

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Taupo District Council and group for the year ended 30 June 2010 included on Taupo District Council and group's website. The Taupo District Council and group's Council is responsible for the maintenance and integrity of Taupo District Council and group's website. We have not been engaged to report on the integrity of Taupo District Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 28 September 2010 to confirm the information included in the audited summary annual presented on this website.

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



Taupo District Council

Annual Report Summary 2009/10

About this summary

This document provides an overview of Taupo District Council's operational and financial performance for the 2009/10 financial year. It is prepared in accordance with section 98(4) of the Local Government Act 2002, and in line with section 98(5) of that same Act, it represents fairly and consistently the information regarding the major matters dealt with in the Annual Report.

The specific disclosures included in this summary report have been extracted from the full Annual Report, which was adopted by Council with an unqualified audit opinion dated 28 September 2010. The summary has been examined by the auditor for consistency with the full Annual Report, and audited by Audit New Zealand on behalf of the Auditor-General. This summary was authorised for issue by the Chief Executive Officer and the Group Manager Finance and Corporate Services on 22 October 2010.

This summary of the Annual Report gives an overview of Taupo District Council's operational and financial performance for 2009/10. However, this summary report cannot be expected to provide as complete an understanding of Council's financial and service performance, financial position and cashflows as the full Annual Report. The full Annual Report is our key accountability document, and is available on request from Council offices or on-line at www.taupo.govt.nz. The Annual Report was adopted by Council with an unqualified audit opinion in September 2010.

From the Mayor



Mayor Rick Cooper

Council's job is to listen to the diverse needs of our community and respond to them with visions, decisions and actions which reflect those requirements. This report is about that process. Whether it is through the installation of CCTV cameras to improve safety in our public areas, or planning for the future needs of water supply throughout the district, our actions should reflect community demand.

In May 2010, our district received the prestigious "International Safe Community" accreditation from the World Health Organisation. This award comes as a result of combined effort from Council and many organisations within our community. It recognises our district as a safe place to live, work and play – and acknowledges our community's ongoing commitment to strengthening this.

We received an enormous amount of feedback and input from the wider community on the Taupō Urban Commercial and Industrial Structure Plan. The purpose of the draft plan was to formulate a way forward in creating a vibrant and appealing heart for Taupō. Principles of the structure plan were developed based on findings from community workshops and were based on refreshing Taupō's town centre and identity. The Council received approximately 440 submissions, many of which were expanded on during hearings in May. Other projects aimed at keeping Taupō's CBD alive and buzzing have also proved effective and successful – these include the addition of 110 new in-berm car parking spaces, plus the installation of Metereye – an innovative new electronic monitoring system to ensure free parking can be enjoyed by all.

We were fortunate to be selected as hosts for the South African, Irish and Welsh teams during Rugby World Cup 2011 which will reach a global audience of an estimated four billion people. The Taupo 2011 Committee was formed in April – consisting of representatives from Council, the rugby sector and various stakeholder groups – to ensure our region is showcased to the highest possible level during the six-week tournament. The committee is collaborating with a working group of Council officers to make sure our district is ready for this rare and exciting opportunity.

Our population of 32,500 continuously proves they are passionate and diverse – and, perhaps most interestingly – many have come from elsewhere to make our district their home. I believe this conscious decision reflects the quality of life on offer here in our District. Whether people come for our world renowned "outdoor playground" or for the strong community support that may not exist in larger centres, our residents and ratepayers all seem extremely proud and happy of their choice. This report records Council spending and activities to meet the evolving needs of our communities, which reflect our positive and progressive district.

Rick Cooper
Mayor of Taupo District

From the CEO



CEO Rob Williams

In the year to June 2010, New Zealand as a whole and Taupō District continued to experience the side-effects of a global economic slowdown that has continued for more than two years now. For many people and the businesses of the district, these have been challenging times.

Council too has had to adapt to the ongoing challenges of lower growth, and our response is reflected in this Annual Report. I am pleased that, despite the difficult environment, we have been able to deliver our promised levels of service within the approved financial budget. Although some revenue streams were not as substantial as forecast, our treasury management largely overcame the downside of lower growth over the past year. We will however, need to be mindful of our expenditure into the future.

Council has four strategic directions: growth and economic development, a sustainable environment, strong safe and healthy communities, and a commitment to working together with all our residents, partners and stakeholders. We are making good progress towards ensuring that we nurture and sustain our environment, that our communities are stronger and safer, and that we actively seek to collaborate with all the people who have a role to play in developing our district. While the economic downturn has slowed growth, careful management and the impact of spending on major infrastructure (especially the ETA and some of the big energy projects) mean that our District has survived in much better shape than it would have otherwise.

The early completion of the ETA has meant we've had to borrow some money sooner than we had planned. The upside of early completion is that this summer, for the first time ever, heavy trucks won't lumber through our beautiful town, and residents and holidaymakers won't have long queues at Control Gates Bridge. After much dialogue with us, the New Zealand Transport Authority (NZTA) decided to fund construction of a connector road between Crown Road and SH5, which was a particularly important milestone for businesses in the Crown Road area. The ETA, including the rebuild of the roundabouts in order to future proof this road of national significance, has been achieved ahead of schedule and within the original budget.

The Commercial and Industrial Structure Plan has begun to address the post-ETA implications for the Taupō township: Aside from the more issue of whether to put a new Council building on the Tongariro Domain, submissions supported the idea of refreshing and revitalising Taupō's urban, commercial and industrial centres. Whatever Council finally adopts, we can be confident that it will reflect our continued commitment to stronger economic development.

As the events capital of New Zealand, the district continues to attract and hold international events such as Ironman despite competing bids from other, much larger centres. No Council can build an events industry on its own - in our district, it has taken the collective pride, passion and commitment of the whole community.

Having been awarded host city status for three of the world's most recognized international teams - South Africa, Ireland, Wales - for Rugby World Cup 2011, we have begun our preparations, and these will draw on the commitment and passion of many residents and ratepayers.

Council works collaboratively with a wide range of stakeholders, including all the people who participate in Our Neighbourhood events, including CAFE for Youth Health. We also work with three iwi in our district, Ngati Tuwharetoa, Ngati Raukawa and Te Arawa, especially as plans have been developed for the new Waikato River Authority which will act as guardians of the Waikato River.

Given Lake Taupō's importance, we continue to protect the Lake, especially from nitrogen flows - nobody wants a lake prone to algal blooms in the height of summer.

Council has adopted a water supply strategy that outlines how we will deliver better quality, drinking water, without putting an unacceptable burden on ratepayers. We're also working to reduce losses from the system with an upgraded network reticulation maintenance programme. The water supply strategy outlines how we will develop, improve and maintain the district's water supply schemes over the next three decades. In implementing the strategy, we will deliver better quality, safe and affordable drinking and household water that complies with legislation imposing new, stricter, water quality standards without putting an unacceptable burden on ratepayers. We have also developed a water demand management plan, which includes public education. That way, everyone can learn about the financial and environmental consequences water use - as the signs say, there's no point watering the footpath when you water the garden. We're also working to reduce losses from the system with an upgraded network reticulation maintenance programme.

Upgrading the Taupō wastewater treatment plant and the Ashwood septage facility were major works this year, to ensure that wastewater is moved efficiently away from homes and commercial and industrial premises and that it is disposed of in environmentally acceptable ways.

Council has continued to develop the district's community facilities - libraries, swimming pools, parks, public toilets, and much more. The 2009 Residents Satisfaction Survey showed that the people who use our community facilities have very high levels of satisfaction, and we are working to keep it that way.



Rob Williams
Chief Executive Officer

Our organisation at a glance

Taupo District Council has a mayor, 10 councillors and more than 350 full-time equivalent staff. We also have \$1.291 billion in assets, including land, infrastructure and buildings.

In 2009/10 Taupo District Council provided:

- 762 km of road, 281 km of footpaths, 3675 street lights, 24 bridges, 38 km of cycleway and 97,000m² of parking.
- 570 km of pipes and 35 pump stations to reticulate drinking water.
- 350 km of wastewater pipes, 101 pump stations and 12 wastewater treatment plants.
- 2059 km of stormwater pipes.
- 10 sportsgrounds, 62 parks, nearly 300 reserves, 3 cemeteries and 20,000m² landscaped gardens.
- Playgrounds, park furniture, landscape features and public toilets.
- Three swimming pools, three recreation centres, the Great Lake Centre, the Taupo Museum and three libraries.
- 57 pensioner accommodation units and 12 community halls.
- Taupo Airport (in conjunction with the Crown).
- Water, wastewater and rubbish collection services; emergency management, economic development, event promotion and support, and destination management.
- Statutory and regulatory functions that included issuing 1062 building consents and 234 resource consents.



Ashwood septage reception facility

WORKING TOGETHER

What we do

We want to understand the needs of our communities, and make decisions that benefit them. To do this, we build relationships and networks with communities and provide opportunities for communities to engage with us.

Advocacy, relationship building and connecting with the youth of our community are part of this work. We are also working to be the best we can with our staff and systems, and to deliver the services we plan.

We engage with central and regional government agencies for the benefit and wellbeing of our communities giving, voice to the needs and concerns of our District both regionally and nationally. Council advocates on a wide range of issues including land, water and air quality, healthy communities and regional tourism.

Council will continue to develop our international relationships for the District's benefit.

Council activities that help achieve the goals were:

- Leadership, Governance and Advocacy
- Community Engagement
- Planning for the Future

"One of the Best"

Taupo district was awarded "International Safe District" status in May 2010. Six accredited examiners from the World Health Organisation (WHO) visited Taupo in April to judge the district's application to become an "International Safe District". They said that the districts application was one of the best they had seen.



International "Safe District" award ceremony May 2010 (with Mayor Rick Cooper and Louise Upston MP)

What we planned and delivered

- Organised a series of 'Our Neighbourhood' events
- Published the Annual Report 2008/09
- Adopted the Annual Plan 2010/11
- Adopted the State of the District Report 2010
- Ongoing advocacy with central and local government

What we planned, but did not complete

- Developing Future Leaders - Investigate establishment of Youth Councils in Turangi and Mangakino
- Implementing IT projects to improve systems and processes
- Reviewing the Community Outcomes



'Our Neighbourhood' event held in Turangi

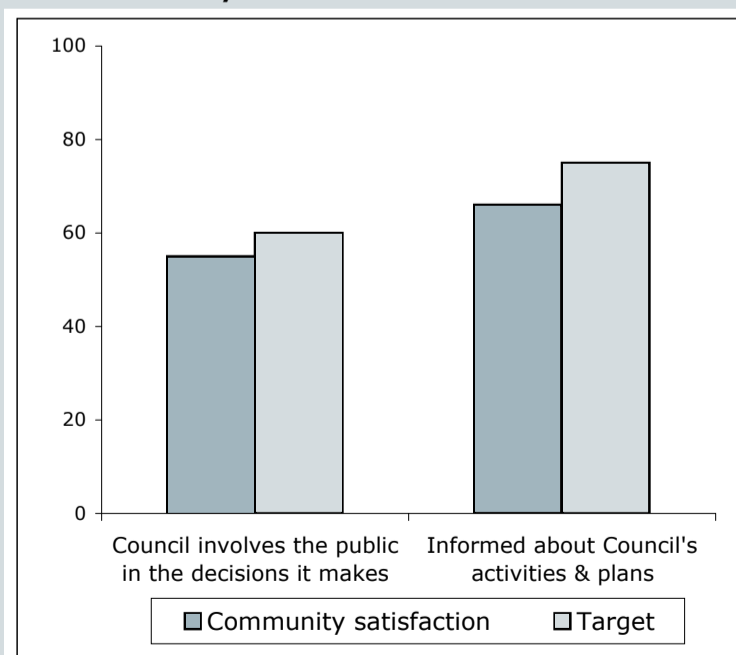
Service Performance Overview

Here's a summary of our performance for each activity:

Activity	How we did
Leadership, Governance and Advocacy	We met most of our organisational development targets. We responded to most information requests in time and all our significant decisions complied with legislation.
Community Engagement	We achieved positive results with our partnerships.
Planning for the Future	We got an unqualified audit opinion for the LTCCP 2009-19.
Performance Measures	We achieved five targets, two were nearly achieved, but we missed two of our performance targets. Two other targets were not applicable to this year.

Overall Council worked with other agencies to improve governance, co-ordination and planning functions. Council achieved most of the targets set in the LTCCP.

Satisfaction survey



GROWTH AND ECONOMIC DEVELOPMENT

What we do

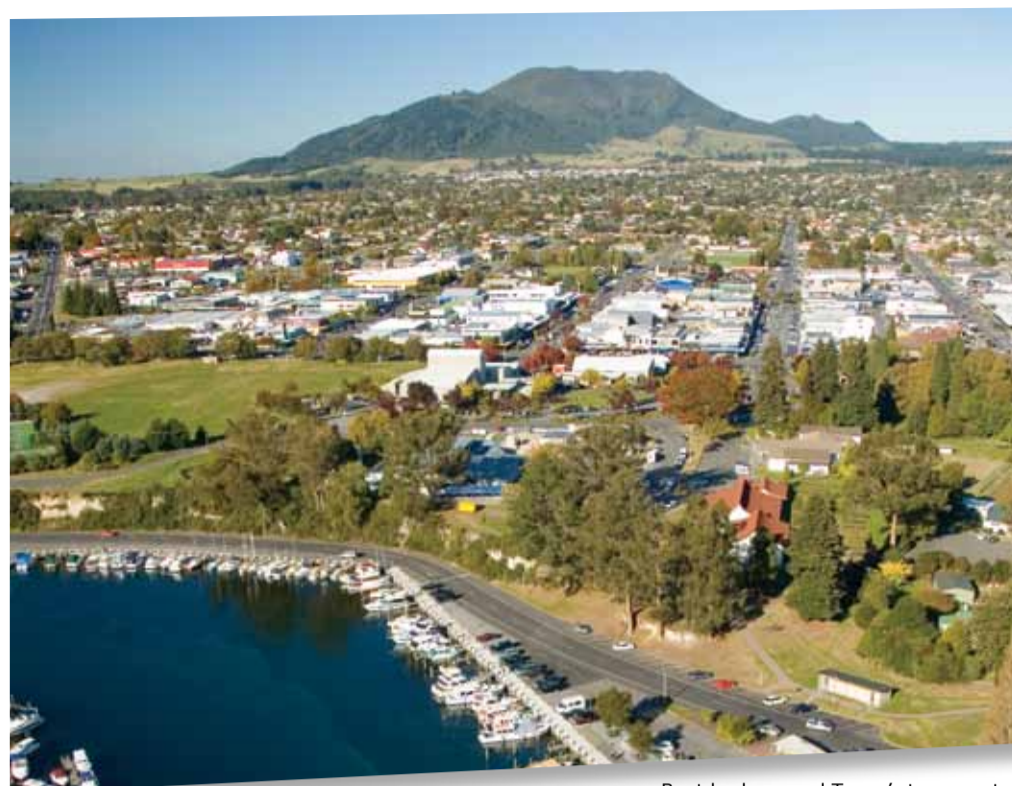
Developing a robust and diverse economy is one of the most important long term areas of focus for Council, for the well-being of our communities. A flourishing District needs a broad range of business and employment opportunities, skilled and educated people, and openness to innovation.

The traditional economic anchors for the District are forestry, farming and tourism and these will continue to be important. Building relationships and connections across the different industries (for example forestry, energy and tourism) may offer synergies that enable the District to offer a richer range of opportunities for all of these sectors.

We are working to strengthen the District's position through our investment in economic development, including funding for Enterprise Lake Taupo (ELT), destination marketing and management, attracting events to the district, and the work we do helping to developing our communities.

Council activities that helped achieve our goals were:

- Economic Development
- Liveable Places
- Taupo District Investments
- Destination Marketing and Management
- Events



Boat harbour and Taupo's town centre



One of the many concerts at Riverside Park

Service Performance Overview

Here's a summary of our performance for each activity.

Activity	How we did
Economic Development	Due to the recession, Council's goals for this activity were not fully achieved.
Liveable Places	Plan changes are on track to be processed within statutory time frames and structure plans were developed in accordance with legislative requirements.
Taupo District Investments	Investment strategy targets were achieved.
Destination Marketing and Management	Domestic visitor nights were down and only 50% of tourism operators were satisfied with the performance of Destination Lake Taupo. The private sector contributed to marketing campaigns and revenue increased from advertising sales.
Events	More than 20 major events were held and all events received positive media coverage.
Performance Measures	We achieved nine of our performance targets and partly achieved one other, but we missed three of our targets. two other targets were not measured this year.

What we planned and delivered

Economic Development

- Implemented Council actions in the Economic Development Action Plan
- Supported the Affordable Housing Trust
- Supported the operations of Enterprise Lake Taupo
- Investigated locations for an ice arena

Liveable Places

- Initiated the Turangi and Southern Lake Shore Settlement Structure Plan
- Continued appeal resolution for Plan Change 23 (Mapara Valley)
- Continued appeal resolution for the Natural and Landscape Values Appeal

Taupo District Investments

- Managed assets to deliver required level of income for year
- Managed TEL fund and general reserve funds

Destination Marketing and Management

- Marketed the district to domestic and international visitors
- Developed a digital strategy

Events

- Promoted increased international participation for both new and existing events
- Protected and enhanced the Districts reputation for hosting high quality events.

What we planned, but did not complete

Liveable Places

- Completion of the Taupo Urban Commercial and Industrial Structure Plan
- District Plan change following the adoption of the Taupo Urban Commercial and Industrial Structure Plan
- Consultation on and notification of the Lake Taupo Erosion and Flood Plan Change

Overall, Taupo District is a great place for people who live and holiday here, and it is a great destination for visitors. We continue to promote the tourism industry, and the district as a whole. Council also makes prudent investments and carefully manages the environmental assets of the district.



The Lake Taupo Cycle Challenge

STRONG, SAFE AND HEALTHY COMMUNITIES

What we do

Effective and efficient infrastructure and services such as roads, recreation facilities and water supplies are essential to Council's role in building strong communities. Infrastructure and services must meet identified needs and be provided at levels that are acceptable to the community.

Strong communities help themselves and Council has a role in supporting community initiatives, encouraging creativity and honouring community heritage. Council also has a role in monitoring and enforcing agreed rules and policies to ensure that community values and individual rights are respected.

Council activities that helped achieve our goals were:

- Community Facilities
- Venues
- Heritage, Culture and Public Art
- Parks and Reserves
- Emergency Management
- Regulatory Services
- Transportation
- Water Supply

What we planned and delivered

Venues

- Installed UV filtration system for the Learn to Swim pool at the AC Baths

Parks and Reserves

- Developed Lakeshore Reserves in Taupo
- Continued the redevelopment of Tongariro Domain (year 3 or 4 year project)
- Reviewed Owen Delany Park Reserve Management Plan (included in the Sports Ground Management Plan)
- Constructed a boat trailer park and additional car park at Whangaroa Reserve
- Provided play equipment
- Developed Taupo Sports Ground Management Plan

Emergency Management

- Maintained the Emergency Operation Centre Headquarters for Southern Emergency Operating Area.

Regulatory Services

- Implemented Metereye vehicle detection system within the CBD
- Constructed the Dog Pound and relocated SPCA Taupo

Transportation

- Constructed the East Taupo Arterial and shared path beside ETA
- Completed the Regional Land Transport Programme

Water Supply

- Adopted the Water Supply strategy.

What else we did

- Rugby World Cup 2011 preparations. Taupo District has been awarded three international teams (South Africa, Ireland, and Wales) to host in 2011
- Completed the Water Demand Management Plan

What we planned, but did not complete

Venues

- Design the AC Baths refurbishment

Transportation

- Improve the Tauhara / Spa Rd Intersection
- Waikato River Pedestrian / Cycleway Bridge (Nukuhau to Riverside Park)
- Construct State Highway 5 (SH5) footpath stage 1 (Lake Terrace to Kiddle Drive)

Water Supply

- Upgrade water treatment and reticulation pumping for Taupo by 2012

States of Emergency

A State of Emergency was declared at Waihi on 26 June 2009 after a major land slide, and was not lifted until 2 July 2009 when GNS Science reported that there were no significant new signs of cracking or movement in the Hipaua thermal area above Waihi village. The Minister of Civil Defence, John Carter said, "I am very proud of the Civil Defence team and the way they handled the situation".

Another State of Emergency was declared on 5 October 2009 on the Napier Taupo Highway due to heavy snow. More than 80 people were rescued and ferried to the Rangitaiki Tavern, where they were bussed to a welfare centre in Taupo, and a further 300 passengers were transported back to Napier. Big thanks to everyone involved including emergency services, the New Zealand Army, Opus, the Taupo 4-Wheel Drive Club and three marae around Taupo who looked after the stranded travellers.

ETA completion ahead of schedule

Construction of the East Taupo Arterial progressed exceptionally well, with more than one million cubic metres of soil shifted during the 2009/2010 construction season. This gave the construction contractor, Fulton Hogan, a sound base for constructing the bridge features at Broadlands Rd and Centennial Drive, building extensive gully culverting through the southern section, and constructing the cycling and walking track all the way from south of the Waikato River Bridge down to the airport.

Early completion of the Contact Energy infrastructure crossing points meant that the Te Huka geothermal power station on Centennial Drive could be commissioned within a timeframe that was acceptable to Contact Energy. Construction of the Crown Rd deviation has also been brought forward. Completing the ETA will reduce traffic bottlenecks at Broadlands Rd and Centennial Drive,

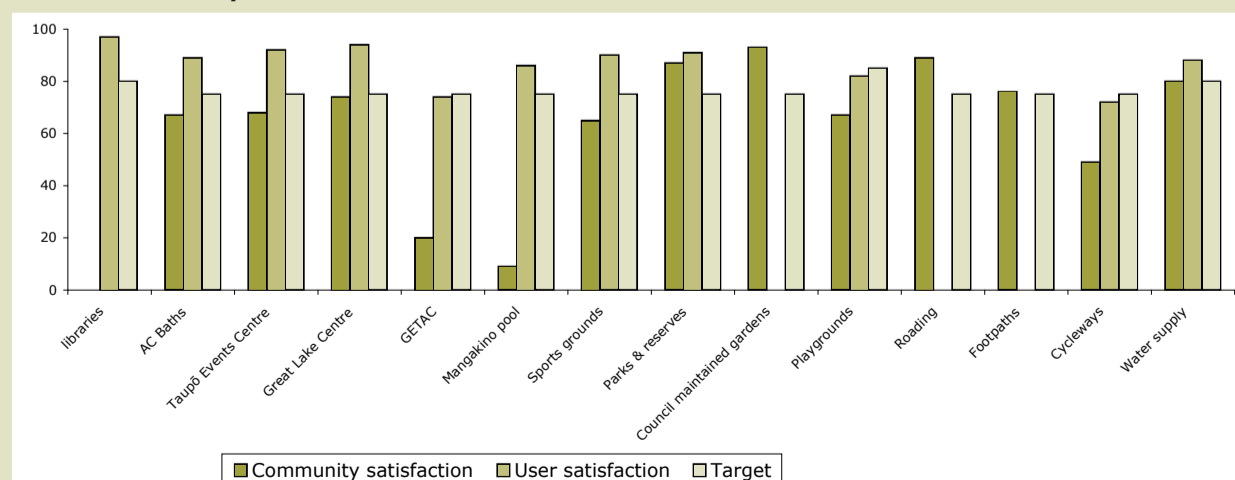
Council is funding 25% of the ETA cost, and has had to borrow this money earlier than planned because construction has been ahead of schedule.

Service Performance Overview

Here's a summary of our performance for each activity:

Activity	How we did
Community facilities	Council inspected community halls and pensioner housing was occupied. Although customer satisfaction with libraries was high, the 'number of items checked out' and 'increase in library membership' targets were not met. Cemetery services were provided.
Venues	In general our venues were open, warranted and complaints were responded to quickly. People who used venues were more satisfied with these facilities than the community overall.
Heritage Culture and Public Art	Exhibitions, lectures and workshops were held at Taupo Museum. Our customers were satisfied with the Taupo Museum and Ora Garden.
Parks and reserves	Taupo District has a lot of open space, safe playground equipment and a good level of satisfaction with parks, reserves and gardens.
Emergency Management	While Council coped well with two State of Emergency last year, only 59% of the community felt prepared for potential emergencies.
Regulatory Services	Council implemented laws and regulations as required including animal control, building consent, licensing, parking, resource consents and compliance.
Transportation	Bus passengers increased and the community were satisfied with roading, footpaths and cycle ways. Rural road sealing provided an additional 4.4km. Serious and fatal crash numbers did not decrease from 2006/07 year.
Water supply	We complied with our consent conditions and pressure requirements for urban fire fighting. Council is on track for complying with the NZ Drinking Water Standards but has revised the average peak demand consumption to 1.65 m ³ per HEU per day. There were 10 unplanned water outages in urban and 8 in rural areas.
Performance Measures	We achieved 38 of our performance targets, and substantially achieved another two of them. We are on track for two targets, and partly achieved two others. We missed reaching 12 of our performance targets and one measure was not applicable for this year.

Satisfaction survey



Overall Council achieved most of its performance targets and provided core infrastructure and services to the district including water and transportation. Highlights include the construction of the East Taupo Arterial and the commencement of Rugby World Cup preparations.

SUSTAINABLE ENVIRONMENT

What we do

Council activities reflect our responsibility to look after the environment for those who come after us. We provide basic infrastructure services like wastewater, stormwater and solid waste disposal, and these services and the way they are delivered are vital to the long term sustainability of our environment.

We know how much the community values Lake Taupo and the rivers, streams and wetlands of the Lake Taupo catchment. Over recent years, a lot of work has gone into helping to protect the water quality of the lake. This work will remain a high priority for Council to ensure we don't lose the gains we have made so far. However, Council is not alone in managing these issues. Environment Waikato, government agencies such as the Department of Conservation and the Ministry for the Environment, Ngati Tuwharetoa and all our communities have a responsibility to care for the environment in our District. By working together we can develop better, integrated solutions.

Council activities that helped achieve our goals were:

- Lakes and Rivers
- Solid Waste
- Stormwater
- Wastewater

What we planned and delivered

Lakes and Rivers

- Adopted the Lake Taupo Erosion and Flood Strategy

Solid Waste

- Provided covered containment for reusable materials at the Mangakino, Kinloch and Whareroa refuse transfer station sites.

Stormwater

- Developed the stormwater strategy
- Provided facilities and gully planting programme to improve stormwater quality
- Upgraded Omori stormwater

Wastewater

- Reviewed options and costs for providing community wastewater treatment facilities for the lake shore settlements.
- Completed stage 1 of the Taupo Wastewater Treatment Plant upgrade
- Upgraded Kinloch Wastewater Treatment Plant.

What else we did

Stormwater

- Installed Enviro-pods in the Taupo central business district (CBD), along Lake Terrace and Turangi CBD to collect rubbish before it can flow into lakes and rivers.

Wastewater

- Provided Ashwood Septage Reception Facility
- Installed Tremaine Avenue Wastewater Connections

What we planned, but did not complete

Solid Waste

- Review Waste 2010 - the Way Forward "Waste Minimisation Plan" subject to the production of targets and guidelines from the Ministry for the Environment.

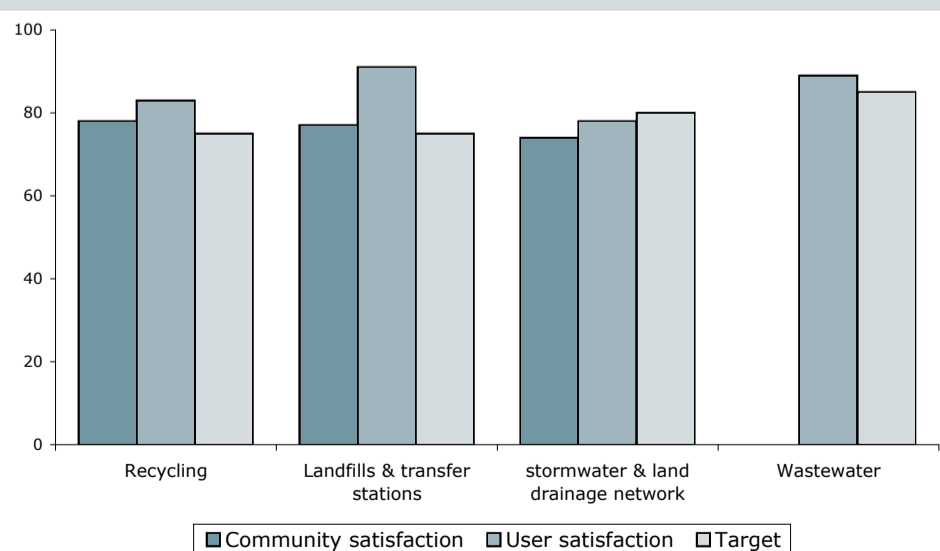
Stormwater

- Taupo industrial area ancillary works - stage 1a

Wastewater

- Upgrades to the Control Gates Bridge siphon
- Extension of main trunk sewer and rising main to Wharewaka East
- Investigation of options for the upgrade of the Omori/Kuratau/Pukawa wastewater treatment and disposal system

Satisfaction survey



Lake Taupo Protection Trust

Council, Environment Waikato and the Ministry of the Environment have created the Lake Taupo Protection Trust to focus on reducing nitrogen flows into the lake. Already the flow has been reduced by 60 tonnes, which is about 40% of the Trust's target.

The Trust has been allocated a public fund of \$81.5 million until 2018, with about \$6 million to spend each year. One of the main things the Trust does is to buy cattle and dairy farms and then sell them with nitrogen restrictions - so they are more attractive to forestry. In 2009/10 the Trust bought four farms Tihoi and is selling them with a restriction of 5 kg nitrogen per hectare. (Variation 5 to the Waikato Regional Plan, sets up the legal basis for allocating nitrogen to farms in the catchment.)

A particular achievement for this year has been agreement to purchase carbon offsets within the Lake Taupo catchment, which means that landowners can now set up private agreements to sell carbon offsets from converting pastoral land to forestry to businesses such as energy generators.

The Taupo District Council Satisfaction Survey which was carried out in April/May 2009 found that 85% of residents and non-resident ratepayers were aware that there is concern regarding deteriorating water quality due to excess nitrogen flowing into Lake Taupo.

EnviroPods

Council installed 100 EnviroPods into stormwater collection pits under road grates to capture rubbish and leaves, improving stormwater quality and stopping pollutants from going into our lakes and rivers.

The EnviroPods were installed in the central business districts of Turangi and Taupo, and along Lake Terrace. Improving stormwater quality is a focus of Council's Stormwater Management Plan and our comprehensive stormwater consents.

Service Performance Overview

Here's a summary of our performance for each activity:

Activity	How we did
Lakes and Rivers	Council implemented its actions from the 2020 Taupo-nui-a-Tia Action Plan. We are on track to reduce nitrogen discharge levels from wastewater treatment plants and to meet nitrogen reduction targets set for the Lake Taupo Protection Trust.
Solid Waste	Most complaints about litter and overflowing rubbish bins are responded to quickly. Council aimed to reduce waste to landfill by 40% and has achieved 32% reduction since 1999/2000.
Stormwater	Council complied with resource consent conditions and there was no flooding of resident dwellings from our assets.
Wastewater	We complied with most of our wastewater consent conditions, although Council received a few abatement notices and we are developing solutions to the problems. Council responded to 44 wastewater overflows. Council received 115 urgent callouts and all were responded to within 24 hours. We are on track for reducing the annual volume of wastewater per HEU.
Performance Measures	We achieved eight of our performance targets and substantially achieved another one. We partly achieved one target and we are on track for four multi-year targets. We did not achieve five of our targets.

Overall Council provided key infrastructure services like wastewater, stormwater and solid waste disposal. Key achievements included the nitrogen reductions achieved by the Lake Taupo Protection Trust and the installation of enviropods to improve the water quality in Lake Taupo. Users of services were generally satisfied.



Chad Street gully planting

SUMMARY FINANCIAL STATEMENTS

Overview

An operating surplus of \$33.5 million was achieved this year. This compares with a budgeted surplus of \$29.2 million, and last years \$22.2 million surplus.

Income

This year much of the surplus related to the recognition of Land Transport NZ subsidy (\$22.8m additional over budget), for costs incurred on the East Taupo Arterial. Offsetting these items are development contributions and regulatory income (\$3.5m); vested assets (\$4.4m), all being under budget.

Expenses

A net interest saving (\$2m) was offset by net unrealised losses on interest rate derivatives (\$4.2); depreciation higher than budget (\$3.7m); loss on disposal of assets (\$1.9m); revaluation of land and buildings (\$1.0m) and recognition of the share of deficit of associate, the Lake Taupo Protection Trust (\$1.1m).

Council's Balance Sheet presents a very healthy picture, reflecting a growing District investing in its infrastructure. The Balance Sheet shows ratepayer equity in excess of \$1.1 billion. This position is lower than estimated due to the anticipated valuation of land and buildings decreasing by \$109.7m offset by \$4.3m more in operating surplus and the opening balance being \$44m higher than budgeted.

Assets

Cash and investments are \$8m higher than budget; receivables \$4m higher; non-current assets held for sale are \$22.3m higher than budgeted with changes in the timing of Council's subdivision programme impacting on this as well as a Council resolution to defer its role as a property developer and actively promote the sale of its non-committed land assets. Property, plant and equipment have declined in value by \$91.7m mainly due to the reduced valuation of land and buildings mentioned earlier.

Liabilities

Trade and other payables are \$4m higher than budget; derivative financial instrument liabilities are \$5.9m higher than budget and borrowings are \$4.2m less than anticipated.

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 therefore also complies with New Zealand International Financial Reporting Standards (NZ IFRS). The information in this summary financial report has been prepared in accordance with FRS-43: Summary Financial Statements. Taupo District Council is a public benefit entity as defined in NZ IFRS. The financial statements are presented in New Zealand dollars and values are rounded to the nearest thousand dollars. The functional currency of Taupo District Council is New Zealand dollars.

Statement of Comprehensive Income

For the year ended 30 June 2010	Council Actual 2010 \$000	Council Estimate 2010 \$000	Council Actual 2009 \$000	Group Actual 2010 \$000	Group Actual 2009 \$000
Income	113,337	98,187	92,008	113,720	92,415
Expenditure other than finance costs	72,214	59,388	62,404	72,964	63,055
Finance costs	6,505	9,582	5,570	6,505	5,581
Operating surplus	34,618	29,217	24,034	34,251	23,779
Share of associate surplus/(deficit)	(1,118)	-	(1,859)	(1,118)	(1,859)
Net Surplus before tax	33,500	29,217	22,175	33,133	21,920
Tax (expense)/credit	-	-	-	85	76
Net Surplus after tax	33,500	29,217	22,175	32,218	21,996
Attributable to:					
Taupo District Council	33,500	29,217	22,175	33,359	22,086
Non-controlling interest	-	-	-	(141)	(90)
Net surplus for the year	33,500	29,217	22,175	33,218	21,996
Other Comprehensive Income	(55,773)	53,935	47,659	(55,534)	47,659
Total Comprehensive Income	(22,273)	83,152	69,834	(22,316)	69,655

Statement of Changes in Equity

For the year ended 30 June 2010	Council Actual 2010 \$000	Council Estimate 2010 \$000	Council Actual 2009 \$000	Group Actual 2010 \$000	Group Actual 2009 \$000
Equity at start of the year	1,152,370	1,108,198	1,082,536	1,158,788	1,089,133
Capital introduced	-	-	-	86	-
<i>Property, plant and equipment</i>					
Revaluations gains/(losses) through equity	(55,775)	53,935	47,863	(55,580)	47,863
<i>Financial assets fair value through equity</i>					
Revaluation gains/(losses) through equity	2	-	33	2	33
Cash flow hedges taken to equity	-	-	(237)	-	(237)
Tax on equity items	-	-	-	44	-
Surplus (deficit) for the year	33,500	29,217	22,175	33,218	21,996
Total recognised income & expenses	(22,273)	83,152	69,834	(22,230)	69,655
Attributable to:					
Taupo District Council	(22,273)	83,152	69,834	(22,194)	69,745
Non-controlling interest	-	-	-	(36)	(90)
Total recognised income & expenses	(22,273)	83,152	69,834	(22,230)	69,655
Equity at end of the year	1,130,097	1,191,350	1,152,370	1,136,558	1,158,788

Statement of Financial Position

As at 30 June 2010	Council Actual 2010 \$000	Council Estimate 2010 \$000	Council Actual 2009 \$000	Group Actual 2010 \$000	Group Actual 2009 \$000
Current Assets	70,419	46,702	42,369	70,704	42,591
Non-current Assets	1,221,050	1,299,117	1,234,347	1,228,080	1,241,620
Total Assets	1,291,469	1,345,819	1,276,716	1,298,784	1,284,211
Current Liabilities	57,264	21,065	19,752	57,316	19,898
Non-current Liabilities	104,108	133,404	104,594	104,910	105,525
Total Liabilities	161,372	154,469	124,346	162,226	125,423
Equity - Taupo District Council	1,130,097	1,191,350	1,152,370	1,133,641	1,155,835
Non-controlling Interests	-	-	-	2,917	2,953
Total Equity	1,130,097	1,191,350	1,152,370	1,136,558	1,158,788

Cashflow Statement

For the year ended 30 June 2010	Council Actual 2010 \$000	Council Estimate 2010 \$000	Council Actual 2009 \$000	Group Actual 2010 \$000	Group Actual 2009 \$000
Net cash from operating activities	7,790	7,287	7,681	7,748	7,874
Net cash from investing activities	(21,361)	(26,185)	(50,447)	(21,449)	(51,242)
Net cash from financing activities	32,760	18,898	33,805	32,846	34,454
Net increase (decrease) in cash held	19,189	-	(8,961)	19,145	(8,914)



Additional Disclosures as at 30 June 2010

Related Party Transactions

Taupo District Council has a number of group and associated entities. During 2009/10 the following related party transactions occurred:

Taupo Airport Authority

The Airport paid the Council administration and management fees of \$12,500 (2009: \$22,500). The Airport has accounts payable to Council as at 30 June 2010 of \$16,105 (2009: \$33,801). The Council has accounts payable to the Airport as at 30 June 2010 of \$33,713 (2009: \$0). The Council injected \$0 of equity into the Airport to maintain its shareholding at 50% (2009 \$1,264,815).

BoP LASS Ltd

Council paid BoP LASS Ltd \$9,636 (2009 \$8,157.50) for contributions to various projects being undertaken by the organisation.

Local Authority Shared Services Ltd

Council paid LASS Ltd \$2,023 (2009 \$24,694) for contributions to various projects being undertaken by the organisation.

LASS Ltd has accounts payable to Council as at 30/6/2010 of \$763 (2009 \$0).

Lake Taupo Protection Trust

Council paid the Lake Taupo Protection Trust \$1,126,000 during the 2009/10 year, this amount fully meeting Council's responsibilities for targeted rate contributions for the 2009/10 years under the agreed funding arrangements (2009 \$1,126,000). Council received \$221 from the Trust for expenses.

Elected Members Related Party Transactions

Wings and Wheels

Council paid Wings & Wheels, of which the Mayor Rick Cooper is a director, \$14,573 during the 2009/10 year, for servicing of vehicles for which that company is an agent (2009 \$16,823).

Senjo Securities

Council paid Senjo Securities, of which Councillor Downard is a director, \$28,299 during the 2009/10 year for security services (2009 \$19,170).

For the complete list of party transactions for council members and key management personnel, please refer to note 22 of the full Annual Report.

There are close family members of key management personnel employed by Taupo District Council. The terms and conditions of those arrangements are no more favourable than Taupo District Council would have adopted if there were no relationship to key management personnel.

Key Management Personnel Compensation

	Actual 2010 \$000	Actual 2009 \$000
Salaries and other short term employee benefits	1,618	1,728
Other long term benefits	3	217

It should be noted that the definition of key management personnel for this disclosure includes the Mayor, Councillors, the Chief Executive, members of the Senior Leadership Group, the Area Manager Turangi, and the Community Manager. Details of remuneration paid to Councillors and Community Board members is provided in note 24 of the full Annual Report.

Commitments

	Council Actual 2010 \$000	Council Actual 2009 \$000	Group Actual 2010 \$000	Group Actual 2009 \$000
Major contracts	27,638	80,265	27,638	80,265
Non-cancellable operating leases	452	606	459	613
Total Commitments	28,090	80,871	28,097	80,878

Contingencies

	Amount of Original Guarantee 2010 \$000	Current Level of Outstanding Guarantee 2010 \$000	Amount of Original Guarantee 2009 \$000	Current Level of Original Guarantee 2009 \$000
Sporting Club Loan Guarantees	50	3	100	12

Taupo District Council

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Telephone: [07] 376-0899 Freephone: 0800 ASK TDC www.taupo.govt.nz

Other Contingencies

Taupo District Council

Council may be subject to claims relating to weathertightness building defects. As at the date of this report the Weathertight Home Resolution Service (WHRS) is investigating 3 claims affecting 4 properties in the Taupo District. These may or may not result in formal claims against Council. No weathertightness claims have been lodged directly with Council. The quantum of these claims cannot be accurately calculated at present, although any liability under this claim will be met by our insurers, subject to our usual excess requirements (2009: Three WHRS claims plus one lodged directly).

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. Riskpool's funds are exhibiting deficits and this means that calls will be made upon member councils to contribute to the fund. Council has received a call of \$99,374 for the 2011 financial year and has been advised by Riskpool that a further call on 1 July 2011 and possibly another on 1 July 2012 will also be made. The amount of these calls is undetermined at this time.

In addition to the weathertightness building defect claims, there are a further 8 unresolved potential legal claims against Council as at 30 June 2010 (2009: 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.

A weathertightness issue has arisen at the AC Baths, however the costs likely to be incurred in rectifying the issue are undetermined at balance date, and therefore no provision has been made (2009 Same contingency disclosure made).

Council has also disclosed contingent liabilities in relation to land subsidence, erosion and flooding please refer to note 26 of the full Annual Report for details.

Events after balance date

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of Taupo District Council's and group's summary annual financial statements, service performance information and the other requirements for the year ended 30 June 2010

We have audited the summary financial statements, service performance information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out on pages 1 to 8.

Unqualified opinion

In our opinion:

- the summary financial statements, service performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service performance information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, performance information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 28 September 2010, on:

- the full financial statements;
- the service performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Taupo District Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, service performance information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service performance information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
22 October 2010