

# Directory

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## BANKER AND FUNDING

Bank of New Zealand – Taupō  
(transactional/funding)

ANZ Bank – Hamilton (funding)

## AUDITOR

Audit New Zealand on behalf of  
The Auditor General

## INSURANCE BROKER

Aon New Zealand Limited

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DESTINATION  
MARKETING &  
MANAGEMENT  
\$77

LAKES & RIVERS  
\$57

COMMUNITY  
FACILITIES  
\$130

WATER SUPPLY  
\$193

LIVEABLE PLACES  
\$67

HERITAGE, CULTURE  
& PUBLIC ART  
\$27

EVENTS  
\$11

ECONOMIC  
DEVELOPMENT  
\$8

EMERGENCY  
MANAGEMENT  
\$27

VENUES  
\$190

WASTEWATER  
\$344

# Mayor's Report

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Taupō District has had another great year of significant success but has also seen its fair share of challenges. This year saw a difficult time for all New Zealanders in and around Christchurch. Our response to the February earthquakes demonstrated our true Kiwi spirit.

Our Taupō Civil Defence Emergency Response Team (NZ-RT6) which celebrated its 25th anniversary this year, was activated to respond to the Christchurch earthquake on 22 February, and spent ten days helping in the Red Zone. Our community welcomed approximately 30 Christchurch earthquake evacuees into our area. We were honoured to open our community in support of the evacuees by offering assistance by way of Community Link, Taupō's WINZ office and the Red Cross.

To maintain our reputation as a welcoming community, we continue to position the District as a world-class tourism destination. To bolster the District's position as a visitor draw card, Council aimed to enhance the way that we support destination marketing and management. Earlier this year we successfully launched Destination Great Lake Taupō (DGLT) a council-controlled organisation (CCO) that operates as a stand-alone legal entity. Destination Great Lake Taupō is responsible for destination marketing for the Taupō District and its experienced board provides governance and support to management.

We've had some significant visitor milestones, including being selected to host three teams for Rugby World Cup: South Africa, Ireland and Wales. I am impressed with the amount of work Council has put in to make sure that our teams, visitors and media feel welcome. They have done an outstanding job to showcase the Taupō District.

In another big win, we received the International Festivals and Events Association's (IFEA) World Festival and Event City Award in the 'population under 100,000' category.

As part of our future planning, Council is focused on sustainable growth through investment in infrastructure. We saw the completion of the East Taupō Arterial (ETA), which was built to reduce the bottlenecks at the Control Gates Bridge and remove heavy traffic from Lake Terrace. The ETA was a massive undertaking and is a vital section of road for the District.

We have begun upgrades to the Mangakino, Turangi and Taupō water schemes to meet Government requirements and improve those water treatment plants.

We have met challenges that the recent global financial crisis and recession have brought in the form of slowed economic growth and property sales. We have an excellent new team of elected Council members who are working hard and focusing efforts to find solutions that will enable us to maintain a balance while continuing to invest in community facilities and services.

I would like to thank the new Council members and the staff, all of whom put in tremendous hours and work hard to ensure that we sustain our vibrant community.

A handwritten signature in black ink, appearing to read 'Rick Cooper', written in a cursive style.

**Mayor Rick Cooper**  
Taupō District

# Chief Executive Officer's Report

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Two key themes sum up this past year for me. One is holding the line on our core strategies and the other is the way we have demonstrated the depth within our organisation and the fortitude and commitment staff have shown in dealing with the big issues that Council has had to face.

Council has had to be nimble in our response to the persistent global economic crisis and lower growth and that is reflected in this Annual Report. And despite it being a tough year, we have had some real successes. To name a few: in October 2010 we opened the East Taupō Arterial (ETA) – a road forty years in the making; we won the International Festivals and Events Association's (IFEA) World Festival and Event City Award in the population under 100,000 category; the positive contribution our emergency management and building consents teams made in assisting

with aftermath of the Christchurch earthquakes.

Before I go on to talk about the year that was, I want to take this opportunity to say a big thank you to our staff. Changes in the district as a consequence of our economy have meant that we needed to bite the bullet and restructure the organisation. I commend the staff, both present and past, for the professionalism shown throughout this process. You are a credit to the District.

Council has three broad strategies that guide its activities. I will talk about each one in turn and highlight whether we remain on track or where we have had to tweak our course.

## **Growth and Economic Development**

This Council has recognised that it has an important role to play in supporting the economic base of the District and facilitating and managing growth. While all of our activities in some way underpin economic development, the specific strategies we have applied are:

- Working with Enterprise Great Lake Taupō (EGLT), Destination Great Lake Taupō (DGLT) and other organisations to facilitate a good business environment and market this District
- Planning for and managing urban growth
- Creating vibrancy in our towns using urban design, public art and events
- Investing the income we generate wisely to ensure that rates remain affordable.

This Annual Report shows that we are taking solid steps to ensure that we achieve our goal of sustainable economic development. Overall, we have made good progress in the activities we had planned and, up until now, our District has been less affected by the recession, partly because of major infrastructure spending including construction of the ETA and investments in electricity generation such as the Nga Awa Purua station.

However, in some areas work has slowed, particularly in structure and district planning work reflecting the changes in the property market. Council has strengthened its partnership with the economic development agency EGLT to ensure its work, which is focused on well-maintained infrastructure, investment in the District and attracting skilled workers to the District, continues. EGLT supports local businesses, provides advice to potential investors and implements projects to support the District's economy. It is an advocate for District services with other organisations to support the District's economic goals. Recently, EGLT worked closely with Mentoring New Zealand to become an agency of the national programme matching local not-for-profit mentors with businesses who want to grow. The programme has taken the 'grow from within' approach to economic development by nurturing local experience and knowledge to provide a significant advantage for local businesses.

In October 2010, the planned shift in the way destination marketing and management is delivered was implemented. To build a stronger tourism economy, DGLT, a council-controlled organisation (CCO), now provides these services for the Taupō District, with Council supplying the funding for this activity.

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We continue to punch above our weight in attracting national and international events and were successful again in our bid to host the Ironman event until 2016. This event attracts sportsmen and their families to the District where they support local businesses and bring an estimated \$3 million to the community annually.

In addition to bolstering visitation, one of the things the District has to plan for is unmanaged growth. Unmanaged growth has the potential to undermine the sustainability of a community and can trigger conflict for competing land use and inefficient or inadequate infrastructure. Developed in 2005, Taupō District 2050 (TD2050) provides the platform for managing urban growth in the District. We had intended to review TD2050 this year, but with the postponement of the 2011 census due to the Christchurch earthquake, this work was placed on hold. However, with a new long-term plan to prepare, we have reviewed our projections of rateable properties and subsequently revised down our growth expectations. We will discuss these revised projections with you during 2011/12 as part of the options debate for the long-term plan.

One of the tactics Council uses to manage and plan for growth and its effects is through the use of structure plans. Earlier this year Council completed the Taupō Urban Commercial and Industrial Structure Plan (TUCISP) and began drafting the associated changes to the District Plan. With its focus on revitalising Taupō town's urban, commercial and industrial centres, the TUCISP has been an important piece of work for Council. We had intended to notify the proposed changes to the District Plan before 30 June 2011 but delayed notification until August to enable more in-depth consultation on the draft. This has proved extremely valuable and we are confident that many issues with the Proposed Plan Changes have been addressed.

We recognise the importance of Turangi as a secondary urban centre for the District and earlier this year we began discussions to develop the area through a combined structure plan. The Turangi and Southern Lakeshore Settlements Structure Plan includes the south-western settlements of Whareroa, Omori and Kuratau and the south-eastern settlement of Motuoapa. While good progress has been made, a review is underway to determine the scale, detail and timing of the work required.

Our strategies, with respect to our investments, remain largely on track. Notwithstanding the global financial crisis and the subsequent recession, Council has been able to manage its assets to deliver the required level of income for the year without eroding asset values such as the TEL Fund. We have continued to seek expressions of interest for land surplus to our requirements, both leasing and sale opportunities, and have made progress in this regard. The completion of the Taupō Town Centre, Residential and Industrial plan changes will open up further investment opportunities.

### **Strong, Safe and Healthy Communities**

Our role in building strong, safe and healthy communities is to provide services that respond to identified needs and at levels that are acceptable to the community. Looking at our achievements, the 2010/11 year could in many ways be described as a watershed year for Council.

Farsighted members of our community have long recognised that for Taupō to progress, the bottlenecks at the Control Gates Bridge that meant cars were backed up for miles in our peak visitor seasons and the removal of heavy traffic from Lake Terrace needed to be addressed. With the completion of the ETA this vision has finally been achieved. Completed ahead of schedule, the ETA has received a number of engineering awards. However, the early opening of the ETA meant that we had to borrow to pay our share of the costs sooner than expected, so our interest bill was higher this year than originally predicted.

The ETA paves the way for other projects that enable the revitalising of Taupō town and reconnecting with the lake. This year, we embarked on a wayfinding campaign to help visitors navigate the central business district. We have also worked with the Public Sculpture Trust and others to create points of difference through the medium of public art. These projects are practical examples of Council supporting community initiatives, encouraging creativity and honouring local heritage.

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Upgrades of the Mangakino, Turangi and Taupō water schemes are currently underway to meet Government requirements and improve those water treatment plants. This is expensive work, and while we have some subsidy from the Ministry of Health for the Mangakino and Turangi ultra-violet treatment, building the Taupō plant will cost nearly \$26 million by the time of completion. Since the water is treated to a very high standard, the operating costs are projected to rise by about 50 per cent from 2013 when the new plant comes on stream. There has not been evidence that people in this District suffer serious health effects drinking water from Lake Taupō.

Our venues and sportsgrounds are prepared, our planning is done and we are ready to host the South African, Welsh and Irish teams for the 2011 Ruby World Cup. For a district of our size we have superb facilities and our team and our community partners have worked hard this past year to ensure we can showcase Taupō District to all of our visitors.

### **Sustainable Environment**

People living in Taupō District have always been aware of the importance of looking after this very special part of the world. For that reason a sustainable environment is one of the underlying principles behind the work that we undertake.

A key strategy for us continues to be protecting Lake Taupō and it is very pleasing to be able to report that the Lake Taupō Protection Trust is currently ahead of its projections for removing manageable nitrogen. To date, the Trust has managed to remove an estimated 90 of the required 153 tonnes.

Additionally, we commenced Stage 1 of the Taupō Wastewater Project to improve the way we move wastewater away from homes and commercial and industrial premises and to treat and dispose of it in ways that do not harm our environment.

### **Challenges**

Our desire to ensure that our District remains affordable has meant that our rates income has not grown as fast as our expenses. Limited income had an impact on our revenue and we saw an increase in our debt and the debt bills continue to rise.

The 'hidden' expenses for many ratepayers are interest and depreciation. Every time we build or upgrade a new asset (ETA, water treatment plant, AC Baths) we have to increase the money we put aside for depreciation. We also have to fund the interest on the loan. Council uses loans (debt funding) for its major capital works because that is the fairest way of ensuring that future ratepayers also pay their share of the costs of the assets that they get to use and enjoy. Loans are also cheaper for Council than the loss of earnings on our other investments: if you can earn 7.5% on your investments, but you only have to pay 6% interest on your loans, then you are using your money wisely.

The economic downturn has also tested our team. The recession's impact on our rates income underscored the need for an organisational review and we responded by taking steps to manage costs.

One such difficult decision was a review of staffing (eg, the high number of staff on the ready to process resource consents) and a consequent major restructure. A restructure at the workplace can have profound change management implications. Our close-knit team has adapted well and I am grateful to them.

The restructure has led to substantial changes in the organisation. We have consolidated teams and have transitioned from a linear structure of separate departments to a more matrixed organisation that is focused on the customer experience from planning to delivery.

Although the economic downturn continues to pose a challenge to our community it has also meant opportunities to self-reflect and implement change. I am especially thankful to all the staff who

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have contributed to the organisation over the years. As we shift to define our new organisational culture we must continue to examine organisational performance. We were proud to see The Way We Work Organisational Development programme, which began in 2007, win the Building Organisational Capability category at the New Zealand Post Local Government Excellence Awards.

**In summary**

Threaded through all of Council's strategies in the work that it undertakes is the concept of working together. Wherever possible, we look for opportunities to work alongside our community partners. Today, as we position ourselves for long-term planning and goal-setting for the next ten years, we will continue to work with you to determine the steps to keep building bright futures for our families, our industries and our economy. I am confident that we will be successful and look forward to working with all the enthusiastic and committed people who make this a great place to live, work and play.



Rob Williams  
Chief Executive, Taupō District Council

# Achievements and Awards for Operations, Staff and the Organisation

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## Customer service and information

- Selected as finalist in the ALGIM 2010 Innovation Awards for the following projects:
  - Council Virtual
  - Meetings (live webcasting of meetings)
  - Environmental Monitoring System (assessing consents against the District Plan)
  - Meter Eye Smartspace (traffic management)
  - Track24 (project management)

## Growth and economic development

Winner of the International Festivals and Events Association's (IFEA) World Festival and Event City Award (population under 100,000 category)

## Strong, safe and healthy communities

- The East Taupō Arterial (ETA) has received a number of awards including:
  - ACENZ Award of Merit given in recognition of an outstanding project
  - NZ Planning Institute Project Award
  - Steel construction NZ awards in the bridges and infrastructure category for both the Waikato River Bridge and the Contact Energy Bridge
- Maintained AC Baths, *Qualmark* Enviro-bronze award, *Qualmark New Zealand Ltd*
- AC Baths, Pool Safe Accreditation
- The Taupō Civil Defence Emergency Response Team (NZ-RT6) celebrated its 25th year
- The Taupō Civil Defence Emergency Response Team (NZ-RT6) was activated to respond to the Christchurch earthquake on 22nd February and spent 10 days helping out in the Red Zone
- Swim for Life, winner 'What does Taupō need?' grant, *Contact Energy*
- Maintained Great Lake Centre's four-star rating in the venue category, *Qualmark*
- Taupō Superloo, one of only four public toilets in New Zealand to receive a five-star rating, *NZ Herald National Competition*
- Ora Garden of Wellbeing renewed its Certificate of Recognition as a Garden of National Significance.

## Staff

- The Way We Work Organisational Development programme was the winner of the *Building Organisational Capability* category at the *NZ Post Local Government Excellence Awards*.

# Taupō District

The current Taupō District Council area was established on 1 December 1989. Located in the Central North Island of New Zealand, the District includes the large catchment area of Lake Taupō, the hydroelectric dams on the Tongariro and upper Waikato rivers, and substantial geothermal resources.

The District contains expansive areas of exotic pine forests and farmlands — the predominant land uses, and includes native forests and parts of Tongariro National Park, the Kaimanawa Range, Pureora Forest Park and the Central Plateau mountains.

Taupō, Turangi and Mangakino are the three main urban areas in the District. There are many lakeside settlements around the shores of Lake Taupō and the Waikato River.

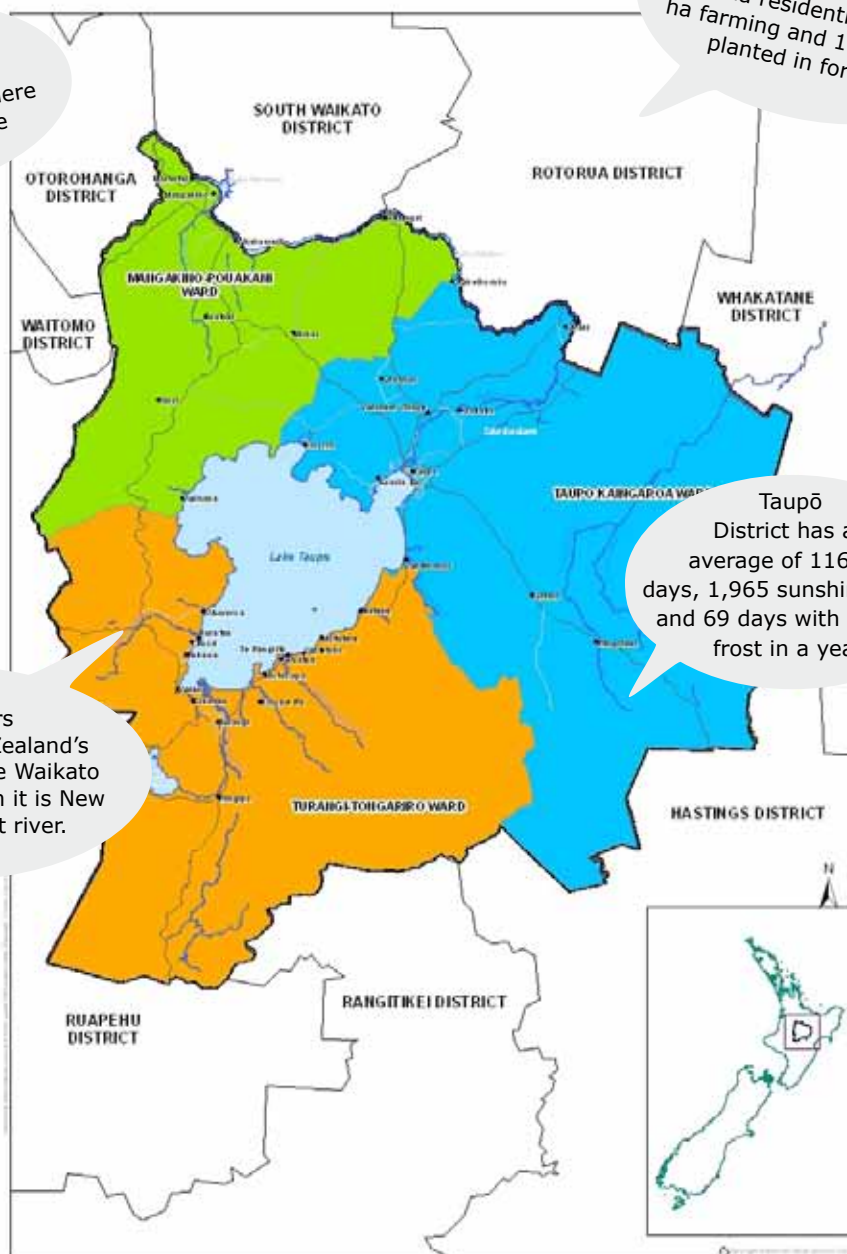
## Did you know?

The estimated 2010 district population is 32,400. In April 2011 there were 23,042 rateable properties.

The District land area is 635,400 ha, with about 1,720 ha residential, 187,861 ha farming and 189,000 ha planted in forests.

Lake Taupō covers 600km<sup>2</sup>. It's New Zealand's largest lake, and the Waikato River that flows from it is New Zealand's longest river.

Taupō District has an average of 116 wet days, 1,965 sunshine hours and 69 days with ground frost in a year.



# Our Organisation at a Glance

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Taupō District Council has a mayor, 10 councillors and more than 291 full-time equivalent staff as at 30 June 2011

We have \$1.328 billion in assets, including land, infrastructure and buildings.

Taupō District Council provides:

- Taupō Airport (in conjunction with the Crown)
- 760 km of road, 289 km of footpaths, 3,808 street lights, 23 bridges, 32 km of culverts, 38 km of cycleways and 97,000m<sup>2</sup> of parking
- 462 km of pipes and 39 pump stations to supply drinking water
- 350 km of wastewater pipes, 104 pump stations and 12 wastewater treatment plants
- 259 km of pipes for stormwater
- Over 400 reserves including 11 District reserves and eight sportsgrounds, three cemeteries and approximately 20,000m<sup>2</sup> landscaped gardens, as well as playgrounds, recreational paths, park furniture, landscaping and public toilets
- Three swimming pools, three recreation centres, the Great Lake Centre, the Taupō Museum and three libraries
- 57 pensioner accommodation units and 12 community halls.

Council also provides services including emergency management, economic development, events and destination management, and statutory and regulatory functions including issuing 841 building consents and 243 resource consents in 2010/11.

# Governance Report

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## Taupō District Council's Role

Council provides an essential governance role for the Taupō District. It has overall responsibility and accountability for the direction and control of the District's activities. This responsibility includes:

- Formulating the District's strategic direction
- Managing principal risks facing the District
- Administering various regulations and legislation
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of elected members
- Reporting to ratepayers.

## Council Operations

Elected councillors appoint a chief executive to manage the operations of Council under the provisions of s42 of the Local Government Act 2002. The chief executive then appoints managers to manage Council's activities.

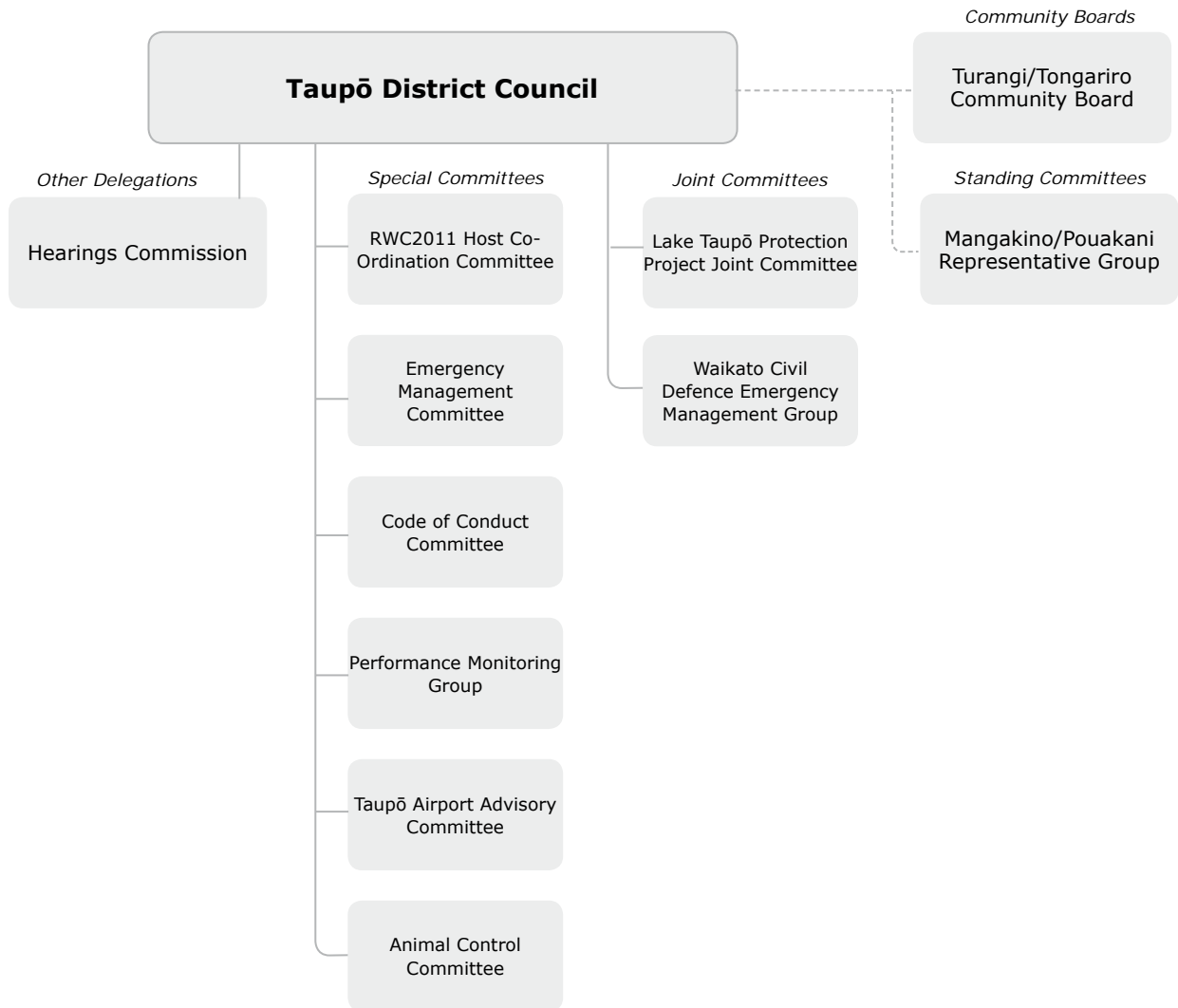
## Council Committees/Community Boards

Council has one standing committee (Mangakino/Pouakani Representative Group [MPRG]) and one community board (Turangi/Tongariro Community Board [TTCB]) to monitor and assist with the effective discharge of its responsibilities.

The Turangi/Tongariro Community Board is politically responsible for representing its community and has advisory responsibilities. The objective of the MPRG is to represent and act as an advocate for the interests of the Mangakino Pouakani area.

Council also has special committees for things like the airport, emergency management and the Rugby World Cup 2011, as well as joint committees for Lake Taupō Protection and Emergency Management.

# Council Committee Structure



# Community Outcomes – State of the District

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The Taupō District Council promotes the environmental, social, economic and cultural well-being of residents and ratepayers, using a set of Community Outcomes, clustered under five themes:

- Lakes, Rivers, Landscapes — places we are proud of
- Healthy People, Healthy Communities
- Safe and Secure
- Thriving and Prosperous
- Vibrant and Diverse

Council developed its *State of the District Report 2010* drawing on more than 100 measures of community well-being under these headings. State of the District reporting is completed three yearly. Some highlights and major findings from the latest report (2010) are given below.

## Lakes, Rivers, Landscapes — places we are proud of

In its 2009 progress report, the 2020 Taupō-nui-ā-Tia Joint Management Group assessed that good progress is being made towards:

- Clear water and high quality inflowing water
- Diverse plants and animals in lakes and rivers
- Foreshore reserves and recreational opportunities
- Safe swimming
- Wilderness areas, outstanding scenery and geological features

## Healthy People, Healthy Communities

Socioeconomic position is a major determinant of health. There are pockets of privilege in the Taupō urban area and immediate surrounds where deprivation is low and socioeconomic status is high. However, there are significant disparities between living standards in these areas, and living standards in areas of high deprivation.

On many measures, the district population does not have good health, and these affect Māori to a much greater extent than the rest of the population: Māori within the District have 10 years less life expectancy than the average life expectancy for all others (and 7 years less compared to total district life expectancy).

Poor air quality contributes to respiratory illness and asthma, with consequent social and economic impacts. Woodburners are the main cause of poor air quality in the Taupō District, and 50-60% of households are estimated to use woodburners for home heating. Waikato Regional Council monitors Taupō and Turangi urban areas for air quality in line with national standards. In 2010 there was one exceedence of the National Environmental Standard (NES) for PM10 of 50 µg m<sup>-3</sup> in Taupō; there were none in Turangi. The NES allows one exceedence per year. This result implies that air quality has improved in the District since 2008.

## Safe and Secure

In April 2010, the Taupō district received Safe Communities Accreditation from the World Health Organisation (WHO), which was a goal of the Taupō Safe District strategy. The strategy is based on principles of collective action, collaboration, coordination and proactive responsiveness, because the whole District has a role to play in injury prevention and safety promotion.

The road traffic crash rate in the District has declined since 2007, but is still one third higher than the national average. Council will monitor whether the East Taupō Arterial leads to a reduction in the crash rate, by separating heavy trucks from sightseers, and moving through traffic away from the Taupō township.

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## Thriving and Prosperous

Over the past two years, the District has been less affected by the recession than many other areas, partly because of infrastructure spending on three major projects. However, the recession has had a substantial impact on housing investment, both locally and nationally. Consents for new residential dwellings fell 47% from 2007 to 2009 in the District (47% nationally).

The District has developed its reputation as the “Events Capital of New Zealand”, with several major international events being hosted here, such as Ironman, the Lake Taupō Cycle Challenge and Oxfam Trailwalker. An economic impact report on the 2009 Lake Taupō Cycle Challenge found that the event brought 27,400 visitors to the District. The report estimated that the event also led to \$4.64 million flowing into the local economy<sup>1</sup>.

## Vibrant and Diverse

The District is increasingly embracing its rich Māori cultural heritage, strengthening connections between the District’s earliest settlers and more recent arrivals. The Ngatoroirangi Toa Matarau Gateway at the Taupō War Memorial was unveiled in late 2009, featuring a waharoa carved with a symbolic and spiritual story about the arrival of geothermal energy to the Taupō region. The site was selected by Ngāti Tūwharetoa because of its special associations for the whole community.

The Tūwharetoa Schools Kapa Haka Festival in September 2009 attracted almost 2000 performers and 5500 spectators, including Paramount Chief Sir Tumu Te Heuheu. The festival celebrated Māori performing arts for schools and early childhood providers within the Ngāti Tūwharetoa boundaries. The festival provided a platform for the entire community, both Māori and non-Māori, to participate in traditional Māori performing arts.

From 2006 to 2009, library visitor numbers rose by 7% and museum visitors increased 9% from 2007 to 2009. More than 30% of residents and ratepayers have used these facilities, reporting very high levels of satisfaction.

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<sup>1</sup> New Zealand Tourism Research Institute (2010) AUT. [www.nztri.org](http://www.nztri.org). The report, prepared for [www.eventscapital.co.nz](http://www.eventscapital.co.nz), presents the findings from the 2009 Lake Taupō Cycle Challenge participant and business surveys.

# Strategic Directions

## Council response to the Community Outcomes

The LTCCP 2009-19 set out Council's plans for the next ten years, including activities that were planned to respond to the community's desired outcomes. The activities were grouped into four strategic directions to help Council play its part in achieving them. The strategic directions were developed using a wide range of information, including feedback from community consultation about what is important. These directions highlight the connections between what the District's communities want and how Council planned to help meet those outcomes.

The strategic directions and groups of activities within them are:



# Opportunities for Māori Contribution to Decision-making Process

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Council has an extensive range of processes to provide opportunities for Māori to contribute to decision-making.

## Relationships

Council's senior management endeavour to work closely with the Tūwharetoa Māori Trust Board through the board secretary and the principal advisor of the Taupō Waters Trust. The two organisations meet regularly to exchange information and to seek advice from one another, in line with a management protocol developed in 2005. Council also has a memorandum of understanding with the Raukawa Māori Trust Board that enables them to meet and exchange information and views.

In addition to this, Council has had an active role engaging with Māori in the following ways:

- The Tūwharetoa Māori Trust Board developed an Iwi Management Plan in 2003 and this document continues to be used by Council staff.
- Council staff have been helping develop a recreational management plan for Lake Taupō with other parties to the Taupō-nui-a-Tia Management Board.
- Local hapū have been involved in developing the Taupō Commercial and Industrial Structure Plan.
- Hapū are continually engaged on Resource Management Act matters.

## Joint Decision-making

Council's Joint Management Agreement with the Tūwharetoa Māori Trust Board in 2008 granted Ngāti Tūwharetoa decision-making powers in resource consent decisions to further fulfil their traditional kaitiakitanga role. This method of decision-making remains untested but is reviewed by both parties annually.

As a part of the Waikato River settlement between the Crown and river iwi, councils are required to work with river iwi to formulate a joint management agreement. Taupō District Council is required by the legislation to engage Ngāti Tūwharetoa, Te Arawa and Ngāti Raukawa. Council has commenced dialogue with the appropriate entities.

## Treaty of Waitangi Settlements

Council has continued to monitor the following Treaty settlements to ensure that its policies meet the demands of settlement legislation:

- Central North Island forests
- Rangitaiki River
- Waikato River.

## Māori Land Rating

Council's Māori land rating officer provides information and education on Māori land rating issues and ensures that Council's rates remission policy is applied where applicable.

## Staff Training

Staff workshops continue to be well attended, helping Council staff to engage with iwi and hapū groupings throughout the District. The courses cover the Treaty of Waitangi, marae protocol, and iwi and District history and are run annually. Through Council's Equal Employment Opportunities Policy, Māori language courses are also made available to staff.

# Statement of Compliance

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The Council and management of Taupō District Council confirm that all the statutory requirements of Part 6 of the Local Government Act 2002 have been complied with.

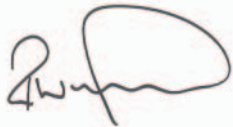
The Council and management of Taupō District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

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

In the opinion of the Council and management of Taupō District Council, the annual financial statements for the year ended 30 June 2010 fairly reflect the financial position and operations of Taupō District Council.



M Downard  
DEPUTY MAYOR  
27 September 2011



R T Williams  
CHIEF EXECUTIVE OFFICER  
27 September 2011



A J Menhennet  
GROUP MANAGER — CORPORATE AND INFRASTRUCTURE  
27 September 2011

# Report of the Auditor General

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Taupo District Council and group's Annual report For the year ended 30 June 2011

The Auditor-General is the auditor of Taupo District Council (the District Council) and group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, service performance information, that comprises the groups of activity statements and contextual information included in the Chief Executive's report and other information required by schedule 10 of the Local Government Act 2002 (other information) of the Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 109 to 163, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the service performance information of the Council and group on pages 7 to 10 and 25 to 108 that includes particular information required by schedule 10 of the Local Government Act 2002.

### **Opinion on the financial statements, the service performance information and the other information**

In our opinion:

- The financial statements of the District Council and group on pages 109 to 163:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2011; and
    - the results of its operations and cash flows for the year ended on that date.
- The service performance information of the District Council and group on pages 7 to 10 and 25 to 108:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council and group's levels of service for the year ended 30 June 2011, including:

- the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
  - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements and the service performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 27 September 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, service performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, service performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, service performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, service performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, service performance information and other information;
- determining the appropriateness of the reported service performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, service performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and service performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, service performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

### **Responsibilities of the Auditor**

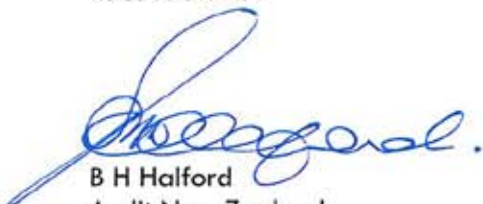
We are responsible for expressing an independent opinion on the financial statements, service performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out an audit of an amendment to the Long Term Council Community Plan, which is compatible with those independence requirements.

Other than the audits we have no relationship with or interests in the District Council or any of its subsidiaries.



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

# Purpose of the Annual Report

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The Annual Report focuses on service and financial elements of Council performance for twenty activities clustered under four strategic themes. The report is required under the Local Government Act 2002, and compares the Council's actual operational and financial performance for the year against the Annual Plan for that year.

Council reports on service delivery and financial performance.

**Service performance reporting** focuses on the groups of activities that Council delivers. Activities are grouped into strategic themes. Information details what each activity involves and how it is designed to contribute to Community Outcomes. This is followed by more detailed information on the targets and actual achievements, both financial and non-financial.

**Financial performance reporting** includes the income statement, the balance sheet and associated accounting policies and notes. Information must be prepared in compliance with approved accounting standards. It also includes the cost of service statements for each strategic theme, which show the expenditure on each activity, the revenue directly attributable to each activity, and the mechanisms for funding any net cost and capital expenditure.

All of our policies, plans and reports can be viewed online at [www.taupo.govt.nz](http://www.taupo.govt.nz).

# Service Performance Reporting

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This section of the report has Council's statements of service performance for each activity including:

- What we do
- What we planned and delivered
- What else we did
- What we planned, but did not complete
- How we know we're on track
- What it cost

## Surveys

Council uses a range of surveys to monitor performance.

### *Satisfaction Survey*

Once every three years, Council contracts National Research Bureau Ltd to conduct a telephone survey of 300 residents, and 100 non-resident ratepayers on their perceptions, and interpretations of Council services and Council representation. The latest survey was completed in 2009 and addressed satisfaction with Council services, information and communication, civil defence, personal safety, waste minimisation, Lake Taupō protection, Council's long-term direction, and performance of elected members.

### *Community Outcomes*

Every three years, Taupō District joins a syndicate of Waikato-based councils in a telephone survey of Waikato Community Outcomes. The latest survey, which was coordinated by Environment Waikato, was conducted in June/July 2010. There were 800 interviews across the entire Waikato region. The survey sought respondents' perceptions of quality of life, health, safety, employment opportunities, participation in sport and active leisure, Council decision-making, pride in the District, and respect for the cultures of people who live here.

### *Other Surveys*

Council conducts one-off online surveys as part of its customer service evaluation. Destination Lake Taupō conducted a face-to-face survey with visitors in April 2011. This was the second consecutive year this survey has been done, with expansion to include the Mangakino regional area. The survey provides useful insights and trends into our visitor markets to better understand their visitor behaviour, preferences, expectations and feedback, including destination brand awareness.

An annual industry operator survey is also conducted each year to gauge the level of satisfaction across core objectives.

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## Achievement Definitions

<b>Achieved</b>	All aspects of the performance target were achieved, including time, cost, quality and location, as relevant.
<b>Substantially achieved</b>	The activity identified in the performance target was carried out, but there were minor slippages in time and/or costs. These slippages were slightly higher than budgeted, but no more than 5%.
<b>Achieved in part</b>	The planned activity was carried out, but the time components of the performance target were not met and/or expenditure was more than 5% over budget.
<b>On track</b>	The measure has a target set outside the reporting period, or covering multiple reporting periods. As a result, no conclusive assessment of actual achievement can be made, but the activity is tracking appropriately at present.
<b>Not achieved</b>	The activity was not significantly progressed or the work undertaken did not meet the requirements of the target.
<b>Not formally measured</b>	Performance could not be conclusively reported on (for example, the necessary systems were not in place to measure performance or the data collected was not statistically reliable).
<b>Not applicable</b>	Due to events beyond the Council's control, the activity was no longer relevant and the work was not carried out.