

2014/15
ANNUAL REPORT
SUMMARY

Our year
in review



GREAT LAKE TAUPŌ
Taupō District Council



About This Summary

Each year we produce an Annual Report which compares our actual performance against what we planned. This summary is a snapshot of our achievements against the activities projects and budgets signalled in year three of the 2012-2022 Long-term Plan.

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue by Council on 29 September 2015.

This summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor-

General. The full annual report and summary received an unmodified audit opinion on 29 September 2015.

The summary cannot be expected to provide a complete understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Taupō District Council.

The full Annual Report is available from council offices or online at www.taupo.govt.nz.

Your Council



David Trewavas
His Worship the Mayor



Barry Hickling
Deputy Mayor
Taupō Kaingaroa Ward



John Boddy
Taupō Kaingaroa Ward



Bernhard Chrustowski
Taupō Kaingaroa Ward



Rosie Harvey
Taupō Kaingaroa Ward



Roseanne Jollands
Taupō Kaingaroa Ward



Anna Park
Taupō Kaingaroa Ward



John Williamson
Taupō Kaingaroa Ward



Zane Cozens
Turangi Tongariro Ward



Maggie Stewart
Turangi Tongariro Ward



Kirsty Trueman
Mangakino Pouakani Ward

This summary includes

- An outline of our 2014/15 performance
- A summary of our performance in each of our activity areas
- An overview of some of the significant projects and initiatives undertaken during the year
- A report from Audit New Zealand
- A snapshot of our performance as measured in the National Research Bureau's (NRB) 2014 survey of Taupō District residents and out-of-town ratepayers.



From The Mayor



Welcome to our Annual Report summary for the 2014/15 financial year.

This includes a snapshot of our financial performance and how well our residents believe we have been delivering services to the community. It is also an opportunity to reflect on what we have achieved over the previous 12 months and celebrate our successes.

While we were planning our services and activities as part of the 2014/15 Annual Plan, we were faced with some tough decisions. We had heard the calls to reduce debt and that meant it was time for us to draw a line in the sand if we were to limit rates increases into the future.

The Council before us had already done the ground work for creating a strong financial foundation in developing a three year financial strategy. For the current Council, the key goal was to complete the third year of the strategy and put us in a position where we were heading toward a balanced budget and no longer “putting part of our loan interest on the credit card”. We succeeded.

While we budgeted to reach 95 per cent of our revenue funding expenditure for the 2014/15 year, the actual result came in at 99 per cent. The underlying financial result was \$3.5 million better than planned. We also ended the year with \$18 million less debt than we had at the end of the

previous year. The reduction from \$168 million gross debt to \$150 million was a fantastic achievement.

As a result of our improved financial performance, we had our credit rating lifted by internationally renowned credit rating agency Standard and Poor's from AA- positive outlook to AA. We are one of only 10 councils in New Zealand to have an AA rating, with only the Government ranking higher. It is incredibly heartening from a governance perspective to know our financial management is up with the best in the country.

We closed the year by completing what had been one of the largest infrastructure projects the district had ever seen – the handover of the East Taupō Arterial (ETA) to the New Zealand Transport Agency. In officially making the ETA part of State Highway 1, the old state highway through central Taupō became local road giving us more flexibility around the way it is used in the future. The difference in the value of the two roads contributed to a \$40.3 million accounting loss being shown in this report, however, in previous years we recognised accounting profits of over \$76.5 million in subsidies we received to help fund the ETA's construction.

Looking forward, our focus will be on implementing the 2015-2025 Long-term Plan in which we have seen our hard work pay off. Limiting rates increases to between two and three per cent, which is below the level of projected local government inflation, has become a reality and one that we are incredibly proud of. The future looks incredibly bright.

Finally, I would like to acknowledge the efforts made by council staff in implementing the plans and actions on the Council's behalf. They are tremendous ambassadors for our district and work hard to ensure we all remain proud to call the Taupō District home.

Mayor David Trewavas



From The CEO



One of the things that we can struggle with in Local Government is demonstrating the value we offer our communities. Often we go about our daily business without ever recognising how in many ways, what the council does reflects directly on the quality of our lives. That's why at Annual Report time it is always good to reflect on everything we have achieved, and the vast array of quality services we have delivered.

Last year we undertook the three yearly survey of our residents to make sure we are on track and are serving our communities in the way they expect. These surveys are run by an independent research company who randomly sample around 450 of our resident and non-resident ratepayers, asking questions that help us rate our performance in the Annual Report. The results were incredibly pleasing. Not only do 68 per cent of those surveyed think we are doing a good job, our performance is above the nationwide rating and that of our peer group councils. Furthermore, 68 per cent think we are in touch with our communities and 88 per cent are happy with how we provide information on our services and facilities. The biggest jump was a 12 per cent increase in the number of people surveyed who thought the district was more attractive. Looking forward we will continue to use the results of the survey to identify areas for continuing improvement.

Operationally the 2014/15 year focussed on implementing the third and final year of the previous Council's Long Term Plan 2012-22, and aimed at continuing to build on our vision of a thriving, vibrant community. One of the challenges we faced was implementing the third and final year of a financial strategy that aimed at consolidating debt.

Of the projects completed during the year, many were required to meet compliance and resource consent conditions. Others

included the third and last stage of the Turangi Revitalisation Project, building a skatepark at Mangakino and working in partnership with the Tuaropaki Trust to introduce free Wifi in the Taupō Central Business District.

During the year we made great strides forward in terms of our Civil Defence capability with the installation of generators at the Great Lake Centre and Taupō Events Centre. The generators will supply power to those dedicated welfare centres during an outage. A large scale welfare exercise was held following the installation to coincide with the national Civil Defence Week, which was the first of its scale in the Waikato region. We also marked a major milestone in the handover of the East Taupō Arterial to the New Zealand Transport Agency which was the culmination of a seven year project to take a significant volume of heavy trucks out of the town centre. In return, Wairakei Drive and Lake Terrace became local road.

Some projects were not completed, or put on hold, as we moved to limit our expenditure where possible. We continued to look after the district's \$1.1 billion in assets and during the year completed a large volume of work preparing the Long-term Plan for 2015-2025.

However, along with the highs there was also some lows, including the number of sewage spills into the lake. We had 12 spills during the year, compared with none to two for previous years, mainly due to fat, rags and tree roots causing blockages in the system. It is important for everyone to understand that wherever we are in Taupō a leaking sewer will find its way into the stormwater network and ultimately into the lake so it is of paramount importance to ensure that we do everything we can to avoid blocking our pipes. The increase in spills this year prompted a programme of sewer cleaning and condition assessments being undertaken in high risk areas. We are also about to enter a proactive phase by developing an education campaign to raise awareness of the issues.

Looking forward, our operating and renewal programmes are based on maintaining what we have while delivering the current level of service. We will continue to make efficiencies where we can and will work to ensure the district retains the vibrancy and appeal that makes this such a great place to live.

A handwritten signature in black ink, appearing to read 'Rob Williams'. The signature is stylized and fluid, with a large loop at the end.

CEO Rob Williams

How we performed

The services we deliver to our communities are divided into 11 groups of activities. Our 10-Year Plan 2012-22 set out 103 performance measures for the 2014/15 year and we achieved 76. Below is a snapshot of our results for the year, showing the percentage of targets achieved (green) and not achieved (orange).

Our full 2014/15 Annual Report includes detailed reporting on each of the measures and can be viewed at www.taupo.govt.nz.



Here we look at how our ratepayers believed we performed during the 2014/15 year. These results come from the independent resident's survey we undertook in November 2014. Here are some examples of what you told us:

UP 5% SATISFACTION WITH **CYCLEWAYS** IN THE DISTRICT – 84 PER CENT

SATISFACTION WITH **TAUPŌ MUSEUM** – 64 PER CENT **UP 8%**

THE WAY COUNCIL PROVIDES INFORMATION ON ITS SERVICES AND FACILITIES – 88 PER CENT **UP 3%**

UP 16% SATISFACTION WITH **TURANGI AQUATIC CENTRE** – 98 PER CENT

NO CHANGE **SATISFIED WITH ROADS** IN THE DISTRICT – 94 PER CENT

SATISFACTION WITH **WATER SUPPLY** – 92 PER CENT **UP 1%**

*To read more about what we achieved during the year see our full 2014/15 Annual Report at www.taupo.govt.nz.

Our Finances in brief

\$57.7 million

The amount we collected through rates

\$23.5 million

The amount we collected through other income sources

\$79.6 million

Our operating costs for the year

\$8.2 million

Our capital expenditure for the year

\$3.5 million

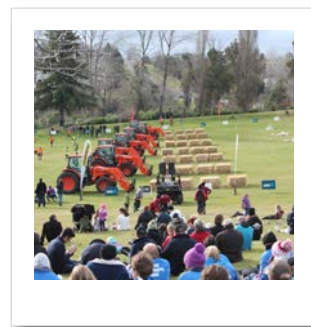
Our underlying operating surplus better than planned.

\$18 million

How much less debt we had at the end of the year (balance \$150 million).

AA

Our upgraded credit rating from international credit rating agency Standard and Poor's.



You can view more of our financial results on page 10-11 of this summary or in the full 2014/15 Annual Report at www.taupo.govt.nz.

Some of the Things we did

NEW GENERATORS FOR TAUPŌ CIVIL DEFENCE

Two of the Taupō District's biggest venues got a special delivery during the year that will boost the district's capability in a Civil Defence emergency.

Both the Great Lake Centre and Taupō Events Centre are designated welfare centres in an emergency. Both could be used if disaster strikes, so need to be prepared to cope with power outages in order to be able to serve the community.

For that reason the Council invested in two generators, which will help ensure the district was prepared in the event of an emergency, with power supply in key location when it is needed most.

Soon after the generators were installed a large scale welfare exercise was held to test their capacity. The exercise was the first of its kind to be held in the Waikato region and coincided with Get Ready Week, September 22-28, which is the national emergency management campaign for preparedness.



HANDED OVER THE EAST TAUPŌ ARTERIAL

The construction of the East Taupō Arterial (ETA) was one of the largest infrastructure projects the district had ever seen. The project came to its conclusion this year with the handover of the ETA to the New Zealand Transport Agency, to officially become part of State Highway 1.

In return, the old state highway through central Taupō was handed over to the council by NZTA, becoming a local road.

The 16-kilometre stretch of highway was built to benefit the Taupō District community by taking a significant volume of heavy trucks, out of the town centre. It now provides multiple entry points into Taupō, has improved traffic flow and safety and reduced journey times.

The idea of building a road to bypass Taupō stretches back 60 years, with the project to build the ETA getting official approval in 2008. Construction began in 2008 and the ETA was opened to traffic in October 2010.

Work involved moving 1.5 million cubic metres of soil – the equivalent of 91,000 truck and trailer loads – planting more than 40,000 plants to complement the route and installing over 250 streetlights and 450 signs.

The council built the ETA, with NZTA paying a 76.5 per cent subsidy toward the final cost of construction of \$110 million.



GAVE THE TAUPŌ CENOTAPH A NEW LOOK

Taupō's cenotaph got a fresh new look to commemorate the centenary of the Gallipoli campaign on Anzac Day, 2015.

Taupō District Council was successful in attracting a \$144,000 grant from the government's Lottery World War One Commemorations and Environment and Heritage Committee toward the project.

The cenotaph was tidied up with new granite panels and the surrounding area paved in red and black to resemble a poppy, the official centenary emblem of the Great War.

The refurbishment was a joint project coordinated by the council, with help from the Returned Services Association, Ngati Tūwharetoa and the Taupō branch of the Society of Genealogists.

The grant was also used to fund educational activities hosted by Taupō Library and Taupō Museum leading up to and during the centenary.



UPGRADED TURANGI MALL



Turangi's mall frontage, a key project in the Turangi town centre revitalisation, was completed three weeks ahead of schedule, minimising disruption to the community and retailers.

New additions to the front of the mall include timber seating, extensive landscaping and a pedestrian crossing.

The rear of the mall also got a spruce-up, which included an upgrade to the power infrastructure, landscaping, lighting improvements and the building of a stage.

A drinking fountain is also being installed.

BUILT A NEW SKATEPARK IN MANGAKINO

A skate park has been built in Mangakino after an amazing fundraising effort and the formation of a partnership between the community and the council.

Over \$217,000 was raised for the project with contributions from the Mangakino Community Led Development Group, which is funded by the Department of Internal Affairs, Transpower, the Lions Foundation, Trust Waikato and the council.

The skate park was constructed where the old playground sat alongside the town centre. This playground was dated so has been removed, but some of the newer components will be relocated alongside the new skate park at a later date to form a new play area.

Work began in mid-October 2014 after consultation with Mangakino youth, who were pleased the skate park would be designed in a similar way to the new Turangi skate park, which opened in February of the same year.

The skate park was built on a council reserve and the work was done by contractors Angus McMillan Concrete, who also built the popular Turangi skate park. The project was completed in December 2014.



SECURED AIR SERVICES TO ENHANCE OUR ECONOMIC OPPORTUNITIES



After Air New Zealand announced in November 2014 it was to cut services between Taupō and Wellington the Council was approached by businesses, retailers and residents concerned about what the loss of the flights might mean for the district in both the short and long term. A request for formal feedback from the community had shown there was overwhelming support for the district to retain its flight connectivity with the capital.

In response, Taupō District Council signed a deal with Sounds Air to fly between Taupō and Wellington.

The six-year agreement sees the Marlborough-based air operator provide at least three return flights on each week day and two return flights on Saturdays and Sundays. In return, the council guarantees the first three seats per flight. A regular review period has been built into the agreement to ensure the arrangements are working for both parties. Passenger loadings have been very positive during the initial months of operation and no call has been made up to this point upon the Council guarantee.

Meanwhile, Air New Zealand continues to fly the route between Taupō and Auckland and has recently increased its capacity to 55 seats per flight on Sundays and from February 2016 this will increase to all flights. This is a really positive move for the Taupō economy and makes a bold statement about our future. The Taupō community now needs to respond and demonstrate that we are able to sustain this increasing level of service.

Taupō Airport is one of the Council's strategic assets and maintaining links to major centres is seen as a key economic development enabler.

The Things we did

OUR CREDIT RATING RAISED TO AA ON LOWER DEBT AND STABLE OUTLOOK

Taupō District Council's credit rating was raised to AA by international credit rating agency Standard and Poor's, acknowledging that its financial management rivals some of the best in New Zealand.

The world-renowned rating agency issued a report acknowledging the council's very strong financial management, budgetary flexibility and budgetary performance, and its strong liquidity and low contingent liabilities.

Taupō's improving budgetary performance will reduce and sustain its total tax-supported debt to less than 200 per cent of operating revenues in 2017. We consider that this debt burden no longer represents a significantly higher level of risk compared to AA peers, the report said. The outlook is stable, reflecting that the council's debt will continue to fall in line with our base-case forecast.

Taupō is one of only 10 councils in New Zealand to have an AA rating, putting it in an incredibly strong position to negotiate the best possible deal for the ratepayer when it comes to servicing debt.

Reducing debt was a key goal of the council's long term strategy in its 2015-2025 Long-term Plan in which gross debt is projected to reduce from \$162 million to \$103 million by 2025.



TURANGI TONGARIRO COMMUNITY BOARD WON A TOP AWARD



Turangi Tongariro Community Board won the Supreme Award at the Local Government New Zealand Best Practice Awards.

The awards, which recognise excellence in the implementation of projects and initiatives at a local level, consist of three categories; leadership, enhancing communities and engaging communities.

Turangi Tongariro Community Board won both the leadership category and the Supreme Award. The board was recognised for its community plan, with judges commenting that the board set itself tasks, identified members to carry them out and completed them.

As a prize for winning the award, the community board was able to have a Local Government New Zealand KnowHow workshop on the topic of its choice held in Turangi.

NUMBER OF WASTEWATER SPILLS PROMPTS EDUCATION CAMPAIGN

As a Council we want to provide safe, efficient wastewater services that protect public health and property without compromising our waterways, to the satisfaction of our communities.

In doing so, one of our key performance measures and targets is that wastewater does not flow to lakes, rivers or streams.

Unfortunately, this year it was a target we did not meet.

Over the past five years the number of spills had varied from none to two. The 2014/15 year saw 12 spills into our waterways, with the majority attributed to blockages or breaks. Fat, roots and rags entering the wastewater system were the main contributor, prompting a programme of sewer cleaning and condition assessments being undertaken in 'high risk' areas in both Turangi and Taupō.

Council has also included \$1m over the next 10 years to maintain an ongoing cleaning and condition assessment programme. We are mindful that the cleaning of our network is reactionary and educating our community in what not to let enter the sewer network is a more proactive solution. In response, we have begun communicating with the community about some of the issues, with a more robust campaign being developed and implemented during the coming year.



Summary of Financial Statements

Council's actual deficit of \$47.381m is \$45.541m more than the \$1.840m deficit planned. The major cause of this variance is the exchange of the ETA for the sections of SH1 and 5 that are now under the Council's control. This transaction contributed \$40.296m to the deficit. A further \$8.725m loss was recognised for the revaluation of interest rate derivatives and investment properties. All these transactions are non-cash in nature and are unbudgeted. Removing the effect of these transactions would place Council in an operating surplus position of \$1.689m which is a \$3.529m improvement against the plan of \$1.840m deficit. The explanations below address this adjusted variance.

INCOME

Council's operating revenue was \$4.781m ahead of plan, this is due to the following areas being ahead of plan: subsidies and grants \$635k, development and financial contributions \$153k, fees, charges and targeted rates for water supply \$1.5m, finance revenue \$416k, vested assets and first time recognition of assets \$1.183m, infringements and fines \$77k, realised and unrealised foreign exchange gains \$573k, gain on sale of property, plant and equipment \$218k, dividends \$166k, realised gain on sale of shares and bonds \$123k, other revenue \$233k. These gains are offset by gain on sale of properties behind plan \$180k and forestry revaluation being a loss instead of a budgeted gain of \$288k.

EXPENSES

Council's operating expenses are \$1.3m higher than plan due to the following areas being behind plan: employee benefit expenses \$58k, depreciation \$934k, loss on disposal of property, plant and equipment \$1.573m, loss on revaluation of forestry assets \$79k, loss on valuation and sale of financial assets \$769k, impairment of non-current assets held for sale \$49k. These losses are offset by operational savings of \$1.5m and savings on interest on debt of \$700k.

STATEMENT OF FINANCIAL POSITION

Equity

Council's Statement of Financial Position presents a healthy picture, our asset base is remaining stable and our level of borrowings is decreasing, currently at \$150m compared to Annual Plan estimates of \$162m.

Assets

Investments, including cash, are \$741k higher than plan, trade and other receivables are \$766k higher than plan. Non-current assets held for sale \$6.815m lower than plan and investment properties are \$1.439m higher than plan. Property, plant and equipment, intangibles and forestry were \$104.8m less than plan due to the revaluation of infrastructural assets being \$16.2m higher than plan, offset by the revaluation of roading being \$71m lower than plan in 2013/14. Capital expenditure was \$10.3m behind budget and depreciation was \$934k higher than planned. Disposals were \$0.9m higher than plan, vested assets were \$1.1m higher than plan. The net effect of the transfer of the ETA and SH1/5 with NZTA was a disposal of \$40.3m which was unbudgeted.

Liabilities

Trade and other payables \$1.1m lower than plan, derivative financial instrument liabilities are \$8.342m higher than plan due to fair valuation change. Borrowings \$11.453m lower than plan mainly due to capital expenditure being below planned levels.

These financial statements are extracted from the full Annual Report. That report is prepared in accordance with generally accepted accounting practice in New Zealand and complies with NZ PBE Standards.

This is the first Annual Report prepared under the new 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. There have been reclassifications and restatements to comparative figures in order to comply with the NZ PBE Standards. Details can be found in note 37 of the full Annual Report. 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.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2015

	Council Actual 2015 \$000	Council Estimate 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Revenue	136,317	77,018	81,240	137,246	82,297
Expenses	173,131	67,629	76,543	174,237	77,862
Finance expense	10,567	11,229	10,686	10,568	10,688
Net surplus/(deficit) before tax	(47,381)	(1,840)	(5,989)	(47,559)	(6,253)
Tax (expense)/credit	-	-	-	50	82
Net surplus/(deficit) after tax	(47,381)	(1,840)	(5,989)	(47,509)	(6,171)
Attributable to:					
Taupō District Council	(47,381)	(1,840)	(5,989)	(47,438)	(6,096)
Non-controlling interest	-	-	-	(71)	(75)
Net surplus/(deficit) for the year	(47,381)	(1,840)	(5,989)	(47,509)	(6,171)
Property, plant & equipment revaluations	23,170	6,933	(24,233)	23,170	(23,742)
Financial assets at fair value through other comprehensive revenue	258	-	(480)	258	(480)
plus tax on equity items	-	-	-	-	(138)
Total other comprehensive revenue	23,428	6,933	(24,713)	23,428	(24,360)
Total comprehensive revenue and expense	(23,953)	5,093	(30,702)	(24,081)	(30,531)
Attributable to:					
Taupō District Council	(23,953)	5,093	(30,702)	(24,010)	(30,633)
Minority interest	-	-	-	(71)	102
Total recognised revenue and expenses	(23,953)	5,093	(30,702)	(24,081)	(30,531)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Council Actual 2015 \$000	Council Estimate 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Equity at start of the year	1,024,571	1,102,748	1,055,273	1,031,734	1,062,265
Total comprehensive revenue and expense previously reported	(23,953)	5,093	(30,702)	(24,081)	(30,531)
Balance at 30 June	1,000,618	1,107,841	1,024,571	1,007,653	1,031,734
Components of Equity					
Accumulated funds	774,285	839,974	833,424	775,960	835,156
Council created reserves	93,853	99,647	101,383	93,853	101,383
Revaluation reserves	132,480	168,220	89,764	134,630	91,914
Non-controlling interest	-	-	-	3,210	3,281
Total Equity	1,000,618	1,107,841	1,024,571	1,007,653	1,031,734



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Council Actual 2015 \$000	Council Estimate 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Current assets	70,420	61,114	62,381	71,269	63,205
Non-current assets	1,111,663	1,232,372	1,152,632	1,119,270	1,160,459
Total assets	1,182,083	1,293,486	1,215,013	1,190,539	1,223,664
Current liabilities	61,715	94,413	99,211	62,243	99,758
Non-current liabilities	119,750	91,232	91,231	120,643	92,172
Total liabilities	181,465	185,645	190,442	182,886	191,930
Equity	1,000,618	1,107,841	1,024,571	1,004,443	1,028,453
Non-controlling interest	-	-	-	3,210	3,281
Total equity	1,000,618	1,107,841	1,024,571	1,007,653	1,031,734

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Council Actual 2015 \$000	Council Estimate 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Net cash from operating activities	22,215	16,411	9,981	22,353	9,928
Net cash from investing activities	(13,397)	(14,480)	(8,475)	(13,475)	(8,543)
Net cash from financing activities	(15,678)	(2,532)	2,584	(15,690)	2,570
Net increase (decrease) in cash held	(6,860)	(601)	4,090	(6,812)	3,955

ADDITIONAL DISCLOSURES

KEY MANAGEMENT PERSONNEL COMPENSATION

	Group Actual 2015 \$000	Group Actual 2014 \$000
MAYOR & COUNCILLORS		
Remuneration	440	402
Full time equivalent members	11	11
SENIOR LEADERSHIP GROUP, INCLUDING THE CHIEF EXECUTIVE		
Remuneration	1,068	1,115
Full time equivalent members	5	5
Total key management personnel compensation	1,508	1,517
Total full-time equivalent personnel	16	16

COMMITMENTS

	Council Actual 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Major contracts	21,048	28,480	21,048	28,480
Non-cancellable operating leases	28	39	162	196
Total commitments	21,076	28,519	21,210	28,676



OTHER CONTINGENCIES

Taupō District Council

Council may be subject to claims relating to weather tightness building defects. As at the date of this report the Weathertight Home Resolution Service (WHRS) is investigating two claims affecting two properties in the Taupō District (2014 Two WHRS claims). The Council is not a respondent for one of these claims and the other may or may not result in a formal claim against Council. No weather tightness claims have been lodged directly with Council.

All Councils with responsibilities under the Building Act have, to varying extents, been impacted by the leaky building issue. Unfortunately, as the issue has evolved, other parties to the claims have disappeared and Councils and Riskpool (our insurer) are often the only party responding to the claims. This has meant that judgements against Councils are increasing. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers.

In addition to the weather tightness building defect claims, there are a further 13 unresolved potential legal and insurance claims against Council as at 30 June 2014 (2014 6 claims). All seek compensation related to resource consents, property damage, contractual disputes, or other aspects of Council's operations which the claimants believe have caused them loss. It is not possible for Council to quantify a maximum financial exposure for these claims. Council will vigorously defend all claims and expects its actual liability to be minimal, if indeed there is any liability at all.

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.

Council has also disclosed contingent liabilities in relation to land subsidence, erosion and flooding, please refer to note 33 of the full Annual Report for details

Events after balance date

There were no significant events after balance date, that require reporting.

Independent Auditor's Report

To the readers of
**Taupō District Council's summary
 annual report for the year ended 30 June 2015**

The summary annual report was derived from the annual report of the Taupō District Council (the District Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 5 to 11:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and cashflow statement for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as 'How we performed') of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 29 September 2015.

Opinion

In our opinion:

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

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand) and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.



Clarence Susan
 Audit New Zealand
 On behalf of the Auditor-General
 Tauranga, New Zealand
 29 September 2015

