

Summary Annual Report 2004/2005

Marcel Tromp



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The Summary Annual Report

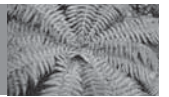
This document provides an overview of Taupo District Council's operational and financial performance for the 2004/05 financial year. It is prepared in accordance with section 98(4) of the Local Government Act 2002, and in line with section 98(5) of that same act it represents fairly and consistently 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 on 25 October 2005. The summary has been examined by the auditor for consistency with the full financial report and audited by Audit New Zealand on behalf of the Auditor-General. This summary was authorised for issue by Council's District Evaluation and Audit Committee on 21 November 2005.

The 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.

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Mayor and Chief Executive Officer's Report

Taupo district is a dynamic growing district that punches above its weight. This is not an idle boast. In the past 12 months, the district's achievements have far outweighed its size and population and we continue to forge ahead with innovative and exciting projects and initiatives.

Growth and development

Taupo District is growing.

We have embarked on a district wide growth strategy to make sure we have a clear picture of what lies ahead. It will include an in-depth look at what drives growth, the districts physical landscape, and growth capacity. This will allow us to anticipate future trends and associated issues so we can manage development in step with our ability to provide supporting services and infrastructure. Our communities also need to be aware of the trends and scope of development so they can help shape and control the speed and direction that takes place.

Council plans for growth by developing strategies and plans. During the past year we have addressed the more pressing areas. During this period, a number of proposed amendments to the District Plan were notified and public comment sought. Structure plans, which determine growth patterns in various parts of the district, and asset plans which identify how we will manage our infrastructure assets, have been reviewed or developed. This includes strategies to accommodate growth such as the Taupo Town Centre Parking Study, a Large Format Retail Discussion Document and the Kinloch Community Structure Plan. A Recreation Strategy for the district is currently being prepared.

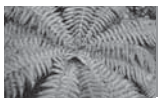
The draft Tongariro Domain Park Management Plan which plans for development of a new riverside park on the site has undergone public consultation and Council is hoping to have the plan adopted before the end of 2005.

Roading and transport

All roads lead through Taupo.

Roading is an essential part of Council business and the impact of growth in the district, in addition to through traffic, is causing congestion in parts of Taupo township and entry points. Council is progressing a number of important roading projects to address these issues.

The Eastern Taupo Arterial route which will provide an alternative route through Taupo has commenced the design and consenting stage. Transfund and Council have allocated preliminary funding based on cost estimates which are currently being reviewed. Transfund has allocated \$15 million for Stage 4 which runs from State Highway One at Wairakei to Centennial Drive – including a bridge over the Waikato river. Council has also allocated \$11 million for further construction of the highway.



Planned seal extension works in rural areas and the footpath extension programmes have been completed.

The Speed Limit Bylaw has been adopted and increased focus on alternative forms of transport are being investigated. We have just released the Cycling and Walking Draft Strategy for public consultation as well as the Horse Riding Draft Strategy, another point of difference for Taupo District.

Working together

Partnerships are the way of the future.

We know that we must work together to succeed and have forged strong relationships within our district. Our central geographical location has, by necessity, made it essential that we also build relationships with the many surrounding territorial and regional authorities and with central government.

A set of community outcomes titled Our People, Our Future were recently identified by our communities. We have given an undertaking that we will take direction from these outcomes and are proceeding to incorporate them into our strategic and planning documents.

Our natural resources

We are rich in natural resource and great natural beauty.

We are determined to protect and retain the water quality of our rivers and lakes, in particular our national treasure, Lake Taupo.

Working in partnership with Environment Waikato, Ngati Tuwharetoa, Central Government and other environmental and scientific agencies, we have taken a lead role in the development of a lake protection strategy. During the year this included the development of a variation to Environment Waikato's major planning document which was recently 'notified' for public comment.

We have also taken a role in the management and formation of the Lake Taupo Protection Committee which is made up of representatives from Council, Environment Waikato, Central Government and Ngati Tuwharetoa. The committee will appoint Trustees to the Lake Taupo Protection Trust, a Council controlled organisation, and will monitor the work of the eight person charitable trust which is being set up to manage the joint public fund.

The estimated cost of taking action to protect Lake Taupo is \$143 million, spread over 15 years. The most pressing goal of this project is to reduce nitrogen levels within the catchment by 20%.

Council understands the district's geothermal resources make it valuable to energy providers and we are working hard to maintain a constructive relationship while continuing to act as a guardian and champion for the management of its thermal and water resources and the impacts that power generation has on the



environment and our communities. Outcomes from hearings held during the period regarding changes to Environment Waikato Regional Plan and Regional Policy Statement were pleasing. Environment Court appeals regarding these changes are being heard in the current (2005/2006) year.

Our facilities and infrastructure

We are an attractive and fun place to visit.

The provision of a superior level of service and the quality of our facilities make our district a great place for our residents to live and attractive to visitors whom we endeavour to ensure have a memorable stay.

The popularity of the Taupo Venues which consist of the AC Baths and Taupo Events Centre, the Great Lake Centre and Owen Delany Park is demonstrated by the high level of use they receive. Latest figures released by Council show an increase in user numbers at all of the four venues.

Council's re-vamped AC Baths facility attracted just over 295,000 patrons – up nearly 23% on the previous year. Use of the fitness centre, stadium and rooms at Taupo Events Centre increased significantly and the Great Lake Centre hall usage was up 15%.

Satisfaction is also signalled in the results from the National Research Bureau Survey with respondents very/fairly satisfied with district libraries (75%), Council parks (90%), reserves and street gardens (93%), sports grounds (77%), Great Lake Centre (76%), Taupo Events Centre (73%), AC Baths (71%) and recreations and sporting facilities overall (88%).

Council has recently taken the Taupo museum under its umbrella to create administrative efficiencies and enable the museum to be further developed as a visitor attraction and a showcase for the district's special treasures.

Economic Development

We put our best foot forward.

Council takes a proactive role in economic development and provides funding for initiatives which will create employment and have positive flow on benefits to other businesses.

The visitor industry is one of our key economic drivers. Taupo's reputation as a tourist mecca and the events capital of the nation is renowned. Council's marketing arm, Destination Lake Taupo, has been resourced to promote our district.

Council has also supported the Centennial Park Motor Racing Circuit upgrade to the tune of \$2M by way of infrastructure improvements. This enterprise is expected to provide significant economic benefit to the district and provide employment opportunities in this exciting and highly skilled industry.



The Lake Taupo Development Company, which is largely funded by Council, is currently working on five key projects/areas of work: implementation of the business assist programme; New Zealand clean energy centre project; energy farming project; gateway to world heritage and national parks; and skills strategy implementation.

Council has always seen economic development as an important role and during the year consultants were engaged to undertake a review of economic service delivery in consultation with the community. After hearing and deliberating on the submissions, Council agreed to most of the key principles underlying the consultants' review but decided not to bring the delivery of economic development services 'in house' as recommended in the consultants report.

Planning for the future

Looking forward

The Local Government Act 2002 and the advent of the Long Term Council Community Plan (LTCCP) has signalled a move towards a slicker more holistic era than in years past and has had a major impact on Council, the way it does business and the way it presents itself.

Council leadership and governance roles have been enhanced to encompass environmental and social issues and we are working in partnership with tangata whenua, other government agencies and our communities to achieve our stated goals. However, these new roles are all about co-ordination. It does not follow that Council will have substantial new service delivery roles in these areas.

Taupo District Council is confidently leading its communities towards a future that is full of challenges and opportunities and we are looking forward, to meet them. We are currently reviewing our Long Term Council Community Plan. This document outlines the challenges for the future and Council's role in addressing those challenges.

The draft Long Term Council Community Plan will be available towards the middle of 2006 for public input and comment.

Clayton Stent
Mayor

Simon Rowbotham
Chief Executive Officer



Audit New Zealand

AUDIT REPORT

TO THE READERS OF TAUPO DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

We have audited the summary annual report.

Unqualified 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 information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 25 October 2005, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include 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 annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

MG Taris

Audit New Zealand

On behalf of the Auditor-General

Tauranga, New Zealand

21 November 2005



Service Performance

Overview

Council's service performance reporting is centred on the five groups of activities – we term them "Strategic Themes" – presented in the 2004-14 Long Term Council Community Plan (LTCCP). That document established for each theme a number of key actions and performance targets that Council intended to achieve. The Annual Report provides a report of our achievements against those targets and key actions.

This section presents for each strategic theme highlights of our achievements, particularly in relation to the key actions set out in the LTCCP. The presentation is balanced showing both what we achieved, and also what we set out to achieve but could not accomplish this year.

In this Summary document we do not report on specific performance targets. The full Annual Report should be referred to if the reader wishes to see these results. It should be noted however that many of the specific performance targets are based on an April/May 2005 National Research Bureau survey. That survey produced a very positive result for Council, indicating overall satisfaction with Council's performance for the delivery of services and facilities compares favourably with its peers. Satisfaction in Taupo was higher than Council's peer group for roads, water supply, wastewater, landfills and transfer stations, swimming pools (AC Baths) and public toilets. Satisfaction was on a par with the peer group for rubbish collection, recycling, district halls, sports grounds and libraries. Satisfaction was slightly below the peer group average, for stormwater, reserves, street gardens and parks.

Managing Growth

We have achieved:

Development Planning

- Completion of the Kinloch Community Structure Plan, the Taupo Town Centre Parking Study and the Large Format Retail Discussion Document

Urban Land Development

- Commencement of construction and section sales of 'Arrowsmith Stage 1' (Botanical Heights) residential subdivision

We had also intended to achieve:

Development Planning

- The Taupo West Rural Structure Plan and the Commercial/Industrial Structure Plan – Both placed on hold pending the development of a district wide growth management strategy

Urban Land Development

- Completion of the Botanical Heights and 'Victoria Stage 1' subdivisions – Lengthy construction delays on Botanical Heights with final completion early in the 2005/06 year have affected the marketing of the development and section sales which are also carried into the next financial year. As a result of the delay with Botanical Heights, the 'Victoria Stage 1' subdivision has been deferred till the 2005/06 year.



Strong Communities

We have achieved:

Emergency Management

- Southern Emergency Operating Area (EOA) established and Civil Defence Plan completed

Roading

- East Taupo Arterial design and consenting commenced
- Planning process for Second Taupo Town River Crossing, Mapara Collector and Wakeman Road Extension commenced
- Seal extension in the rural area and footpath extension in the urban areas completed
- Speed Limit Bylaw adopted
- Heu Heu Parade and Rawhira St upgraded
- Trial Public Bus Service in Taupo commenced

Water Supply

- Completion of an extensive pipe renewal programme
- Continued upgrading in terms of capacity and security in tandem with development, particularly at Kinloch and Taupo
- Completed Water and Sanitary Services Assessments in compliance with the Local Government Act 2002
- The commencement of strategic planning for the Drinking Water Treatment Project for the Tapuaeharuru Bay area.

Regulatory Services

- Completion of a new Dog Control Policy and the associated bylaw
- General Building Control Bylaws were reviewed and updated
- The Building Act 2004 and changes to the New Zealand Building Code were implemented, including changes to operational procedures and structures and the development of quality assurance processes.
- In conjunction with seven neighbouring councils MWH were commissioned to investigate shared service options for service delivery under the Building Act 2004. Discussions are continuing and the sharing of staff is being investigated.

Community Support

- Funding of local crime prevention projects, through a contract with the Ministry of Justice.

Community Facilities

- A district wide review of library services was undertaken.

Recreation and Leisure Services

- Completion of the reserve management plan for the Nukuhau Boat area.
- A feasibility study on the sports house concept was completed.
- A medium term business strategy for the Taupo Venues (AC Baths, Events Centre, Great Lake Centre and Owen Delany Park) was prepared.
- Introduction of an innovative new recreation programme, the Exercise on Prescription Scheme (EOP), launched in February 2005.



We had also intended to achieve:

Emergency Management

- A review of Civil Defence planning for southern Lake Taupo flooding (especially river flooding) – This is awaiting input from Environment Waikato

Roading

- Downers Point (Waikereru Point) safety widening – This is carried forward into the 2005/06 year
- Poihipi Road seal widening for cyclists – Deferred pending possible realignment

Water Supply

- Construction of the Cherry Lane Reservoir – This was 80% complete at 30 June 2005

Community Support

- A rental housing policy for the district – This has been delayed with increasing concerns in the community over the availability of affordable rental housing. This issue also relates to affordability problems in the housing market generally. Council have decided to produce a housing strategy for the district and will take a wider view of its possible roles in line with other agencies. It is planned to complete the Council's housing strategy during the 2005/06 financial year.

Sustainable Environment

We have achieved:

Environmental Planning

- Notification of Variation 8, dealing with the Rural Environment. The original submissions and a number of further submissions were processed, and hearings scheduled
- Notification of a number of smaller variations to deal with Height Restricted Areas
- Resolution of 95% of the appeals to the District Plan

Protecting Lake Taupo

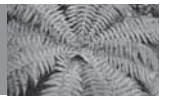
- Collection of the first year of the targeted rate for Protecting Lake Taupo
- The decision that the preferred structure for administering the public fund for protecting Lake Taupo was a council controlled organisation in the form of a charitable trust. We then consulted the community on this and both Environment Waikato and Council formally adopted the structure in June 2005.

Wastewater

- Construction (75%) of a new 'state of the art' wastewater treatment plant for Turangi which will lower nutrient inputs to the receiving environment dramatically
- Reconsenting (interim) to allow for growth at Kinloch
- Advancement of the consenting process for Waitahanui
- Completion of Water and Sanitary Services Assessments in compliance with the Local Government Act 2002

Stormwater

- Taupo Industrial Area improvements (Stage 1)
- Completion of the Norman Smith Street catchment pipe upgrade
- Continuing foreshore protection work
- Advancement of gully detention systems



Solid Waste

- Continuation of waste minimisation initiatives

We had also intended to achieve:

Environmental Planning

- Notification of the following Variations to the District Plan
 - Natural Values
 - Landscape Values
 - Historic Values
 - Cultural Values

These Variations were not notified as the Environment Court required that all appeals to the District Plan were to be resolved in a much shorter timeframe than originally anticipated. However, all four of these 'Values' variations were substantially progressed to the point where the consultation process was ready to commence in the 2005/06 financial year. The Variations have been programmed for notification in the 2005/06 year.

- The implementation of a state of the environment monitoring regime – Preliminary research and monitoring was completed, but progress was delayed due to staff shortages. A significant proportion of this information will now be presented as part of the 'Base Case Report' in the district wide growth management strategy.

Wastewater

- Advancement of scheme planning for Waihi/Braxmere (subject to Government subsidy) – Unfortunately the subsidy was not forthcoming.

Stormwater

- Comprehensive district-wide Stormwater resource consents – Now to be notified in 2005/06

Economic Development

We have achieved:

Destination Marketing and Management

- Restructure of the Lake Taupo Tourism Advisory Board with wider Industry representation
- Development of the Great New Zealand Touring Route initiative and the Film Volcanic initiative
- The holding of a successful Industry Forum and commencement of the 10 Year Strategic Plan (due to be completed by 4 November 2005)
- Visitor growth targets

Visitor Centres

- Completion of a building extension to the Taupo i-Site.
- Signing of a Memorandum of Understanding with the Maori Regional Tourism Organisation
- Achieved commission sales targets

Economic Development Strategy Implementation

- Monitoring of the progress of the Lake Taupo Development Company in delivering services in accordance with the Taupo Economic Development Strategy



- Engagment of consultants to carry out an independent review of the best model for delivering economic development services and consulted the community on the preferred model.
- Agreed to spend \$2,000,000 of capital expenditure on the building of an upgraded motor racetrack located at Centennial Park reserve land, with that expenditure being the last sum of monies needed to complete the race track and sealed pit area, and all other work to make the race track and sealed pit area operational. This decision was made following a formal public consultation process which included Council deliberating on 845 public submissions received on this proposed expenditure.

We had also intended to achieve:

Economic Development Strategy Implementation

- Initial implementation of the outcomes of the service delivery review – Following consultation on the outcomes of the independent review, Council decided not to bring economic development service delivery 'in-house' as recommended by the consultants. Instead it was decided to reconfigure the Lake Taupo Development Trust, pending the agreement of the existing trustees, to create a 'council controlled organisation' with a secretariat which would have responsibility for economic development and overseeing service delivery contracts.

Good Governance and Strategic Alliances

We have achieved:

Governance

- A satisfactory outcome in the 2004 Triennial Local Authority election with no delays or demands for judicial enquiry or recount and with all processes meeting the requirements of the Local Electoral Act 2001
- The successful negotiation of Triennial Agreements containing protocols for communication and co-ordination with the four relevant Regional Council's.
- The successful completion and publication of the Local Governance Statement containing information about the processes that Council uses to engage with the residents of the Taupo District in accordance with section 40 of the Local Government Act 2002
- The commencement of the Representation Review as required under the Local Electoral Act 2001 and which will continue in the 2005/06 year with completion within the 2006/07 year

Community Planning

- Identification of community outcomes for the district
- Commencement of the realigning of our monitoring strategy so that we can measure progress toward achieving the district's community outcomes
- Participation in regional approaches (Waikato and Bay of Plenty) to establish partnerships with key stakeholders to help achieve the outcomes.

Strategic Planning

- Prepared, consulted on and adopted the 2005/06 Annual Plan and adopted four amendments to the 2004/14 LTCCP



Summary Financial Statements

Overview

Council's financial position has changed dramatically with revaluations of Council's land, roading and infrastructure utility assets adding close to \$400 million to the statement of financial position. It is three years since Council has revalued these assets and huge movements in land values and infrastructure construction costs in that period have resulted in this dramatic increase in our equity.

Our net surplus for the year is \$11.8 million compared to the previous year surplus of \$7.1 million. Much of Council's surplus derives from non-cash revenue items such as assets vested in Council by developers, and funding received from sources such as Transfund subsidy and development contributions which is applied to asset development. The achievement of a surplus is important in ensuring prudent financial management.

This year's surplus, is less than projected estimates principally because development contributions funds were only initial estimates at that stage and later estimates and actual revenue have varied quite substantially from those initial estimates. The other major contributing factor was the delay in gains on sales from subdivision development projects

Expenditure was well-controlled with actual spending being within budgeted levels.

Statement of Accounting Policies

Reporting Entity

Taupo District Council is a Local Authority governed by the Local Government Act 2002.

The Taupo District Council group consists of the Taupo District Council and its subsidiaries, Data Capture Systems Limited and Destination Lake Taupo Limited. The Council has a 50% joint venture arrangement with the Crown in the Taupo Airport Authority.

The financial statements of Taupo District Council and Group have been prepared in accordance with the provisions of section 98(1) of the Local Government Act 2002. The financial statements comply with generally accepted accounting practice.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets.

Changes In Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous period.

Consolidated Statement of Financial Performance

for the year ended 30 June 2005

	Council Actual 2005 \$000	Group Actual 2005 \$000	Council Estimate 2005 \$000	Council Actual 2004 \$000	Group Actual 2004 \$000
Operating revenue	53,960	54,231	63,419	45,565	45,830
Operating expenditure	42,708	43,103	42,769	42,264	42,740
	11,252	11,128	20,650	3,301	3,090
Unrealised gain/(loss) on equities	550	550	0	3,183	3,183
Other adjustments	0	0	0	605	605
Operating surplus (deficit) before taxation	11,802	11,678	20,650	7,089	6,878
Less taxation expense	0	0	0	0	0
Net surplus (deficit) for the year	11,802	11,678	20,650	7,089	6,878

Consolidated Statement of Movements in Equity

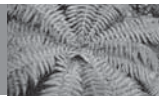
for the year ended 30 June 2005

	Council Actual 2005 \$000	Group Actual 2005 \$000	Council Estimate 2005 \$000	Council Actual 2004 \$000	Group Actual 2004 \$000
Equity at start of the year	515,021	515,802	516,043	507,932	508,924
Net surplus (deficit) for the year	11,802	11,678	20,650	7,089	6,878
Increases (decreases) in revaluation reserves	398,200	398,200	0	0	0
Total recognised revenues and expenses	410,002	409,878	20,650	7,089	6,878
Equity at end of the year	925,023	925,680	536,693	515,021	515,802

Consolidated Statement of Financial Position

as at 30 June 2005

	Council Actual 2005 \$000	Group Actual 2005 \$000	Council Estimate 2005 \$000	Council Actual 2004 \$000	Group Actual 2004 \$000
Current Assets	27,310	27,279	33,845	31,754	31,218
Non-Current Assets	935,025	936,135	542,453	515,952	517,177
Total Assets	962,335	963,414	576,298	547,706	548,395
Current Liabilities	20,088	20,151	15,139	24,986	24,560
Non-Current Liabilities	17,224	17,583	24,466	7,699	8,033
Total Liabilities	37,312	37,734	39,605	32,685	32,593
Net Assets / Equity	925,023	925,680	536,693	515,021	515,802



Consolidated Statement of Cashflows

for the year ended 30 June 2005

	Council Actual 2005 \$000	Group Actual 2005 \$000	Council Estimate 2005 \$000	Council Actual 2004 \$000	Group Actual 2004 \$000
Net cash from operating activities	8,860	8,917	20,151	7,010	7,161
Net cash from investing activities	(13,314)	(13,316)	(31,034)	(11,044)	(11,050)
Net cash from financing activities	5,463	5,463	10,883	2,432	2,267
Net increase (decrease) in cash held	1,009	1,064	0	(1,602)	(1,622)

Additional Disclosures

as at 30 June 2005

	Council Actual 2005 \$000	Group Actual 2005 \$000	Council Actual 2004 \$000	Group Actual 2004 \$000
Commitments				
Major capital contracts	7,849	7,849	6,220	6,220
Non-cancellable operating leases	246	248	209	211
Total Commitments	8,095	8,097	6,429	6,431
	Amount of original guarantee 2005 \$000	Current level of guarantee outstanding 2005 \$000	Amount of original guarantee 2004 \$000	Current level of guarantee outstanding 2004 \$000
Contingencies				
Sporting Club Loan Guarantees	136	74	446	85

Other Contingencies

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

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

Council controls and has brought to account certain reserve lands throughout the District which will return to Iwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will ever eventuate.

There are seven unresolved legal claims against Council at 30 June 2005. In one case the claim relates to a contractual dispute, while the others seek compensation related to resource consents and property damage that the claimants believe are attributable to Council operations. Council's maximum financial exposure for these claims is \$613,000. However, Council will vigorously defend all claims and expects its actual liability to be for a much lesser amount, if found to be liable at all.

Council may be subject to claims relating to weathertightness building defects. As at the date of this report the Weathertight Home Resolution Service is investigating four claims relating to properties in the Taupo District. These may or may not result in formal claims against Council. One further weathertightness claim has been lodged directly with Council. The quantum of this claim is currently unknown, although any liability under this claim will be met by our insurers, subject to our usual excess requirements.

Post Balance Date Events

Council has made a \$2million undertaking to upgrade a portion of the Centennial Park motor racetrack, subject to a number of conditions being met.

Taupo District Council and the Airport Sub-Committee were advised by the Secretary of Transport in July 2005, of a change in policy direction in regard to Crown funding of joint venture airport operating losses. This policy change should mean that the Taupo Airport Authority will obtain an equity injection from the Crown in the near future in recognition of any operating losses incurred over the past few years which fit the Crowns policy criteria. The quantum, form, and timing of this compensating payment is currently being determined and Council is working closely with finance management staff in the Ministry of Transport in order to effect a settlement as soon as possible.

On average it cost each ratepayer \$1,458 to operate these services:

