Operating Funding	17	57	15	101
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	6
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	6
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	2	25	6
- to replace existing assets	11	-	11	-
Increase (decrease) in reserves	6	55	(21)	101
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	17	57	15	107
Surplus/(Deficit) of Capital Funding	(17)	(57)	(15)	(101)
Funding Balance	-	-	-	-



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 Tararua – 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 (Council Controlled Trading Organisation (CCTO)).

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

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

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 will be 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	
			2011/12	2012/13
• Occupancy of commercial buildings each year.	95%	ACHIEVED: 100%. All commercial buildings currently are rented/leased.	●	●
• Net operating surplus each year.	5%	ACHIEVED: 14%. Operating surplus before offsetting contribution to rates of \$19,000.	●	●

Commercial Property Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	(13)	(13)	(4)	(4)
Targeted rates (other than a targeted rate for water supply)	-	-	(2)	(2)
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	121	131	79	128
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	4
Internal charges and overheads recovered	1	1	-	-
Total Operating Funding	109	119	73	126
Applications of Operating Funding				
Payment to staff and suppliers	93	62	81	73
Finance costs	-	-	-	-
Internal charges and overheads applied	21	21	7	17
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	114	83	88	90
Surplus/(Deficit) of Operating Funding	(5)	35	(16)	36
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	2	-	-
- to replace existing assets	11	-	11	-
Increase (decrease) in reserves	(16)	34	(27)	36
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	(5)	35	(16)	36
Surplus/(Deficit) of Capital Funding	5	(35)	16	(36)
Funding Balance	-	-	-	-

Comment:

Operating Funding is higher than budget by \$49,000 due to revision of rental rates and classification of Aerodrome from Parks and Reserves into this activity.

Application of operating funding is \$7,000 below budget due to deferring of maintenance work in Thyra due to asset being considered for sale.



Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Building Maintenance	66	58
Planned Maintenance	15	15
Total Payments to Staff and Suppliers	81	73

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

Gorge Promotion

We are part of the Manawatu Gorge Biodiversity Group and a part 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 would like to grow visitor numbers from 28,000 per year to 50,000 per year by 2016.

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.

Our first crop workshop – the Hazelnut Grower Led Workshop – attracted 50 landowners, and we are now part of the North Island Action Group. Our first working group workshop ('pruning hazelnuts for best results') will be in July and we are now investigating funding opportunities to



continue developing grower competencies and intellectual property.

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.

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:

- The Woodville Motocross (with approximately 6,000 visitors) was a real draw card this year, assisted by the good weather.
- Tui Breweries held the "Mangatainoka Motors" classic car event (with approximately 2,500 visitors), the biggest event to date at the brewery.
- The Dannevirke A & P Show, and the "Wheels with Attitude" held the following day, attracted approximately 2,000 visitors. The Wheels with Attitude event is growing every year.
- The Super Rugby at Mangatainoka (with 11,670 visitors) was a successful event and a great opportunity to fly the flag for Tararua Country.
- Scandinavian Festival – celebrated every two years in Norsewood, this event draws visitors locally, nationally and internationally. The Scandinavian Festival is a fantastic opportunity to highlight our town and our businesses. With extra visitors to the district, it is an occasion to highlight our heritage. This in many ways determines who we are and how proud we can be of the achievements of the early pioneer settlers in New Zealand.

District Branding

We have been supporting Woodville Districts' Vision with their new branding initiatives based on a "Wood You" slogan. The momentum has grown on this and signage is now appearing around businesses and in strategic locations entering Woodville.

We have also been working with the Dannevirke Development and Promotions Group to build on the current branding in Dannevirke.

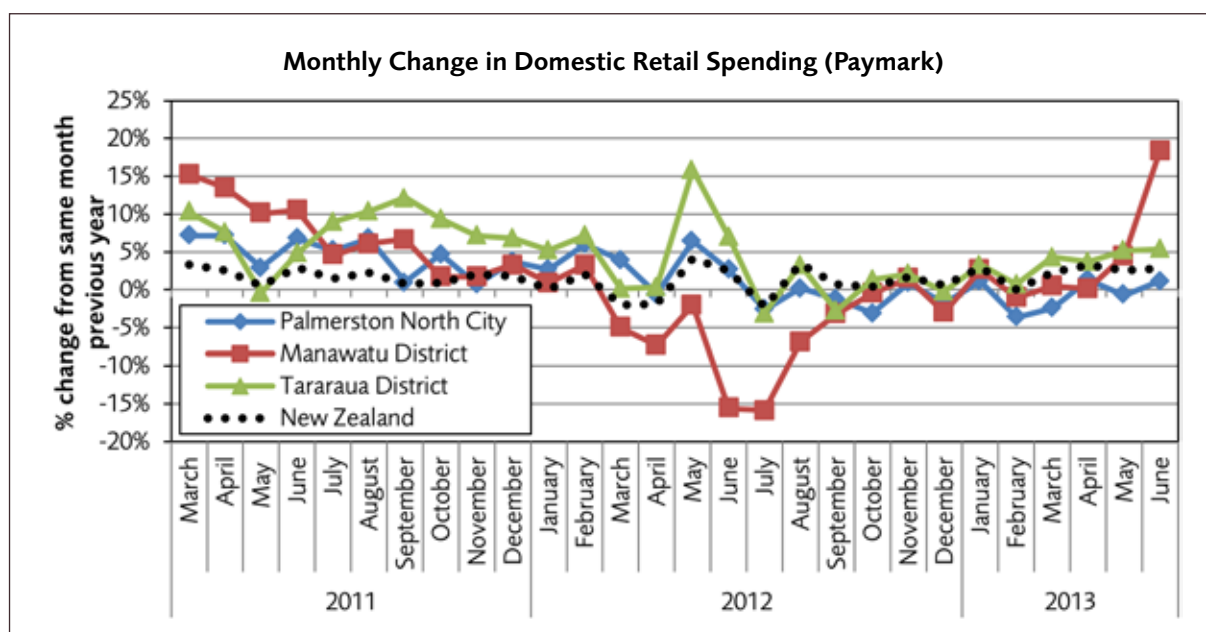
The new Dannevirke Stanley Street Community Signboards have now been installed. These permanent signboards tidy up the previous untidy ad hoc signs that have been appearing in Southern Dannevirke. These seven community signboards will smarten up the entry to Dannevirke and provide a uniform, effective structure for our community groups to display their message.

Website

A new Council website has been developed and will be operational in August 2013. For business, a web presence has become a fundamental part of success. We have now redesigned and redeveloped its website to include a business section and an economic development portion. The high quality, easy to read website provides an online face for Council and allows any person to access information quickly.

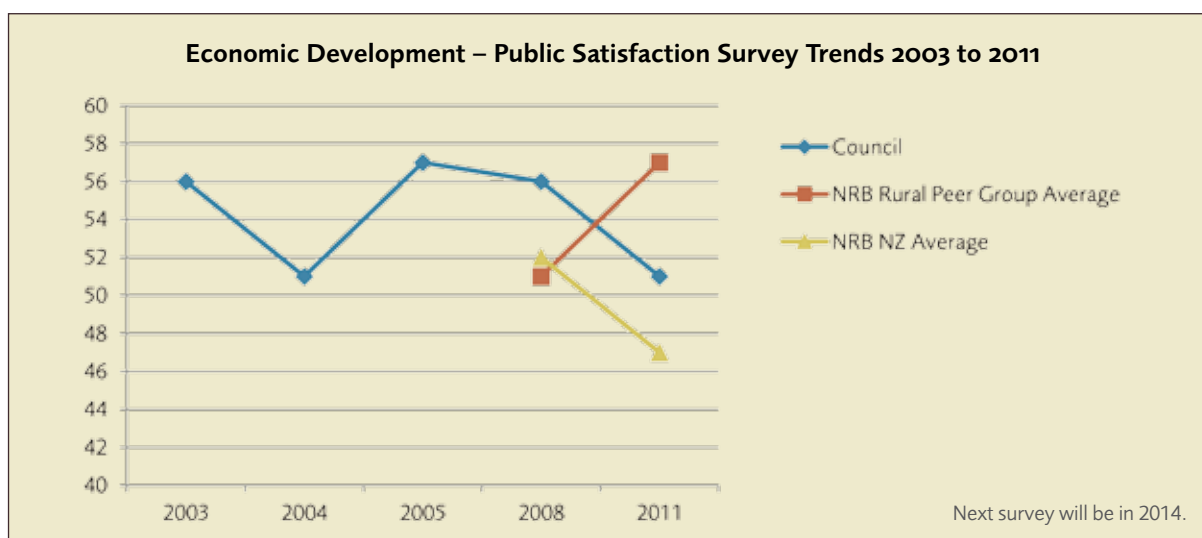
Economic Activity

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 in use better than the rest of New Zealand for all but one month of the year (September).



Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Referrals of Business Applications to Ministry of Science and Innovation Subsidy (while scheme is available). 	5 per annum	<p>ACHIEVED: 5.</p> <p>We facilitated 5 applications to the Ministry of Science and Innovation Subsidy.</p>	New measure	●
<ul style="list-style-type: none"> Positive feedback on Business Strategy Meetings – Annual Survey. 	80%	<p>ACHIEVED: 87%.</p> <p>We held two Business Strategy Meetings and surveyed the people who attended these meetings. From a scale of 1 to 5 (1 completely do not agree and 5 completely agree that the Strategy Meetings are useful and met their objectives being completely satisfied) 7 participants gave a positive response (satisfied) and 1 participant responded "could not comment".</p>	New measure	●
<ul style="list-style-type: none"> Major events that 'Tararua' is directly involved. 	3 per annum	<p>ACHIEVED: 7 events held.</p> <p>Events held included:</p> <ul style="list-style-type: none"> The Honda International Motocross Grand Prix at Woodville Classic Car event at Mangatainoka Dannevirke A & P Show "Wheels with Attitude" in Dannevirke Super Rugby pre-season game at Mangatainoka Mid-Central Field Days – March Scandinavian Festival 	●	●
<ul style="list-style-type: none"> Exceed Statistics NZ Medium Population Projections in Annual Estimates and Census. 	Per Statistics NZ	<p>NOT APPLICABLE: Population estimates are currently running close to the medium growth projections. The 2013 census results will hopefully show that the population has held up better than the estimates. Results are expected on 3 December 2013 at District and Area Unit level. A comprehensive picture of other census questions will not be available until March 2014.</p>	New measure	N/A
<ul style="list-style-type: none"> Biannual Qualmark Assessment achieved. 	Achieve	<p>ACHIEVED: The Tararua i-SITE was assessed on the 3 August 2012, and received a score of 81.4%. An assessment score of 60% is required to get a pass.</p>	New measure	●



District Promotion and Development Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	341	341	111	86
Targeted rates (other than a targeted rate for water supply)	-	-	316	341
Grants and subsidies for operating purposes	-	-	-	5
Fees, charges, and targeted rates for water supply	10	13	11	14
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	1	10
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	356	356	439	456
Applications of Operating Funding				
Payment to staff and suppliers	275	260	330	321
Finance costs	-	-	-	-
Internal charges and overheads applied	59	75	78	70
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	334	335	408	392
Surplus/(Deficit) of Operating Funding	22	22	31	64
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	6
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	-	-	6

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	25	6
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	22	22	6	64
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	22	22	31	70
Surplus/(Deficit) of Capital Funding	(22)	(22)	(31)	(64)
Funding Balance	-	-	-	-

Comment:

Operating Funding is tracking against budget.

In Application of operating funding, staff cost was higher by \$23,000 due to using a part-time staff instead of an external consultant. As a result, cost savings of \$53,000 on consultancy cost was realised. Part of this savings was put towards contracting some work to external firms (\$12,000), legal fees (\$8,000) and mileage costs (\$11,000).

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.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Business Development	129	79
District Marketing	150	134
Tararua i-SITE	51	109
Total Payments to Staff and Suppliers	330	321

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.

Contribution to Council Outcomes

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

Key Issues

- A decline in the number of registered dogs in the district is forcing up dog registration fees over time in order to maintain the existing level of service.
- New animal care regulations require us to build a new pound in Dannevirke. This is budgeted for 2013/14 and the increased costs will result in a small increase in dog fees.
- The proposed Food Act will move us away from licensing food premises into an audit role. This is likely to have a negative effect on fee revenue for us.
- Our Earthquake Prone Building Policy requires a significant number of building owners to assess the integrity of their buildings. The likely outcomes of the royal commission on the Christchurch earthquake will place further requirements to strengthen many older buildings.
- The Government has in recent years talked about regionalising or even nationalising a range of regulatory services. The review of local government currently underway could see these options considered again.
- The building control activity has been affected by the economic downturn but demand for consents is expected to improve. To continue to operate as a Building Consent Authority we will need to maintain our accreditation and maintain an appropriate staffing level.
- Applications for large infrastructure projects such as wind farms are managed with the assistance of consultants and generally, costs incurred are recovered from the applicant. The costs of appeals to the Environment Court are not usually recoverable and can amount to \$100,000 or more for each appeal.
- Increased extreme weather events from climate change could result in more extreme fire risk seasons and floods.
- We are continuing to rebuild a skilled incident management team in-house.
- Ageing ex-New Zealand Fire Service vehicles are no longer seen as the most appropriate "least cost long term" option for supplying to our five volunteer rural forces. We are moving to the national "yellow" rural fire engine to ensure all vehicles are consistently equipped, and meet or exceed minimum levels of performance.
- The proposed national changes in management and structure of rural fire forces.

Group Level Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	1,075	853	576	883
Targeted rates (other than a targeted rate for water supply)	-	222	543	237
Grants and subsidies for operating purposes	46	45	20	24
Fees, charges, and targeted rates for water supply	650	683	692	711
Local authorities fuel tax, fines, infringement fees, and other receipts	2	23	2	15
Internal charges and overheads recovered	12	12	-	-
Total Operating Funding	1,785	1,838	1,833	1,869
Applications of Operating Funding				
Payment to staff and suppliers	1,284	1,165	1,414	1,314
Finance costs	2	2	9	3
Internal charges and overheads applied	292	355	301	336
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	1,578	1,521	1,724	1,653
Surplus/(Deficit) of Operating Funding	207	317	110	216
Sources of Capital Funding				
Subsidies and grants for capital expenditure	80	60	29	26
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(8)	63	12	18
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	72	123	41	44
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	246	335	66	41
- to replace existing assets	90	33	48	86
Increase (decrease) in reserves	(57)	72	36	133
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	279	440	150	260
Surplus/(Deficit) of Capital Funding	(207)	(317)	(110)	(216)
Funding Balance	-	-	-	-



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, 6,630 dogs were registered, being 99% of known dogs in the district. Council achieved the goal of registering 99% of known dogs. Of the known dogs, 5,592 are classified as rural dogs and 1,222 as urban dogs.

Total number of dog attacks recorded were 39, compared to 30 attacks recorded last 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 98% of them within one day, compared to a target of 95%.

The number of dogs classified as menacing reduced from 58 to 26 but dogs classified as dangerous increased from 8 to 13. Dog complaints rose from 618 to 745, driven mainly by barking dogs (31%) and roaming dogs (47%).

Increases can often arise from a continual, and often unjustified, series of complaints by an individual about a nearby dog or dogs. There were 229 dogs impounded in this period, compared to 242 in the last period. 64 of the impounded dogs were destroyed, 31 re-homed and 125 returned to their owners.

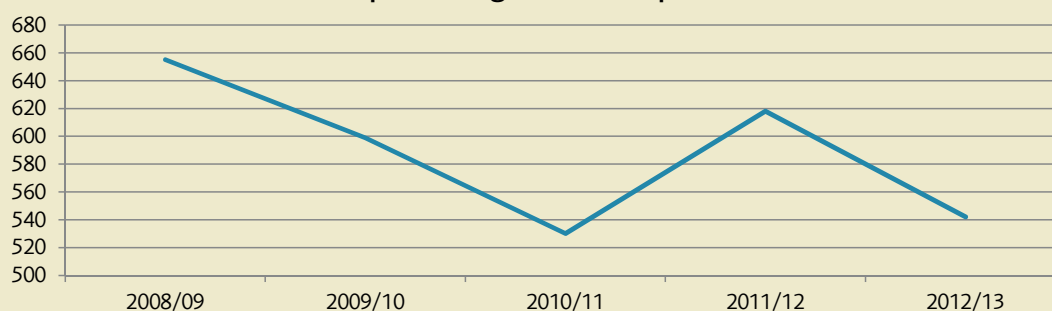
We published two articles, dealing with dog related matters, in the Council's Bush Telegraph page during the year. No schools chose to take up the opportunity to take part in Dog Education this year.

The development of a new district dog pound is planned for next year. Planning is underway and details will be firmed up once the site is confirmed.

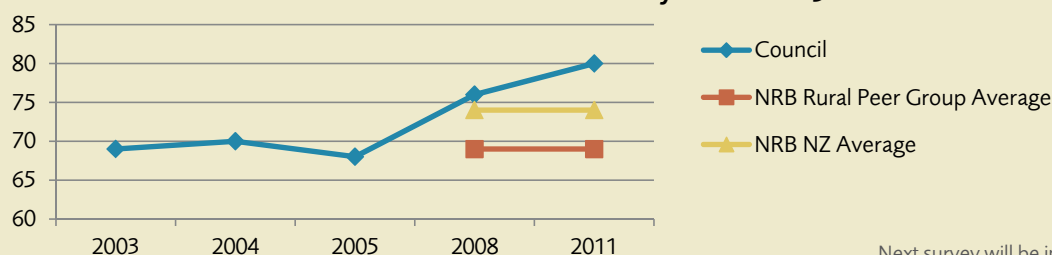
Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of dog attacks responded to within 2 hours. 	99%	ACHIEVED: 100%. Total number of dog attacks recorded were 37, compared to 30 attacks recorded last year.	●	●
<ul style="list-style-type: none"> Percentage of other complaints responded to within 1 day. 	95%	ACHIEVED: 98%. The number of dog related complaints increased from 618 last year to 745 this year. Most of the complaint related to barking dogs (31%) and roaming dogs (47%).	New measure	●
<ul style="list-style-type: none"> Percentage of residents rate dog control as "quite satisfactory" or "very satisfactory" in community surveys. 	-	NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 80%, compared to a target of 65%. We continue to provide a 24-hour dog and stock ranging service. Next year we will complete the construction of the new dog pound that facility will further improve the service we are able to provide.	N/A	N/A
<ul style="list-style-type: none"> Number of animal related complaints received by Council. 	520	NOT ACHIEVED: 542 animal related complaints were received. Although there has been a reduction from last year, we will continue to educate owners through publication in the Bush Telegraph and pamphlets sent to ratepayers.	●	●
<ul style="list-style-type: none"> Percentage of known dogs registered each year. 	99%	ACHIEVED: 99%. Total number of known dogs in the district was 6,677, and of these 6,630 were registered.	●	●

Reported Dog-related Complaints



Animal Control – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.

Animal Control Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	8	8	7	11
Targeted rates (other than a targeted rate for water supply)	-	-	4	-
Grants & subsidies operating	-	-	-	-
Fees, charges, and targeted rates for water supply	192	241	221	225
Local authorities fuel tax, fines, infringement fees, and other receipts	1	2	-	3
Internal charges and overheads recovered	1	1	-	-
Total Operating Funding	202	253	231	239
Applications of Operating Funding				
Payment to staff and suppliers	146	149	155	179
Finance costs	1	-	4	-
Internal charges and overheads applied	32	40	58	52
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	179	190	217	231
Surplus/(Deficit) of Operating Funding	23	63	14	8
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(4)	(6)	(5)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(4)	(6)	(5)	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	7	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	19	50	10	8
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	19	57	10	8
Surplus/(Deficit) of Capital Funding	(23)	(63)	(14)	(8)
Funding Balance	-	-	-	-

Comment:

Operating Funding is tracking against budget.

Payments to staff in Applications of Operating Funding were higher by \$5,000 resulting from restructure within the Regulatory Group due to the retirement of the previous Manager Regulatory Services. Operating cost has increased by \$23,000: mileage has increased by \$11,000 due

to travel cost incurred under shared services arrangement with Central Hawkes Bay District Council; incurred more cost for afterhours calls due to increased incidence of roaming stock and stock; incurred legal cost of \$8,700 due to a significant dog attack incidence where Council sought judgement to put down the dangerous dog.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
After hours dog control	36	-
After hours stock control	3	10
Education	7	5
Maintain database	24	23
Monitor and enforce	85	141
Total Payments to Staff and Suppliers	155	179



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 has been:

- The district had limited number of fires during one of the driest seasons for over 10 years. This is mainly due to the proactive work carried out within the rural community by rural fire staff.
- We established process for approved burn plans and assisted with over 200ha of land clearing burns within the district without incident.

- We had a total of 94 incidents recorded as Rural Fire incidents and various levels of responses were carried out by rural fire officers and Volunteer Rural Fire Forces. Most of these incidents related to vehicle accidents, medical assists and false alarms, that took two days to resolve and \$18,000 in response costs.
- New Zealand Police Marine Search and Rescue set up a permanent Incident Control Point in the Herbertville Rural Fire and Civil Defence Centre.
- An excellent post audit report from the Ministry of Civil Defence and Emergency Management was received.
- Participated and provided communications plan and all communications hardware for Operation Maxwell (New Zealand Fire Service regional exercise).

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

- 36 staff members were trained in the new Emergency Management Information System.
- Three staff members completed the higher level training for Air Support Supervisors and Air Attack Supervisors course at Waiouru with the Principal Rural Fire Officer involved in instruction for the course.
- Provided 8 preschool and 11 adult civil defence talks to various organisations within the district.
- Conducted two first aid refresher courses and two Basic Rural Fire Fighter courses.
- 14 Rural Fire staff trained in heavy vehicle 4x4 off road driving at Weber.

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:

- Built an accommodation garage for the Weber Utility vehicle.
- Replaced 30 hand held emergency radios for Rural Fire and Civil Defence.
- Installed the Weber Volunteer Rural Fire Force repeater and pagers.
- Installed new generator in the Herbertville Rural Fire and Civil Defence Centre.
- Purchased a secondhand, low mileage, 4x4, duel cab rural fire appliance to replace the 30-year-old existing Akitio appliance.
- Upgraded and refurbished the Akitio Volunteer Rural Fire Force station building including a new roof, windows, and new concrete vehicle pad.



Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
• Percentage of households surveyed that have a maintained "preparedness" kit.	45%	ACHIEVED: 79% – as per Peter Glen Research Report on Community Survey into Emergency Preparedness commissioned by Horizons Regional Council dated February 2013.	●	●
• Percentage of operations centre staff internally assessed as having appropriate training and skills to perform Incident Management Team Role.	45%	ACHIEVED: 80% of staff received Emergency Management Information System training. Performance measure based on a total staff requirement of 60 personnel for two shifts in the Incident Management role.	●	●
• Percentage of volunteer rural fire forces that meet required competency standards.	85%	NOT ACHIEVED: 80%. The reason for not achieving the target is the inclusion of the Tiraumea Volunteer Rural Fire Force (due to change of the Forest and Rural Fires Act). The previous training this volunteer fire force received did not comply with the National Rural Fire Authority minimum 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: 100% of all rural fire incidents have been acknowledged via pager and when actual fire identified 100% response within 30 minutes, as required.	●	●

Emergency Management Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	446	224	113	170
Targeted rates (other than a targeted rate for water supply)	-	222	294	237
Grants and subsidies for operating purposes	46	45	20	24
Fees, charges, and targeted rates for water supply	5	-	5	16
Local authorities fuel tax, fines, infringement fees, and other receipts	-	11	-	1
Internal charges and overheads recovered	3	2	-	-
Total Operating Funding	500	504	432	449
Applications of Operating Funding				
Payment to staff and suppliers	286	233	290	285
Finance costs	1	2	5	5
Internal charges and overheads applied	76	95	54	45
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	363	330	349	334
Surplus/(Deficit) of Operating Funding	137	174	83	115

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Capital Funding				
Subsidies and grants for capital expenditure	80	60	29	26
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(2)	75	16	18
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	78	135	45	44
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	246	328	66	41
- to replace existing assets	90	37	48	86
Increase (decrease) in reserves	(121)	(57)	14	31
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	215	309	128	158
Surplus/(Deficit) of Capital Funding	(138)	(174)	(83)	(115)
Funding Balance	-	-	-	-

Comment:

Targeted and general rates have been correctly classified.

Operating Funding was \$15,000 higher than budget due to the response cost claimed for Koroa Road fire of \$11,000 and receipt of subsidy for National Rural Fire Agency's Conference of \$2,300.

In Application of operating funding, response cost and vehicle mileage cost were higher than budget by \$17,000 due to the increase vigilance over the summer drought and responding to the Koroa Road fire. We replaced and equipped our volunteer rural fire forces with radios and radio equipment meant an increase in minor capital expenditure of \$11,000.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Civil Defence	56	120
Rural Fire	234	165
Total Payments to Staff and Suppliers	290	285



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 continued to be depressed, with 358 building consents issued (compared to 396 last year and 404 the previous year). However, the value of consents have increased by 48% from \$14.4 million to \$21.4 million, reflecting the increased economic activity (capital investment) in the district during the year.

Our Building Consent Authority's accreditation reassessment occurred in November 2012 and the Building Consent Authority's continued accreditation has been confirmed.

The adoption of the Sale and Supply of Alcohol Act 2012 in December last year gave territorial authorities the power to develop Local Alcohol Policies. The purpose of the policy is to give communities greater control over licensing of liquor outlets. While it is not mandatory to establish a Local Alcohol Policy, developing a new policy would give Council the ability to determine lesser or greater controls than those specified in the legislation.

The new Act also introduces many other changes that will impact on the regulatory role of the Council in controlling the sale of alcohol. A principle aim of the Act is to improve local input into decision-making. The purpose of the Sale and Supply of Alcohol Act 2012 is to establish a new system of control over the sale and supply of alcohol.

We are required under this Act to establish the District Licensing Committee shortly after the triennial elections in October. We must develop a pool of District Licensing Committee members from which the members are appointed to the Committee.

Over the next few months we will decide on the members of the committee and also look to develop Local Alcohol Policies.

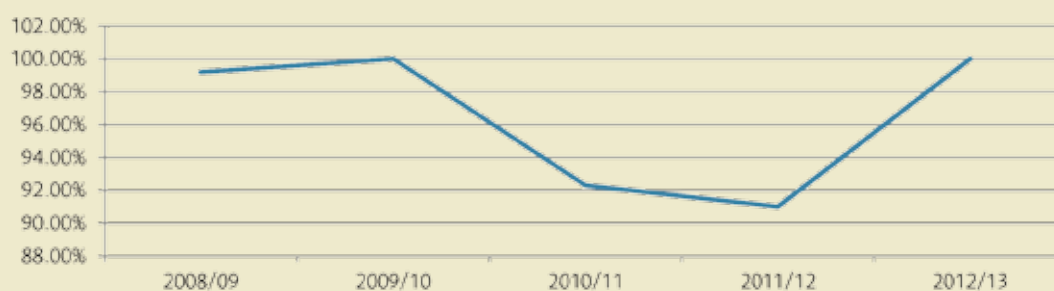
Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
• Percentage of Earthquake prone buildings on public register strengthened or demolished.	Commence initial assessments	ACHIEVED: Assessments were completed in December 2012.	New measure	●
• Percentage of buildings with building warrants of fitness's audited each year.	5%	NOT ACHIEVED: 1%. The shared services arrangement coupled with new measures at a higher level of service, the restructure in the department and changes to staff, had affected our delivery against the service performance measures. We have since reviewed and implemented new business processes, improved work allocations and prioritised our work to ensure we rectify this issue and delivery on our service performance going forward.	New measure	●
• Percentage of properties with swimming pool and/or spa fencing inspected.	20%	NOT ACHIEVED: 1%. As above.	New measure	●
• Percentage of building consents issued within the statutory time frame (20 working days).	100%	ACHIEVED: 100%. A total of 358 building consents were received and all applications were processed within the statutory timeframe of 20 days. This is a significant improvement from two prior years where we did not achieve the 100% target.	●	●
• Percentage of inspections carried out within two working days of request.	70%	ACHIEVED: 100%. Total inspections carried out was 1,013.	New measure	●
• Percentage of high risk licensed premises inspected twice a year.	100%	NOT ACHIEVED: Nil. Out of the 90 high risk licensed premises, we inspected 25 premises once during the year. The shared services arrangement coupled with new measures at a higher level of service, the restructure in the department and changes to staff, had affected our delivery against the service performance measures. We have since reviewed and implemented new business processes, improved work allocations and prioritised our work to ensure we rectify this issue and delivery on our service performance going forward.	New measure	●
• Percentage of low risk licensed premises inspected each year.	100%	NOT ACHIEVED: 79%. As above. Out of the 24 low risk licensed premises, we inspected 19 premises during the year. Those not inspected 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 practises.	New measure	●



Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of liquor licence applications processed and issued within 10 working days (where complete information is provided – i.e. public notice, police reports etc). 	100%	ACHIEVED: 100%. 117 liquor licence applications were processed and issued within 10 working days.	New measure	●
<ul style="list-style-type: none"> Percentage of on and off licence liquor outlets inspected annually. 	100%	NOT ACHIEVED: 99%. Out of 117 licence outlets in the district only one liquor outlet was not inspected.	●	●
<ul style="list-style-type: none"> Percentage of noise complaints responded to within 30 minutes in Dannevirke and Pahiatua, and 1 hour in Woodville and Eketahuna. 	100%	NOT ACHIEVED: 97%. This is a significant improvement from last year where we scored 78%. 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.	●	●

Building Consents Approved within Statutory Deadline



Health and Safety Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	356	356	209	322
Targeted rates (other than a targeted rate for water supply)	-	-	113	-
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	405	398	416	423
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	1	9
Internal charges and overheads recovered	5	7	-	-
Total Operating Funding	767	763	739	754
Applications of Operating Funding				
Payment to staff and suppliers	603	595	563	555
Finance costs	-	-	-	-
Internal charges and overheads applied	130	153	164	199
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	733	748	727	754
Surplus/(Deficit) of Operating Funding	34	15	12	-
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1)	(5)	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(1)	(5)	-	-
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	(4)	-	-
Increase (decrease) in reserves	33	15	12	-
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	33	11	12	-
Surplus/(Deficit) of Capital Funding	(34)	(15)	(12)	-
Funding Balance	-	-	-	-

Comment:

Targeted rates are correctly classified as general rates.

In Operating Funding building consents fees were down from by budget by \$44,000 due to decrease in number of Building consents. These decrease in revenue was offset by increase in revenue from inspections of \$4,000 and from the shared services with Central Hawke's Bay

District Council. The net affect was an increase of \$9,000 in funding.

Payments to staff in Application of operating funding were higher by \$56,000 resulting from restructure within the Regulatory Group due to the retirement of the previous Manager Regulatory Services. Savings were achieved in external contractors/consultants and miscellaneous expenses totalling \$18,500 as we were used internal resources to complete these work. These savings were offset by increases in purchase in professional publications, telephone cost (equip staff with Council mobile phones for improved communications) resulting in a next saving of \$8,000.

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 2012/13	Actual 2012/13
Building Consent Processing	210	318
Environmental Health	144	83
Liquor Licensing	81	78
Noise Callouts & Other Nuisances	127	77
Total Payments to Staff and Suppliers	563	555

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

Only one resource consent application was received during the year that required the appointment of hearings commissioners. As this application was not completed by year end, a survey of hearings commissioners from 2011/12 was undertaken instead. In the survey, District Plan effectiveness was rated at 71%. The result is conservative and reflects survey timing.

During the year, resource consents were granted to TAG Oil for two petroleum exploration wells east of Dannevirke. Horizons Regional Council were also party to the TAG Oil applications. An external review concluded that the existing District Plan policies and rules are capable of managing the environmental effects of petroleum exploration and production.

A number of appeals against the decisions to grant consents for Mighty River Power's Puketoi Wind Farm and transmission line and Genesis Energy's Castle Hill Wind Farm were made to the Environment Court, and a number of parties joined in the appeals. All of the appeals were settled through mediation, the last being approved by the Court in July 2013.

Towards the end of the financial year, Council appointed commissioners heard the resource consent application made by Fonterra to expand the manufacturing plant on Pahiatua Mangahao Road, Mangamutu. Horizons Regional Council were also party to the Fonterra application. The commissioners have not released their decision on the application.

A total of 41 resource consent applications were processed to a decision during the year. This is a 20% decrease on last year and also 36% below the historical average (July 2007 to June 2012). 2 exceeded the statutory processing timeframe. One by 4 days and one by 1 day. An overall result of 95% was achieved, compared to a target of 100%.

In comparison to last year, the number of land use applications decreased by 38%, while the number of subdivision applications decreased by 4%. However, in



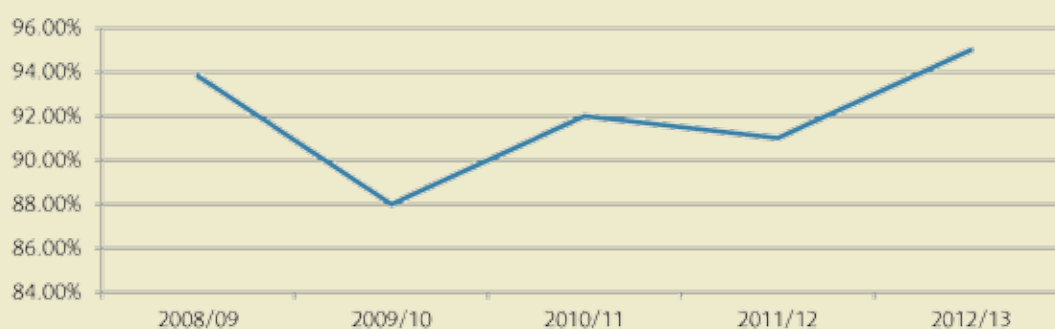
comparison to the historical average the number of land use applications increased by 6%, but the number of subdivision applications decreased by 48%.

Out of the 41 applications processed, the proportion of land use to subdivision applications was 37:63. The proportion of land use applications is lower than last year (47:53) but much higher than the historical average (22:78). Land use consents are generally more complex and take longer to process.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of hearings commissioners surveyed that think that the district plan is effective. 	85%	<p>NOT APPLICABLE: No hearings were completed during the financial year. However, we carried out a survey of wind farm hearings commissioners for 2011/12 financial year. The results showed that 71% of the commissioners thought the District Plan was effective.</p> <p>We also engaged an external consultant to review whether our District Plan is capable of managing the foreseeable environmental effects of oil and gas exploration and production in the district. The consultant concluded that, on the whole, our District Plan policies and rules are robust.</p> <p>Hearings commissioners will be surveyed, as soon as practicable, during the 2013/14 financial year.</p>	N/A	N/A
<ul style="list-style-type: none"> Prepare a district wide state of the environment monitoring report. 	-	NOT APPLICABLE: Report due in 2013/14.	N/A	N/A
<ul style="list-style-type: none"> Percentage of residents rating resource management as satisfactory in community surveys to be conducted in 2014, 2017, and 2020. 	-	NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 74%, compared to a target of 75%.	N/A	N/A
<ul style="list-style-type: none"> Percentage of resource consents processed within the statutory time frame. <ul style="list-style-type: none"> Non-notified: 20 working days. Notified: 70 working days. Notified and Limited Notified not requiring a hearing: 50 working days. 	100%	<p>NOT ACHIEVED: 95%. Out of 41 resource consent applications processed to a decision, 2 exceeded the processing statutory timeframe – one by four days and one by one day.</p> <p>Statistics for applications by notification type as follows:</p> <p>Non-notified – 100%</p> <p>Limited notified – 0%</p> <p>Publicly notified – 0%</p>	●	●
<ul style="list-style-type: none"> Percentage of complaints about non-compliance with the District Plan or consent conditions are investigated and resolved within 3 months of being received. 	90%	<p>ACHIEVED: 93%.</p> <p>We received 256 complaints during the year. Of these complaints, 19 were not resolved within 3 months and they were all made by one person in relation to two activities. These complaints required a more detailed level of investigation and monitoring to resolve.</p>	New measure	●

Resource Consent Applications Processed within Statutory Limits



Resource Management Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	265	265	247	380
Targeted rates (other than a targeted rate for water supply)	-	-	133	-
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	48	44	51	47
Local authorities fuel tax, fines, infringement fees, and other receipts	-	7	1	-
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	315	318	431	427
Applications of Operating Funding				
Payment to staff and suppliers	249	188	406	295
Finance costs	-	0	-	-
Internal charges and overheads applied	54	66	25	41
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	303	254	430	336
Surplus/(Deficit) of Operating Funding	12	64	1	91
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	(1)	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	-	(1)	-	-



	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	11	63	1	91
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	11	63	1	91
Surplus/(Deficit) of Capital Funding	(11)	(64)	(1)	(91)
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking against budget. Targeted rates are correctly classified as general rates.

In Applications of Operating Funding the underspend is mainly due to savings in staff related cost and deferring of consultancy cost to next year. Payments related to staff related expense was lower than budget by \$47,000 resulting from restructure within the Regulatory Group due to the retirement of the previous Manager Regulatory Services. In operations cost, consultancy cost was lower than budget by \$60,000 due to deferring of two key projects (Review of Monitoring Strategy and the State of the Environment Review) to next year as disclosed in our 2013/14 Annual Plan. Legal costs for hearings were higher than budget due to additional cost incurred for the Puketoi windfarm appeal and Castle Hill windfarm.

Additional Note

Expenditure by Output	Budget 2012/13	Actual 2012/13
Coastal Hazard Assessment	4	20
District Plan Review	189	81
Environmental Monitoring Report	78	24
Legal Costs Associated with Hearings	68	115
Resource Consent Processing	32	12
RMA Management & Information	35	44
Total Payments to Staff and Suppliers	406	295

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

- Maintaining existing levels of service within financial constraints and declining funding from the NZ Transport Agency. There is a moderate risk that the subsidy rate from central government will continue to fall and this will result in declining levels of service and/or higher rates. A review of the NZ Transport Agency's Funding Assistance Rate (FAR) is to be completed before 2015.
- The potential for rising costs as this activity is significantly impacted by increases in oil prices.
- Impacts on individual properties located at the "end of the road" on very low volume roads with high renewal costs (bridges servicing one or two properties).
- Climate change and increasing frequency of extreme weather events causing significant damage to the roading infrastructure. In some cases, communities can be isolated until it is repaired.
- Contracting costs may be unpredictable due to the economic situation and demands on the contracting sector (Christchurch rebuild).
- Affordability of upgrades to urban central business districts of Eketahuna and Pahiatua, to enhance environment and social outcomes.

Contribution to Council Outcomes

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

Group Level Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	82	82	62	35
Targeted rates (other than a targeted rate for water supply)	7,163	7,163	7,085	7,112
Grants and subsidies for operating purposes	3,660	4,472	3,773	4,815
Fees, charges, and targeted rates for water supply	149	154	150	159
Local authorities fuel tax, fines, infringement fees, and other receipts	-	59	-	675
Internal charges and overheads recovered	3	3	-	-
Total Operating Funding	11,056	11,933	11,069	12,795
Applications of Operating Funding				
Payment to staff and suppliers	6,300	7,969	6,445	8,433
Finance costs	166	112	133	84
Internal charges and overheads applied	1,584	1,515	1,166	910
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	8,050	9,596	7,744	9,427
Surplus/(Deficit) of Operating Funding	3,006	2,337	3,325	3,368
Sources of Capital Funding				
Subsidies and grants for capital expenditure	4,030	4,553	3,415	3,574
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	74	66	221	511
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	4,104	4,619	3,636	4,085
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	1,250	1,135	447	1,014
- to replace existing assets	5,639	6,089	5,631	5,008
Increase (decrease) in reserves	221	(268)	883	1,431
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	7,110	6,956	6,961	7,454
Surplus/(Deficit) of Capital Funding	(3,006)	(2,337)	(3,325)	(3,368)
Funding Balance	-	-	-	-

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

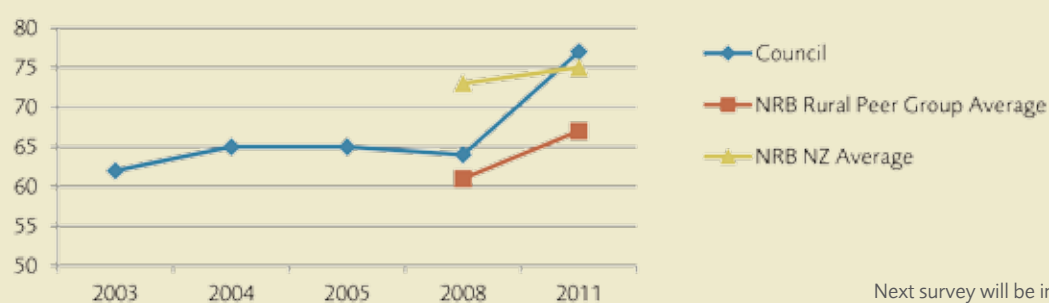
The upgrade of the central business district of Woodville was completed in December 2012. The transformation of Woodville has been impressive. The main street presents an attractive environment for passing travellers to stop and enjoy the variety of shops and cafés.

The initial budget for the upgrade was \$760,000. An additional \$185,000 was approved in 2012/13 for inclusion of Ormond Street. The final construction cost was within budget.

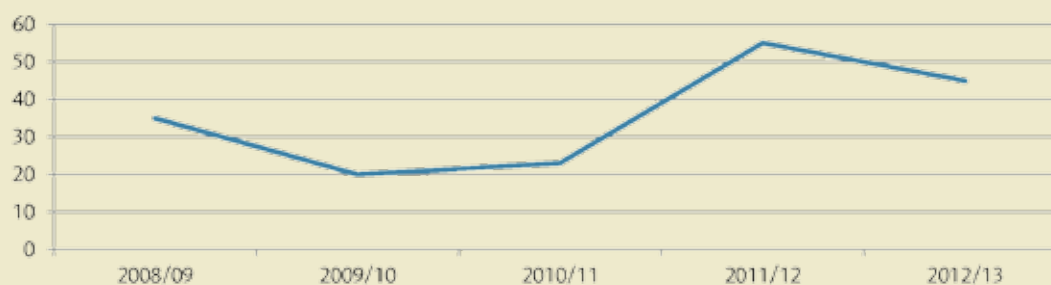
Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of residents rate footpaths as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 77%, compared to a target of 75%.</p> <p>Our capital work programme remains consistent with prior years and service levels have remained unchanged since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> Percentage of footpath free from trip hazards – e.g. bumps, depressions, settlement, cracking, deterioration – per 100 metres of footpath, measured by footpath condition surveys. 	95%	<p>ACHIEVED: 99%.</p> <p>Of the 115,190 metres of footpaths surveyed in the Tararua, 99,183 metres were above average, 15,256 metres were average, and 751 metres were below average.</p> <p>Footpaths below average will be reviewed for maintenance needs.</p>	●	●
<ul style="list-style-type: none"> All complaints regarding unsafe footpaths are actioned and rectified where appropriate within seven days. 	100%	<p>NOT ACHIEVED: 96%.</p> <p>We received 45 customer requests (complaints) regarding unsafe footpaths issues, of which only 2 were not resolved within 7 days.</p>	●	●

Footpaths – Public Satisfaction Survey Trends 2003 to 2011



Footpath Complaints



Footpaths Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	82	82	62	35
Targeted rates (other than a targeted rate for water supply)	463	463	760	787
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	-	2	-	2
Local authorities fuel tax, fines, infringement fees, and other receipts	-	13	-	7
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	547	561	821	831
Applications of Operating Funding				
Payment to staff and suppliers	28	76	56	52
Finance costs	125	83	96	84
Internal charges and overheads applied	46	47	238	206
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	199	206	390	342
Surplus/(Deficit) of Operating Funding	348	354	432	489
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	20
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	149	217	214	341
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	149	217	214	361
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	309	-	342	434
- to replace existing assets	-	37	50	113
Increase (decrease) in reserves	188	534	254	303
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	497	572	646	850
Surplus/(Deficit) of Capital Funding	(348)	(354)	(432)	(489)
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking against budget.

Application of operating funding tracking against budget.

The overhead allocation was lower than budget as a result of the review of the allocation of Corporate Support costs due to changes in



operations, staff numbers and business structures. The impact has resulted in changes to internal charges and overheads applied.

In capital funding, the increase in debt is related to the increase in capital expenditure. The expenditure was the Woodville town centre upgrade project carried forward from last year.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Footpath Maintenance Rural	1	-
Footpath Maintenance Urban	55	52
Non Sub Admin Rural/Urban	-	-
Total Payments to Staff and Suppliers	56	52

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 1,958km of roads, with 1,176km sealed, and 782km 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, Taranaki 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)
North					
Local	39.1	295.1	0.3	363.3	697.7
Collector	0.6	63.1	-	-	63.7
Secondary	3.2	212.5	-	10.7	226.4
Total North	42.9	570.7	0.3	373.9	987.8
South					
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
Total South	41.2	528.4	0.3	399.5	969.3
TOTAL	84.1	1099.1	0.5	773.4	1957.1

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)
Rural Sealed Roads		
Local	629.6	1-897
Collector	118.0	29 - 707
Secondary	351.4	11 - 2470
Total	1099.1	
Rural Unsealed Roads		
Local	756.9	1 - 155
Collector	5.896	41 - 74
Secondary	10.654	56 - 90
Total	773.4	
Urban Sealed Roads		
Local	77.5	3 - 4237
Collector	1.49	178 - 909
Secondary	5.09	115 - 3092
Total	84.1	
Urban Unsealed Roads		
Local	0.55	1 - 37
Collector	-	-
Secondary	-	-
Total	0.54	

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

This year, our target outcome of 100km was reduced to 90km, or 495,000m². The reduced target was due to NZ Transport Agency reducing funding for 2012-2015 – the subsidy was reduced from 60% to 59% for the financials years 2012/13 to 2014/15.

We achieved 93.6km/551,805m² due to a favourable contract tendered rate for a total cost of \$2.15 million, which was within budget.

Pavement Rehabilitation

As with reseals, our target length for pavement rehabilitation was reduced from 12km to 10km/58,000m². We achieved 9km/56,134m² – a total cost of \$1.69 million, compared to a budget of \$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. Adjustments were made to underspend in heavy metal overlays and drainage renewals.

Minor Improvements

The budget allocated for 2012/13 was \$500,000 with total spend of \$550,000. This will be adjusted in next years budget. Projects undertaken this year related to corner and intersection improvements as well as the installation of additional street lights and improvements to bridge approaches. A total of 22 roads had minor improvement works undertaken.

Seal Extensions

No funding has been allocated from NZ Transport Agency for seal extensions. We will review the budget requirements for seal extensions with NZ Transport Agency in the next budget discussion as part of the 2015-2025 Long Term Plan.

Road Safety

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

Although a fatality occurred on a local road, based on feedback from Police and crash analyses, roading conditions did not contribute to the accident.

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

Road Maintenance

Maintenance Metal

Our annual target of 35,000m³ has been a historically indicated figure for a number of years. We have been reviewing the amounts of metal placed per kilometre of road. Previously, 40m³/km has been used, however, when comparing lower traffic volumes and pavement widths, a more realistic target of 25-30m³/km will achieve the required service levels.

All unsealed roads are regularly inspected and noted for maintenance metalling as required. This year, we undertook heavy metal overlays on a total of 15 roads, with 10,087m³ of metal placed. Additionally, a further 15,250m³ of metal was spread over 136 roads.

Grading

The minimum desired level of grading is 4,500km/year. As with maintenance metalling, unsealed roads are also graded on an "as required" basis. We have a number of roads where landowners had contacted us to ask for the road to be placed on a grading list, rather than the road being graded and stirring up a good surface. (Complaints are generally received just after grading. But once the surface settles down, the road is in better condition.)

Total kilometres graded for 2012/13 was 5,606km, compared to 4,842km last year.

Watertabling

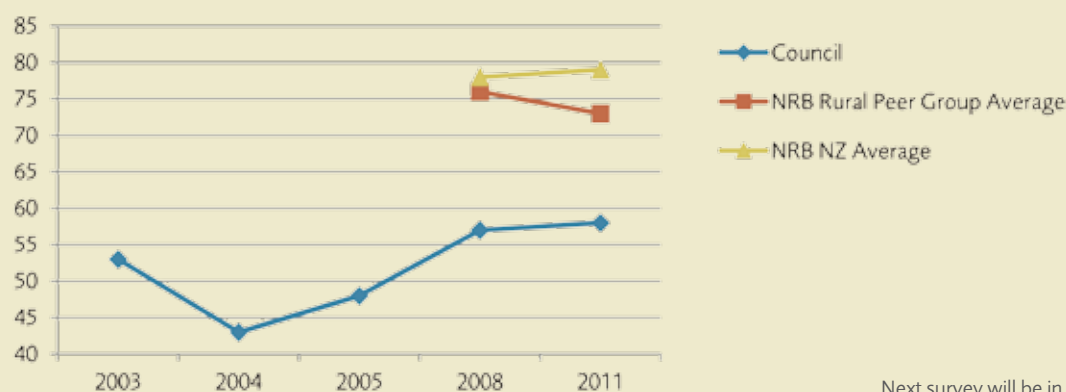
One of the most important points for road maintenance is the removal of water from the road surface. The target length for annual grading is a minimum of 25,000m with a budget of \$680,000.

This year, a total of 108,306m was cleared, as compared to last year's total of 15,116m. Total expenditure was \$740,000. Adjustments were made to underspend in sealed pavement maintenance to ensure overall cost for roading was within budget.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Number of fatal accidents due to road factors. 	Nil	<p>ACHIEVED: Nil.</p> <p>One fatality was noted on a local road but the police report indicated that road factors did not contribute to the accident.</p>	●	●
<ul style="list-style-type: none"> Percentage of requests to fix road surface faults are completed within the timeframe specified in contracts. 	85%	<p>ACHIEVED: 96%.</p> <p>Urban roads – 66 requests were received, of which 65 (98%) were completed within timeframe.</p> <p>Rural roads – 202 requests were received, of which 193 (96%) were completed within timeframe.</p> <p>The higher rural road surface faults/defects are mainly due to significant weather events encountered during the year.</p>	New measure	●
<ul style="list-style-type: none"> 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. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 69%, compared to a target of 70%.</p> <p>Our capital work programme remains consistent with prior years and service levels have remained unchanged since the last survey. We also have service level measures for resolving defects within timeframe specified in contracts, and maintained the availability of roads.</p>	N/A	N/A
<ul style="list-style-type: none"> 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%	<p>ACHIEVED: 95%.</p> <p>The results of the Roughness and Sealed Condition Rating surveys were very positive – 2,238 kilometres of sealed road were surveyed with 2,137 kilometres being acceptable or above the required standard. The remaining 102 kilometres of road were below average and some of these sections included rail crossings, speed bumps and road works. The overall result achieved is consistent with last year, which was also 95%.</p> <p>Additional to this, a Smooth Travel Exposure score of 91% was achieved. This score was a very good result for local roads when measured nationally.</p>	●	●
<ul style="list-style-type: none"> Initial response to impassable roads be undertaken within 24 hours. 	99%	<p>ACHIEVED: 100%.</p> <p>Contractors were notified and responded to all impassable road notifications within 24 hours.</p>	New measure	●

Sealed Roads – Public Satisfaction Survey Trends 2003 to 2011

Unsealed Roads – Public Satisfaction Survey Trends 2003 to 2011


Next survey will be in 2014.

Roading Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	6,700	6,700	6,325	6,325
Grants and subsidies for operating purposes	3,660	4,472	3,773	4,815
Fees, charges, and targeted rates for water supply	149	152	150	157
Local authorities fuel tax, fines, infringement fees, and other receipts	-	46	-	668
Internal charges and overheads recovered	1	1	-	-
Total Operating Funding	10,510	11,372	10,248	11,965
Applications of Operating Funding				
Payment to staff and suppliers	6,272	7,893	6,389	8,381
Finance costs	41	28	38	10
Internal charges and overheads applied	1,538	1,468	928	704
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	7,851	9,389	7,354	9,095
Surplus/(Deficit) of Operating Funding	2,659	1,982	2,894	2,870



	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Capital Funding				
Subsidies and grants for capital expenditure	4,030	4,553	3,415	3,554
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(76)	(151)	7	171
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	3,955	4,402	3,421	3,725
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	941	1,135	105	580
- to replace existing assets	5,639	6,051	5,581	4,895
Increase (decrease) in reserves	34	(802)	629	1,120
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	6,614	6,384	6,315	6,595
Surplus/(Deficit) of Capital Funding	(2,659)	(1,982)	(2,894)	(2,870)
Funding Balance	-	-	-	-

Comment:

Overall Operating funding is higher than budget by \$1.7 million. Of this amount, \$1.2 million relates to the additional NZ Transport Agency subsidies for damages to our roads from the severe weather events and from the closure of the Manawatu Gorge. "Other receipts" were also higher due to revenue received for non-subsidised work. These relate to work that our Engineering services does for which we obtain revenue from customers who receive these services. For the year we received \$340,000 higher than budgeted.

Corresponding cost increases were noted in contract works under the Application of operating funding for the damage to our roads from the severe weather events and from the closure of the Manawatu Gorge totalling \$2.5 million and \$697,000 from non-subsidies work.

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.

Sources and Application of capital funding were higher than budget mainly due to increases in capital expenditure due to the damages to our roads from the severe weather events and from the closure of the Manawatu Gorge. Refer to 'Capital Expenditure Report' on pages 38 to 57 of this report for details.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Cycle path maintenance	711	-
Emergency Reinstatement	1,129	2,532
Environmental Maintenance	444	526
Level Crossings	40	29
Network Asset Management Subsidised	578	553
Non-Subsidised Tree Removal	-	955
Non-Subsidised Verges	136	905
Sealed Pavement Maintenance	867	694
Routine Drainage Maintenance	842	655
Territorial Administration and Administration Support	164	139
Traffic Services Maintenance	449	457
Unsealed Pavement Maintenance	486	526
Unsealed Road Metalling - Maintenance Metal	544	409
Total Payments to Staff and Suppliers	6,389	8,381

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 need to review the operations at refuse transfer stations and for bulk recycling to reduce costs.
- Establishing a cost effective transfer station at Pahiatua.
- The need to remove cleanfill and greenwaste from the waste stream at transfer stations;
- Changing the way rates are set to fund parts of the activity. We have a new targeted rate for recycling and refuse collection.
- Kerbside collection levels of service.
- Fly-tipping volumes as disposal costs increase.
- Promotion of the recovery of green waste for processing into compost and other marketable products.
- Development of an environmental waste minimisation education programme.
- The possibility of a future resource recovery facility.
- The limited amount of data on waste volumes particularly from private industry.
- The future operation of the Eketahuna and Pongaroa landfills.
- The Emissions Trading Scheme will impose further costs on the small landfills at Eketahuna and Pongaroa.

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 (starting 2012/13), Eketahuna, Pongaroa, Akitio and Herbertville and a "bagged refuse" transfer facility in Makuri and Alfredton.
4. Providing kerbside recycling collections in Dannevirke, Woodville, Ormondville (starting 2012/13), 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

Increase in level of service

We extended the kerbside collection and recycling to Ormondville and Norsewood. With the removal of privately owned mobile recycling centres, we introduced Council bins to Eketahuna and Woodville.

Pahiatua Transfer Station

The Council has entered the design phase for a new transfer station at the Ridge Road site. This will replace the current hole in the ground operation, which was ever only a short term solution when the landfill closed last year which was untidy and costly to service.

The new facility will provide a much more user-friendly site with lower operating costs. The facility will also enable the recovery of recyclable products from mixed loads at the point of dumping and will be more environmentally sustainable. This facility will be operational from early 2013/2014.

TV Takeback Programme

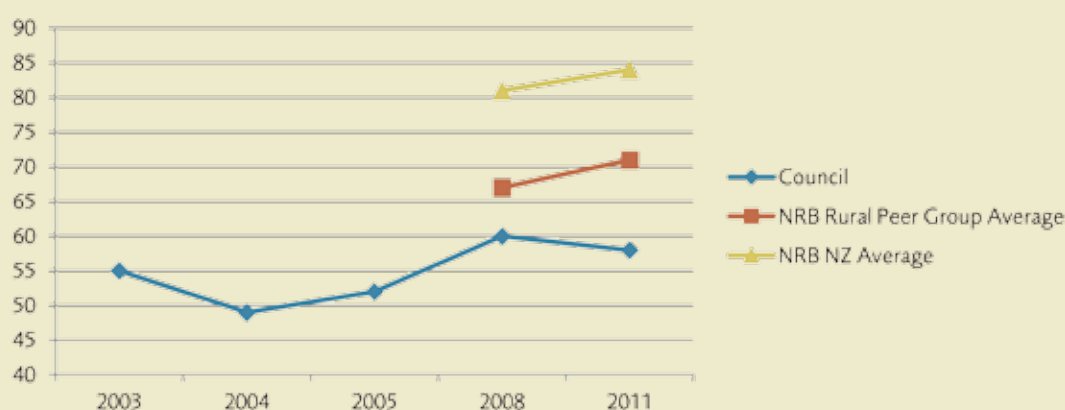
In response to TV broadcast going digital, we have been granted \$40,000 for setting up the infrastructure for the TV Takeback Programme at our existing waste management facilities.

We have also been approved a quota of 792 TVs in the TV Takeback Programme and this amount is allocated based on proportion of ratepayers across the various towns.

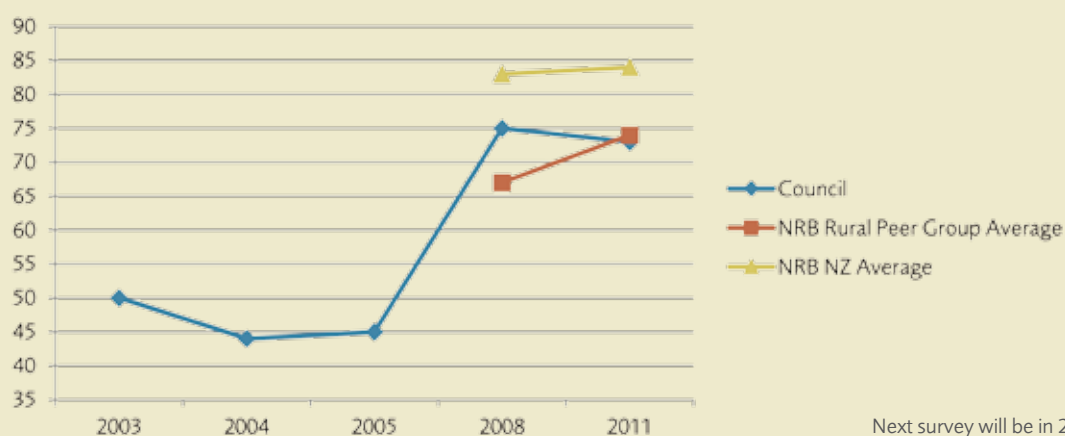
Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> 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. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 47%, compared to a target of 60%.</p> <p>The reason for the decline was due to the transition from closing landfills and operating the transfer station. Dannevirke Transfer Station was operational in 2012 and is running extremely well.</p> <p>We have entered into the design phase for a new transfer station at Pahiatua. This will replace the current hole in the ground operation, when the landfill closed last year. This was only a short-term solution, which was untidy and costly to service.</p> <p>Our capital work programme remains consistent with prior years and service levels have increased since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> Percentage of residents rating recycling as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 58%, compared to a target of 60%.</p> <p>We have encouraged the use of kerb side collection and provided Council owned refuse bins in all towns in the district. Our capital work programme remains consistent with prior years and service levels have increased since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> 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. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 73%, compared to a target of 70%.</p> <p>We continue to provide recycling services to all towns, including recycling centres in Dannevirke and Pahiatua, to meet the needs of the community and encourage recycling.</p> <p>Our capital work programme remains consistent with prior years and service levels have increased since the last survey.</p>	N/A	N/A
<ul style="list-style-type: none"> Tonnage of waste sent to landfills by the district per annum. 	4,600	<p>ACHIEVED: Total waste sent to landfill was 2,119 tonnes. This is significantly lower than the budget, mainly due to the increase in recycling. This is evident from the increase in tonnage from kerbside recycling and the reduced tonnage that is sent from the Dannevirke transfer station to the landfill.</p>	New measure	●
<ul style="list-style-type: none"> All Horizons resource consent conditions are met. 	100%	<p>ACHIEVED: 100%.</p> <p>No non-compliance noted.</p>	●	●

Refuse Collection – Public Satisfaction Survey Trends 2003 to 2011



Recycling – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.

Solid Waste Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	442	-	297	254
Targeted rates (other than a targeted rate for water supply)	-	442	700	743
Grants and subsidies for operating purposes	68	52	40	53
Fees, charges, and targeted rates for water supply	766	459	516	454
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	14
Internal charges and overheads recovered	244	244	-	-
Total Operating Funding	1,520	1,197	1,553	1,518



	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Applications of Operating Funding				
Payment to staff and suppliers	894	1,637	1,267	1,404
Finance costs	85	61	58	88
Internal charges and overheads applied	262	506	99	70
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	1,241	2,204	1,424	1,562
Surplus/(Deficit) of Operating Funding	279	(1,007)	129	(44)
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(84)	2,187	98	(143)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(84)	2,187	98	(143)
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	20	1,871	203	(13)
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	175	(692)	24	(174)
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	195	1,180	227	(187)
Surplus/(Deficit) of Capital Funding	(279)	1,007	(129)	44
Funding Balance	-	-	-	-

Comments:

Fees and Charges in Operating funding lower than budget due to revenue from dumping fees was lower than budget by \$80,000. This was offset by increase in revenue from refuse labels of \$18,000 and \$13,000 from waste management levy.

For 2011/11 actuals general rates are correctly classified as targeted rates.

Payments for staff and suppliers in Application of operating funding was \$136,000 higher than budget. The cost increases were in collection of refuse of \$122,000 due to extending refuse collection services to other town and increases in transportation cost, and \$88,000 in the operation of the transfer station.

Savings that helped offset these cost increases were in staff training (\$8,000) Horizons' monitoring fee (\$15,000), landfill levy (\$39,000) and consultancy cost (\$8,000).

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.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Solid Waste Management Akitio	48	18
Solid Waste Management Dannevirke	557	611
Solid Waste Management District Wide	194	152
Solid Waste Management Eketahuna	70	109
Solid Waste Management Herbertville	-	6
Solid Waste Management Ormondville	16	23
Solid Waste Management Pahiatua	265	287
Solid Waste Management Pongaroa	-	47
Solid Waste Management Weber	-	8
Solid Waste Management Woodville	116	141
Total Payments to Staff and Suppliers	1,267	1,404



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

- Frequency of extreme weather events and climate change.
- The extent of investment in diversion projects to reduce the amount of stormwater runoff from rural areas in Pahiatua and Dannevirke.
- Possible requirements to treat stormwater discharge before disposing to waterways.
- The lack of consistent design standards across each network.
- Obstruction of debris, plastic bottles, leaves etc. in the channels and vehicle crossings can also cause havoc with the stormwater pathways.
- Open waterways tend to become dumps for organic garden waste, which has to be cleared, along with weed growth.
- Pahiatua Huxley Street drain has sewer and water laterals dissecting the open drain which can cause obstruction in high flows.

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

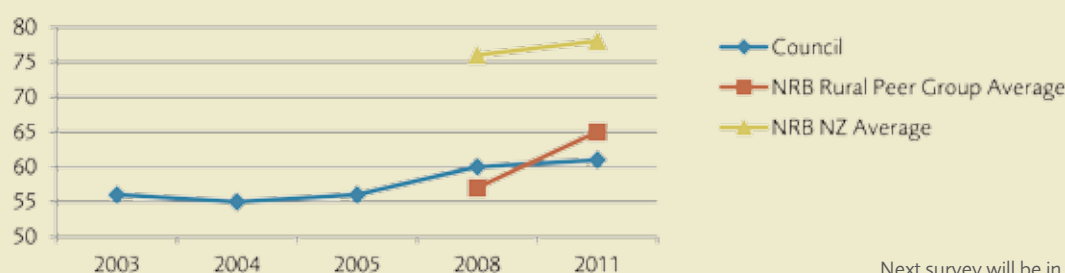
Using the closed circuit TV camera, we identified over 100 properties with stormwater directed into our wastewater system. We are working with the respective property owners to rectify this.

The Atkinson Street stormwater renewal was completed in conjunction with the Woodville main street refurbishment.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> The number of residential, industrial and business premises affected by flooding per year. 	40	<p>ACHIEVED: Nil incidences were recorded where residential, industrial and business premises were affected by flooding.</p> <p>We did record, due to significant weather events, excessive surface flooding for short periods of time.</p>	New measure	●
<ul style="list-style-type: none"> Percentage of residents rating stormwater management as "fairly satisfactory" or "very satisfactory" in the community surveys to be conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 61%, compared to a target of 70%.</p> <p>The main reason for the satisfaction rating was due to the significant flooding in 2010 due to severe weather conditions. Since then, we have stepped up the rigour in the monthly inspections to proactively manage blockages. This has resulted in the number of service requests decreasing by 57% in 2012 and a further 9% in 2013.</p> <p>Our capital work programme remains consistent with prior years and service levels have remained unchanged since last year.</p>	N/A	N/A
<ul style="list-style-type: none"> Number of surface flooding incidences on urban roads that persist for longer than 2 hours. 	Will use 2012/13 as a baseline	<p>NOT APPLICABLE: We recorded 15 customer requests for flooding on urban roads and only 1 request was not resolved within 2 hours.</p> <p>Target used as baseline will be 7% of total calls for surface flooding.</p>	New measure	N/A

Stormwater Drainage – Public Satisfaction Survey Trends 2003 to 2011



Next survey will be in 2014.



Stormwater Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	-	-	692	-
Targeted rates (other than a targeted rate for water supply)	484	484	-	692
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
Internal charges and overheads recovered	2	2	-	-
Total Operating Funding	486	487	692	698
Applications of Operating Funding				
Payment to staff and suppliers	65	57	150	126
Finance costs	132	93	82	61
Internal charges and overheads applied	46	74	276	198
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	243	224	508	385
Surplus/(Deficit) of Operating Funding	243	263	184	312
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(125)	(129)	272	(93)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(125)	(129)	272	(93)
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	20	95	355	-
- to replace existing assets	55	3	37	145
Increase (decrease) in reserves	43	36	64	75
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	118	134	456	220
Surplus/(Deficit) of Capital Funding	(243)	(263)	(184)	(312)
Funding Balance	-	-	-	-

Comment:

Operating funding is tracking against budget. General rate is correctly classified as targeted rate.

Maintenance cost in Application of operating funding was lower this year by \$14,000 due to the increased rigour we have put in our monthly inspections. Through these inspections we proactively managed blockages and ensured we did not incur extraordinary maintenance cost due to the severe weather events this year.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Drain maintenance	32	24
Maintenance	76	56
Reticulation	42	45
Total Payments to Staff and Suppliers	150	126



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

- Meeting our commitments agreed to as part of the River Accord.
- Pressure to deliver the upgrades as committed to in our Long Term Plan (includes a proposal to spend \$6.5 million over the next three years to improve the treatment and disposal of wastewater in the Tararua) and as agreed with the Ministry for the Environment. Once the scope of works is determined, an agreement will be entered into with the Ministry for the Environment.
- The renewal of resource consents is a major issue for the wastewater systems we own.
- The high capital costs of upgrades and associated affordability impacts on the urban ratepayers to meet consent requirements from Horizons Regional Council.
- Potential difficulties in low river flow land based disposal options for Pahiatua and Woodville. The soils are generally wet in this area and land based disposal may not be feasible.
- Installation of new technology to monitor asset status and performance that may improve operational and management efficiency.
- Infiltration of stormwater in to the sewerage system, especially in Dannevirke and Pahiatua.
- Septic tanks at Akitio not complying with the Horizons One Plan.

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 of Environment Project

We have emptied both the oxidation ponds in Dannevirke (Pond No. 4 that was leaking effluent into the river) and Woodville. Work is now being carried out to lay clay and soon after line the ponds.

One of other funded projects was for us to explore the possibility of using land-based disposal as an option for wastewater management. In this regard, we completed the land based treatment feasibility study for Pahiatua and will discuss the next steps of this project with Horizons.

For Dannevirke, we are working alongside Horizons to find a suitable property for land irrigation. This has been a huge challenge in itself for Horizons and ourselves as we

have been in discussions with several landowners with little success to date.

We have also spent a significant amount of time with Horizons and Massey University working through soil types, size of properties, "cut and carry" (harvesting) operations and grazing. Further work and discussions are progressing with Horizons and potential owners of land that are suitable for land based discharge.

Infiltration

Infiltration of stormwater into the sewer reticulation is a major factor in increased flows into our oxidation ponds that occur during wet weather. Having stormwater infiltrate the wastewater network puts added pressure on our network and increases treatment costs.

We then purchased a closed circuit TV camera to help 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 on-going treatment costs.

Council staff have inspected individual properties in Dannevirke and found 100 houses discharging stormwater into the sewer pipe system. Groundwater seeping into our underground pipes will also be adding to this flow.

Tephra Experiment to Remove Phosphorus

Each wastewater plant has been treated with a pilot scheme using tephra to remove phosphorus. Tephra is a naturally occurring mineral from the Central Volcanic Plateau, to which phosphates adheres to. Phosphorus levels are currently a key issue that need to be reduced 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 have been very encouraging at all sites. We are working through the sustainability of using tephra for the long-term before a final decision on implementing this process occurs.

The use of tephra would require initial capital investment but the benefits will be reduced on-going operating cost and improving the water quality of the Manawatu River.

Improving Assets Condition Data

With the purchase of the closed circuit TV camera, we are concentrating on gathering good data on pipe conditions to prioritise pipe renewals and repairs.

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.

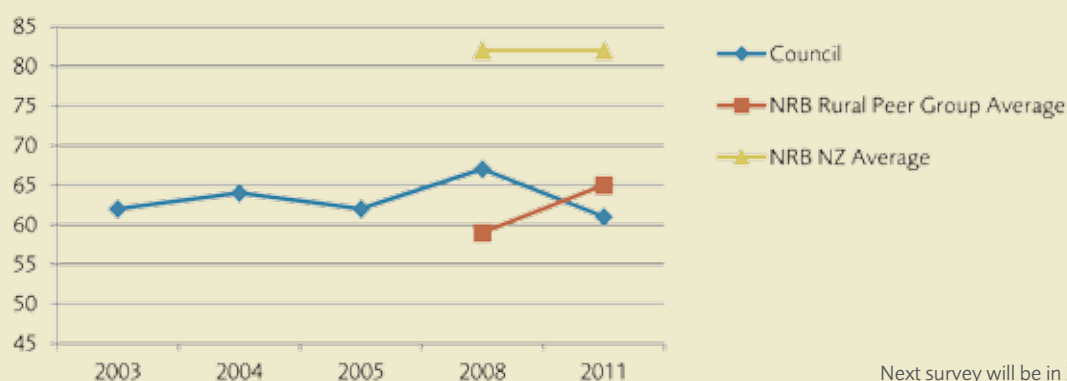
Part of the work we are doing is the upgrading of Dannevirke, Pahiatua, Woodville and Eketahuna wastewater schemes under the Ministry of Environment clean water funding. These projects have taken priority given the significance of them to the Manawatu River Accord.

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 2015/16.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
• The number of incidences of unplanned loss of wastewater service.	< 41	ACHIEVED: 20 incidences of unplanned loss of wastewater service. Most of these related to blockages of wastewater mains. We identified the reasons and the likely properties, and started to educate the users to refrain from flushing newspaper, rags etc down the wastewater system.	New measure	●
• Number of sewage overflows affecting properties per annum.	< 22	ACHIEVED: 16 incidences of sewerage overflows were recorded. The reasons for the overflow are due to blockages and pump stations overloaded with infiltration from stormwater compounding the issue. We are gradually addressing the infiltration issue, educating the public, and has installed overload switches in the pump stations.	New measure	●
• Percentage of residents rating wastewater management as "fairly satisfactory" or "very satisfactory" in community surveys to be conducted in 2014, 2017, and 2020.	-	NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 61%, compared to a target of 70%. In the 2011 survey, 82% of urban ratepayers were satisfied and 75% of rural ratepayers surveyed responded "don't know". This is because the respondents for "Elsewhere in the district" are not connected to our sewerage network, and have their own septic tank. Our capital work programme remains consistent with prior years and service levels have remain unchanged since last year. We have also carried out work to detect infiltration of stormwater into the wastewater network to reduce overflows and blockages.	N/A	N/A
• Number of schemes meeting all resource consent conditions.	7	NOT ACHIEVED: 4 out of 7 schemes met resource consent conditions. See above explanation under 'Compliance with Resource Consents'.	New measure	●

Sewerage System – Public Satisfaction Survey Trends 2003 to 2011



Wastewater Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	82	83	57	57
Targeted rates (other than a targeted rate for water supply)	1,953	1,953	1,997	1,997
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	101	129	101	113
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	35
Internal charges and overheads recovered	10	10	-	-
Total Operating Funding	2,147	2,175	2,155	2,202
Applications of Operating Funding				
Payment to staff and suppliers	731	469	825	651
Finance costs	362	220	238	102
Internal charges and overheads applied	248	311	325	206
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	1,341	1,000	1,388	959
Surplus/(Deficit) of Operating Funding	806	1,175	767	1,243
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	705	867
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(396)	(591)	1,929	1,201
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	(396)	(591)	2,634	2,068



	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	55	92	2,880	2,276
- to replace existing assets	242	101	330	417
Increase (decrease) in reserves	113	391	192	618
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	410	584	3,402	3,311
Surplus/(Deficit) of Capital Funding	(806)	(1,175)	(767)	(1,243)
Funding Balance	-	-	-	-

Comment:

Overall Operating funding is tracking against budget with slight increase in targeted rates (increase in connected rating assessments) offset by lower than budgeted "Other receipts".

In Application of operating funding we made an overall cost savings in payments to staff and suppliers of \$174,000. The significant savings was in treatment and reticulation cost where we made a savings of \$157,000. This was mainly due to use of internal staff instead of contractor. With the establishment of the Water and Wastewater team, we ceased the fixed contract for treatment and reticulation work. We use the external contract as when required hence the cost savings. Other cost savings were in Consultants (\$39,000) where we relied on internal resources, Insurance cost (\$18,000) where we obtained favourable premium rates and energy cost (\$12,000).

These savings were offset by increases in Horizons monitoring fee of \$37,000 due to increased monitoring of our discharge (part of the Ministry for the Environment wastewater projects), Telemetry cost of \$9,000 and extraordinary maintenance of \$19,000.

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.

In Capital funding the increase in sources are from the increased in subsidies for the Ministry for the Environment funded projects. The purchase of liners that was spread over three years was completed in year one as it was the cost effective option (savings from bulk purchase). 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 38 to 57 of this report.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Maintenance to minimise failures and blockages, infiltration of stormwater into sewerage systems	103	51
Planning & Development renewals to ensure future capacity	133	70
Reticulation sewerage disposal for all connected properties	164	130
Telemetry system monitoring to prevent system failures	24	33
Treatment to provide effective treatment of wastewater	401	368
Total Payments to Staff and Suppliers	825	651

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

- Although potable, the Ministry of Health has attached an (E) grade to the majority of our water supplies. To obtain a higher grade involves adding further barriers to possible health risks that, if not detected and correctly treated, could cause a public health risk.
- The Health (Drinking Water) Amendment Act (2007) requires all water suppliers to take practicable steps to meet the Drinking Water Standards for New Zealand 2005 (revised 2008) by various dates – depending on the size of the community supplied. These dates are:

Dannevirke	2013
Woodville/Pahiatua	2014
Norsewood/Eketahuna	2015
Akitio/Pongaroa	2016 or possibly later (Pongaroa rural scheme)

This does not necessarily mean the water quality must meet the Drinking Water Standards by that time but a Public Health Risk Management Plan must be approved outlining how and when it will meet the standard. We are planning to meet the majority of these deadlines but have a choice on the timing of the upgrade projects.

- Dannevirke and Eketahuna have some allowance for treatment improvements and increased storage but

additional funding may be required if these supplies are to meet the standard.

- The Drinking Water Standards affect Pongaroa levels of service, future renewal requirements and funding. This scheme supplies urban and rural connections and is not currently fully funding their depreciation. The scheme is managed by the property owners connected to the supply. The future renewal of this supply and how to meet required standards will need to be addressed during the period of this Long Term Plan.
- In heavy rain events turbidity (discolouration) can become a problem. Turbidity meters have been installed at the Dannevirke intake and main reservoir to ensure the Alliance meat processing plant is able to plan their operations if turbidity occurs.
- All supplies (except Woodville) have very limited bulk storage, which results in water restrictions to meet continuation flows in the rivers.
- Some supplies historically allowed for farmer extraction before town use to recognise the use of their land for pipelines. As water is now seen as scarce resource, the priority needs to be ensuring the people requirements are met before stock.



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

Impact of Drought

Our district was severely impacted by the drought this year and our urban water supplies were very low. We had to impose water restrictions throughout the district and, on several occasions, total bans on hosing to conserve water.

We are investing heavily in improving the service levels in the urban water supply. The Dannevirke Impounded Supply was completed in July 2013 and will be operational next year. This is a significant milestone for us and will greatly lessen the adverse impact from future drought on the Dannevirke Community. We also have several other projects in the coming year, including:

- Pahiatua second bore and additional storage
- Eketahuna water storage

- Leak detection work
- Managing large users as part of a water management strategy.

Water Treatment Plant Upgrades

Pahiatua

We completed the bore sustainability study (to analyse the water flows and sustainability of the first bore over a twelve month period) to determine the feasibility of drilling for another bore in the area and relinquishing any water take from the river.

The study confirmed that a second bore is sustainable and the project can now proceed. A funding application for the second bore to the Ministry of Health was submitted in May this year and the project will commence early in the next financial year.

Eketahuna

The Eketahuna Water Treatment Plant upgrade was completed and fully operational in April 2013. A new treatment shed has been built on site, with macrolite filters and UV treatment processes installed. This plant has had a telemetry upgrade and will be fully automated. This facilitates the ease of monitoring.

Woodville

The Woodville Water Treatment Plant upgrade was completed and fully operational in May 2013. The existing treatment plant has been utilised with the addition of a new Lamella Clarifier, filters, Ultraviolet and Powdered Activated Carbon (PAC) dosing for any taste and odour problems as part of the treatment process. PAC is often added to drinking water supplies to remove pesticides (such as Metaldehyde), and improve odour and taste to meet the legislation requirements. This plant has had a telemetry upgrade and will be fully automated.

Dannevirke

The construction of the Impounded Supply has been completed. It is a significant project for us and it is part of our strategy to address the water supply and quality issues in Dannevirke.

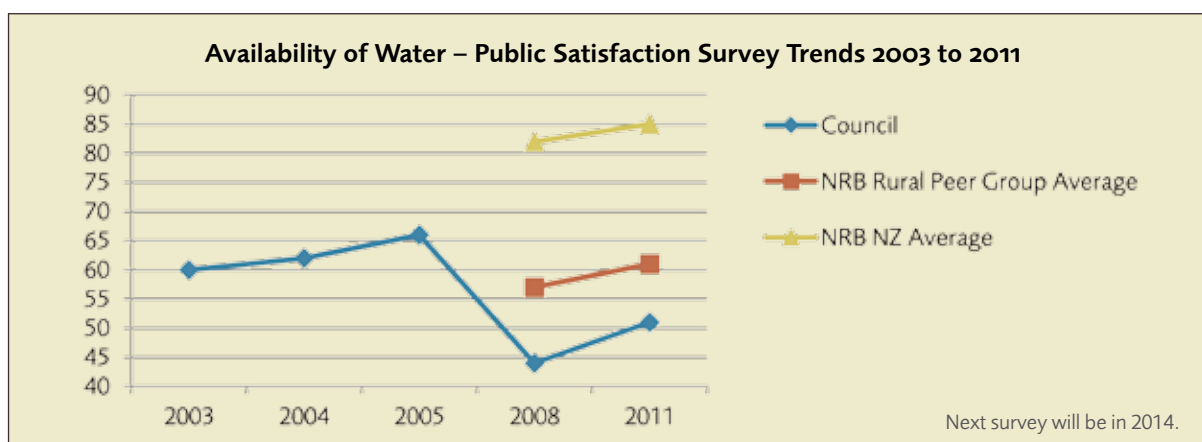
Leak Detection

We carried out a leak detection survey in Dannevirke and Eketahuna as part of our water management strategy. In Dannevirke, the urban area reticulation has been completed except for the intake line pipe. We identified 30 leaks as being after the toby/meter and 12 residential leaks.

By rectifying these leaks, we will be able to reduce water usage and treatment costs, and thus extend the number of days towns can be supplied from their schemes.

Performance Against Objectives

Performance Measure and Target	Target	Achievement	Results	
			2011/12	2012/13
<ul style="list-style-type: none"> Percentage of customers satisfied with the availability of water in the community surveys to be conducted in 2014, 2017, and 2020. 	-	<p>NOT APPLICABLE: The next community survey is to be conducted in the 2013/14 financial year. In the 2011 survey, we achieved 51%, compared to a target of 70%.</p> <p>We have made significant investments in water quality and supply projects; namely the Dannevirke impounded supply, and the Woodville and Eketahuna water treatment plant upgrades last year. In 2013/14, we will continue with this investment – a new Dannevirke treatment plant, additional storage at Eketahuna, leak detection work to help reduce waste, and treatment plant upgrades for Pahiatua and Akitio.</p> <p>With these projects, we expect that the water quality and supply issues will be significantly addressed.</p>	N/A	N/A
<ul style="list-style-type: none"> Number of days per annum where users experience reduced flows. 	< 32	<p>ACHIEVED: The number of days reduced flows were encountered was 7.</p> <p>Most of these related to towns with water tanks where these tanks are topped up by water provide by us via our water network. During low flows (low flows were frequent due to drought) the houses further away from the water mains were not completely filled causing users to experience low pressure and reduced flows.</p>	New measure	●
<ul style="list-style-type: none"> Number of recorded issues with the taste of town water per annum. 	< 59	<p>ACHIEVED: Council recorded 4 issues relating to the taste of town water.</p>	New measure	●
<ul style="list-style-type: none"> Number of recorded issues with the clarity of town water per annum. 	< 29	<p>NOT ACHIEVED: Council recorded 46 issues related to clarity of town water.</p> <p>Most of these relate to issues in Woodville and Pahiatua.</p> <p>In Pahiatua it was due to the change from the bore to river supply due to the breakdown of the pump. This was for a short period of time. With the construction of the second bore, we expect to resolve this issue.</p> <p>In Woodville, it was due to an occurrence of algae in the reservoir caused by low levels and a major slip during the September 2012 "weather bomb". The commissioning of the treatment plant in Woodville and the second bore for Pahiatua will help reduce water clarity issues in the future.</p>	New measure	●
<ul style="list-style-type: none"> Number of schemes with a Public Health Management Plan in place. 	7	<p>ACHIEVED: 100%. All Public Health Management Plans are in place.</p>	New measure	●
<ul style="list-style-type: none"> Upgrade the water schemes to comply with NZ Drinking Water Standards and Health Act 1956. 	1	<p>ACHIEVED: 2 water schemes upgraded. Woodville and Eketahuna scheme upgrades have been completed to achieve the required water quality standards.</p>	New measure	●



Water Supplies Funding Impact Statement

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,357	1,357	1,436	1,436
Grants and subsidies for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	505	525	486	505
Local authorities fuel tax, fines, infringement fees, and other receipts	-	10	-	64
Internal charges and overheads recovered	10	10	-	-
Total Operating Funding	1,871	1,902	1,921	2,005
Applications of Operating Funding				
Payment to staff and suppliers	651	681	889	773
Finance costs	233	147	225	155
Internal charges and overheads applied	236	306	168	156
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	1,120	1,134	1,282	1,084
Surplus/(Deficit) of Operating Funding	751	768	640	921
Sources of Capital Funding				
Subsidies and grants for capital expenditure	275	584	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	415	2,268	1,997	1,850
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	690	2,852	1,997	1,850

	2011/12 Budget \$000s	2011/12 Actual \$000s	2012/13 Budget \$000s	2012/13 Actual \$000s
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	945	34	2,245	2,030
- to replace existing assets	370	242	419	557
Increase (decrease) in reserves	126	3,344	(28)	184
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	1,441	3,620	2,636	2,771
Surplus/(Deficit) of Capital Funding	(751)	(768)	(640)	(921)
Funding Balance	-	-	-	-

Comment:

Overall Operating funding is tracking against budget with slight increase in targeted rates (increase in connected rating assessments) offset by lower than budgeted "other receipts".

In Application of operating funding we made an overall cost savings in payments to staff and suppliers of \$116,000. Other cost savings were in Consultants of \$39,000 where we relied on internal resources and Horizons monitoring cost of \$50,000.

These savings were offset by increases in energy costs of \$51,000 due to new treatment plants, Pahiatua Bore and overall increase in energy rates.

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 38 to 57 of this report.

Additional Notes

Expenditure by Output	Budget 2012/13	Actual 2012/13
Maintenance to minimise failures	231	276
Planning & development to ensure future capacity	252	157
Reticulation water to all connected properties	115	59
Telemetry system monitoring to prevent failures	23	23
Treatment to provide safe, potable water	268	258
Total Payments to Staff and Suppliers	889	773

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Financial Statements

ANNUAL REPORT 2012/13



Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Income						
Rates*	2	18,045	18,774	18,725	18,030	18,758
Grants and Subsidies		9,772	9,396	7,987	9,771	9,396
Fees and Charges		2,871	3,562	3,937	31,376	27,919
Finance Income	3	479	315	140	490	319
Dividends and Subvention		-	206	250	-	-
Other Revenue	4	236	867	177	130	765
Forestry Sales		-	-	-	-	234
Total operating revenue		31,403	33,120	31,216	59,797	57,391
Expenditure						
Other Operating Expenses	8	15,310	16,200	15,539	28,218	27,275
Depreciation and amortisation	18 & 19	11,882	11,828	10,296	14,407	14,088
Personnel Costs	6	4,552	4,651	4,657	19,250	18,015
Finance Costs	3	891	426	490	948	503
Total operating expenditure before asset gains/losses		32,635	33,105	30,802	62,823	59,882
Operating surplus/(deficit) before asset gains/losses		(1,232)	15	414	(3,027)	(2,491)
Other asset gains/(losses)	5	(229)	(211)	-	(627)	(718)
Operating surplus/(deficit) before tax		(1,461)	(196)	414	(3,654)	(3,209)
Less Taxation Expense/Plus Refund	9	-	-	-	(671)	(771)
Surplus/(deficit) after tax		(1,461)	(196)	414	(2,983)	(2,438)
Surplus/(deficit) attributable to:						
Parent Interest (Taranua District Council)	24	(1,461)	(196)	414	(2,549)	(1,620)
Non-controlling Interest	24	-	-	-	(434)	(818)
Surplus/(deficit) for the period		(1,461)	(196)	414	(2,983)	(2,438)
Other Comprehensive Income						
Gains/(losses) on assets revaluation	25	31,860	(5,388)	30,644	32,339	(5,131)
Fair value through equity valuation gains	24	(55)	(9)	-	(55)	(9)
Tax on Equity Items		-	-	-	-	(75)
Other Comprehensive Income Sub-total		31,805	(5,397)	30,644	32,284	(5,215)
Total Comprehensive Income		30,344	(5,593)	31,058	29,302	(7,653)

* 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 2013

	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Balance at 1 July		844,848	875,192	842,411	860,950	890,252
Total comprehensive income previously reported		30,344	(5,593)	31,058	29,302	(7,653)
Dividends Paid		-	-	-	-	(107)
Total Balance at 30 June		875,192	869,599	873,469	890,252	882,492
Total Comprehensive Income attributable to:						
Tararua District Council		30,344	(5,593)	31,058	29,736	(6,983)
Minority Interest		-	-	-	(434)	(670)
Total Comprehensive Income		30,344	(5,593)	31,058	29,302	(7,653)
Detailed Changes						
Accumulated Funds						
Balance at 1 July		364,077	361,994	361,693	372,615	369,474
Net Surplus/(Deficit) after Tax for the Year		(1,462)	(196)	414	(2,549)	(1,620)
Fair Value through equity		(55)	(9)	-	(55)	(9)
Net transfers between Equity and Reserves		(566)	(3,904)	(2,297)	(536)	(4,078)
Dividends paid		-	-	-	-	(107)
Balance at 30 June		361,994	357,885	359,810	369,475	363,660
Asset Revaluation Reserves						
Balance at 1 July		466,713	497,254	466,648	468,517	499,472
Increase in Revaluation Reserves		30,542	(5,380)	30,644	30,955	(5,544)
Balance at 30 June		497,254	491,874	497,292	499,472	493,928
Special Funded Reserves						
Balance at 1 July		14,028	15,891	14,040	14,028	15,891
Increase in Special Reserves		1,863	3,900	2,297	1,863	3,899
Balance at 30 June		15,891	19,791	16,337	15,891	19,790
Trust Funds						
Balance at 1 July		30	52	30	30	52
Increase in Trust Funds		22	(4)	-	22	(4)
Balance at 30 June		52	48	30	52	48
Minority interest		-	-	-	5,362	5,066
Total Equity at 30 June		875,192	869,599	873,469	890,252	882,492

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 2013

	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Assets						
Current Assets						
Cash and cash equivalent	1	4,544	4,242	319	4,757	5,298
Debtors and other receivables	11	4,551	4,927	2,161	8,265	8,418
Other financial assets	14	5,776	3,882	4,506	5,791	3,882
Non-current assets held for sale	15	241	375	-	241	375
Inventories	13	75	76	93	2,091	1,608
Refund of taxation due		-	-	-	15	15
Total Current Assets		15,187	13,502	7,079	21,160	19,596
Non-Current Assets						
Other financial assets	14	178	155	239	177	176
Investment in subsidiaries	14	5,015	4,974	5,015	-	0
Debtors and other receivables	11	13	9	-	13	9
Investment Property	16	1,782	1,713	411	1,351	1,285
Forestry Assets	12	-	203	-	951	1,205
Intangible Assets	19	650	722	533	1,192	1,030
Property, Plant & Equipment – Operational	18	31,444	29,949	29,967	50,192	46,253
Property, Plant & Equipment – Infrastructure	18	832,159	828,617	844,566	832,159	828,617
Property, Plant & Equipment – Restricted	18	4,678	4,678	5,178	4,678	4,678
Total Non-Current Assets		875,917	871,019	885,909	890,713	883,254
Total Assets		891,104	884,521	892,988	911,873	902,850
Liabilities						
Current Liabilities						
Creditors and other payables	20	3,532	2,705	3,767	4,830	4,313
Cash and cash equivalent (overdraft)		-	-	-	-	0
Borrowings – current	23	5,000	10,000	4,000	5,133	10,000
Employee entitlements	7	539	587	298	2,318	1,938
Tax payable		-	-	-	4	0
Provision for dividend		-	-	-	-	0
Provision	21	-	-	-	60	60
Total Current Liabilities		9,071	13,292	8,065	12,345	16,311



	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Non-Current Liabilities						
Borrowings – non-current	23	5,396	231	10,009	5,896	1,231
Employee entitlements	7	87	78	107	334	501
Tenant contributions	17	713	675	666	713	675
Provision for Landfill Aftercare	21	645	648	672	645	648
Deferred tax liability	9	-	-	-	1,688	993
Total Non-Current Liabilities		6,841	1,632	11,454	9,276	4,048
Total Liabilities		15,912	14,924	19,519	21,621	20,359
Equity						
Accumulated Funds	24	361,994	357,885	359,810	369,476	363,660
Asset Revaluation Reserves	25	497,254	491,874	497,292	499,472	493,928
Special Funded Reserves	26	15,890	19,790	16,337	15,890	19,790
Trust Funds	27	52	48	30	52	48
Minority Interest		-	-	-	5,362	5,066
Total Equity		875,192	869,597	873,469	890,252	882,492
Total Liabilities and Equity		891,104	884,521	892,988	911,873	902,850

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 2013

	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Cash Flows from Operating Activities						
Cash was provided from:						
Rates		17,905	18,448	18,725	17,890	18,432
Grants and subsidies		8,568	9,659	7,987	8,605	9,677
Fees, charges and other receipts (including Donations)		2,281	3,559	3,937	34,925	28,138
Interest received		583	339	140	594	343
Dividends & subvention payment received		-	198	250	-	-
Income tax refunds		-	-	-	1	1
Other revenue		455	682	177	321	676
GST refunds		-	-	-	5	10
		29,792	32,885	31,216	62,341	57,277
Cash was applied to:						
Suppliers		(15,262)	(16,515)	(15,357)	(30,764)	(40,199)
Employee benefit costs		(4,212)	(5,099)	(4,657)	(19,550)	(5,099)
Interest paid		(584)	(552)	(490)	(643)	(629)
Income tax payments		-	-	-	(81)	-
GST payments		152	-	-	275	253
		(19,906)	(22,166)	(20,504)	(50,763)	(45,674)
Net cash inflow (outflow) from operating activities	27	9,886	10,719	10,712	11,578	11,602
Cash Flows from Investing Activities						
Cash was provided from:						
Proceeds from sale of property, plant and equipment		40	59	-	220	851
Proceeds from investment property		-	-	-	-	-
Proceeds from investments realised		4,524	5,827	1,796	3,688	5,842
		4,564	5,886	1,796	3,908	6,693
Cash was applied to:						
Purchase of property, plant and equipment		(12,259)	(12,875)	(14,215)	(13,839)	(13,916)
Purchase of Intangible assets		(184)	(200)	-	(184)	(200)
Purchase of investments		(5,819)	(3,792)	(2,302)	(4,948)	(3,859)
		(18,262)	(16,867)	(16,517)	(18,971)	(17,975)
Net cash inflow (outflow) from investing activities		(13,698)	(10,983)	(14,721)	(15,063)	(11,282)

	Note	2011/12 Council Actual \$000s	2012/13 Council Actual \$000s	2012/13 Council Plan \$000s	2011/12 Consolidated Actual \$000s	2012/13 Consolidated Actual \$000s
Cash Flows from Financing Activities						
Cash was provided from:						
Proceeds from borrowings		-	2,000	9,009	500	2,500
Tenant contributions received		120	-	-	120	-
		120	2,000	9,009	620	2,500
Cash was applied to:						
Dividend paid		-	-	-	-	(107)
Tenant contributions repaid		-	(38)	-	-	(38)
Repayment of borrowings		-	(2,000)	(5,000)	(879)	(2,133)
		-	(2,038)	(5,000)	(879)	(2,278)
Net cash inflow (outflow) from financing activities		120	(38)	4,009	(259)	222
Net increase (decrease) in cash held		(3,693)	(302)	-	(3,744)	541
Total cash resources at start of the year		8,236	4,544	319	8,501	4,757
Total cash resources at end of the year	1	4,544	4,242	319	4,757	5,298

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'.



Funding Impact Statement

	2011/12 Actual	2011/12 Budget	2012/13 Actual	2012/13 Budget
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	7,088	7,037	5,195	5,465
Targeted rates (other than a targeted rate for water supply)	10,957	10,958	13,580	13,260
Subsidies and grants for operating purposes	4,574	3,779	4,929	3,838
Fees, charges, and targeted rates for water supply	2,870	2,897	3,562	3,937
Interest and dividends from investments	481	647	522	390
Local authorities fuel tax, fines, infringement fees, and other receipts	236	179	866	177
Total Operating Funding	26,206	25,497	28,653	27,067
Applications of Operating Funding				
Payment to staff and suppliers	19,862	16,906	20,851	20,014
Finance costs	891	1,662	426	490
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	20,753	18,568	21,277	20,504
Surplus/(Deficit) of Operating Funding	5,453	6,929	7,376	6,563
Sources of Capital Funding				
Subsidies and grants for capital expenditure	5,197	4,386	4,467	4,149
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,146	(27)	(105)	4,009
Gross proceeds from sale of assets	-	-	59	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	9,343	4,359	4,421	8,158
Applications of Capital Funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	56
- to improve the level of service	4,026	2,943	5,670	6,607
- to replace existing assets	7,195	6,907	6,881	7,552
Increase (decrease) in reserves	3,575	1,438	(4,057)	2,302
Increase (decrease) of investments	-	-	3,303	(1,796)
Total Applications of Capital Funding	14,796	11,288	11,797	14,721
Surplus/(Deficit) of Capital Funding	(5,453)	(6,929)	(7,376)	(6,563)
Funding Balance	-	-	-	-

Reconciliation Funding Impact Statement to Comprehensive Income

	2011/12 Actual	2011/12 Budget	2012/13 Actual	2012/13 Budget
Income				
Prospective Statement of Comprehensive Income	31,403	29,883	33,120	31,216
Summary Funding Impact Statement				
Sources of Operating Funding				
Total operating funding	26,206	25,497	28,653	27,067
Add sources of capital funding:				
- Subsidies and grants for capital expenditure	5,197	4,386	4,467	4,149
Total Revenue	31,403	29,883	32,120	31,216
Expenditure				
Prospective Statement of Comprehensive Income				
Operating expenditure	32,636	29,398	33,105	30,802
Total application of operating funding	20,754	18,710	21,277	20,504
Add depreciation and amortisation expense	11,882	10,688	11,828	10,296
Add non-cash entries	-	-	-	2
Total Expenditure	32,636	29,398	33,105	30,802



Statement of Commitments and Operating Leases

As at 30 June 2013

Council

Council was committed to the following projects at year end:

2011/12 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2012/13 Total \$000s
Council Capital Commitments						
208	Woodville town centre upgrade	-	-	-	-	-
213	Administration	21	-	-	-	21
62	Dannevirke impounded supply	-	-	-	-	-
-	Wastewater projects	2,730	1,800	-	-	4,530
-	Pavement rehabilitation southern	732	-	-	-	732
-	Pavement rehabilitation northern	811	811	-	-	1,622
-	Reseals	295	-	-	-	295
3,606	Total Capital Commitments	4,589	2,611	-	-	7,200

2011/12 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2012/13 Total \$000s
Council Operating Commitments						
742	Administration	815	1,395	1,530	405	4,146
151	Facilities management contracts	-	-	-	-	-
-	Tararua Aquatic Community Trust	180	-	-	-	180
828	Community services maintenance	423	92	73	36	624
8,751	Infrastructural maintenance non-subsidised	4,960	270	-	-	5,230
51	Infrastructural maintenance subsidised	51	-	-	-	51
2,172	Infrastructural maintenance refuse	318	147	588	-	1,053
48	Sport Manawatu	48	-	-	-	48
28	Woodville Districts' Vision	28	-	-	-	28
	Pahiatua on Track	42	-	-	-	42
20	Pahiatua Swimming Pool	15	15	-	-	30
14	Woodville Swimming Pool	12	12	-	-	24
14	Eketahuna Swimming Pool	17	17	-	-	34
8,919	Total Operating Commitments	6,909	1,948	2,191	441	11,489
12,521	Total Commitments	11,498	4,559	2,191	441	18,689

These Statements should be read in conjunction with the Notes to the Financial Statements.

Operating Leases as Lessor (Tararua District Council as a landlord)

Council leases its investment property and land under operating leases. These leases all have rent renewal dates within 5 years from 30 June 2012.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2011/12 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2012/13 Total \$000s
110	Council lease commitments receivable	101	-	-	-	101
55	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:

2011/12 \$000s		< 1 Year \$000s	1-2 Years \$000s	2-5 Years \$000s	> 5 Years \$000s	2012/13 Total \$000s
Consolidated Capital Commitments						
208	Woodville town centre upgrade	-	-	-	-	-
213	Administration	21	-	-	-	21
62	Dannevirke impounded supply	-	-	-	-	-
	Wastewater projects	2,730	1,800	-	-	4,530
-	Reseals	295	-	-	-	295
2,583	Total Capital Commitments	3,046	1,800	-	-	4,846
Consolidated Operating Commitments						
741	Administration	815	1,395	1,530	405	4,146
151	Facilities management contracts	65	-	-	-	65
-	Tararua Aquatic Community Trust	180	-	-	-	180
403	Community services maintenance	209	92	73	36	410
664	Infrastructural maintenance non-subsidised	51	-	-	-	51
51	Infrastructural maintenance subsidised	552	270	-	-	822
2,172	Infrastructural maintenance refuse	318	147	588	-	1,053
48	Sport Manawatu	48	-	-	-	48
28	Woodville Districts' Vision	28	-	-	-	28
	Pahiatua on Track	42	-	-	-	42
20	Pahiatua Swimming Pool	15	15	-	-	30
14	Woodville Swimming Pool	12	12	-	-	24
14	Eketahuna Swimming Pool	17	16	-	-	33
8,884	Total Operating Commitments	2,352	1,947	2,191	441	6,931

Statement of Accounting Policies

For the year ended 30 June 2013

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:

- Taranaki Forests Limited (100% owned subsidiary) – profit orientated entity.
- Infracon Limited (66% owned subsidiary) – profit orientated entity.
- Manawatu-Wanganui LASS Limited (14% owned associate) – public benefit entity.
- Taranaki Aquatic Community Trust (Council organisation established in New Zealand by Council as settlor) – public benefit entity.

The financial statements of Council are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 30 October 2013.

Basis of Preparation

Statement of Compliance

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

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

Measurement Base

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

Taranaki Forests Limited (the Company) was placed on voluntary liquidation as at 1 July 2013 by way of a special resolution by Council (the ultimate shareholder).

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 2013 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, no adjustments have



been made to the valuation or classification of assets and liabilities recognised in the financial statements because of disestablishment.

Functional and Presentation Currency

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

Changes in Accounting Policies (NZ IAS 8)

There have been no changes in accounting policies during the financial year.

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 expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Basis of Consolidation of Subsidiaries

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Council's investment in its subsidiaries are carried at cost in the Council's own "parent entity" financial statements.

Subsidiaries (NZ IAS 27)

Council consolidates its subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiaries.

This power exists where Council:

- controls the majority voting power on the governing body, or
- where such policies have been irreversibly predetermined by Council e.g. in being settlor to a Trust and involved in determining the Trust Deed, or

- where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

- the consideration transferred, which is generally measured at acquisition date fair value;
- the amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- the acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Associates (NZ IAS 28)

Associates are entities over which Council has significant influence but not control and are neither subsidiaries nor joint venture interests.

Investments in associates are recorded in the financial statements using the equity method and are initially recognised at cost in the parent financial statements. The carrying amount is increased or decreased to recognise Council's share of the surplus or deficit in the associate after the date of acquisition. Council and group's share of the surplus or deficit in the associate is recognised in surplus or deficit. Distributions from associates are recognised in the parent's financial statements, while in the consolidated financial statements they reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, Council and group discontinues recognising its share of further deficits. After Council and group's interest is reduced to zero, additional deficits are provided for, and liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council and group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where Council and group transacts with an associate, surplus or deficits are eliminated to the extent of Council and group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Revenue (NZ IAS 18)

Revenue is measured at the fair value of consideration received or receivable.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Contribution Revenue

Development contributions and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Government Subsidies

Council receives government subsidies from New Zealand Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Sales of Goods

Revenue from sale of goods is recognised when a product is sold to the customer.

Commission

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.



Dividends

Dividends are recognised when the right to receive payment has been established.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Construction Contracts (NZ IAS 11)

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Borrowing Costs (NZ IAS 23)

Council has deferred the adoption of NZ IAS 23 'Borrowing Costs' in accordance with its transactional provision applicable to public benefit entities. Consequently all borrowing costs are recognised as an expense in the period that they are incurred.

Grant Expenditure (NZ IAS 20)

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 of 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
Operational & Restricted Assets		
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%)
Infrastructural Assets		
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%)
Signs	8 years	(12.5%)
Streetlights	12 to 30 years	(3.3% to 8.3%)



Asset	Useful life	Depn Rate
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%)
Tanks	40 to 100 years	(1%-2.5%)
Waste Management	2 to 17 years	(5.9%-50%)
Items under construction	Not depreciated	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Revaluation	Frequency
Infrastructural Assets	Annually
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Annually
Stormwater	Annually
Water	Annually
Land	Every 3 years
Buildings	Every 3 years
Restricted Assets	Every 3 years

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Operational and Restricted Land and Buildings

These are revalued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Registered Valuer, Kerry Stewart BCom VPM PGDip(Com) SNZPI, Darroch Limited and the valuation is effective as at 30 June 2012. They are valued on a three yearly cycle.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

Are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Ray Cannon BTECH Civil Engineering (UK), Council's Consultancy Roding Manager and engineer, and reviewed by Registered Valuers, John Vessey BE BA MIPENZ MACENZ at Opus, using optimised depreciated replacement cost. These assets are revalued annually as at 30 June.

Land under roads

Land under roads, was valued based on fair value of adjacent land as determined by reference to the Council rating data. Subsequently, this has not been revalued.

As there is no generally accepted methodology for the valuation of land under roads, Council is not revaluing this land and will carry these assets at cost.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

Library Collections

The Library books were valued by "Bookseller" of Palmerston North prior to purchase by Council on 30 September 2003

and will be carried forward as deemed cost from 1 July 2005. These are depreciated on a straight line basis at lives of 1 to 10 years. The NZ Genealogical Cemetery records are recorded at cost less aggregate depreciation and these are assumed to have a useful life of ten years.

Intangible Assets (NZ IAS 38)

Goodwill: Business Combinations

Goodwill represents the excess of the cost of an acquisition over the fair value of Council's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

Resource Consents

Resource consents are recognised at cost. Resource consents have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the resource consents over the shorter period for which the consent is granted or the expected extraction period.

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3-5 years	20-33%
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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.

Investment Property (NZ IAS 40)

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuation was performed by Registered Valuer, Kerry Stewart BCom VPM PGDip(Com) SNZPI, Darroch Limited and the valuation is effective as at 30 June 2013.

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 asset's ability to generate net cash inflows and where Council and group would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Livestock (NZ IAS 41)

A small number of deer are kept for recreational purposes and are revalued each year according to Inland Revenue livestock values at national standard cost.

Employee Entitlements (NZ IAS 19)

Short-Term Entitlements

Employee benefits that expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council and group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Council and group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-Term Entitlements

Long Service Leave and Retirement Leave

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation Schemes

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined Benefit Schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions (NZ IAS 37)

Council and group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the obligation. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Financial Guarantee Contracts (NZ IAS 39)

A financial guarantee contract is a contract that requires Council and group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value even if payment under guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a liability is recognised based on the probability that Council or group will be required to reimburse a holder for a loss incurred discounted to present values. The proportion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowing (NZ IAS 39)

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Equity (NZ IAS 1)

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Revaluation reserves
- Special funded reserves
- Trust funds
- Fair value through other comprehensive income reserve

Special Funded and Council Created Reserves

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's Treasury Policies and Long Term Council Community Plan allow internal borrowing against these reserves on the basis they will be reimbursed over time or at time of need.

Trust Funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the most current of the annual plan or the Long Term 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 2013:

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.

Breach of Law

Section 67 of the Local Government Act 2002 requires that within three months after the end of the financial year, the Directors of a Council Controlled Trading Organisation must deliver to the shareholders and make available to the public, a report on the Company's operations during that year. This requirement was not achieved by Infracon Limited due to delays in finalising the audit.



Consolidated Notes to Financial Statements

For the year ended 30 June 2013

1. Cash and Cash Equivalents

The average interest rate received on the Bank Deposit for the 2012/13 year was 3.5%. In 2011/12 this was 3.81%.

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Cash at bank and in hand	946	4,242	1,159	5,298
Term deposits maturing 3 months or less from date of acquisition	3,598	-	3,598	-
Total Cash and Cash Equivalents	4,544	4,242	4,757	5,298

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 \$48,000 (2012: \$52,000).

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Cash and cash equivalent current asset	946	4,242	1,159	5,298
Short term deposits maturing 3 months or less from date of acquisition	3,598	-	3,598	-
Cash and cash equivalent current liability – bank overdraft	-	-	-	-
Total Cash Resources	4,544	4,242	4,757	5,298

2. Rates Revenue

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
General Rates				
Uniform Annual General Charge	3,895	3,390	3,890	3,385
General Land Rates	1,369	1,707	1,366	1,705
Targeted Rates Attributable to Group of Activities				
Community and Recreation Facilities	1,114	1,326	1,114	1,326
District Promotion and Economic Development	-	356	-	356
Regulatory Services	222	295	222	293
Roading and Footpaths	7,185	7,069	7,178	7,069
Solid Waste Management	454	536	452	530
Stormwater	486	692	486	691
Wastewater	1,959	1,968	1,959	1,968
Water Supplies	1,361	1,436	1,361	1,436
Rates Revenue before Discount (as per Comprehensive Income)	18,045	18,774	18,028	18,758
Less 3% discount for full payment at time of first instalment	(83)	(83)	(83)	(83)
Rates Revenue after Discount	17,962	18,691	17,945	18,676
Less Rates Remissions (in Other Operating Expenses)	(384)	(398)	(384)	(398)
Plus Miscellaneous Revenue: Net Rates Penalties	219	219	219	203
Total revenue from rates	17,797	18,511	17,780	18,481

Rates Remissions

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Rates Remissions				
Footpath Development Loans (Dannevirke Town Centre)	7	8	7	8
Sewerage – Educational establishments	98	98	98	98
General Rates	235	259	235	259
General Rates – Not for profit sports & cultural	44	33	44	33
	384	398	384	398

Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.



3. Finance Income and Finance Costs

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Finance Income				
Interest on operating funds	221	206	231	210
Interest on special funds	258	109	258	109
Total Finance Income	479	315	489	319
Finance Costs				
Interest on Bank Overdraft	-		1	2
Landfill interest expense	(57)	46	(57)	46
Fair value movement of derivative	343	(165)	343	(165)
Interest on standby facility	-		-	-
Interest on secured loans	605	545	660	620
Total Finance Costs	891	426	948	503
Net Finance (costs)/gain	(412)	(111)	(459)	(185)

4. Other Revenue

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Revenue from the various domain boards	117	121	117	121
Other	119	746	13	644
Total miscellaneous revenue	236	867	130	765

5. Other Gains & Losses

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Gain on disposal of property, plant & equipment	(213)	(276)	(213)	(941)
Gain (loss) on non-current assets held for sale	-	134	-	134
Loss on derecognition of property, plant and equipment	-	-	(120)	-
Gain (Loss) on Investment properties	(16)	(69)	(16)	(69)
Gain (Loss) on change in forestry value	-	-	(279)	157
Gain (Loss) on loans	-	-	-	-
Total gains/(losses)	(229)	(211)	(627)	(718)

6. Personnel Costs

Salaries and wages includes movements in employee benefit liabilities.

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Salaries & Wages	4,155	4,274	18,290	17,517
Defined contribution plan employer contributions	58	67	200	221
Termination benefits	-	-	414	11
Other benefits	-	-	134	138
Training costs*	303	271	303	271
Increase/(decrease) in employee entitlements/liabilities	36	39	(91)	(143)
Total Employee Benefit Costs	4,552	4,651	19,250	18,016

* Training costs for comparatives has been reclassified from 'Operating Expenses' to 'Personnel Costs' in the Income Statement.

Employer contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributors Scheme.

7. Employee Entitlements

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Accrued Pay	223	231	432	415
Annual Leave	316	357	1,552	1,440
Long Service Leave	-	-	185	160
Retirement Leave	87	78	389	352
Sick Leave	-	-	-	71
Total Employee Provisions	626	665	2,558	2,440
Made up of:				
Current Portion of Employee Provisions	539	587	2,318	1,939
Term Portion of Employee Provisions	87	78	333	501
Total Employee Provisions	626	665	2,651	2,440

Employee Provisions – Movements

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Opening Balance	590	626	2,743	2,651
Additional provision	391	344	263	94
Amount used	(354)	(305)	(354)	(305)
Net Movement for the Year	36	39	(93)	(211)
Closing Balance	626	665	2,651	2,440



8. Other Operating Expenses

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Audit fees for financial statement audit – current year	99	104	188	181
Audit fees for financial statement audit – prior year	25	-	25	-
Audit fees for Long Term Plan	62	-	62	-
Impairment of receivables movement (see note 11)	9	(32)	6	(22)
Impairment of property plant & equipment	-	-	-	256
Donations	-	-	-	-
Directors fees	-	-	173	138
Rental and operating lease expenses	-	-	330	427
Other operating expenses	15,419	16,128	27,434	26,296
Total other operating expenses	15,614	16,200	28,218	27,275

9. Depreciation Expense by Group of Activities

	2011/12 Council \$000s	2012/13 Council \$000s
Building Communities and Leadership	54	4
Community and Recreation Facilities	1,307	1,915
District Promotion and Economic Development	53	6
Regulatory Services	128	89
Roading and Footpaths	7,835	7,812
Solid Waste Management	344	81
Stormwater	221	226
Wastewater	821	747
Water Supplies	1,119	949
Total	11,882	11,828

This note is disclosed to be compliant with Schedule 10 of the Local Government Act 2010.

10. Taxation

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Income Tax Expense				
Components of Tax Expense				
Current tax expense	-	-	-	-
Adjustments to current tax in prior years	-	-	-	-
Deferred liability	-	-	(671)	(771)
Total income tax expense	-	-	(671)	(771)
Relationship between Tax and Accounting Profit				
Operating surplus/(deficit) before income tax	(1,461)	(196)	(3,654)	(3,209)
Prima facie tax @ 28%	(409)	(55)	(1,023)	(899)
Timing difference	-	-	-	-
Tax effect of permanent differences:				
Non-deductible expenditure	409	55	352	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	-	-	-	-
Total income tax expense	-	-	(671)	(771)

Consolidated Deferred Tax Assets/(Liabilities)

	Forestry Assets	Tax Losses	Property, Plant & Equipment	Intan- gibles	Employee Benefits	Retentions	Provisions	Other Provisions	Total
Balance 30 June 2011	(203)	80	(2,630)	-	545	(229)	17	(61)	(2,360)
Charged to profit & loss	78	127	424	-	(36)	62	-	17	671
Charged to equity	-	-	-	-	-	-	-	-	-
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)
Balance 30 June 2013	(155)	483	(1,749)	-	458	(99)	17	53	(993)

Council and its subsidiaries qualify as a group of companies for tax purposes and transfer of losses:

	2011/12 \$000s Losses	2012/13 \$000s Losses	2011/12 \$000s Tax Effect	2012/13 \$000s Tax Effect
Subvention Payment (Infracon Ltd pays Council: taxable revenue in Council; expense in Infracon)	-		-	
Loss Offset (Losses transferred to Infracon Ltd from Council)	-		-	
	-		-	

Council has not recognised a deferred tax asset in relation to tax losses of \$956,826 (2012: \$1,060,000).

Imputation Credit Account

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Closing Balance End of Year	-	-	2,125	1,961

11. Debtors and Other Receivables

(Amounts include GST)	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Rates receivables	1,107	1,556	1,107	1,556
Related party receivables	11	39	-	-
Community loans	-	-	-	-
Sundry debtors	997	1,253	4,446	3,727
Sundry debtors - NZ Transport Agency: Roothing Subsidies	1,920	1,666	1,920	1,666
Interest accrued	58	34	58	34
Prepayments	84	137	166	261
Loans to related parties	-	-	-	-
Contract work in progress	-	-	233	980
Other receivables	545	381	545	381
	4,722	5,066	8,475	8,605
Less provision for impairment of receivables	(171)	(139)	(210)	(187)
Current portion	4,551	4,927	8,265	8,418
Non-current portion				
Loans to related parties	-	-	-	-
Prepayments	13	9	13	9
Community loans	-	-	-	-
Non-current portion	13	9	13	9
Total trade and other receivables	4,564	4,935	8,279	8,427

The rates receivable are as follows for assessed impairment, net collectable and debtor aging:

(Amounts include GST)	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Total rates receivable	1,107	1,556	1,107	1,556
Less assessed impairment	(86)	(86)	(86)	(86)
Net assessed as collectable after rating sales & expected collection	1,021	1,470	1,021	1,470
Collectible split for rating years as:				
>12 months	317	594	317	594
<12 months	704	876	704	876
Carrying amount	1,021	1,470	1,021	1,470

The trade and receivables excluding rates receivable are as follows for assessed impairment, net collectable and debtor aging:

(Amounts include GST)	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Current	1,541	1,603	4,923	4,820
1 Month	1,922	1,731	2,173	1,849
2 Months	18	112	37	221
Over 2 Months	62	20	125	67
	3,543	3,466	7,258	6,957

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 (2012: \$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 (2012: \$86,000).

The status of receivables as at 30 June 2013 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 (2012: \$NIL).
- The face value of community loans is \$35,000 (2012: \$49,000). This is a loan to Bush Multisport from 1 April 2011 to 1 April 2016 with an interest rate of 6%. Fair value of the loan equals the face value.
- The carrying value of trade and other receivables (excluding loans to related parties) approximates their fair value. As of 30 June 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied.

Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council pool of debtors. Expected losses have been determined based on an analysis of Council losses in previous periods, and review of specific debtors.

Group Impairment of Trade Receivables

Infracon Limited has outstanding trade receivables of \$3,302,059 (year 2012: \$4,082,888) aged less than 90 days. Those 90 days and over were \$75,676 (2012: \$58,078). Those aged 90 days and over were impaired by \$48,519 (2012: \$39,137). Total impairment for the year was \$48,519 (2012: \$39,137).

Those specific debtors that are insolvent are fully provided for. As at 30 June 2013 Infracon Limited has identified two debtors that were insolvent, totalling \$10,990 (2012: \$8,134).

Tararua Forests Limited only has current receivables due within 30 days and no adjustment for impairment has been made.

Movements in the provision for impairment of receivables for Council and Group are as follows:

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
At 1 July	165	171	210	210
Additional/(Reduction in) provisions made during the year	6	(32)	4	(22)
Less Receivables written off during period	-	-	(4)	(1)
At 30 June	171	139	210	187

12. Forestry Assets

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Balance at 1 July	-	-	1230	951
Increases due to purchases	-	203	-	-
Gains/Losses arising from changes in fair value - less estimated sale costs	-	-	(279)	157
Decreases due to sales	-	-	-	-
Decrease due to harvest	-	-	-	(97)
Balance at 30 June	-	203	951	1,205

Council

Council, on 30 June 2013, bought a block of forest (15.7 hectares) from Tararua Forests Limited to ensure that harvesting of the forest can continue as the company is placed under voluntary liquidation.

Tararua Forests Limited

Tararua Forests Limited owns 406.6 hectares of pinus radiata forest and 6 hectares of cypress/native (412.6 hectares of forest) at year end (2012: 433 hectares). The trees are at varying stages of maturity ranging from 0–30 years.

During the 2012/13 year, Tararua Forests Limited harvested 10.7 hectares and sold to Council 15.7 of forest at Birch North.

Registered valuer, P F Olsen, has valued forestry assets as at 30 June 2013. A post-tax discount rate of 7% was used to discount the present value of expected cashflows.

Financial Risk Management Strategies

Tararua Forests Limited is exposed to financial risks arising from changes in timber prices. Tararua Forests Limited does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices.

13. Inventory and Livestock

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Held for distribution inventory				
Rural fire consumables	4	4	4	4
Fuel & Oil	-	-	192	247
Paper Stock	24	28	24	28
i-SITE stock	3	4	3	4
Commercial inventory				
Livestock	3	4	3	4
Material Stocks	39	35	1,865	1,320
Total Inventory and Livestock	75	76	2,091	1,608

No inventories were pledged as security for liabilities nor are any inventories subject to retention of title clause.

14. Other Financial Assets

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Current Portion				
Short term deposits greater than 3 months but less than 12 months	5,776	3,882	5,791	3,882
Total Current Portion	5,776	3,882	5,791	3,882
Non-current Portion				
Term deposits greater than 12 months	-	-	-	-
Shares - subsidiaries	5,015	4,974	-	-
Tararua Aquatic Community Trust settled by Council (Initial \$500 capital)	1	1	-	-
Loan to Bush Multisport Trust	49	35	49	35
New Zealand Local Government Insurance Corporation Limited	127	118	127	118
MW LASS shares	1	1	1	1
Total Non-Current Portion	5,193	5,128	177	154
Total Investments	10,969	9,010	5,968	4,035

There were no impairment provisions for other financial assets.

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 be carried out, by Council. All assets and liabilities of Tararua Forests Limited will be transferred to Council at their carrying book value upon conclusion of the liquidation.

Term Deposits

The carrying amount of term deposits approximates their fair value.



Local Authority Share

The fair value of local authority share was lower than the cost value appearing in the statements as at 30 June 2013. Therefore, an adjustment was made for impairment of these assets resulting in a book value of \$118,000 (2012: \$127,000).

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, as Council is in negotiation with several interested parties on the best use of the land.

Non-current assets held for sale	2011/12	2012/13
Buildings	164	293
Land	77	82
Total non-current assets held for sale	241	375

16. Investment Property

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Balance at 1 July	399	1,782	399	1,351
Additions from reclassification	1,398	-	1,398	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation	(15)	(69)	(446)	(69)
Balance at 30 June	1,782	1,713	1,351	1,285
Rental Income	101	101	26	26
Direct Operating Expenses	(28)	(32)	(22)	(22)
Surplus/(Deficit)	73	73	4	4

Council investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by registered valuers Kerry Stewart and Jamie Benoit of Darroch, previously Quotable Value New Zealand.

Some of these properties are leased to Infracon Limited and are treated as Property, Plant & Equipment Operational on consolidation.

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 2013 the loans repayable to tenants totalled \$675,075 (2012: \$713,475).

18. Property, Plant & Equipment

Valuation

Council Valuations

Infrastructure Assets – Roothing 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 Roothing Manager and Engineer, and reviewed by Registered Valuers, John Vessey BE BA MIPENZ MACENZ at Opus, using optimised depreciated replacement cost. The valuation is effective as at 30 June 2013.

The total fair value valued by Council and reviewed by Opus was \$822,949,963. There are no amounts of property, plant and equipment pledged as security for liabilities.

Land (operational, restricted, and infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer, Kerry Stewart of Darrock Limited. The valuation is effective as at 30 June 2012.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The total fair value of land valued by Darrock Limited was \$13,754,600.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.



The total fair value of buildings (including improvements) valued by Darrock Limited was \$18,519,090.

Disposal

The net loss on disposal of property, plant and equipment of \$276,000 has been recognised in the statement of comprehensive income in the line item "Other asset gains/losses" and disclosed in Note 5.

Infracon Limited Valuations

Revaluation of Land and Buildings

The most recent valuation by Infracon Limited was performed by B D Mainwaring, a qualified independent valuer of Blackmore & Associates, registered public valuers, to determine the fair value of its freehold land and buildings. The total fair value of property (land & buildings) valued was \$2,087,200 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 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 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
Operational Assets					
At Valuation					
Buildings	16,765	-	16,765	269	-
Land	8,701	-	8,701	35	(8)
Heritage	2,223	-	2,223	12	-
At Cost					
Computer Equipment	1,503	(1,149)	354	102	-
Fibre Cabling & Conduits	1,051	(136)	915	-	-
Furniture and Fittings	641	(565)	76	7	-
Library Collections†	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	-
Total Operational Assets	35,762	(4,316)	31,445	1,058	(169)



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
Infrastructure Assets					
At Valuation					
Roading Network	672,064	-	672,064	6,413	-
Roading Bridges and Culverts	56,725	-	56,725	215	-
Roading Land	24,156	-	24,156	-	-
Sewerage Systems	23,911	-	23,911	324	(24)
Stormwater Systems	11,664	-	11,664	440	(105)
Street-lighting	1,058	-	1,058	9	-
Waste Management	1,088	(842)	246	-	-
Water Supply Systems	38,437	-	38,437	1,765	(149)
At Cost					
Work in Progress	3,899	-	3,899	4,237	-
Total Infrastructure Assets	833,002	(842)	832,160	13,403	(278)
Restricted Assets					
At Valuation					
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	-	-
Total Restricted Assets	4,678	-	4,678	-	-
Total Council Assets	873,442	(5,158)	868,283	14,461	(447)
Plus Intangible Amortisation					
Total Parent Depreciation and Amortisation					

* 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
-	(728)	1	590	-	24,073	-	24,073
-	(226)	3	(329)	-	11,444	-	11,444
-	(62)	-	29	-	1,034	-	1,034
-	(33)	-	-	-	1,088	(875)	212
-	(940)	5	68	-	39,181	-	39,181
-	-	-	-	(1,966)	6,170	-	6,170
-	(9,612)	9	(5,088)	(1,966)	829,494	(875)	828,617
-	-	-	-	-	1,466	-	1,466
-	-	-	-	-	1,919	-	1,919
-	-	-	-	-	597	-	597
-	-	-	-	-	403	-	403
-	-	-	-	-	293	-	293
-	-	-	-	-	4,678	-	4,678
(403)	(11,700)	189	(5,061)	(2,070)	870,312	(7,068)	863,244
	(128)						
	(11,828)						



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
Operational Assets					
At Valuation					
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)
At Cost					
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	-
Total Operational Assets	59,694	(9,501)	50,193	2,001	(1,625)
Total Restricted Assets	4,678	(1)	4,678	-	-
Total Infrastructural Assets	833,002	(842)	832,160	13,403	(278)
Total Consolidated Assets	897,374	(10,344)	887,030	15,404	(1,903)
Plus Intangible Amortisation					
Total Consolidated Depreciation and Amortisation					



Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluations	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)	(1,319)	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
(443)	(4,243)	4,086	281	(92)	55,952	(9,699)	46,253
-	-	-	-	-	4,678	-	4,678
0	(9,612)	9	(5,088)	(1,966)	829,494	(875)	828,617
(443)	(14,087)	4,095	(4,807)	(2,058)	890,123	(10,574)	879,548
	(231)						
	(14,088)						



Council 2012

	Cost or Valuation Opening Bal 1 July 2011 \$000s	Accumulated Depreciation Opening Bal 1 July 2011 \$000s	Carrying Amount Opening Bal 1 July 2011 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
Operational Assets					
At Valuation					
Buildings	14,000	(2,218)	11,782	2,198	(12)
Land	9,570	-	9,570	210	-
Heritage	2,753	(130)	2,623	-	-
At Cost					
Computer Equipment	1,380	(1,024)	356	137	-
Fibre Cabling & Conduits	1,051	(98)	953	-	-
Furniture and Fittings	588	(556)	32	53	-
Library Collections†	1,104	(796)	308	96	-
Motor Vehicles	1,238	(639)	599	428	(170)
Plant and Machinery	1,545	(665)	880	140	(43)
Swimming Pools	384	(123)	261	34	-
Work in Progress	157	-	157	113	-
Total Operational Assets	33,770	(6,249)	27,521	3,409	(225)
Infrastructure Assets					
At Valuation					
Roading Network	650,405	-	650,405	6,644	-
Roading Bridges and Culverts	60,323	-	60,323	560	-
Roading Land	24,156	-	24,156	-	-
Sewerage Systems	22,913	-	22,913	193	(40)
Stormwater Systems	11,399	-	11,399	119	-
Street-lighting	1,091	-	1,091	-	-
Water Supply Systems	31,661	-	31,661	276	(184)
At Cost					
Waste Management	1,190	(657)	533	-	-
Work in Progress	2,529	-	2,529	2,377	-
Total Infrastructure Assets	805,667	(657)	805,010	10,169	(224)



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 2012	Accum. Depn & Impairment Closing Bal 30 June 2012	Carrying Amount Closing Bal 30 June 2012
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
-	(1,169)	-	4,235	(270)	16,764	-	16,764
-	-	-	(144)	(935)	8,701	-	8,701
-	(128)	-	161	(433)	2,223	-	2,223
-	(139)	-	-	-	1,503	(1,149)	354
-	(38)	-	-	-	1,051	(136)	915
-	(9)	-	-	-	641	(565)	76
-	(104)	-	-	-	1,200	(900)	300
-	(154)	138	-	-	1,410	(569)	841
-	(195)	(3)	-	102	1,744	(863)	881
-	(12)	-	-	-	418	(135)	283
-	-	-	-	(163)	107	-	107
-	(1,950)	135	4,252	(1,699)	35,762	(4,317)	31,445
-	(6,089)	-	21,104	-	672,064	-	672,064
-	(1,375)	-	(2,783)	-	56,725	-	56,725
-	0	-	0	-	24,156	-	24,156
-	(781)	1	1,626	-	23,911	-	23,911
-	(217)	-	363	-	11,664	-	11,664
-	(61)	-	28	-	1,058	-	1,058
-	(1,085)	4	7,769	-	38,437	-	38,437
-	(231)	46	-	(102)	1,088	(842)	246
-	-	-	-	(1,007)	3,899	-	3,899
-	(9,840)	51	28,107	(1,109)	833,002	(842)	832,160



	Cost or Valuation Opening Bal 1 July 2011 \$000s	Accumulated Depreciation Opening Bal 1 July 2011 \$000s	Carrying Amount Opening Bal 1 July 2011 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
Restricted Assets					
At Valuation					
Cemetery Reserves	1,706	-	1,706	-	-
Parks and Reserves	2,212	-	2,212	-	-
Roading Reserves	651	-	651	-	-
Sundry Reserves	432	-	432	-	-
War Memorials	176	-	176	-	-
Total Restricted Assets	5,177	-	5,177	-	-
Total Council Assets	844,614	(6,906)	837,708	13,577	(449)
Plus Intangible Amortisation					
Total Parent Depreciation and Amortisation					

* 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 2012	Accum. Depn & Impairment Closing Bal 30 June 2012	Carrying Amount Closing Bal 30 June 2012
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
-	-	-	(240)	-	1,466	-	1,466
-	-	-	(293)	-	1,919	-	1,919
-	-	-	(54)	-	597	-	597
-	-	-	(29)	-	403	-	403
-	-	-	117	-	293	-	293
-	-	-	(499)	-	4,678	-	4,678
-	(11,791)	186	31,860	(2,808)	873,441	(5,160)	868,280
	(91)						
	(11,882)						



Consolidated 2012

	Cost or Valuation Opening Bal 1 July 2011 \$000s	Accumulated Depreciation Opening Bal 1 July 2011 \$000s	Carrying Amount Opening Bal 1 July 2011 \$000s	Current Year Additions \$000s	Current Year Disposals \$000s
Operational Assets					
At Valuation					
Buildings	15,239	(2,218)	13,021	2,198	(12)
Heritage	2,753	(130)	2,623	-	-
Land	11,000	-	11,000	210	-
Motor Vehicles	4,613	-	4,613	798	(115)
Plant and Machinery	9,646	-	9,646	691	(186)
At Cost					
Buildings	1,478	(334)	1,144	21	-
Computer Equipment	2,186	(1,770)	416	140	-
Fibre Cabling & Conduits	1,051	(98)	953	-	-
Furniture and Fittings	682	(611)	71	55	-
Library Collections	1,104	(796)	308	96	-
Motor Vehicles	1,238	(639)	599	428	(170)
Plant and Machinery	4,283	(2,266)	2,017	286	(43)
Swimming Pools	384	(123)	261	34	-
Work in Progress	157	-	157	113	-
Total Operational Assets	55,815	(8,985)	46,830	5,071	(525)
Total Restricted Assets	5,177	-	5,177	-	-
Total Infrastructural Assets	805,667	(657)	805,010	10,169	(224)
Total Consolidated Assets	866,659	(9,642)	857,017	15,240	(749)
Plus Intangible Amortisation					
Total Consolidated Depreciation and Amortisation					



Current Year Impairment Changes	Current Year Depreciation	Reverse Accum. Depn on Sales or Revaluations	Revaluation Movements	Adjustments [#] (Allocate WIP) (Re-Class Assets)	Cost or Valuation 30 June 2012	Accum. Depn & Impairment Closing Bal 30 June 2012	Carrying Amount Closing Bal 30 June 2012
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
-	(1,212)	-	4,276	(270)	18,045	(43)	18,002
-	(128)	-	161	(433)	2,223	-	2,223
-	-	-	326	(935)	10,601	-	10,601
-	(1,028)	-	-	-	5,296	(1,028)	4,268
-	(1,040)	-	-	-	10,152	(1,040)	9,112
-	(39)	-	-	-	1,500	(373)	1,126
-	(172)	-	-	-	2,311	(1,927)	384
-	(38)	-	-	-	1,051	(136)	915
-	(20)	-	-	-	737	(631)	106
-	(104)	-	-	-	1,200	(900)	300
-	(154)	138	-	-	1,410	(569)	840
-	(435)	(3)	-	102	4,643	(2,719)	1,924
-	(12)	-	-	-	418	(135)	283
-	-	-	-	(163)	107	-	107
-	(4,385)	135	4,763	(1,699)	59,694	(9,502)	50,192
-	-	-	(499)	-	4,678	-	4,678
-	(9,840)	51	28,107	(1,109)	833,002	(842)	832,159
-	(14,225)	186	32,371	(2,808)	897,374	(10,345)	887,028
	(182)						
	(14,407)						



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
Council							
2012/13							
Computer Software	1,219	(653)	566	212	-	(128)	649
Intangible WIP	84	-	84	2	(17)	-	69
Easement rights	-	-	-	4	-	-	4
Total	1,303	(653)	650	218	(17)	(128)	722
2011/12							
Computer Software	1024	(562)	462	195	-	(91)	566
Intangible WIP	4	-	4	80	-	-	84
Total	1028	(562)	466	275	-	(91)	650
Consolidated							
2012/13							
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
Total	2,607	(1,415)	1,193	302	-	(464)	1,030
2011/12							
Computer Software	1,662	(883)	779	203	-	(143)	839
Intangible WIP	4	-	4	80	-	-	84
Resource Consent	659	(350)	309	-	-	(39)	270
Total	2,325	(1,233)	1,092	283	-	(182)	1,193

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

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Trade payables	1,869	908	4,274	3,745
Amounts payable to related parties including their retentions (note 29)	1,263	1,246	-	-
Revenue in advance from customers	109	249	266	266
Interest Accrued	19	6	19	6
Amounts payable to contractors as retentions	270	296	270	296
Other payables	-	-	-	-
Total trade and other payables	3,531	2,705	4,830	4,313

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 5.58% (2012: 6.29%).

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Non-current				
Landfill aftercare provision				
Opening Balance	726	645	726	645
Additional provisions during the year	-	-	-	-
Amounts used during the year	(24)	(43)	(24)	(43)
Unused amounts reversed during the year	-	-	-	-
Discount unwinding	(57)	46	(57)	46
Closing balance	645	648	645	648

	Opening Date	Closure Date	After Care Until	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Woodville Landfill	1960	1997	2027	40	38	40	38
Pahiatua Landfill	1973	2012	2042	117	122	117	122
Ormondville Landfill	1963	2000	2030	47	45	47	45
Eketahuna Landfill	1971	2018	2048	195	197	195	197
Pongaroa Landfill	1973	2021	2051	178	178	178	178
Dannevirke Landfill	1973	2012	2042	68	68	68	68
Total Landfill Liability				645	648	645	648

Council \$000s	Carrying Amount Brought Forward \$000s	Discount Unwinding \$000s	Amount Used \$000s	Balance \$000s
40 Woodville Landfill	40	(2)	-	38
117 Pahiatua Landfill	117	4	-	122
47 Ormondville Landfill	47	(2)	(1)	45
195 Eketahuna Landfill	195	23	(20)	198
178 Pongaroa Landfill	178	23	(22)	178
68 Dannevirke Landfill	68	(1)	-	67
645 Total Landfill Liability	645	46	(43)	648

22. Provision – Site Restoration

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Balance at 1 July	-	-	60	60
Additional Provisions made during the year	-	-	-	-
Amounts used during the year	-	-	-	-
Unused amounts reversed during the year	-	-	-	-
Balance at 30 June	-	-	60	60

Infracon Limited has recognised a provision for reinstatement at the Mangamaire Quarry site. Mangamaire is a land based aggregate extraction site. The provision is based on current assumptions of the costs required to restore the site to the requirements under the resource consent. The associated costs are earthworks and regrassing. The provision is reviewed each year and any increases in reinstatement provisions are recognised when identified. There is no indication that the reinstatement will be required in the near future.



23. Borrowings

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Current				
Bank Overdraft (Infracon - current rate of interest is 11.20% (last year 11.20%))	-	-	-	-
Secured Loans	5,000	10,000	5,133	10,000
Total Current Borrowings	5,000	10,000	5,133	10,000
Non-current				
Derivative Financial Instruments	396	231	396	231
Secured Loans	5,000	-	5,500	1,000
Total Non-current Borrowings	5,396	231	5,896	1,231
Total Borrowings	10,396	10,231	11,029	11,231

Fixed-Rate Borrowings

	Maturity Date	Interest Rate 2011/12	Interest Rate 2012/13	Actual 2011/12	Actual 2012/13
Current					
Capped Ranged Rate Term Loan	16 July 2012	4.65%	-	2,000	-
Capped Ranged Rate Term Loan	31 March 2014	-	5.84%	-	5,000
Multi-Option Credit Facility	24 Sept 2013	3.78%	3.79%	3,000	5,000
Total Current Borrowings				5,000	10,000
Non-current					
Capped Range Rate Term Loan	31 Mar 2014	5.84%	-	5,000	-
Total Non-current Borrowings				5,000	-
Total Borrowings				10,000	10,000

Secured Loans

The Council's secured debt of \$10 million (2012: \$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 (2012: \$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 (2012: \$NIL)

Council term loans are secured by special rates over the rateable land value of the Taranaki district.

	2011/12 \$000s	2012/13 \$000s
Other borrowing facilities and amount drawn down as at 30 June 2013		
Committed cash advance facility – standby disaster relief facility		
- Limit	5,000	5,000
- Drawn down	-	-
Multi-Option Credit Line Facility		
- Limit	-	5,000
- Drawn down	-	-
Overdraft facility (\$500,000 approved but only \$200,000 limited loaded)		
- Limit	300	300
- Drawn down	-	-
BNZ Business Visa		
- Limit	50	50
- Drawn down	29	29
Liabilities outstanding under Letter of Credit		
None	-	-
Outstanding commitments on forward exchange contracts		
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

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 current interest rate on the bank overdraft is 11.20% per annum (2012: 11.2%).

The bank overdraft facility drawn down at balance date was \$NIL (2012: \$NIL).

Credit Plus Facility

The Credit Plus Facility is a revolving credit facility. The available limit at balance date was \$1,731,177 (2012: \$1,809,602). The Credit Plus Facility was not drawn on at balance date (2012: \$107,000).



Assets Pledged as Security

The 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.

Breach of Bank Covenant

As at 31 December 2012, the Company breached the interest cover ratio of its banking covenant which required EBITDA to cover interest three times. In light of the minimal interest paid, the bank agreed not to take any action on the breach and waived the interest cover covenant for the 30 June 2013 reporting period. The bank has, however, indicated that it expects the company to meet any interest cover covenant in the future should additional lending be required.

Tararua Forests Limited

Tararua Forests Limited does not have any borrowings.

Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of Council and Group's borrowings. There are no early repayment options.

	Overdraft Council	Secured Loans	Consolidated
Expense Interest Rates 2013			
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	-	-	-
Expense Interest Rates 2012			
Less than one year	-	5,000	5,133
weighted average effective interest rate	-	4.13%	4.18%
Later than one year but not more than five years	-	5,000	5,500
weighted average effective interest rate	-	5.84%	5.84%
Later than five years	-	-	-
weighted average effective interest rate	-	-	-

Internal Borrowing

Group of Activities	Opening balance 1-Jul-2012	New loans	Interest	Repayments including interest	Closing balance 30-Jun-2013
District	636	213	25	(83)	792
Building Communities & Leadership	-	-	-	-	-
Community and Recreation Facilities	619	48	21	(92)	596
District Promotion	-	6	-	-	6
Regulatory Services	94	9	3	(15)	91
Roading	2,416	632	84	(319)	2,813
Solid Waste	2,617	-	88	(172)	2,533
Stormwater	1,855	-	61	(206)	1,711
Wastewater	4,150	1,407	102	(553)	5,106
Water Supplies	3,605	2,116	155	(410)	5,466
Total	15,993	4,431	539	(1,850)	19,113



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
2013						
Balance at 1 July	361,994	497,255	15,891	52	875,192	890,252
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)
Change in Equity for the year before transfers of equity reserves	(205)	(5,388)	-	-	(5,593)	(7,760)
Transfers between equity reserves:						
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	-	-	-	-
Total Change in Equity for the Period	(4,109)	(5,380)	3,899	(4)	(5,593)	(7,760)
Closing Equity at 30 June 2013						
Parent Financial Interest	357,885	491,874	19,790	48	869,597	877,426
Minority Interest	-	-	-	-	-	5,066
Balance at 30 June	357,885	491,874	19,790	48	869,597	882,492
2012						
Balance at 1 July	364,077	466,713	14,028	30	844,848	860,950
Net surplus/(deficit) for the year	(1,461)	-	-	-	(1,461)	(2,983)
Less dividend declared	-	-	-	-	-	-
Fair value through equity, valuation gains	(55)	-	-	-	(55)	(55)
Increases/(decreases) from revaluation	-	31,860	-	-	31,860	32,339
Tax on equity items	-	-	-	-	-	-
Change in Equity for the year before transfers of equity reserves	(1,516)	31,860	-	-	30,344	29,302
Transfers between equity reserves:						
Net Appropriation from Accum. Funds to Special Funds	(1,863)	-	1,863	-	-	-
Net Appropriation to Accum. Funds from Trust Funds	(22)	-	-	22	-	-
Net Transfers from Revaluation Reserves to Accum. Funds	1,318	(1,318)	-	-	-	-
Total Change in Equity for the Period	(2,082)	30,542	1,863	22	30,344	29,302
Closing Equity at 30 June 2012						
Parent Financial Interest	361,994	497,255	15,891	52	875,192	884,890
Minority Interest	-	-	-	-	-	5,362
Balance at 30 June	361,994	497,255	15,891	52	875,192	890,252

25. Revaluation Reserves

	Balance 1-Jul-12	Revaluation Deferred Tax	Revaluation Assets Changes	Disposals/ Value Adjust.	Balance 30-Jun-13
	\$000s	\$000s	\$000s	\$000s	\$000s
Council Revaluation Reserves					
Fixed Assets Revaluation Reserves					
Operational: Land	6,452		-	-	6,452
Operational: Buildings	10,959		(327)	-	10,632
Operational: Motor Vehicles	-		-	-	-
Operational: Plant & Equipment	-		-	-	-
Heritage Assets	192		27	-	219
Reserves: Cemetery	1,074		-	-	1,074
Reserves: Parks and Reserves	1,472		-	-	1,472
Reserves: Roading	476		-	-	476
Reserves: Sundry	332		-	-	332
Reserves: War Memorials	227		-	-	227
Roading Network	385,976		(6,021)	-	379,955
Roading Land	4,288		-	-	4,288
Bridges and Culverts	30,354		605	-	30,959
Stormwater	8,510		(335)	3	8,178
Water Network	32,803		58	5	32,866
Sewerage	14,140		605	-	14,745
Total Fixed Assets Revaluation Reserves	497,255	-	(5,388)	8	491,876
Share Revaluation Reserve					
Shares	-		-	-	-
Total Share Revaluation Reserve	-	-	-	-	-
Total Revaluation Reserves - Council	497,255	-	(5,388)	8	491,876
Consolidated Revaluation Reserves					
Fixed Assets Revaluation Reserves					
Council	497,255	-	(5,388)	8	491,876
Other Entities	2,217	(50)	170	(284)	2,052
Total Revaluation Reserves - Consolidated (Per Statements)	499,472	(50)	(5,218)	(276)	493,928
Minority Interests	1,367	(26)	87	(146)	1,194
Revaluation Reserves including Minority Interests	500,839	(75)	(5,131)	(422)	495,217

26. Special Funded Reserves

	Balance 1-Jul-12 \$000s	Transfers In \$000s	Transfers Out \$000s	Transfer Interest In \$000s	Balance 30-Jun-13 \$000s
Taranaki General Purpose	724	-	(35)	25	714
Taranaki Land Sub-division and Development	-	-	-	-	-
Council Depreciation	10,100	11,828	(8,566)	370	13,732
Taranaki Emergency Roading	1,956	-	-	67	2,024
Taranaki Gratuity	296	-	(79)	-	217
Infrastructure Protection Reserve	-	55	-	-	55
Taranaki Housing	685	-	-	49	734
Dannevirke Airport Authority	(15)	19	-	-	4
District Cemeteries	19	-	-	1	20
Makuri Water Scheme	7	5	-	-	12
Recreation Grant	30	20	-	12	63
Tenant Contribution	725	-	(38)	-	687
Pongaroa Water Supply Depreciation	167	10	(17)	12	172
Heritage Reserve	38	10	(12)	-	36
Consultancy Depreciation	229	-	-	8	237
Consultancy General	225	-	-	8	233
Biodiversity Protection	(7)	10	(5)	-	(2)
Election	(16)	25	-	-	9
Water Development	46	-	-	2	48
Waste Management	74	57	(7)	3	127
TACT Wai Splash Depreciation	74	46	(16)	5	109
Sewerage Op Surplus Reserve	74	-	-	3	77
Bush Multisport Depreciation	104	-	-	4	108
Domain Boards Bank Balances	354	9	-	12	375
Total Council	15,889	12,094	(8,775)	581	19,790

Summary of Special Fund Movements

	Balance 1-Jul-12 \$000s	Net transfer (to)/from Accumulated Funds \$000s	Balance 30-Jun-13 \$000s
Total Council	15,889	3,900	19,790

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"> • Proceeds from sale or disposal of assets where a particular function is discontinued, and for property sales. • Insurance monies received when buildings or property are damaged and not reinstated. • Proceeds from forestry not otherwise required for the funding of continued operations and maintenance of the forest. • 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.
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"> • Sustainable management of the district's natural and physical environment • Protection and enhancement of the community's environment values 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.

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-12 \$000s	Funds Received \$000s	Expenses Paid \$000s	Interest Earned \$000s	Balance 30-Jun-13 \$000s
Dannevirke Fairbrother	20	-	-	-	20
Dannevirke Urban Campsite	1	-	-	-	1
Ormondville Play Group	1	-	-	-	1
Pahiatua Heritage	19	-	-	-	19
Arts Council of NZ	2	18	(22)	-	(2)
Mayoral Storm Relief Fund	9	-	-	-	9
Total Council	52	18	(22)	-	48

Summary of Trust Fund Movements

	Balance 1-Jul-12 \$000s	Net transfer to/(from) Accumulated Funds \$000s	Balance 30-Jun-13 \$000s
Total Council and Consolidated	52	4	48



28. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Reported Surplus/(Deficit) from Statement of Comprehensive Income	(1,461)	(196)	(2,983)	(3,060)
Add (less) non-cash items				
Depreciation & amortisation	11,882	11,828	14,407	14,088
Impairment losses/(recoveries)	-	-	-	-
(Increase)/decrease deferred taxation	-	-	(671)	746
Movement in employee entitlement	-	-	(11)	(54)
Assets introduced	-	-	-	-
Donated assets	-	-	-	-
Changes in fair value	343	(165)	622	(165)
Value of forests sold	-	-	-	-
Other (gains)/losses & revaluation (increases)/decreases	229	211	349	562
Bad debts written off or bad debt provision	(9)	32	(9)	42
Total non-cash items	12,445	11,906	14,686	15,219
Add/(less) movements in working capital items				
(Increase)/decrease in inventory and livestock	(41)	(1)	(41)	280
(Increase)/decrease in accounts receivable & prepayments	(1,668)	(373)	2,689	(10)
Increase/(decrease) in accounts payable & accruals	427	(865)	(2,848)	(621)
Increase/(decrease) in employee provisions	36	39	(80)	(212)
(Increase)/decrease in net GST	152	6	154	6
Total movements in working capital	(1,097)	(1,192)	(126)	(557)
Add/(less) items classified as investing activities	-	203	-	-
Total items classified as investing activities	-	203	-	-
Net cash surplus from operating activities	9,886	10,719	11,577	11,602

29. Related Party Transactions

	2011/12 \$000s	2012/13 \$000s
Related Party Transactions with Subsidiaries		
TDC Holdings Limited		
Services received by Council during the year (GST exc)	52	-
Services provided by Council during the year (GST exc)	15	-
Amounts payable to Council at year end (GST inc)	-	-
Amounts receivable by Council at year end (GST inc)	-	-
Dividends payable to Council during the year (GST exc)	-	-
Disestablishment cost paid by Council	20	-
Infracon Limited		
Services received by Council during the period (GST exc)	10,006	10,664
Services provided by Council during the period (GST exc)	130	127
Amounts receivable by Council at year end (GST inc)	5	8
Dividend payment received by Council (GST exc)	-	207
Amounts payable by Council at year end as contract retentions (GST inc)	195	286
Amounts payable by Council at year end provision for ex employee retirement (GST exc)	35	35
Amounts payable by Council at year end -provision for ex employee sick leave (GST exc)	12	11
Amounts payable by Council at year end (GST inc)	1,067	960
Dividends payable to TDC Holdings Limited at year end (GST exc)	-	-
Tararua Forests Limited		
Services received by Council during the year (GST exc)	-	-
Services and rates provided by Council during the period (GST exc)	13	13
Amount payable to Council at year end (GST inc)	6	23
Services provided by TDC Holdings Limited during the year (GST exc)	5	-
Amounts payable to TDC Holdings Limited at year end (GST inc)	-	-
Dividends paid to TDC Holdings Limited during the year (GST exc)	-	-
Purchase of forestry assets by Council	-	203
Council is settlor of the Tararua Aquatic Community Trust and meets the definition being of a Council Organisation		
Income of the Trust provided by the Council (GST exc)	210	195
Payments for Services received by the Council (GST exc)	-	-
Amounts receivable by Council at year end (GST inc)	-	-
Services provided by Council during the period (GST exc)	2	-
Manawatu Wanganui LASS		
Services charged to Council from MW LASS	88	82
Related party transactions involving elected members and key management personnel		
Chris Southgate, Southgate Valuations & Consultancy Dannevirke - valuation services to Council	-	1
David Roberts, legal services		
- Tararua District Council	-	-



	2011/12 \$000s	2012/13 \$000s
- Infracon	5	6
Shirley Hull - Luke Mahoney (son-in-law) excavation services for Council	2	-
Raj Suppiah - cleaning services provided to Council by partner	4	4
Related party transactions involving Directors and Trustees		
TDC Holdings Limited had no related party transactions involving Directors.	-	-
Infracon Limited contracted with certain directors of Infracon Limited.		
These transactions involved providing contracting services to directors or entering into a subcontractor relationship whereby a director provided services to Infracon Limited. All transactions were at normal commercial rates.		
Contracting services provided by Infracon Limited:		
P Burne (Morris & Bailey Limited)	35	45
A T & P J Brownell Contractors Limited	3	-
A Brownell	-	2
D Gough	1	1
H Snijders	-	1
S Hardgrave	18	-
B Davey	-	5
H Street	1	-
D Hewitt	1	3
Contracting services provided to Infracon Limited:		
P Burne (Morris & Bailey Limited)	27	168
A T & P J Brownell Contractors Limited	27	-
Ian McKenzie, who is a Trustee of Taranaki 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:

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Financial Assets				
Fair value through the surplus or deficit – held for trading	-	-	-	-
Loans and Receivables				
Cash and cash equivalents	4,544	4,242	4,757	5,298
Debtors and other receivables	4,564	4,935	8,278	8,427
Other financial assets				
- term deposits	5,776	3,882	5,791	3,882
- community loans	49	35	49	35
- loans to related parties	-	-	-	-
Total loans and receivables	14,933	13,094	18,875	17,642
Fair value through other comprehensive income				
Other financial assets				
- local authority and government stock	127	118	127	118
Total fair value through other comprehensive income	127	118	127	118
Total Financial Assets	15,060	13,212	19,002	17,760
Financial Liabilities				
Fair value through the surplus or deficit - held for trading				
Interest rate swaps	396	231	396	231
Financial Liabilities at amortised cost				
Creditors and other payables	3,531	2,704	4,830	4,313
Borrowings				
- bank overdraft	-	-	-	-
- secured loans	10,000	10,000	10,633	11,000
- debentures	-	-	-	-
Total Financial Liabilities at amortised cost	13,927	12,935	15,859	12,689

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
Council and Group - 30 June 2013				
Financial Assets				
Unlisted shares				
- New Zealand Local Government Insurance Corporation Limited	118	-	-	118
- Unlisted shares (MW LASS)	1	-	-	1
Financial Liabilities				
Derivative financial instruments	231	-	231	-
Council and Group - 30 June 2012				
Financial Assets				
New Zealand Local Government Insurance Corporation Limited	127	-	-	127
Unlisted shares (MW LASS)	1	-	-	1
Financial Liabilities				
Derivative financial instruments	396	-	396	-

There were no transfers between the different levels of the fair value hierarchy

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council		Group	
	2011/12 \$000	2012/13 \$000	2011/12 \$000	2012/13 \$000
Balance at 1 July	133	127	133	127
Gain and losses recognised in the surplus or deficit	-	-	-	-
Gain and losses recognised in other comprehensive income	(55)	(9)	(55)	(9)
Purchases	49	-	49	-
Balance at 30 June	127	118	127	118

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.

Tararua Forests Limited

Tararua Forests Ltd is only exposed to currency risk if it sells milled timber off shore.

Infracon Limited

Infracon Ltd may be exposed to currency exchange risk in the normal course of its business when purchasing capital from overseas sources. Consideration is given to mitigating foreign currency risk by entering into forward currency contracts.

Fair Value Interest Rate Risk

Council

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management policy is to maintain approximately 50% of its borrowings in fixed rate instruments.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Tararua Forests Limited have no fair value interest rate debt or investments.

Infracon Limited

Infracon Ltd 's exposure for fair value interest rate risk is limited to its borrowings and short-term bank deposits, and maintains approximately 86% of its borrowings in fixed rate instruments.

The bulk of Infracon Ltd borrowings are on fixed term. Variable borrowings are limited to revolving credit facilities. Infracon Ltd has a revolving credit plus facility with the BNZ which has a variable interest rate.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and bank overdraft – the carrying amount of cash and bank overdraft balances is equivalent to their fair value.
- Short-term investments – for the purpose of compliance with generally accepted accounting practice, the carrying amount of all short term investments are stated at the lower of cost or market value. The fair value of short-term investments is estimated based on quoted market prices for those instruments at balance date.



- Long term debt – the fair value of long term debt is estimated based on current market interest rates available to the company for debt of similar maturities.

Credit Risk

Council

In the normal course of its activities, the Council incurs credit risk from debtors and financial institutions. Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk. There are no significant concentrations of credit risks except that Council's cash resources are held by two trading banks.

Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation.

Other than other local authorities, Council only invests funds with entities that have a Standard and Poor's credit rating of at least A2 for short term and A- for long-term investments.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Tararua Forests Limited

Tararua Forests Ltd's debtors and other receivables arise from normal trade activities by the company, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Tararua Forests Ltd has no significant concentration of credit risk in relation to receivables as it's main debtor is the logging contractor who operates on behalf of the company. Tararua Forests Ltd have minimal liabilities and assets for credit risk to be an issue.

Infracon Limited

Infracon uses financial instruments that potentially subject the company to concentrations of risk, and consist principally of cash and short term investments, trade receivables and various off balance sheet instruments (if any).

Infracon places its cash and short term investments with high credit quality institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Tararua & Central Hawke's Bay District Councils for 50% of Infracon Limited's revenue. However, the District Councils are high credit quality entities.

Maximum Exposure to Credit Risks

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Cash at bank and term deposits	10,320	8,124	10,548	9,155
Debtors and other receivables	4,564	4,935	8,278	8,393
Community and related party loans	49	35	49	35
Local authority and government stock	127	118	127	118
Total credit risk	15,060	13,212	19,002	17,701

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:

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Counterparties with Credit Ratings				
Cash at Bank and Term Deposits				
A1-	10,310	8,124	10,538	9,155
A1	10	-	10	-
Total cash at bank and term deposits	10,320	8,124	10,548	9,155
Counterparties without Credit Ratings				
Community and related party loans:				
Existing counterparty with no defaults in the past	49	35	49	35
Existing counterparty with defaults in the past	-	-	-	-
Total community and related party loans	49	35	49	35

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has only one significant concentration of credit risk in relation to debtors (Land Transport New Zealand). This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.

As it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers, there is no other significant risk.

Liquidity Risk

Management of Liquidity Risk

Council

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which includes Liability Management Policy 2- Liquidity. These policies have been adopted as part of the Council's Long Term Council Community Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2012: \$500,000). There are no restrictions on the use of this facility. Council has a standby loan facility of \$5,000,000 to be used in the event of a natural disaster and a pre-approved multi-option facility of another \$5,000,000.

Tararua Forests Limited

Tararua Forests Ltd management activities oversee its cashflow by harvesting forests to cover forecast expenditure.

Tararua Forests Ltd has a maximum amount that can be drawn against its overdraft facility of \$50,000 (2012: \$50,000).

Infracon Limited

Infracon Limited believes that the carrying amounts for financial instruments shown in the annual accounts represent their fair values.

Committed Cash Facilities are secured over the assets of the company by a First Registered Debenture held by the Bank of New Zealand and Registered First Mortgage over several properties listed on the Credit Plus Facility Asset Schedule.

The company manages its liquidity risk by having a spread of maturity dates of the company's debt facilities.

Contractual Maturity Analysis of Financial Liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000s	Contractual Cash \$000s	Less than 1 Year \$000s	1–2 Years \$000s	2–5 Years \$000s	More than 5 Years \$000s
Council 2012/13						
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	-	-	-
Total	12,937	13,480	13,480	-	-	-
Group 2012/13						
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	-	-
Total	15,544	16,166	15,166	1,000	-	-
Council 2011/12						
Creditors and other payables	3,532	3,532	3,532	-	-	-
Net settled derivative liabilities	396	396	396	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	10,000	10,000	5,000	5,000	-	-
Total	13,927	13,927	8,927	5,000	-	-
Group 2011/12						
Creditors and other payables	4,830	4,830	4,830	-	-	-
Net settled derivative liabilities	396	396	396	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured Loans	10,633	10,633	5,633	5,000	-	-
Total	15,859	15,859	10,859	5,000	-	-

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
Council 2012/13						
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	-	-	-
Total	13,212	13,362	13,362	9	-	-
Group 2012/13						
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	-	-	-
Total	17,760	17,860	17,851	9	-	-
Council 2011/12						
Cash and Cash Equivalents	4,544	4,544	4,544	-	-	-
Debtors and other receivables	4,564	4,564	4,551	13	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	5,776	5,776	5,776	-	-	-
- community and related party loans	49	49	49	-	-	-
- local authority and government stock	127	127	127	-	-	-
Total	15,060	15,060	15,047	13	-	-
Group 2011/12						
Cash and Cash Equivalents	4,757	4,757	4,757	-	-	-
Debtors and other receivables	8,278	8,278	8,265	13	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- term deposits	5,791	5,791	5,791	-	-	-
- community and related party loans	49	49	49	-	-	-
- local authority and government stock	127	127	127	-	-	-
Total	19,002	19,002	18,990	13	-	-

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	2012/13 (000s)				2011/12 (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	(42)	-	(42)	-	(46)	-	(46)	-
Financial Liabilities									
Nett settled derivatives	2	(482)	-	4	-	(551)	-	(128)	-
Borrowings:									
- bank overdraft			-		-	-	-	-	-
- term loans	3		-		-	(10)	-	10	-
Total sensitivity to interest rate risk		(563)	-	(85)	-	(597)	-	164	-

Explanation of Sensitivity Analysis – Council

1 Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$4,242,000 (2012: \$4,544,000).

A movement in interest rates of plus or minus 1% has an effect on interest income of \$42,420 (2012: \$45,440).

2 Council has in place interest rate swaps with Westpac as at year end to hedge the rise of interest rates in the future.

3 Council's term loans are either on a capped ranged rate term loan or a multi-option credit facility.

The \$5 million loan in capped ranged rate term loan is capped within the range of 5.84% to 6.20%. The \$5 million loan in multi-option credit facility is fixed at 3.79% 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.

	2011/12 Council \$000s	2012/13 Council \$000s	2011/12 Consolidated \$000s	2012/13 Consolidated \$000s
Performance bonds held by the bank, by way of guarantees	-	-	2,352	-
Risk Pool call	41	-	41	-
Weathertight claim	-	130	-	130
Total Contingent Liabilities	41	130	2,393	130

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 2012/13, Riskpool made no call. Risk pool has also advised that additional funds are not required and therefore no call will be made for the 2013 and 2014 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 \$130,000. 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 \$130,000.

Emissions Trading Scheme

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



Infracon Limited contingent liabilities as at 30 June 2013

There were 27 performance bonds (2012: 36) held by the Bank of New Zealand by way of guarantees given by the Bank on behalf of Infracon Limited totalling \$2,561,074 (2012: \$2,352,400). The Bank of New Zealand, by issuing performance bonds, has guaranteed the performance of contracts the company has entered into.

No liability is expected to arise, therefore, it is impractical to determine any possible liability with any acceptable degree of reliability.

Contingent Asset

Emissions Trading Scheme and Carbon Credits

Tararua Forests Limited owns land that has been in forestry since before 31 December 1989 and is entitled to enter into the Emissions Trading Scheme (ETS) via a one-off application for New Zealand Units (NZU's) to account for the credits that forest owners are deemed to hold for consuming the poisonous greenhouse gases that other industries release into the atmosphere.

The directors of Tararua Forests Limited have applied for an allocation of NZU's based on the age and area of the forest owned. The allocation of NZU's has not been transferred to Tararua Forests Limited. When the NZU's are transferred, an intangible asset will be brought into the balance sheet of approximately \$384,000 (320ha x 60 NZU's x \$20 = \$384,000). It is uncertain at what date the NZU's will be transferred across.

No tax is payable on the receipt or sale of these units. The units will be valued at the balance sheet date based on the estimated market value.

34. Post Balance Date Events

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

Tararua Forests Limited (the Company) was placed on voluntary liquidation as at 1 July 2013 by way of a special resolution by Council (the ultimate shareholder).

All functions and operations of the Company will transfer to and be carried out by Council.

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:

	2011/12 \$000s	2012/13 \$000s
Mayor		
Roly Ellis	77	76
Councillors		
Warren Davidson	28	27
Brenda Dodunski	24	25
Keith Fenemor	20	20
Shirley Hull	27	25
Bill Keltie	33	32
Peter Johns	26	24
David Roberts	22	20
Chris Southgate	24	23
Total Mayor & Councillors	281	272
Community Boards		
Charlie Death	7	7
Katrina Dimock	5	6
Robert Dresser	4	4
Diana Eagle	4	4
Biddy Fraser-Davies	4	-
Carole Isaacson	4	4
Ross Macdonald	4	4
Ray Teahan	7	7
Total Community Boards	39	40
Chief Executive		
Blair King, employee benefit costs	194	189
Blair King, motor vehicle	-	15
Total Chief Executive	194	204
Key Management Personnel (includes mayor, councillors, chief executive, and senior managers)		
Employee benefit costs	1,038	1,001
Post employee benefit costs (including Superannuation)	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total Key Management Personnel	1,038	1,007
Severance Payments		
All employees (nil for both years)	-	-



Total Employee Annual Remuneration by Band

Remuneration Band	2012/13	Remuneration Band	2011/12
> \$60,000	56	> \$60,000	58
\$60,000 - \$79,999	22	\$60,000 - \$79,999	20
\$80,000-\$219,999	5	\$80,000-\$159,999	6
		\$160,000-\$199,999	1
Total	83	Total	85

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 54 (2012: 54) full time employees, with balance of staff representing 18 (2012: 14) full time equivalent employees.

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 2012/13 Long Term Plan. Detail variances at an activity level are included in the Activity Funding Impact Statements in the Activity Reports.

Statement of Comprehensive Income – Revenue

Rates

Rates revenue is higher than budget by \$49,000. This slight variation is due to property changes during the year and increase in collection of rates penalties as we have stepped up our efforts on rates debtors' management.

Grants and Subsidies

Grants and subsidies were higher than budget by \$1.4 million. \$1.2 million is from the NZ Transport Agency for damages to our roads from the severe weather events and from the closure of the Manawatu Gorge. The other subsidies are mainly from Ministry of Environment for the wastewater projects where project were reprioritised and brought forward to be completed this year.

Other Revenue

Other revenue was also higher due to revenue received for non-subsidised work mainly from roading and shares services with Central Hawke's Bay District Council. The non-subsidised revenue relate to work that our Engineering Services does for which we obtain revenue from customers who receive these services. For the year, we received \$340,000 higher than budgeted.

Interest Revenue

Interest income received was up against budget by \$175,000 for the year resulting from higher cash balances due to delay in and deferring of several key capital projects.

We have also implemented a strategy to place investments on short term deposits ranging from one to three months. This strategy has helped us better manager our cash flow requirements and obtain higher returns on investments.

Dividends & Subventions

Council received dividends of \$207,000 but did not received the subvention payment of \$50,000 mainly due to the economic downturn affecting profitability of Infracon Limited.

Statement of Comprehensive Income Expenses

Operating Expenses

Operating expenditure was higher than budget by \$661,000 mainly due to:

- Increase expenditure in contract cost in roading of \$2 million due to damages to our roads from the severe weather events and from the closure of the Manawatu Gorge
- Solid waste activity had increases in collection cost of \$122,000 due to extending refuse collection services to other town and increases in transportation cost and increases of \$88,000 in the operation cost of the transfer station.
- Cost savings made in other activities across various operations (for example in maintenance and consulting costs) that helped offset the increases in Roding and Solid Waste.

Depreciation and Amortisation

Depreciation and amortisation expenses were over budget by \$1.5 million due to higher than budgeted valuation increases in the 2011/12 financial year.

Finance Costs

Finance costs was lower than budget by \$64,000. The finance cost of \$426,000 comprises of unrealised gain from the fair value movement of interest rate swaps of \$165,000, interest cost from term debt of \$545,000 and the unwinding of landfill interest cost of \$46,000. Interest cost on term debt is \$55,000 higher than budget due higher than budgeted market interest rates.

Statement of Financial Position

Cash and Cash Equivalent

Cash and Cash Equivalent, including other financial assets (current), is higher than budget due to delay and/or deferring of capital renewal projects.

Debtors and Other Receivables

Debtors and other receivables are higher than budget by \$2.6 million mainly due to higher NZ Transport Agency subsidies and higher rate debtors at year end.

Current Liabilities

Creditors and other payables are \$1 million lower than budget due to lower than expected contract payments at year end. The decrease in payables is due mainly to delay/deferring capital projects resulting in lower contract expenditure in the last two months prior to year end.

Total borrowings are lower than budget by \$4 million 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 lower than budget due to reclassification of all debt to current liabilities.

Property, Plant and Equipment

Property, plant and equipment was \$4.9 million lower than last year and \$16.2 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 improvements in 2011/12.
- Increased depreciation expense of \$1.5 million (refer to the note above for variance explanation).
- Asset additions were lower than budget by \$3.5 million due to delay in the completion and capitalisation of capital projects
- Revaluation of assets this year saw a downward movement in asset value of \$5.4 million compared to a budget of \$30.6 million increase. This is due to not applying industry wide unit cost and instead using Council's current and historic lower contract unit cost.

Accumulated Funds

Accumulated funds are \$1.9 million higher than budget. This is mainly due to:

- opening accumulated funds being lower than forecast for the budget by \$300,000;
- transfer from accumulated funds to special Reserves higher due to delay/deferring in renewal expenditure;

- transfers from Equity to Special Funds were lower than budgeted by \$700,000.

Asset Revaluation Reserves

The asset revaluation reserve is lower than budget by \$5 million due to a decrease in revaluation of \$5.2 million instead of a forecasted increase in asset valuation.

Special Funded Reserves

Special Funds are \$3.4 million above budget at year end. This is due to the actual opening balance for special funds being lower than the budget by \$1.8 million. However, transfers to special funds of \$3.9 million were higher than budget by \$1.6 million.

Statement of Cash Flows

Overall cash balances were higher than budget by \$3.9 million.

Significant variances are:

Operating Activities

- Overall cashflow was in line with budget.
- \$1.7 million higher NZ Transport Agency subsidies and \$500,000 higher revenue in non-subsidised work in roading.
- This increase was offset by higher debtor balances and higher payments to suppliers at year end.

Investing Activities

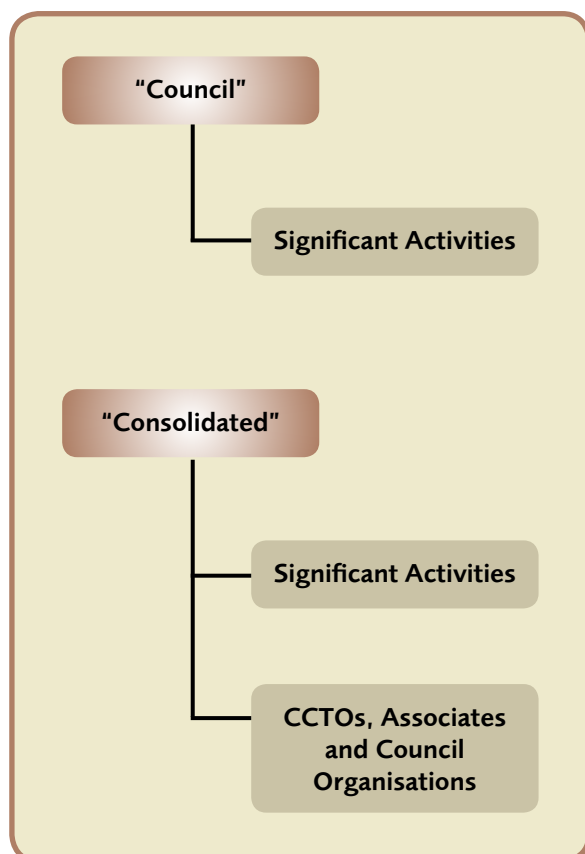
- Overall cashflow is \$3.7 million under budget.
- This was mainly due to the delay/deferring of capital expenditure and the age of cash investment for internal borrowing.

Financing Activity

- Overall cashflow was under budget by \$4 million.
- This was mainly due to lower 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).

CCTOs consist of:

- Infracon Limited (66% owned. 34% of Infracon Limited is owned by Central Hawkes Bay District Council.)
- Taranaki Forests Limited

Associates

- Manawatu Wanganui LASS Limited (14% owned)

At the end of the financial year, the results and positions of these companies are included in Taranaki District Council's financial result and shown as a "consolidated result". (The Annual Report also shows a Council only result.)

Council Organisations (CO)

Taranaki 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

The Company

Infracon Limited 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 Roading and Civil Engineering and associated services in the communities we serve."

Objectives

The principal objective of the Company is to provide competitive and quality service to a wide range of customers by creating a stimulating and rewarding environment for our people. This will add value for our shareholders and communities.

Nature and Scope of Activities

Infracon Limited's primary activity is the management and execution of infrastructure maintenance particularly in the areas of Local Authority Roading and Underground Service Utilities.

The Company will undertake work as follows:

- Road and bridge maintenance.
- Utilities and services maintenance.
- Parks and reserves maintenance.
- Civil engineering contracts for Transit NZ, local authorities, and private customers.
- General plant hire.
- Crushing and quarry operations.
- Refuse collection and disposal.
- Supply of readymix concrete.
- Other works which are incidental or conducive to the attainment of the principal objective of operating a successful business.

This Year's Result

The directors, management and staff have had to adapt to a quickly changing environment. The strength of the balance sheet and generation of good operating cashflows indicate the resilience of Infracon as the difficult times continue.

This year the company made a loss of \$1.97 million compared to a loss of \$1.26 last year. The company is in the process of undertaking a major review of their core property, plant, and equipment. This has resulted in significant disposals of underutilised and dilapidated assets, which in turn has generated losses on sale. The company forecast a further period of consolidation and asset renewal as it focuses on better asset utilisation and increased performance.

During the year the company borrowed an additional \$500,000 in debt to fund asset renewals and the purchase of a gas maintenance division in Palmerston North, which they just won a major contract for. The results of this new division to date have been extremely pleasing. Debt is expected to increase over the next financial year as the company completes a large portion of their renewal program. Taking this into account the company still has a very strong balance sheet.

Breach of Law

Section 67 of the Local Government Act 2002 requires that within three months after the end of the financial year, the Directors of a Council Controlled Trading Organisation must deliver to the shareholders and make available to the public, a report on the Company's operations during that year. This requirement was not achieved by Infracon Limited due to delays in finalising the audit.

Performance Targets

	2012/13 Actual	2012/13 Target
Ratio of shareholder funds to total assets	Achieved: 81%	> 55%
Net Profit before tax and Subvention Payment to opening shareholders funds	Not achieved: 0%4	3%



CCTO (Council Controlled Trading Organisation) Financial Statements

Infracon Limited

	2011/12 \$000s	2012/13 \$000s
Statement of Comprehensive Income		
Revenue		
Revenue from operations	38,537	35,032
Interest revenue	6	2
Total Revenue	38,543	35,034
Expenses		
Operating Expenditure	40,276	37,695
Total Expenses	40,276	37,695
Plus Revaluation Increment/(Decrement) & Losses/(Gains) on Sale	(120)	(664)
Net surplus before taxation	(1,853)	(3,325)
Taxation expense/(refund)	(577)	(921)
Net surplus/(deficit) after taxation	(1,276)	(2,405)
Other Comprehensive Income		
Revaluations	-	609
Tax on equity items	-	(174)
Total other comprehensive income	-	435
Total comprehensive income attributable to shareholders	(1,276)	(1,969)
Statement of Financial Position		
Assets		
Current Assets	7,145	6,983
Non-Current Assets	16,999	14,363
Total Assets	24,144	21,346
Liabilities		
Current Liabilities	4,549	4,059
Non-Current Liabilities	2,408	2,383
Total liabilities	6,957	6,442
Equity		
Shareholder funds	11,746	9,972
Revaluation Reserve	5,441	4,932
Total equity	17,187	14,904
Total Equity & Liabilities	24,144	21,346

Tararua Forests Limited

The Company

Tararua Forests Limited is a Council Controlled Trading Organisation (CCTO) which is wholly owned by Council. It was established on 1 July 1994 under Section 594B of the Local Government Amendment No.2 Act 1989. Tararua Forests Limited was sold by Council to TDC Holdings Limited on 15 October 1997 for \$150,000 in cash. An additional \$1.215 million was invested on 30 June 1999 to fund the purchase of Council's Forestry Assets. On 1 July 2012, TDC Holdings was put into liquidation and wound up, thereby bringing back the ownership to Council.

Mission Statement

"To develop over a sustainable forest resource of good economies of scale providing consistent dividends to shareholders."

Nature and Scope of Activities

Activities of the company are focused upon the development of profitable forestry yielding financial and other benefits.

These activities include:

- (a) Managing our forestry asset.
- (b) Harvesting our forests at the appropriate times.

- (c) Replanting of harvested areas.
- (d) Offering forestry management services to Tararua District Council and others.

Objectives

- (a) Pursue management practices, business and market opportunities in order to maximise profitability.
- (b) Utilise Joint Ventures as a mechanism for further development of a sustainable forest base.
- (c) Develop a management and financial plan for the ongoing activities of the company and monitor progress to ensure that the company achieves its objectives.
- (d) Be a responsible corporate citizen.

This Year's Result

This year, the harvesting operations of the company resumed under a new contract with Forestry Owners Marketing Services (FOMS). To date, the results of this new partnership have been very pleasing. Harvesting began in November and, as at 30 June, sales received totalled \$436,834.

International commodity prices for wood and pulp increased and there was a revaluation upwards in the forest values of \$50,856 even after taking into account the harvested area.

Total comprehensive income for the year was \$345,122 (2012: \$224,740, which included the land revaluation of \$479,455).

Performance Targets

Performance Targets	2012/13 Target	2012/13 Actual
Ratio of shareholder funds to total assets	Minimum 55%	97%
Ratio of net profit before tax to shareholders funds	Minimum 7%	18%
Birch North Forest to be harvested by 30 June 2013	30 June 2013	Ongoing
Complete roading programme for the harvest of Birch North	30 June 2013	Ongoing
Manage existing and new plantings effectively	Regular contractor reports	Met
Maintain roads established at Birch North	Regular reports	Met
To negotiate, and agree with Council, the Company's Statement of Corporate Intent	30 June 2013	Met
Monitor and report performance against targets	Regular reports	Six-monthly financial reports
To operate within statutory provisions	Compliance with legislation	Met



CCTO (Council Controlled Trading Organisation) Financial Statements

Tararua Forests Limited

	2011/12 \$000s	2012/13 \$000s
Statement of Comprehensive Income		
Revenue		
Forest sales (Gross)	-	437
Forest management services	-	-
Sundry revenue	4	8
Total Revenue	4	445
Expenses		
Fair value of logs harvested	-	106
Operating expenses & administration	75	99
Total Expenses	75	205
other asset gains/(losses)	(279)	157
Net surplus/(deficit) before taxation	(350)	397
Taxation expense/(refund)	(95)	51
Net Surplus/(Deficit) after Taxation	(255)	345
Other Comprehensive Income	480	-
Total comprehensive income	225	345
Total comprehensive income attributable to Tararua District Council	225	345
Statement of Financial Position		
Assets		
Current Assets	34	358
Non-Current Assets	1,837	1,887
Total Assets	1,871	2,246
Liabilities		
Current Liabilities	22	-
Non-Current Liabilities	27	79
Equity		
Shareholder Equity	1,341	1,688
Revaluation Reserve	480	480
Total Equity & Liabilities	1,871	2,246

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 \$26,533 (2012: \$11,395 surplus). The Trust has managed its revenues, expenses, assets, liabilities and investments, and general financial dealings prudently as required by deed.

The Trust complied with the terms and conditions listed in the Management Agreement between the Trust and the Council. The Trust provided an audited set of Annual Accounts and Chairman's report to Council in October 2013.

Financial Statements – Tararua Aquatic Community Trust

	2011/12 \$000s	2012/13 \$000s
Statement of Comprehensive Income		
Revenue		
Council grant	211	189
Operating revenue	12	4
Interest revenue	1	2
Other asset gains/(losses)	-	-
Total Revenue	224	195
Expenses		
Operating expenditure	213	222
Total Expenses	213	222
Net Surplus/(Deficit) for Year	11	(27)
Other Comprehensive Income	-	-
Total comprehensive income	11	(27)
Total comprehensive income attributable to Tararua District Council	11	(27)
Statement of Financial Position		
Assets		
Current Assets	70	73
Non-Current Assets	974	936
Total Assets	1,044	1,010
Liabilities		
Current Liabilities	19	11
Non-Current Liabilities	-	-
Equity		
Public Equity	1,025	999
Total Equity & Liabilities	1,044	1,010



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

	2011/12 \$000s	2012/13 \$000s
Statement of Financial Performance		
Revenue		
In-house professional services for Transit New Zealand financially assisted roading	1,126	746
Other engineering fees and revenue	2	-
Total Revenue	1,128	746
Expenses		
Total costs of operating roading programme	1,278	1,084
Total Expenses	1,278	1,084
Net Surplus/(Deficit) for the year	(150)	(338)

* 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

ANNUAL REPORT 2011/12

Council

His Worship the Mayor



R A (Roly) Ellis

PO Box 115
Dannevirke
06 374 4080

North Ward Councillors



Cr J B (Brenda) Dodunski

2B Hunter Street
Dannevirke
06 374 8054
027 229 3989
dodoj@xtra.co.nz



Cr K R (Keith) Fenemor

92A Adelaide Road
Dannevirke
06 374 5450
fenlink@xtra.co.nz



Cr D A (David) Roberts

PO Box 69
Dannevirke
06 374 6405
027 644 9459
david@dorrington.co.nz



Cr C W (Chris) Southgate

PO Box 147
Dannevirke
06 374 2740
027 484 6576
cwsouthgate@xtra.co.nz

South Ward Councillors



Cr W H (Warren) Davidson

RD 3
Eketahuna
06 375 8364
warwyn@infogen.net.nz



Cr S (Shirley) Hull

Mangahao Road
RD 3
Pahiatua
06 376 7283
hullo1@xtra.co.nz



Cr P A (Peter) Johns

44 McLean Street
Woodville
06 376 5048
027 442 7115
johnsandcompany@gmail.com



**Deputy Mayor
Cr W H (Bill) Keltie**

RD 1
Pahiatua
06 376 8996
carolandwillie@xtra.co.nz



Community Boards & Council Committees

Community Boards

Dannevirke Community Board

Generally meets on the first Monday of the month at 3:00pm.

- **Chairperson**
Mr R P (Ray) Teahan
50 Allardice Street, Dannevirke 4930
06 374 9277
rayelaine@xtra.co.nz
- **Deputy Chairperson**
Mrs C (Carole) Isaacson
RD 8, Umutaoroa, Dannevirke 4978
06 374 5577
huntzend@clear.net.nz
- Mr R A (Bob) Dresser
22 Ries Street, Dannevirke 4930
06 374 6270
dresser234@msn.com
- Mr W R (Ross) Macdonald
91 Piri Piri Road, RD 7, Dannevirke 4977
06 374 7996
rmacdonald@goldpine.co.nz
- **Councillor**
Mrs J B (Brenda) Dodunski
2B Hunter Street, Dannevirke 4930
06 374 8054
dodoj@xtra.co.nz

Eketahuna Community Board

Generally meets on the first Friday of the month at 10:00am.

- **Chairperson**
Mr C C (Charlie) Death
Nireaha Road, RD 2, Eketahuna 4994
06 375 8503
deaths@inspire.net.nz
- **Deputy Chairperson**
K A M (Katrina) Dimock
87 High Street, Eketahuna 4900
06 375 8213
dimock@xtra.co.nz
- Mrs D F (Diana) Eagle
343 Parkville Road, RD 2, Eketahuna 4994
06 375 8356 027 434 7152
eagleeketahuna@xtra.co.nz
- Mrs E (Biddy) Fraser-Davies
36 Morgans Road, RD 2, Eketahuna 4994
06 375 8634
biddy@inspire.net.nz
- **Councillor**
Mr W H (Warren) Davidson
RD 3, Eketahuna 4994
06 375 8364
warwyn@infogen.net.nz

Notes:

Woodville operates its own autonomous community committee, Woodville Districts' Vision (Inc).

Pahiatua operates its own autonomous community committee, Pahiatua on Track (Inc).

Council Committees

Chief Executive's Performance Appraisal Committee

His Worship the Mayor – Mr R A Ellis (Chairperson)

Cr W H Davidson

Cr W H Keltie

Cr D A Roberts

Tribunal and Hearings Committee

Cr W H Keltie (Chairperson)

Cr W H Davidson (Deputy Chairperson)

Cr P A Johns

Cr C W Southgate

Council Controlled Trading Organisation Committee

His Worship the Mayor – Mr R A Ellis (Chairperson)

Cr W H Keltie (Deputy Chairperson)

Cr C W Southgate

Forestry Committee

His Worship the Mayor – Mr R A Ellis (Chairperson)

Cr K R Fenemor

Cr C W Southgate



Management Team & Directory

Management Team

Executive Staff

Blair King ME (Civil) MIPENZ
Chief Executive

Peter Wimsett CA, BBS
Manager Strategy & District Development

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	26 Gordon Street
Dannevirke 4942	Dannevirke
Telephone:	(06) 374 4080
Fax:	(06) 374 4137
General email:	info@tararua.govt.nz
Council Website:	www.tararua.govt.nz
District Website:	www.tararua.com
Facebook:	Tararua-District-Council

Service Centre Locations

Dannevirke	Pahiatua
26 Gordon Street, Dannevirke	136 Main Street, Pahiatua
(06) 374 4080	(06) 376 0110
Woodville	Eketahuna
42 Vogel Street, Woodville	31 Main Street, Eketahuna
(06) 376 0200	(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 2006 Census)	17,634
Rateable Assessments	10,599
Non-Rateable Assessments	660
Total Assessments	11,258
Area (ha)	427,000
Net Capital Value (\$m)	5,351
Rateable Land Value (\$m)	2,889
Rural-Metal Roads (km)	773
Rural-Sealed Roads (km)	1,099
Urban-Metal Roads (km)	0.5
Urban-Sealed Roads (km)	84
Total Roads (km)	1,956.5

Resource Management

Description	Total
Resource consents issued*	41
Landuse consents	15
Subdivision consents	26
Building consents issued	358
Registered dogs as at 30 June 2013	6,630
Licenced food premises as at 30 June 2013	114

* issued from 1 July 2012 to 30 June 2013.

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.