



GREAT LAKE TAUPŌ
Taupō District Council



Annual Report
Summary 2018 /19



Kuratau dawn,
Lake Taupō.

Photo: Destination Great Lake Taupō

WELCOME TO THE SUMMARY OF OUR 2018/19 ANNUAL REPORT.

The specific disclosures in this summary have been extracted from the full Annual Report, which was adopted by Council with an unmodified opinion dated 24 September 2019.

The summary has been examined for consistency with the full Annual Report 2018/19 and audited by Audit New Zealand on behalf of the Auditor-General.

This summary was authorised by the Chief Executive and the Head of Finance and Strategy on 14 October 2019.

This summary cannot be expected to provide a complete understanding of Council's financial and service performance, financial position and cashflows as the full Annual Report 2018/19.

The full Annual Report is available from the Council offices or can be downloaded at www.taupo.govt.nz

Counting the assets

Council has \$1.2 billion in assets including land, infrastructure and buildings as at 30 June 2019. These include:



A message from your Mayor and Chief executive

Welcome to our Annual Report for the 2018/19 year.

This report outlines the services, key projects and initiatives we undertook over the past 12 months, where money was spent, and how we performed as an organisation.

This reporting period has been an intense time for the organisation. On top of the normal projects, services and activities that we undertake, there have been several emergency events that have required a quick response from many parts of council.

One of the largest of these was Waiora House. Asbestos was discovered during a building inspection and after a full assessment was carried out the decision was made to demolish the building. Waiora House had been home to a number of social service and community groups and new homes had to be found for these, while their staff and members needed to be provided with ongoing support and access to health monitoring. The removal of asbestos and demolition of the building was carried out under controlled conditions to ensure any associated health and safety issues were completely eliminated, and testing of the site has now shown no contamination remains.

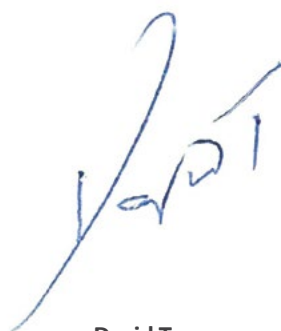
Another event requiring swift action was our response to a sizeable water main break in Arrowsmith Avenue. This break, caused by a sinkhole, washed out a large section of the road and significant work was required to reinstate the roadway and repair the broken water main.

Equally important has been an extensive programme of works addressing some of the district's aging water and wastewater infrastructure. Approximately \$3 million has been spent on water and wastewater pipe work throughout the district during the year, including 5.4km of water mains, rider mains, fire hydrants, valves and property connections in Tūrangi and Tokaanu, and a further 2.1km of new wastewater rising main in Tokaanu.

This year also saw the revitalisation of the Otumuheke Hot Stream reserve. This project included the creation of a toilet block and viewing deck and extensive landscaping of a location that is very popular with locals and tourists alike. The design and execution of the revitalisation required balancing support for the tourist destination with preserving the cultural and environmental heritage of the site while partnering with all stakeholders. The outcome has proven to be very popular with visitors and has been recognised with a national award for excellence.

Another major and ongoing project is the provision of a new council administration building. Council's decision to build a new building on 61-67 Tūwharetoa Street heralded the end of two years of work exploring the best options for the organisation's future, and the next phase, following the amendment of the Long-term Plan to reflect the council's chosen site and additional carparking, will be getting detailed planning, design and procurement underway.

Despite the many challenges facing us in the 2018/19 year, council has performed well financially. Credit rating agency Standard and Poor's revised our credit rating upwards to AA with a positive outlook, and we finished the year with a surplus of \$1.6 million. At the same time, net debt has been reduced from \$23 million in the 2017/18 year to \$14 million in 2018/19.



David Trewavas
Mayor



Gareth Green
Chief Executive

Our Long-term District Strategy

Taupō District Council's vision is 'To be the most prosperous and liveable district in the North Island by 2022'.

We want our district to be known for its charm, to be vibrant, and to also offer a quality experience for both residents and visitors, while creating real value in what we offer and by the way we do things.

We will work closely and collaboratively with our partners to ensure the best possible outcomes are achieved for our community, including iwi, and to maximise any opportunities.

To help guide our strategy we have used a core set of values to underpin our decision-making when it comes to the services and activities we carry out as a Council. These are:



World Class

The work we do will maintain – and build on – our international reputation as a destination of choice. We will promote an excellent quality of life for our residents while protecting the natural environment that makes our district so special.



Charming

Our district's reputation will be built on the attractiveness of our towns, the diversity of the experiences we offer, and the friendliness of our people.



Authentic

We will be open and transparent in the way we carry out our business and offer an experience that is genuine and real.



Vibrant

The vibrancy of our district will be created by well-connected communities who work together to create a positive, fun environment people want to call home.



Resilient

Our plans, infrastructure and work programmes will be designed to ensure we are prepared to withstand or recover quickly from disasters and/or difficult situations. We will be flexible and respond quickly to change.



Quality

We enable people to prosper by working to keep unemployment low, housing affordable and ensuring whatever we do is the best it can be.



Value

We will retain and attract residents and businesses by ensuring the district remains affordable and ensuring the work we do creates a better life for people and their families.

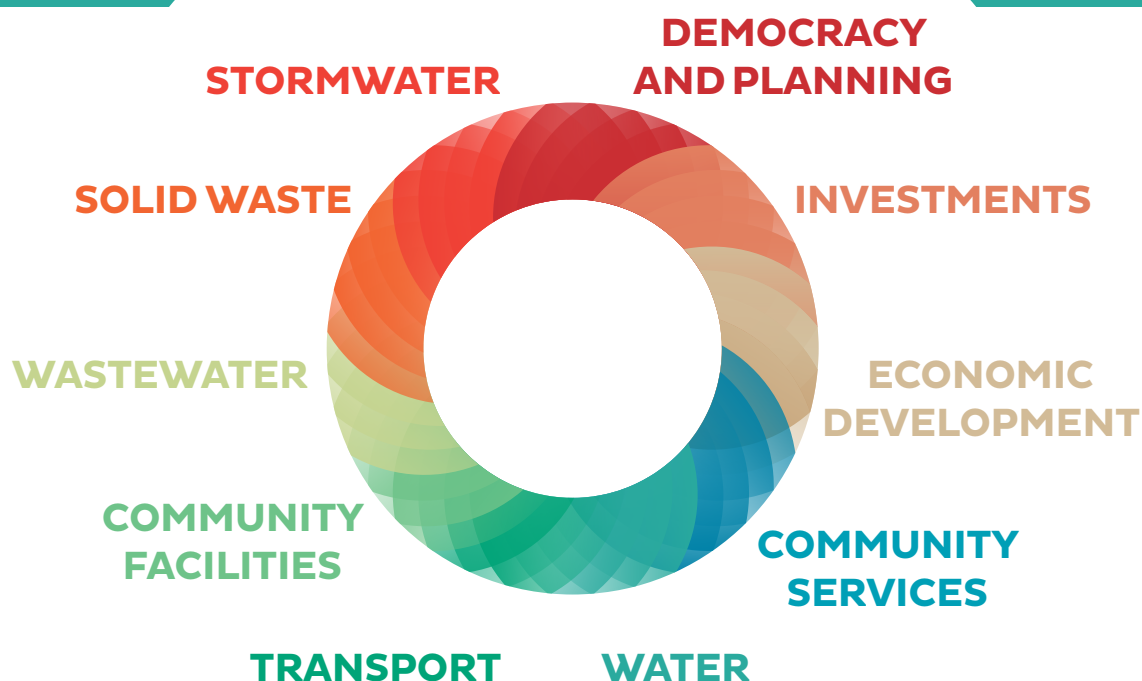
Groups of activities

Over the past year Council delivered a range of services on behalf of the community.

Council has 10 groups of activities:

COMMUNITY SERVICES	TRANSPORT	WASTEWATER	STORMWATER	INVESTMENTS
WATER	COMMUNITY FACILITIES	SOLID WASTE	DEMOCRACY AND PLANNING	ECONOMIC DEVELOPMENT

These groups of activities reflect the core services Council undertakes as required by the Local Government Act 2002. It also reflects the local public services that the community has signalled support for Council to provide.





Community services

Community Engagement

We work to develop district neighbourhoods and communities by working directly with and alongside them.

Regulatory Services

Regulatory services are provided to ensure we protect the community from the harm of alcohol, have safe food, reduce dog attacks, minimise noise nuisance, provide safe buildings and our amenities are enhanced through robust planning decisions.

Emergency Management

We provide emergency management for community wellbeing and safety, including development.

What we did this year

Community Engagement

- We supported 18 community-led events across the district which included: Children’s Day, Neighbours Day, Youth Week, Matariki. These events are led by community groups, with assistance from Council.
- We delivered the Our Neighbourhood, Our Future events throughout the district.
- We undertook presentations with various community groups on the Long-term Plan 2018-28, including facilitating youth participation.

Regulatory Services

- Registered, enforced and ensured compliance with regulatory functions relating to food premises, liquor

outlets, gaming, animal control and other bylaws and statutes.

- Enforced limited time parking spaces in the Taupō Central Business District (CBD).
- Processed 300 resource consent applications with 99.3 per cent of these being within the statutory timeframes. Ensured compliance with the District Plan and consent conditions.
- Processed 1308 building consent applications. 99.9 per cent of these were processed within the statutory timeframes with one building consent that went over timeframes by one working day.
- Inspected buildings and monitored and enforced the Building Act 2004.

Emergency Management

- Community led centre training for Ōmori and Kuratau.
- Undertook marae preparedness training in conjunction with FENZ and Waihereora Ltd.
- Attended community neighbourhood events promoting Civil Defence.
- Emergency Operation Centre desktop exercise held at Waiouru Military Camp.
- Assisted with the Emergency Operation Centre desktop exercise held in the Ruapehu District.
- Added two rescue vehicles (unimogs) to the Civil Defence fleet.



Water

Water is essential for life, health, recreation and the environment. In our district water is also essential for economic development, if industry has access to water, they are more likely to develop or start up here.

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Tūrangi, Mangakino and 16 other settlements in the district.

What we did this year

- Completed the connection of Waitahanui to the Taupō water scheme including construction of a new reservoir, pump station and more than 10km of pipework.
- We completed 90 per cent of the Kinloch water supply security of supply project. This project included access track stabilisation works and the construction of a new 2000m³ reservoir in Kinloch.
- We completed 90 per cent of the security of supply upgrade for the Motuoapa water supply, including construction of two new reservoirs.
- We developed a network hydraulic model for Taupō, Acacia Bay and Māpara. This model will be utilised in the design phases of the connection of Acacia Bay to the Taupō water scheme.
- We developed a network hydraulic model to be utilised in the design for the new Kinloch water treatment plant. (This is a multi-year project). This is part of the work that we are doing to ensure that Kinloch complies with the DWSNZ.
- Completed the construction of a new water supply reservoir for the River Road supply.
- We tendered, awarded and started construction of the capacity upgrade for the Taupō Water Treatment Plant.
- We completed optioneering, designed and constructed a pilot trial plant for the Ōmori water pre-treatment project.
- Completed water main criticality and prioritisation studies to support network renewal planning.
- Tendered, awarded and started construction of 4.5 km of water network renewals in Tūrangi.
- Completed a number of minor water main renewals including: Kahu Street, Mangakino Scheme; Miro Street and Riverbank Road, Taupō Scheme; King Road, Grant Road and Māpara Road, Whakarua Scheme.
- Completed data quality improvements across all of our water intake sites.
- We tendered and awarded a contract to provide three water reporting services to Water Outlook.
- We undertook public consultation on the Draft Water Supply Strategy.



Transport

Our transport network provides for the efficient movement of people and goods which is essential for the economic and social wellbeing of the community.

We also encourage and support people to use footpaths, cycleways and passenger transport.

What we did this year

- The LED streetlight conversion project and is 90 percent completed.
- Completed seal extension on Wereta Road.
- Continued to widen Poihipi Road from Oruanui Road to Māpara Road.
- Commenced construction of the Awanui Street retaining wall.
- Completed the intersection changes at Ōmori/Pihanga Road/Te Puke Road.
- Commenced a review of the public bus service with Waikato Regional Council.
- The road maintenance contract was let and began on 1 October 2018.
- Completed Speed Limit Bylaw Review.
- Commenced the construction of the footpath on Kinloch Road.
- Northern Corridor improvement project including signals at Norman Smith Street and Wairākei Drive intersection completed in July 2019.
- Undertook minor safety improvements.
- Accessibility audits were undertaken in Tūrangi and Mangakino.



Community facilities

Our district offers a wide range of leisure and recreation opportunities and we encourage our residents and visitors to use them.

We manage, maintain and service parks, reserves, playgrounds, open spaces, multi-purpose sports, entertainment and event venues, as well as pools, gyms and sports grounds throughout the district.

What we did this year

- Completed Otumuheke Stream upgrade (recognised with national award).
- Renewed Arthur Crescent playground.
- Upgraded the training lights at Hickling Park.
- Completed nine new or renewed 'licences to occupy' for reserves.
- As a member of the Bay of Plenty (BOP) Regional Library Group, we collaborated for the group purchasing of library collections. The successful tender sought to deliver cost reductions and provide a wide range of shelf-ready material available within the shortest timeframe possible. The contract was awarded to Wheelers Book Club Ltd., and Ulverscroft Large Print Books.
- The contract for the supply of Radio Frequency Identification technology for the Taupō District Libraries was successfully awarded to Bibliotheca. The technology will enable customers to be independent users in line with changing user preferences; improve efficiency in library processes; free up staff for customer facing engagement and bring the Taupō District Libraries into line with peer libraries around the country.
- Taupō Museum hosted the "Suzhou, from the Tang to Song Dynasty, 679 – 1289 AD exhibition. The exhibition part of the ten-year sister city anniversary celebrations showcased priceless artefacts from this very important period in the history of Suzhou and attracted 7,587 participants in the exhibition and related events and activities.
- The Friends of the Taupō Museum and Art Gallery hosted a 40th birthday celebration for the Taupō Museum and Art Gallery and paid fitting tribute to the people involved in its establishment and development.
- The Lottery Grants Board awarded the Taupō District Council \$26,346 to assist with the restoration of the waka tiwai located in the Taupō Museum. Stage one of a three stage restoration process has been completed and Stage two will commence in late July 2019.
- The Taupō District Libraries and Museum provided a wide variety of events, activities and programmes across the district. Key activities and events that contributed positively to the social, educational, cultural and mental wellbeing of the community include but are not limited to: the sister city ten-year anniversary exhibition, the Latin American & Spanish Film Festival, the waka restoration, the museum's 40th birthday celebration, Winterfest, library and museum school visits, museum exhibitions and the combined library and museum holiday programmes.



Wastewater

Council collects, treats and disposes of wastewater from residential, commercial and industrial properties within designated drainage areas of the district, safeguarding the environment and protecting public health.

What we did this year

- Completed the upgrade of the Whakamaru Wastewater Treatment Plant.
- Completed work to improve the Pūkawa wastewater pump station and pipeline.
- Completed construction of a new site access and flood protection works at Kinloch Wastewater Treatment Plant.
- Completed construction of an effluent holding tank at Kinloch Wastewater Treatment Plant.
- Gained resource consent for Whareroa wastewater discharge.
- Gained resource consent for Ōmori/Kurutau/Pūkawa wastewater discharge.
- Awarded a contract for construction of the Kinloch wastewater irrigation system.
- Continued the project to reduce sewer overflows in Taupō and Acacia Bay. This included sewer cleaning and condition assessments.
- Inspected 830 wastewater mains using SLRAT (sewer line rapid assessment tool) to assess.
- Inspected and condition assessed 751 wastewater mains using CCTV (largely in Taupō, Acacia Bay, Tūrangi).
- Inspected further 166 wastewater mains using CCTV only.
- Formed a steering group with Ngāti Tūrangitukua, Ngāti Kurauia, Tūwharetoa Māori Trust Board to develop options for future wastewater disposal at Tūrangi WWTP.
- We awarded a contract for the demolition of the Waitahanui wastewater treatment plant and reinstatement of grounds.

Solid waste

We provide a solid waste system for refuse and recyclables. Waste services include a landfill and resource recovery centre at Broadlands Road, five transfer stations and street litter and recycling bins.

Council has now adopted the new Waste Management and Minimisation Plan 2018 which sets out a number of new initiatives to be implemented for the district:

- E-Waste recycling.
- Waste reduction educational support for district marae.
- Waste minimisation grants to support community waste minimisation activities.
- Increase the number of warranted litter offices within Council's existing staff.
- Investigate ways to reduce construction and demolition waste going to landfill.
- Support local schools to divert food waste.
- Supporting district schools through support for composting and worm farming.
- Work with the local farming sector to provide waste reduction options.
- Investigating reducing farm waste.
- Education support for local event organisers.
- Implementation of a targeted litter reduction programme.
- Support and facilitate the reduction of single use plastic bags.



What we did this year

- Achieved 'Most beautiful large town in New Zealand' status.
- Ran a plastic free July programme.
- Supported the community to stop using single use plastic bags.
- Ran home composting workshops in Tūrangi and Taupō.
- Ran waste free parenting workshops.
- Ran 'Love food, hate waste' workshops.
- Supported district schools with composting programmes.
- Supported district marae by supporting Para Kore waste minimisation programme.
- Supported Enviroschools programme.
- Renewed the capping on the closed Tūrangi landfill.
- Provided a water supply to the Kinloch Transfer station.
- Upgraded the Kinloch Transfer station.
- Installed five new street recycling bins.
- Installed 15 new street litter bins.
- Installed four new Big Belly street refuse compactor bins.
- Renewed the district bulk waste haulage contract
- Renewed the Taupō street litter and recycling bin collection contract.
- Supported local prisons in recycling bicycles.
- Undertook environmental monitoring for the three closed landfills and the Broadlands Road Landfill.
- Achieved 'fully compliant' status on all solid waste consents.

Stormwater

Council provides a stormwater system to manage the surface water runoff from the district's urban catchments. Waikato Regional Council increasingly require Council to improve the quality of the stormwater particularly where it goes into lakes and rivers (as it does in the Taupō district) to reduce the adverse effects on the environment.

What we did this year

- Installed new pipes in Kahu Street, Mangakino.
- Undertook overland flow path modelling.
- Purchased new stormwater monitoring equipment.
- Undertook a district wide stormwater monitoring programme.
- Installed five Enviropods into the stormwater network.
- Installed a quality improvement device into the Kohineheke Reserve in Tūrangi.
- Undertook initial design works for a Brentwood Gully culvert under Acacia Bay Road.
- Undertook consultation regarding stormwater impacts on Paenoa Road
- Installed pipes into Kohatu Parade.
- Completed a CCTV inspection and condition assessment for Ōmori and Kuratau.
- Liaised with developers on stormwater designs for new subdivisions.
- Maintained and emptied quality improvement devices, with visual quality of discharges significantly improved.





Democracy and planning

Democracy

Council provides democratic local decision-making and action by, and on behalf of, our district's many communities.

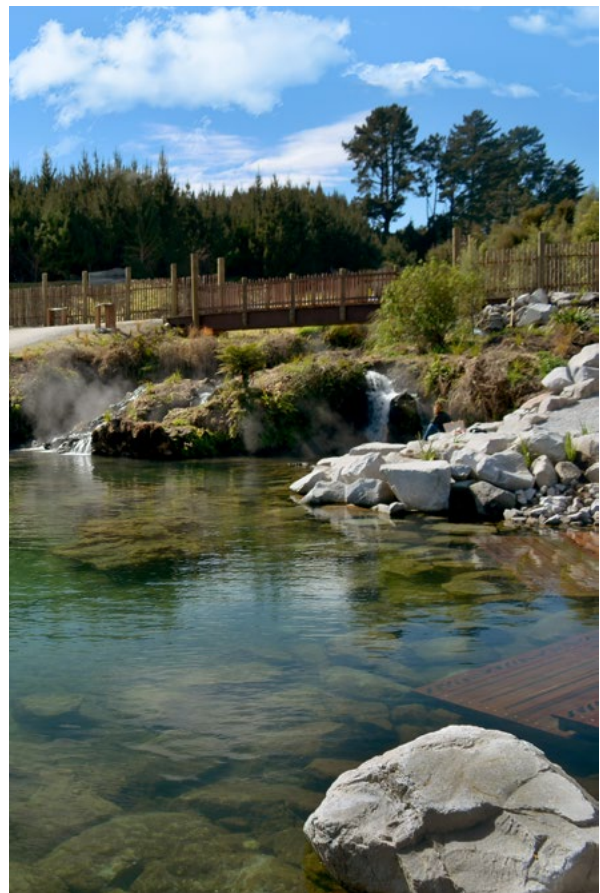
Planning

A major role for Council is planning for the district's future to meet the needs of our communities. In addition to planning for the future, we also control a wide range of activities such as how reserves are used and when and how people can connect to Council services.

Iwi

As Treaty Partners, we are committed to recognising and improving opportunities for Māori to contribute to local government decision-making.

Our relationships with local Iwi and taura here or Māori from other areas are important to Council.





What we did this year

- Council has made significant changes in how it engages with iwi as part of the district community. A team of staff are working hard to understand our co-governance obligations. The Strategic Relationship Manager role maintains the liaison function in support of staff to engage with iwi partners and Māori in general. We have developed NauMai Place, a learning opportunity held on our district marae alongside hapū, we receive presentations by our iwi leaders and seek better understanding for sites of significance throughout the district.
- We completed the process of reviewing our representation arrangements. This determined the number of Councillors and ward structure that we will have for the local government elections in 2019 and 2022.
- Worked in partnership with Pūkawa Marae to deliver the 2019 Waitangi Tūwharetoa ki Pūkawa Festival.
- We have prepared an overall project plan for the District Plan review and begun the process of more specific work plans for the different programmes of work. We have also begun preparation of an issues report that pulls together the range of issues that might need to be addressed through the review. There has been engagement with a range of community groups and commercial entities with broader community engagement planned for prior to the end of 2019.
- Council has also looked to bring together our Iwi partners to understand how best we can receive their guidance on the review of the District Plan. While there are obligations in the Joint Management Agreements, not every Iwi has one of these with Council.
- We adopted a new version of Taupō District 2050 which reflects the updated information from Statistics New Zealand.
- The Flood Hazard Plan Change was made operative.
- We commenced the development of a Transport Strategy that will provide a strategic overview of our transport strategy for the next 30 years. We have engaged with stakeholders and are now preparing a draft strategy. We will consult with the wider community during the 2019/20 year.
- We adopted an amendment to the Long-term Plan 2018-28 in accordance with the requirements of the Local Government Act 2002. The amendment was in relation to the future site for the civic administration building. This plan was consulted on and adopted by Council in June 2019.
- We joined together with the other district councils in the Waikato Region to present a joint case at the Plan Change 1 (Healthy Rivers) hearings. The final block of hearings will be held in 19/20 and we expect that Waikato Regional Council will announce the decisions on Plan Change 1 during that year too.
- The Speed Bylaw was adopted in July 2018.



Investments

Council generates income through investments and development of a range of assets that it owns. Income generated from assets is an important income stream for Council as it offsets some of the costs of providing services and is also used to pay off debt.

We aim to maximise return from residential and commercial land development, property, the TEL fund, forestry and our general reserve funds.

What we did this year

- The TEL Fund value increased from the baseline of \$60.0m at 1 July 2018 to \$60.9m at 30 June 2019.
- The TEL Fund increase over the 2018/19 period was in excess of the forecast 1.8 per cent CPI increase for the same period in the 2018-28 Long Term Plan.
- The yield on the TEL fund for 2018/19 was 3.81 per cent. This was in excess of the minimum target for 2018/19 of 2.74 per cent.
- The yield on General and Special Reserve Funds for 2018/19 was 3.08 per cent. This was in excess of the minimum target for 2018/19 of 2.4 per cent.
- Income distribution in 2018/19 was \$377,104 to subsidise rates (budget \$377,104), and \$1,000,000 to fund the demolition of Waiora House (budget \$nil).



Economic development

Council has signalled that economic development is to be a key focus for the District so that we can continue to live in a thriving and vibrant place where others want to live, invest, work and play.

As a Council we undertake leadership (including partnership and facilitation), spatial planning and infrastructure, quality regulation, services (including three waters), business and industry development and social and community services, supporting economic development. Specifically:

- An in-house events function that supports event organisers to run both commercial and community events. This support includes advice, relationship management, promotion, equipment, venues, hosting, funding and monitoring. Council also provides infrastructure, services and regulatory functions to enable events. Supporting events provides economic impact, gives the district a positive profile, creates vibrancy and diversity, delivers social benefits and provides opportunities for business.
- Promoting Taupō as a holiday and visitor destination through a Council-controlled organisation, Destination Great Lake Taupō (DGLT), and i-SITEs in Taupō, Tūrangi and an information desk in Mangakino. Tourism is estimated to be worth over \$600 million to our economy annually and accounts for a significant proportion of employment within the district. DGLT's

key activities are destination management, destination consumer marketing, business events marketing, trade marketing, special interest.

- Contracting Enterprise Great Lake Taupō (EGLT), an independent trust, to provide business development services throughout the district. Their mandate is to enrich our community through the creation of wealth and jobs for our region and their services include district wide business growth support; entrepreneur and youth development; and new business attraction.
- Supporting the activities of Town Centre Taupō (TCT) - a member based organisation focused on enhancing and developing the social and economic wellbeing of the Taupō Central Business District by developing a vibrant, well managed and innovative town centre.

What we did this year

- EGLT, DGLT and TCT all presented their annual reports to council in October 2018. DGLT and EGLT then presented their 6 monthly reports to TDC in April 2019.



Fly fishing on the Tongariro River, Turangi.
 Photo: Destination Great Lake Taupō

Our Performance

We set ourselves 81 measures in our Long-term Plan which we use to report back on our service performance across our 10 groups of activities.

This page shows the percentage of targets achieved and not achieved. Detailed reporting on the individual measures is included in our full annual report.

We achieved 52 of these (64%)





Summary of Financial Statements

Overview

Council's surplus of \$1.663m is \$8.842m less than the \$10.505m surplus planned. The explanations below address this variance.

Revenue

Council's operating revenue was \$10.482 ahead of plan, this was due to the following operational areas being ahead of plan: rates \$0.456m, development and financial contributions \$1.716m, fees and charges \$1.080m, finance revenue \$0.486m, vested and first time recognition assets \$3.735m, dividends \$0.414m, gain on valuation of investment properties and non-current assets held for sale \$1.285m, realised and unrealised gains and losses on shares and bonds \$0.351m, and gain on sale of property plant and equipment ahead of plan by \$0.348m. These gains are offset by land section sales behind plan \$0.398m, gain on sale of non-current assets intended for sale behind plan of \$1.002m and forestry revaluation \$0.174m behind plan.

Expenses

Council's expenses are \$19.324m higher than plan, due to the following expense items: Loss on revaluation of interest rate derivatives \$11.590m, employee benefit expenses higher than plan \$1.002m, loss on disposal/impairment of assets \$1.919m and operational expenses \$2.485m above plan.

Statement of financial position

Equity

The value of our asset base increased during the year, primarily as a \$108m increase in property plant and equipment and our level of borrowings staying stable at \$145m.

Assets

Investments including cash are \$21.053m higher than plan, and property plant and equipment is \$81.364m lower than plan, and inventory is \$0.767m lower than plan.

Liabilities

Derivative financial instrument liabilities are \$13.229m higher than plan due to fair valuation changes in current and prior year.

These financial statements are extracted from the full Annual Report. That report was prepared in accordance with generally accepted accounting practice in New Zealand and was prepared under Tier 1 Public Benefit Entity International Public Sector Accounting Standards (NZ PBE IPSAS). The information in this summary financial report has been prepared in accordance with PBE FRS43: Summary Financial Statements. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided in the full financial statements. The financial statements are presented in New Zealand dollars and values are rounded to the nearest thousand dollars. The functional currency of Taupō District Council and Group is New Zealand dollars.

Summary Statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Revenue	106,542	96,060	113,290	107,339	114,171
Expenses	96,029	77,045	80,182	97,013	81,285
Finance costs	8,850	8,510	8,611	8,850	8,613
Net Surplus/(deficit) before tax	1,663	10,505	24,497	1,476	24,273
Tax (expense)/credit	-	-	-	86	133
Net surplus after tax	1,663	10,505	24,497	1,562	24,406
Attributable to:					
Taupo District Council	1,663	10,505	24,497	1,673	24,476
Non-controlling interest	-	-	-	(111)	(70)
Net surplus/(deficit) for the year	1,663	10,505	24,497	1,562	24,406
Property, plant & equipment revaluations	108,146	26,782	10,087	108,021	10,087
Available for sale financial assets at fair value through other comprehensive revenue	7	-	(93)	7	(93)
Tax on equity items	-	-	-	(15)	-
Total other comprehensive revenue	108,153	26,782	9,994	108,013	9,994
Total comprehensive revenue and expenses	109,816	37,287	34,491	109,575	34,400
Attributable to:					
Taupo District Council	109,816	37,287	34,491	109,686	34,470
Minority interest	-	-	-	(111)	(70)
	109,816	37,287	34,491	109,575	34,400

Summary statement of changes in net assets/equity

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Net Assets/Equity at start of the year	1,093,968	1,077,615	1,059,477	1,101,494	1,067,094
Total comprehensive revenue and expenses for the year	109,816	37,287	34,491	109,575	34,400
Balance at 30 June	1,203,784	1,114,902	1,093,968	1,211,069	1,101,494
<i>Components of Equity</i>					
Accumulated Funds	792,612	799,335	798,202	793,943	799,524
Other reserves	411,172	315,567	295,766	413,902	298,655
Minority interest	-	-	-	3,224	3,315
Total Equity	1,203,784	1,114,902	1,093,968	1,211,069	1,101,494

Summary Statement of financial position

As at 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Current assets	133,919	67,249	121,519	134,556	122,344
Non-current assets	1,266,533	1,225,041	1,153,856	1,274,546	1,162,141
Total assets	1,400,452	1,292,290	1,275,375	1,409,102	1,284,485
Current liabilities	45,517	29,335	61,801	45,932	62,365
Non-current liabilities	151,151	148,053	119,606	152,101	120,626
Total liabilities	196,668	177,388	181,407	198,033	182,991
Equity	1,203,784	1,114,902	1,093,968	1,207,845	1,098,179
Non-controlling interest	-	-	-	3,224	3,315
Total equity	1,203,784	1,114,902	1,093,968	1,211,069	1,101,494

Summary statements of cashflows

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Net cash flow from operating activities	23,491	23,135	28,059	23,421	28,309
Net cash flow from investing activities	(29,010)	(27,659)	(21,494)	(29,265)	(22,049)
Net cash flow from financing activities	1,000	(1,929)	(2,098)	1,000	(2,098)
Net increase (decrease) in cash held	(4,519)	(6,453)	4,467	(4,844)	4,162

Additional Disclosures

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

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

Key management personnel compensation

	Council	
	Actual 2019 \$000	Actual 2018 \$000
Councillors		
Remuneration (Council Elected Members)	503	474
Full-time equivalent members	11	11
Senior Leadership Group, including the Chief Executive		
Remuneration (CEO & SLT)	1,770	1,722
Full-time equivalent members*	8	9
Total key management personnel compensation	2,273	2,196
Total full-time equivalent members	19	20

Summary of commitments

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Major contracts - operational	47,437	45,321	51,797	45,321
Major contracts - capital	6,538	6,455	6,538	6,455
Non-cancellable operating leases as lessee	2,180	1,134	2,180	1,134
Total commitments payable	56,155	52,910	60,515	52,910

	Council		Group	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Non-cancellable operating leases as lessor	4,090	3,927	5,360	3,909
Total commitments receivable	4,090	3,927	5,360	3,909

Contingent liabilities

Taupō District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 30 local authority shareholders and 64 local authority borrowers of the NZLGFA. (In that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totalling \$9,531m (2018 \$8,272m).

This figure is made up of the face value of the LGFA's bonds on issue of \$8,935m (2018 \$7,719m), accrued interest on bonds on issue of \$68.3m (2018 \$72m), the face value of bills on issue of \$505m (2018 \$475m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$23m (2018 \$6m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt defaults in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Other Contingencies

Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupō. In the event of a landslide any property damage and/or loss of life could potentially give rise to claim(s) against Council, currently unquantifiable (2018 Same contingency disclosure made).

A land subsidence issue has been identified in the Taupō urban area, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. The issue of contingent liability however, currently unquantifiable, is under review (2018 Same contingency disclosure made).

Council controls and has brought to account certain reserve lands throughout the District which will return to lwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will ever eventuate (2018 Same disclosure of this contingency).

Council may be subject to claims relating to weather tightness building defects. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers. As at the date of this report there are three leaky building claims filed with the High Court to which the Council has been joined as a party, either as the direct respondent or as a third party. The Council is actively defending the claims and will seek to join third parties to share any liability it may have following mediation or trial. The three leaky building claims are:

1. Ministry of Education v Carter Holt Harvey – the leaky schools litigation:

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 40 of which are located within the Auckland region. In 2016, CHH commenced proceedings against 48 councils, including Taupō District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates. 28 school buildings (three in Taupō) built outside the 10 year long stop contained within the Building Act 2004 have since being struck out by the High Court.

The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

2. Randell & Squire v Taupō District Council – leaky building claim at 9B Krissell Place:

The plaintiffs have filed a claim in the High Court against the Council seeking \$424,000 plus interest and costs. A 10 day trial has been scheduled to commence after 16 April 2020. It is expected mediation will occur to attempt to settle the claim before trial. The Council has joined the developer to the proceedings. At this stage, it is too early to conclude Council's ultimate liability, but its maximum exposure will be for the sum claimed (plus interest and costs).

3. Paine & Ors v Carter Holt Harvey – leaky home class action

During the last year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

In addition to the weather tightness building claims, there are a further 4 unresolved potential legal claims against Council as at 30 June 2019 (2018: 5 claims) In addition, potential claims may arise from the significant wastewater discharge incident on the Taupō lakefront on 2 July 2019 and the Crown Road subsidence event that occurred on 5 July 2019. All matters present some contingent liability risk related to building or resource consents, property damage, or other aspects of Council's operations which may result in claims for loss against the Council or for which the Council may incur statutory liability. It is not presently possible for Council to quantify a maximum financial exposure for these claims, if indeed there is any liability at all.

The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupō, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the erosion and flooding. The issue of contingent liability however, currently unquantifiable, is under review (2018 Same contingency disclosure made).

Due to recent earthquakes in Canterbury, Council needs to assess whether there is any risk to buildings in the Taupō District. Council has begun the task of evaluating its own buildings, commencing with the buildings of highest risk to human life, to determine if they may be earthquake prone, the buildings assessed so far comply for the intended use. The issue of contingent liability, if any, is unquantifiable (2018 Same contingency disclosure made).

There are no contingent assets or liabilities relating to the subsidiary entities (2018 nil).

Events after balance date

There was a significant water and waste water breakage that occurred post balance date. Cost of remediation of this event is estimated at \$5m.

On 7 August the reserve bank of New Zealand reduced the OCR from 1.5% to 1.0% and long term interest expectations have dropped significantly. As a result, councils interest rate swap liability has increased \$6.8m, from \$35.7m to \$42.5m based on a mark to market obtained on 10 September 2019.

Independent Auditor's Report

To the readers of Taupō District Council and group's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Taupō District Council (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 17 to 22:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cashflows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance reporting.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 24 September 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audit, we have carried out engagements in the areas of the long term plan amendment, debenture trust deed and an assurance engagement in relation to the new headquarters building, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
14 October 2019

Ōrakei Kōrako.

Photo: Destination Great Lake Taupō





GREAT LAKE TAUPŌ
Taupō District Council

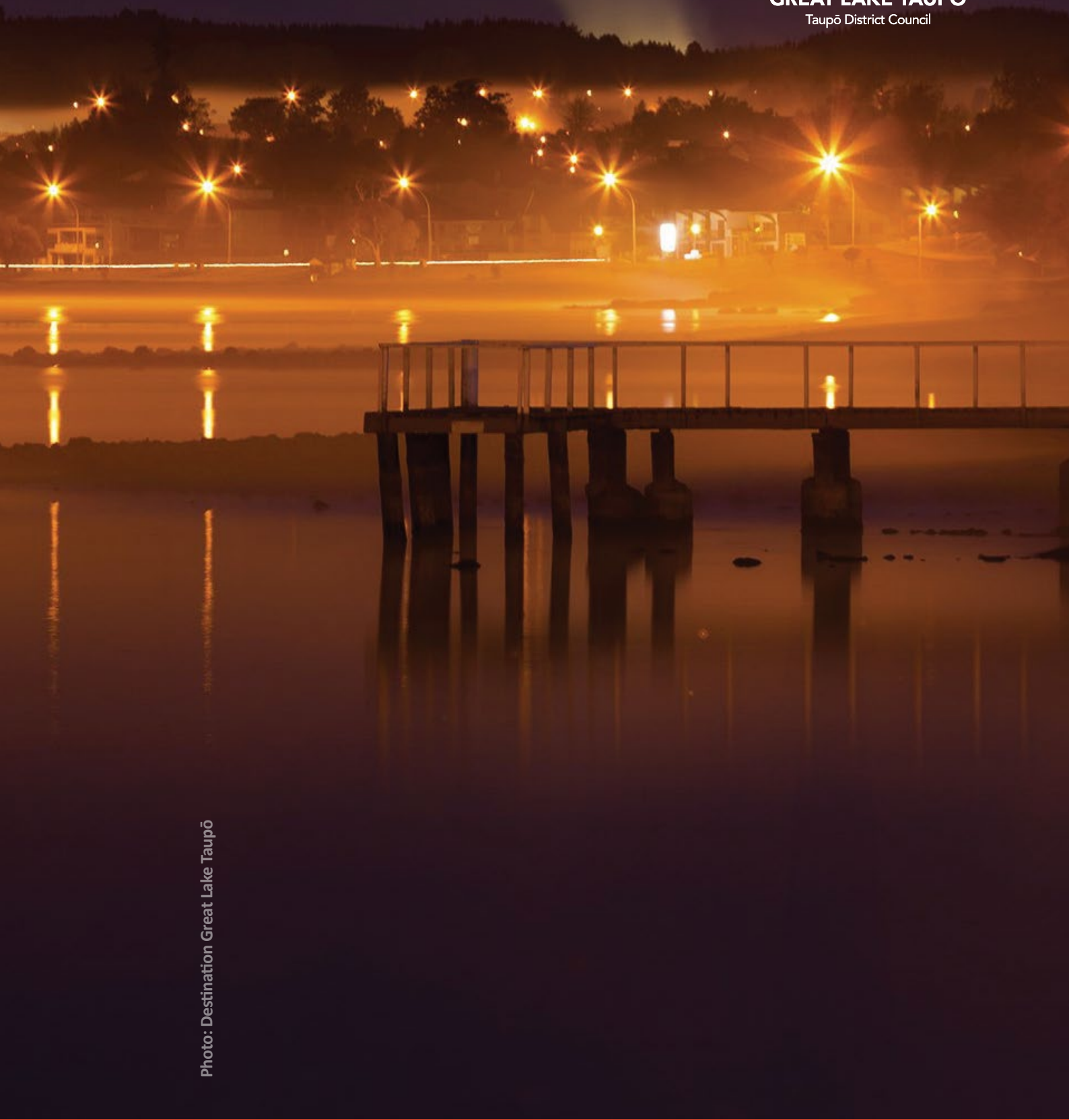


Photo: Destination Great Lake Taupō

Annual Report
Summary 2018 /19