

TASMAN DISTRICT COUNCIL
**SUMMARY
ANNUAL REPORT
2016**

making the right choices for Tasmania's future

MAYOR AND CHIEF EXECUTIVE OFFICER OVERVIEW

Welcome to Tasman District Council's Annual Report for 2015/2016. This is our chance to tell you about what we have achieved during the year – our successes, and our challenges.

In the past year, we've seen our organisation tackle some key issues facing the District while working steadily towards the goals set out in the Long Term Plan 2015 – 2025. While we've particularly focused on the goals to reduce debt and improve Council's financial resilience, we've also worked hard to make sure communities have been able to enjoy the facilities, parks, events and services that make Tasman such a great place to live.

Along with maintaining all our usual assets and services, we've been able to invest \$26 million in capital works throughout the District over the past year. This includes progressing some large projects such as the Richmond Central upgrade, Golden Bay Community Recreation Facility, Motueka Wastewater Treatment Plant upgrade and the Saxton Velodrome.

While it's difficult to do justice to all that has been achieved during the year, we've highlighted some of the bigger projects, and what is new and different in the next few pages. You'll see that nearly all of the projects we deliver and services we provide enhance the lives of people or the environment in our District.

We're pleased that the Annual Report shows our financial performance is much better than forecast and we are tracking well ahead of our self-imposed rates and debt limits. We ended the year with net external debt of \$129 million compared to the Annual Plan forecast of \$173 million. The operating surplus was \$9 million better than budgeted. The positive financial outcome is a result of significant operational savings, and not having to spend all of the money budgeted for emergency works and clean ups. Also, our borrowing is less than budgeted due to some of our capital works programme being delayed, we've paid off more debt than we expected and we have more cash in the business because of ongoing population growth – among other things. Low inflation and low interest rates have also assisted us.

In the coming years ratepayers will benefit from these better-than-expected financial results. Whether that is through reduced rates, repayment of debt, carrying surpluses forward, creating reserves or spending more is a matter for the future Council to decide. But we are confident that if

we maintain a strong financial position, we can meet our aims of keeping rates increases to a minimum, building our emergency fund in readiness for future natural disasters and reducing our reliance on debt.

Pleasingly, the results in the Annual Report show we are maintaining service performance levels across our core infrastructure services, despite the funding constraints we imposed in our Financial Strategy and a 26% rise in building consents for new dwellings. Population growth in wards like Richmond, Moutere-Waimea and Motueka continues to put pressure on Council to ensure there is sufficient land, infrastructure, community facilities and services.

We've seen good support from the community for the work we do with 74% of residents satisfied with the way rates are spent on the services and facilities provided by Council. Even with generally positive feedback from the community, we know that there is still work to do in some areas to lift our performance to meet residents' expectations.

You'll see in this Summary Report that we have been working towards addressing some broader issues for the District, such as planning for population growth and developing strong partnerships with Nelson City Council.

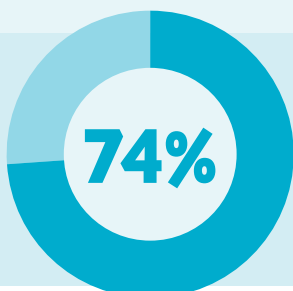
Finally, we would like to thank the community, councillors, community board members, staff, and contractors alike for your contributions throughout the year.



Richard Kempthorne
Mayor



Lindsay McKenzie
Chief Executive Officer



74% OF RESIDENTS ARE SATISFIED WITH THE WAY RATES ARE SPENT ON THE SERVICES AND FACILITIES PROVIDED BY COUNCIL

WHAT HAVE WE ACHIEVED FOR THE YEAR?

We plan for and look after a large network of facilities and infrastructure that service our communities. Some of the major achievements include:



New speed sign at Hope School



New recycling centre



Water Treatment Plant



Saxton Velodrome construction

TRANSPORT

Local road safety projects, such as the introduction of lower speed zones around schools and resurfacing of roads, are contributing to a positive downward trend in the number of accidents on our roads. There were no fatal crashes but 8 serious ones throughout the year. The transport team has also been helping develop plans for the Central Richmond project that will see significant changes on Queen Street in the town centre. Public consultation on the project throughout 2015 has helped shape the final design.

SOLID WASTE

Kerbside recycling volumes continue to increase, which reduces the amount of waste to landfill. Our new recycling service has gone down well with most residents, with satisfaction levels rising from 2015. The team is focusing on a proposal for a Tasman and Nelson regional landfill so that both councils can provide more cost effective waste services and work together to reduce waste volumes across the region. We have amended our LTP 2015 – 2025 to enable the joint arrangement to progress.

WATER

79% of residents who receive a reticulated water supply are satisfied with our services. In terms of water quality, 99% of the drinking water samples showed bacterial compliance with the Drinking Water Standards (Part 4). We treat water at Murchison, Tapawera, Upper Takaka and Richmond with UV for protozoal compliance. For some of Council's other supplies we still have work to do to make sure we can reliably comply for all of the Drinking Water Standards. The completion of our Richmond Water Treatment Plant has resulted in improved water quality for many residents.

WASTEWATER

We've been installing new telemetry at pump stations as well as converting existing analogue systems to digital ones. We have also been upgrading the Motueka wastewater treatment plant and rehabilitating the Collingwood wastewater treatment plant wetlands to re-establish original design flows. 95% of residents who are connected to our wastewater systems are satisfied with the services they receive, and we received very few complaints about wastewater activities throughout the year. However, we have had a higher than normal number of temporary wastewater overflows due to storm events.

SAXTON VELODROME

Construction of the Saxton Field Velodrome has been steadily progressing with completion expected in early 2017. This regional cycling facility is shared with Nelson City Council and will be a significant recreational asset to the public of our region.

WHAT HAVE WE ACHIEVED FOR THE YEAR? (CONT.)



TASMAN'S GREAT TASTE TRAIL

The popular Tasman's Great Taste Trail was further enhanced with the opening of Spooners tunnel, and track extensions to Norris Gully.

GOLDEN BAY COMMUNITY RECREATION FACILITY

Construction of the Golden Bay Community Recreation Facility got underway in early 2016. Although progress has been delayed due to a soft spot being found in the ground where the building was being constructed, and community concerns relating to the grandstand. Once complete the facility will provide a much welcomed multi-use space used by the community.



STORMWATER

Richmond's Catchment Management Plan (CMP) has been progressing and will be aimed at helping to manage stormwater flows and flooding in the town. This is one of 15 Catchment Management Plans the Council intends to produce.

LIBRARIES

The District's libraries continue to evolve and deliver a range of electronic documents, community events, resources as well as the traditional access to a wide range of books. Satisfaction rates of residents with the District's libraries is still high at 79%. Improvements to services are expected as we roll out a new digital check-out and stock management system in 2016 and plan for the Motueka library redevelopment in 2020.

WHAT WE DO DAY-TO-DAY

The services local government provide are vital to almost every aspect of people's daily lives.

These services and facilities are funded by your rates and subsidised by income from our commercial activities. They help to keep people safe, protect and improve the environment, provide essential infrastructure, and bring people together to do the things they want, in places they want to be. Every day our staff and contractors are working to:

- Maintain roads, bridges, footpaths, cycleways and walkways, carparks, streetlights, traffic signs and culvert pipes.
- Maintain parks, reserves, playgrounds, libraries, public toilets and some of our regions historic sites.
- Provide regulatory services like animal and noise control, food safety, resource consents and alcohol licensing.
- Maintain the water, wastewater and stormwater networks across our 16 settlement areas.
- Engage with communities and create partnerships to undertake local projects.
- Monitor and manage the quality of our land, air, water, coasts and biodiversity.
- Collect and manage waste and recyclables.
- Maintain flood protection along 285km of our major rivers.
- Ensure new buildings are safe and healthy.
- Make our coastal waters accessible and safer for boaties and swimmers; and
- Make sure our popular places can continue to be enjoyed, such as the Richmond Aquatic Centre, Moturoa/Rabbit Island Reserves, and Tasman's Great Taste Trail.

HOW WE'RE TRACKING ON THE KEY ISSUES

1. ADDRESSING RATES AFFORDABILITY

In 2015/2016 rates income rose by 2.1%, after growth, which was below the Financial Strategy limit of 3%.

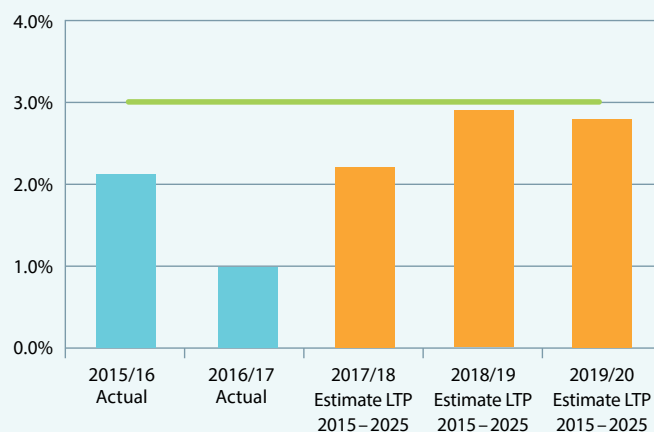
The Annual Plan 2016/2017 delivered a 1% rates income rise, well below the 2.96% forecast in the Long Term Plan 2015 – 2025 for the 2016/2017 year. The forecast for subsequent years continues to be below 3%.

We continued to work within the fiscal envelope set in the Long Term Plan 2015 – 2025, which imposed a limit on general rates of \$51 million per annum and targeted rates of \$46 million per annum. In 2015/2016 general rates were \$35 million and targeted rates were \$33 million.



RATES INCOME INCREASES

- Actual rates % increase
- Estimated rates % increase
- Limit on rates % increase



2. MANAGING THE COUNCIL'S DEBT

Net external debt for 2015/2016 reached \$129 million, which is well below the \$200 million limit set in the Financial Strategy and \$44 million less than forecast in the Annual Plan 2015/2016.

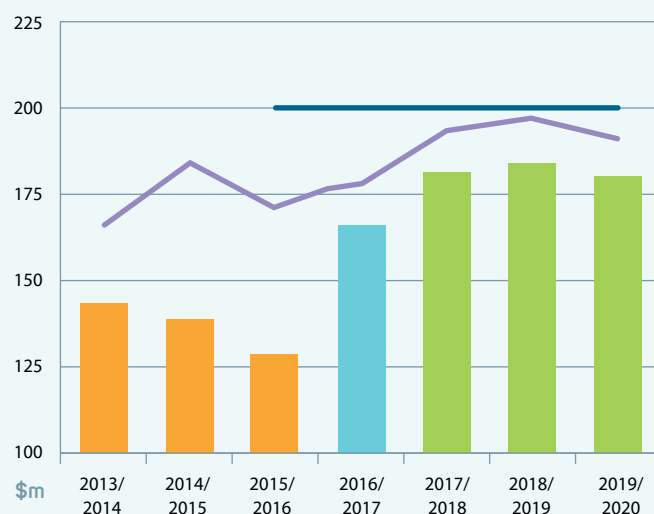
Debt has been reduced by directing savings from operational budgets, favourable interest and borrowing conditions, a lower opening debt position than budgeted, delays to some large capital works, and higher than anticipated income due to things like higher population growth than forecast. We've also received increased dividends which have been used to pay down debt.

As part of meeting our financial goals, we are progressively funding depreciation on assets from cash flow. We also indicated we would conduct a review of assets for potential sale in order to reduce debt. This work has been delayed as we've focused on other priorities.



HOW ARE WE TRACKING AGAINST PLANNED DEBT?

- Actual
- Annual Plan
- Annual Plan reforecast
- Net external debt limit
- Long Term Plan debt forecast



HOW WE'RE TRACKING ON THE KEY ISSUES (CONT.)

3. DEVELOPING RESILIENT COMMUNITIES

PART A: PROVIDING A SECURE WATER SUPPLY

Through the Long Term Plan 2015 – 2025, we committed to continue working on developing the Waimea Community Dam project to create a secure water supply for Waimea water users. The Plan allocated \$25 million over the 10 years towards it. During the past financial year we spent approximately \$600,000 on progressing this project. Further funding and governance decisions have yet to be made on the Waimea Community Dam. The community can expect further consultation prior to a final decision to proceed. The Long Term Plan 2015 – 2025 also committed Council to review options to improve water conservation, and this work is set to commence in 2016/2017.



PART B: HAZARD PLANNING AND PROVISIONS TO RECOVER FROM DISASTER EVENTS

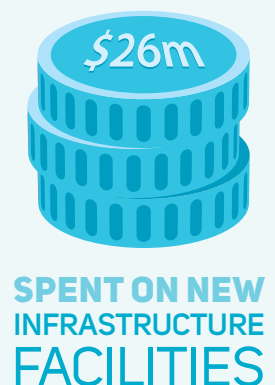
Hazard planning has been focused on developing the Richmond Stormwater Catchment Management Plan. We also allocated \$1.24 million in the 2015/2016 budget towards the Disaster Recovery Fund. These funds were not used during the year due to favourable weather. The target for the fund is \$6.5 million. At the end of 2015/2016 total funds reserved for Disaster Emergencies totalled \$4.9 million.



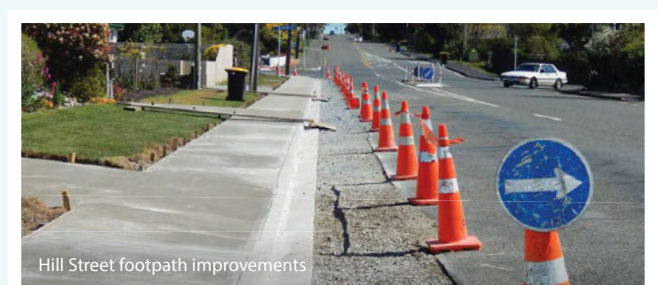
4. RESPONDING TO POPULATION GROWTH

PART A: PROVIDING SUFFICIENT LAND AND SERVICES

Tasman's population was projected to rise from 47,898 in 2015, to 48,292 in 2016. Growth is not occurring evenly across the District. The areas in and around Richmond, Brightwater, Wakefield, Mapua and Motueka are experiencing the highest levels of growth. In the last year, building consents for dwellings rose by 26% from the previous year. This is a significant increase and impacts how we provide services, where they are provided and how we plan for the future. A review of Council's Growth Strategy is underway in 2016. We have also initiated a number of zone plan changes, including for Richmond, Brightwater and Wakefield to enable future growth to be accommodated.



We spent approximately \$26 million on capital works over the last year including local road improvements, the Motueka Wastewater Treatment Plant upgrade, completion of the Richmond Water Treatment Plant, and starting works on the Golden Bay Community Recreation Facility and Saxton Velodrome, among many others. Further extensions of infrastructure are planned for Richmond South, Richmond West, Motueka and consolidation of development around the existing settlements of Mapua and Wakefield.



HOW WE'RE TRACKING ON THE KEY ISSUES (CONT.)

4. RESPONDING TO POPULATION GROWTH (CONT.)

PART B: DEVELOPMENT CONTRIBUTIONS POLICY CHANGES

The Development Contributions Policy was amended through the Long Term Plan 2015 – 2025 to incorporate legislative changes and increase charges by 18% overall. Development contributions and reserve financial contributions for 2015/2016 provided \$4.7 million income to Council. The list of projects that are funded by Development Contributions is included in the Long Term Plan 2015 – 2025. We will review the Development Contributions Policy prior to the development of the next Long Term Plan (2018 – 2028).



Champion Road culvert upgrade

5. MAXIMISING REGIONAL OPPORTUNITIES

Council is seeking to maximise regional opportunities and benefits from its investments to ensure efficient delivery of services through collaboration with Nelson City Council.

Activities that have further developed regional collaboration in the past year include the proposal for a joint committee for a regional landfill, work on a shared roading contract process, and a shared Land Development Manual that will set the same standards for development across the two councils.

We've also been working with Nelson City Council and Marlborough District Council on the Digital Enablement Plan (DEP). The DEP aims to achieve enhanced high-speed broadband and internet connectivity across the regions.

We remain committed to progressing a memorandum of understanding with each or all iwi in Te Tau Ihu (top of the South) and have been in discussions with several iwi over the past year.

While we haven't undertaken any specific review of existing funding of 'out of Tasman District' activities, we continue to ensure that any out of District funding spent does deliver outcomes for Tasman residents. No new out of District funding activities have been entered into during the year.

Tasman District and Nelson City Councils have held discussions during the year on the future governance arrangements for Saxton Field. The current proposal, which will be considered by both councils following the October 2016 elections, is for a new joint committee between the two Councils to be formed to govern the Saxton Field complex.



**DIGITAL ENABLEMENT PLAN
UNDERWAY WITH NCC AND MDC**



Eves Valley Landfill



Saxton Oval, Saxton Field

TASMAN'S ENVIRONMENT

Council regularly gathers environmental data and monitors results to ensure we understand what is happening to our environment. We intervene when needed to ensure our natural taonga is managed sustainably.

We routinely monitor bathing water, water quality and quantity, and air quality – to name a few. We've produced environmental reports on:

- Land and Soil, 2016
- River Water Quality in Tasman District October, 2015
- Recommended Actions to Improve Degraded Streams, November 2015
- Contact Recreation Water Quality report for the 2015/2016 released June 2016
- The Health of the Whanganui Inlet Broad-Scale Habitat Mapping and Fine-Scale Assessment 2016
- State of the environment Coastal Marine Area of Tasman and Golden Bays 2016.

You can now track Land, Air and Water quality in our District, through a national environmental database called LAWA – see their website for more details: www.lawa.org.nz



CONNECTING WITH YOU

We're changing some of the ways we consult with communities on the plans and activities of Council.

You can expect to see us at more local events, community meetings, or set up at towns and villages. We're hoping you will take the chance to talk to us about how we're doing, what you want for the District, or give us feedback on the projects we're working on.

You'll also find more information on our website and you can do more online like pay your rates, dog fees, and consent fees, or apply for community grants, as well as lodge and track progress of your building consent. 'Follow' or 'like' us on Twitter or Facebook to hear about things such as latest road closures, emergency events, water shutdowns, community events, notices and consultations.



DO MORE ONLINE. Find our range of online services at www.tasman.govt.nz



SUPPORTING COMMUNITY EVENTS, VOLUNTEERS AND PARTNERSHIPS

Every year the Council funds, supports or delivers a wide range of safe, affordable and enjoyable community events. The events are intended to connect people and communities, enhance wellbeing, and utilise assets the Council has invested in. Council staff also work closely with an army of volunteers to improve our District. Recent examples include:

- the Waimea Inlet walk and cycleway (Richmond) has been enhanced through plantings managed by Keep Richmond Beautiful;
- two new shelters over barbecues on Moturoa/Rabbit Island have been constructed by the Richmond Rotary Club;
- a walkway has been developed through Wakefield's Faulkner Bush from Edward Street by the Wakefield Bush Restoration Society;
- the Soroptimist Society has provided a seat on the cycle trail in Brightwater;
- the Dominion Flats Planting Group organised and hosted another planting group from Wellington;
- the Nelson Heritage Rose Society gifted and planted a number of roses in Washbourn Gardens;
- Keep Motueka Beautiful has completed plantings in Motueka Beach Reserve; and
- the Battle for the Banded Rail group has carried out a number of plantings on reserves around the Waimea Inlet.



LEGAL STATEMENT

This Summary Annual Report has been extracted from the full Annual Report dated 30 June 2016 and covers the year ended 30 June 2016.

This Summary Annual Report and the full Annual Report were authorised for issue on 27 October 2016 by the Corporate Services Manager, Chief Executive Officer and Mayor of the Council. The Council's full Annual Report has been audited by Audit New Zealand and an unmodified opinion was issued on 27 October 2016. This Summary Report cannot be expected to provide as complete an understanding as provided by the full Annual Report (of the financial and service performance, financial position and cashflows of the Council).

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

The full and summary financial statements have been prepared in accordance with Tier 1 PBE accounting standards. This Summary Annual Report has been prepared in accordance with PBE FRS-43 Summary Financial Statements.

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

THE FULL ANNUAL REPORT CAN BE OBTAINED FROM COUNCIL'S WEBSITE, WWW.TASMAN.GOV.TZ.

FINANCIAL POSITION AND STATEMENTS

Council ran and continues to run a balanced budget.

- Council has \$1.47 billion worth of assets. This is an increase of \$48 million from last year.
- Council holds \$133 million of external public debt, down from the \$145 million reported in 2014/2015.

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE for the year ended 30 June 2016

JUNE 15 ACTUAL \$(000'S)		JUNE 16 ACTUAL \$(000'S)	JUNE 16 BUDGET \$(000'S)	% OF BUDGET
114,768	Total operating income	118,176	104,930	113%
4,149	Share of associates	2,239	2,372	94%
(144)	Share of joint ventures (net)	(267)	1,142	-23%
(89,289)	Total expenditure (excluding finance expense)	(95,473)	(91,047)	105%
(8,068)	Finance expense	(7,941)	(9,864)	81%
21,416	Surplus before taxation	16,734	7,533	222%
-	Tax expense	(860)	-	-
21,416	Net surplus	15,874	7,533	222%
OTHER COMPREHENSIVE INCOME				
34,679	Gain/(loss) on asset revaluations	33,630	47,585	71%
-	Deferred tax on asset revaluations	860	-	-
756	Movement in NZLG shares value	1,055	-	-
(63)	Opening equity restatement – JV	-	-	-
185	Other comprehensive income – associates	(276)	-	-
35,557	Total other comprehensive income	35,269	47,585	72%
56,973	Total comprehensive income	51,143	55,118	93%

SUMMARY STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2016

JUNE 15 ACTUAL (000'S)		JUNE 16 ACTUAL (000'S)	JUNE 16 BUDGET (000'S)	
1,199,399	Equity at the start of the year	1,256,372	1,241,268	
56,973	Total comprehensive income	51,143	55,118	
1,256,372	Equity at the end of the year	1,307,515	1,296,386	
	ACCUMULATED EQUITY \$(000'S)	RESTRICTED RESERVES \$(000'S)	REVALUATION RESERVE \$(000'S)	TOTAL \$(000'S)
Opening balance	535,173	18,467	702,732	1,256,372
Surplus	16,734	-	-	16,734
Gain on asset revaluations	-	-	34,409	34,409
All other comprehensive income	1,511	-	(1,511)	-
Net transfers between reserves	1,020	(1,020)	-	-
Closing balance	554,438	17,447	735,630	1,307,515

FINANCIAL POSITION AND STATEMENTS (CONT.)

SUMMARY STATEMENT OF FINANCIAL POSITION as at 30 June 2016

JUNE 15 ACTUAL \$(000'S)		JUNE 16 ACTUAL \$(000'S)	JUNE 16 BUDGET \$(000'S)
20,171	Current assets	18,787	17,282
(21,619)	Current liabilities	(14,065)	(30,615)
(1,448)	Working capital	4,722	(13,333)
1,406,640	Non current assets	1,455,937	1,474,706
(148,820)	Non current liabilities	(153,144)	(164,987)
1,256,372	Total net assets	1,307,515	1,296,386
1,256,372	Total equity	1,307,515	1,296,386

SUMMARY STATEMENT OF CASHFLOWS for the year ended 30 June 2016

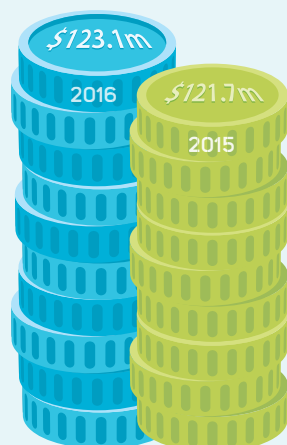
JUNE 15 ACTUAL \$(000'S)		JUNE 16 ACTUAL \$(000'S)	JUNE 16 BUDGET \$(000'S)
35,030	Net cashflow from operating	38,201	28,038
(31,829)	Net cashflow from investing	(26,180)	(35,379)
(4,025)	Net cashflow from financing	(12,002)	7,688
(824)	Total net cashflows	19	347
4,026	Opening cash held	3,202	1,422
3,202	Closing cash balance	3,221	1,769

INCOME AND EXPENDITURE

INCOME
\$123.1M

KEY INCOME FROM:

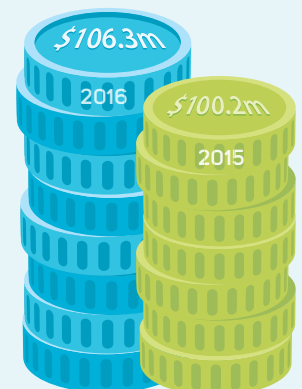
- Rates
- Development contributions
- Subsidies and grants
- Vested assets
- Other fees and charges
- Gains on revaluation of assets
- Dividends



EXPENDITURE
\$106.3M

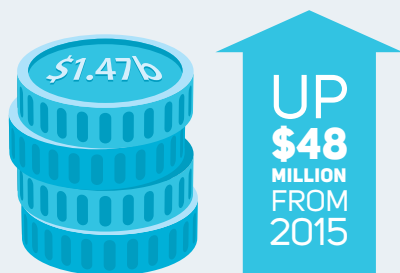
KEY EXPENSES WERE:

- Operating costs
- Finance costs (interest on loans)
- Capital investment
- Staff costs

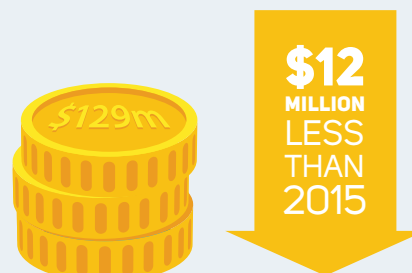


Council's total accounting surplus was \$16.7 million, which included capital income, revaluations and non-cash items.

NET ASSETS AND NET DEBT



TOTAL NET ASSETS



NET EXTERNAL DEBT

Net assets and net external debt have varied from the Annual Plan 2015/2016 due to such things as forestry income and forestry revaluations being \$5 million higher than anticipated; finance costs being down \$2 million; vested assets up \$5 million due to higher growth than expected; and maintenance costs down \$3 million.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Tasman District Council's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Tasman District Council (the District Council) for the year ended 30 June 2016. 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: *What we have achieved for the year?*; *Tasman's Environment*; *Supporting Community Events*; *Volunteers and Partnerships*; and *Financial Position and Statements*:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2016; and
- the summary statement of service provision of the District Council (made up of the information on: *What we have achieved for the year?*; *Tasman's Environment*; and *Supporting Community Events*).

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 27 October 2016.

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 PBE FRS-43: 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 PBE FRS-43: 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 PBE FRS-43: Summary Financial Statements.

In addition to the reporting on the summary annual report, we have reported on the full annual report, and carried out an audit of the District Council's LTP amendment to provide regional landfill services jointly with Nelson City Council, and an independent assurance review of the District Council's Debenture Trust Deed. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these engagements, we have no relationship with, or interest in, the District Council.

Bede Kearney
Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand
27 October 2016